

Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2003

1. CORPORATE INFORMATION

The principal activity of the Company is property and investment holding. The principal activities of the subsidiary companies are property and investment holding, property development, building and civil works and operation of a hotel. There have been no significant changes in the nature of these 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 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 470 (2002: 439) and 117 (2002: 128) respectively.

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

2. FUNDAMENTAL ACCOUNTING CONCEPT

As at 31 December 2003, the Group and the Company have current liabilities in excess of current assets of RM137,245,000 (2002: RM139,562,000) and RM131,411,000 (2002: RM135,999,000) respectively. The directors are in the process of implementing alternative plans for disposal of assets and debt reduction as disclosed in Note 34.

The financial statements of the Group and of the Company have been prepared on the going concern basis. The validity of this assumption depends on the successful implementation of the Company's alternatives referred to in the preceding paragraph. The financial statements do not include any adjustment that would result if such alternatives are not concluded successfully within the anticipated time frame.

The directors are of the opinion that the Group and the Company will be able to conclude such alternatives successfully, and accordingly it is appropriate for the financial statements to be prepared on the going concern basis.

3. 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 unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

During the financial year ended 31 December 2003, the Group and the Company adopted the following Malaysian Accounting Standards Board ("MASB") Standards for the first time:

MASB Standard 25	Income Taxes
MASB Standard 27	Borrowing Costs
MASB Standard 28	Discontinuing Operations
MASB Standard 29	Employee Benefits

The effects of adopting MASB Standard 25 are summarised in the Consolidated Statement of Changes in Equity and further information is disclosed in Note 30. The adoption of MASB Standards 27, 28 and 29 has not given rise to any adjustment to the opening balances of accumulated losses of the prior and current year or to changes in comparatives.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. 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.

Intragroup 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 which were not previously recognised in the consolidated income statement.

(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 at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o).

Goodwill is amortised on a straight-line basis over its estimated useful life of 20 years.

(d) Investments in Subsidiaries

The Company's investments in subsidiary companies are stated at cost or valuation less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to accumulated losses.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o).

Certain short leasehold land and buildings have not been revalued since they were first revalued in 1988. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1988 valuation less accumulated depreciation and impairment losses.

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 23 years to 93 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	1% to 5%
Plant and machinery and motor vehicles	10% to 20%
Furniture, fittings and equipment	10% to 33%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to accumulated losses.

(f) Development Properties and Land Held for Development

Land and development expenditure are classified as development properties when significant development work has been undertaken and is expected to be completed within the normal operating cycle. Development properties are stated at cost plus attributable profits less foreseeable losses and progress billings. Cost includes cost of land, all direct building costs, and other related development expenditure, including interest expenses incurred during the period of active development.

Land held for development consists of land held for future development where no significant development has been undertaken, and is stated at cost. Cost includes cost of land and attributable development expenditure. Such assets are classified as development properties when significant development work has been undertaken and the development is expected to be completed within the normal operating cycle.

(g) Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. 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 estimated reliably, contract revenue is recognised to the extent of contract costs incurred that 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 costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers for contract work. When progress billings exceed cost incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers for contract work.

(h) Inventories

Inventories are stated at the lower of cost (determined on weighted average basis) and net realisable value. Cost includes direct materials and other direct costs. Net realisable value represents the estimated selling price less estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand, at banks, deposits at call (excluding deposits pledged for banking facilities granted to the Group and the Company), net of outstanding bank overdrafts.

(j) 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 Company'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 3(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.

(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 tax bases of assets and liabilities and the 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 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 charged or credited 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.

Prior to the adoption of MASB Standard 25: Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 30.

(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 Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

Prior to the adoption of MASB Standard 29: Employee Benefits on 1 January 2003, no liability was recognised for the obligations in respect of short-term employee benefits. The adoption of MASB Standard 29 has not given rise to any material adjustment to the opening balances of accumulated losses of prior and current year or to changes in comparatives.

(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 revenue can be measured reliably.

(i) Development Properties

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

(ii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3(g).

(iii) Sale of Goods

Revenue relating to sale of goods is recognised net of sales taxes and discount upon the transfer of risks and rewards.

(iv) Sale of Services

Revenue from services rendered is recognised net of service taxes and discount as and when the services are performed.

(v) Revenue from Hotel Operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised on an accrual basis.

(vi) Revenue from Letting of Properties and Car Parks

Revenue from letting of properties and car parks is recognised on an accrual basis.

(vii) Dividend Income

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

(n) Foreign Currencies

(i) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the dates of the transactions. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. All 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 included in the foreign exchange reserve in shareholders' equity.

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

	2003	2002
	RM	RM
Australian Dollar	2.851	2.208
Rupiah (100)	-	0.036

(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 charged to the income statement immediately, unless the asset 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 recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(p) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends, 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 charged directly to 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 are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o).

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

(ii) Receivables

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

(iii) Payables

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.

Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation for borrowings made specifically for the purpose of obtaining a qualifying asset is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(v) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

The Company has applied the transitional provisions of MASB Standard 24: Financial Instruments: Disclosure and Presentation which became effective for financial statements covering periods beginning on or after 1 January 2002.

Under the transitional provisions of MASB Standard 24, the classification of the component parts of the ICULS as required under MASB Standard 24 need not be complied with for financial instruments that are issued before 1 January 2003. For the purpose of preparation of the financial statements, the ICULS are classified as a liability.

(vi) Equity Instruments

Ordinary shares are classified as equity.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Group								
Cost/Valuation								
At 1 January 2003	100,108	91,348	197,980	10,693	5,393	24,761	2,304	432,587
Additions	9,980	-	-	-	820	5,585	-	16,385
Disposals	-	-	-	-	(300)	(32)	-	(332)
Write offs	-	-	-	-	(4)	(38)	-	(42)
Disposal of a subsidiary company	-	-	-	-	-	(66)	-	(66)
Exchange differences	-	797	-	-	-	-	-	797
At 31 December 2003	110,088	92,145	197,980	10,693	5,909	30,210	2,304	449,329
Represented by:								
At cost	110,088	92,145	197,980	7,463	5,909	30,210	2,304	446,099
At valuation	-	-	-	3,230	-	-	-	3,230
	110,088	92,145	197,980	10,693	5,909	30,210	2,304	449,329
Accumulated Depreciation and Impairment Losses								
At 1 January 2003	7,309	10,179	13,667	3,610	3,020	9,676	292	47,753
Charge for the year	-	869	2,685	494	753	1,681	-	6,482
Disposals	-	-	-	-	(187)	(31)	-	(218)
Write offs	-	-	-	-	(1)	(25)	-	(26)
Disposal of a subsidiary company	-	-	-	-	-	(60)	-	(60)
At 31 December 2003	7,309	11,048	16,352	4,104	3,585	11,241	292	53,931
Net Book Value								
At 31 December 2003	102,779	81,097	181,628	6,589	2,324	18,969	2,012	395,398
Represented by:								
At cost	102,779	81,097	181,628	5,197	2,324	18,969	2,012	394,006
At valuation	-	-	-	1,392	-	-	-	1,392
	102,779	81,097	181,628	6,589	2,324	18,969	2,012	395,398

	Freehold land RM'000	Freehold buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Net Book Value								
At 31 December 2002	92,799	81,169	184,313	7,083	2,373	15,085	2,012	384,834
Represented by:								
At cost	92,799	81,169	184,313	5,578	2,373	15,085	2,012	383,329
At valuation	-	-	-	1,505	-	-	-	1,505
	92,799	81,169	184,313	7,083	2,373	15,085	2,012	384,834
Depreciation Charge for 2002	-	967	2,384	432	806	1,684	-	6,273
Impairment losses for 2002	-	-	-	-	-	-	292	292

	Freehold land RM'000	Freehold building RM'000	Short leasehold land and building RM'000	Plant and machinery and motor vehicles RM'000	Furniture fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Company							
Cost/Valuation							
At 1 January 2003	14,623	55,545	2,240	2,546	17,798	1,854	94,606
Additions	9,980	-	-	368	5,004	-	15,352
Write offs	-	-	-	(4)	(10)	-	(14)
At 31 December 2003	24,603	55,545	2,240	2,910	22,792	1,854	109,944
Represented by:							
At cost	24,603	55,545	-	2,910	22,792	1,854	107,704
At valuation	-	-	2,240	-	-	-	2,240
	24,603	55,545	2,240	2,910	22,792	1,854	109,944
Accumulated Depreciation and Impairment Losses							
At 1 January 2003	-	6,943	1,240	1,341	6,320	292	16,136
Charge for the year	-	555	83	457	971	-	2,066
At 31 December 2003	-	7,498	1,323	1,798	7,291	292	18,202

	Freehold land RM'000	Freehold building RM'000	Short leasehold land and building RM'000	Plant and machinery and motor vehicles RM'000	Furniture fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Net Book Value							
At 31 December 2003	24,603	48,047	917	1,112	15,501	1,562	91,742
Represented by:							
At cost	24,603	48,047	-	1,112	15,501	1,562	90,825
At valuation	-	-	917	-	-	-	917
	24,603	48,047	917	1,112	15,501	1,562	91,742
Net Book Value							
At 31 December 2002	14,623	48,602	1,000	1,205	11,478	1,562	78,470
Represented by:							
At cost	14,623	48,602	-	1,205	11,478	1,562	77,470
At valuation	-	-	1,000	-	-	-	1,000
	14,623	48,602	1,000	1,205	11,478	1,562	78,470
Depreciation charge for 2002	-	556	82	377	836	-	1,851
Impairment losses for 2002	-	-	-	-	-	292	292

(a) The property, plant and equipment of the Group and of the Company are stated at cost except for certain short leasehold land and buildings which were revalued in 1988 at RM3,230,000 and RM2,240,000 respectively by the directors based on valuations carried out by independent valuers on an open market basis. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised): Property, Plant and Equipment, these assets continued to be stated at their 1988 valuations.

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Net book value of revalued short leasehold land and buildings had these assets been carried at cost less depreciation and impairment	250	261	108	115

- (b) During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM16,385,000 (2002: RM4,431,000) and RM15,352,000 (2002: RM3,539,000) respectively, of which RM585,000 (2002: RM615,000) and RM220,000 (2002: RM615,000) respectively were acquired under hire purchase arrangements and RM9,980,000 (2002: RMNil) arising from debt settlement.
- (c) Included in property, plant and equipment of the Group and of the Company are plant and machinery and motor vehicles under hire purchase and lease arrangements with a total net book value of RM1,585,000 (2002: RM1,420,000) and RM1,073,000 (2002: RM1,150,000) respectively.
- (d) As at 31 December 2003, net book value of leasehold land and buildings of the Group and the Company of RM1,392,000 (2002: RM1,505,000) and RM917,000 (2002: RM1,000,000) respectively are charged to financial institutions for facilities granted to a former subsidiary company.

The balance of land and buildings of the Group and the Company are charged to financial institutions for facilities granted to the Company and its subsidiary companies as disclosed in Notes 16 and 17.

- (e) As at 31 December 2003, the title deeds of freehold land of the Group and the Company of RM13,590,000 (2002: RM3,610,000) and RM9,980,000 (2002: RMNil) are in the process of being transferred to the Group and the Company.

5. LAND HELD FOR DEVELOPMENT

	Group	
	2003	2002
	RM'000	RM'000
Freehold land	30,505	31,833
Leasehold land	156,500	156,500
Development expenditure	6,402	5,738
	193,407	194,071

The freehold land are stated at cost net of write down amounting to RM12,019,000 (2002: RM12,019,000). Leasehold land are stated at cost.

The freehold land are charged to financial institutions for banking facilities granted to the Group and the Company as disclosed in Notes 16 and 17.

6. SUBSIDIARY COMPANIES

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares		
- at cost	206,735	228,010
- at valuation	870	870
	207,605	228,880
Accumulated impairment losses	(15,262)	(36,537)
	192,343	192,343
Amount owing by subsidiary companies	333,486	364,464
Amount owing to subsidiary companies	(5,087)	(5,155)
	520,742	551,652
Provision for doubtful debts	(71,632)	(90,858)
	449,110	460,794

The amounts owing by subsidiary companies are in respect of advances to and payments made on behalf of the subsidiary companies. These amounts are unsecured, have no fixed terms of repayment and bear interest at 0.5% to 8.6% (2002: 0.5% to 5.0%) per annum.

The amounts owing to subsidiary companies are interest free, unsecured and have no fixed terms of repayment.

Details of the subsidiary companies are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Interest	
			2003 %	2002 %
Advantage Equity Sdn. Bhd.	Malaysia	Inactive	100	100
Atria Properties Sdn. Bhd.	Malaysia	Property investment	100	100
Beta Management Services Sdn. Bhd.	Malaysia	Property investment	100	100
Bondmark Construction Services Sdn. Bhd.	Malaysia	Inactive	100	100
Billiontex Industries Sdn. Bhd.	Malaysia	Property development	100	100
Broadland Food Industries Sdn. Bhd.	Malaysia	Management of food court	100	100

Name of Company	Country of Incorporation	Principal Activities	Effective Interest	
			2003 %	2002 %
Dominion Bay Sdn. Bhd.	Malaysia	Inactive	100	100
Hasil Andalas Sdn. Bhd.	Malaysia	Car park operator	100	100
Holiday Plaza Complex Management Sdn. Bhd.	Malaysia	Inactive	100	100
Hotel Armada (PJ) Sdn. Bhd.	Malaysia	Property investment and operation of hotel	100	100
Hotel Armada Group Sdn. Bhd.	Malaysia	Investment holding	100	100
Irama Serangkai Sdn. Bhd.	Malaysia	Inactive	100	100
Leboh Ampang Plaza Sdn. Bhd.	Malaysia	Investment holding	100	100
LH Bintang Development Sdn. Bhd.	Malaysia	Land and housing development	100	100
LH Indah Apartments Sdn. Bhd.	Malaysia	Property investment	100	100
LH Indah Apartments (First) Sdn. Bhd.	Malaysia	Property investment	100	100
LH Indah Apartments (Second) Sdn. Bhd.	Malaysia	Property investment	100	100
LH Properties (Aust.) Pty. Ltd.*	Australia	Property investment	100	100
Lien Hoe Property Management Sdn. Bhd.	Malaysia	Inactive	100	100
Lien Hoe Resorts Sdn. Bhd.	Malaysia	Property investment	100	100
Lien Hoe Square Sdn. Bhd.	Malaysia	Property investment	100	100
Lien Hoe Tower Sdn. Bhd.	Malaysia	Property investment	100	100
Macro Innovation Sdn. Bhd.	Malaysia	Building and civil works	-	75
Macro Resources Sdn. Bhd.	Malaysia	Building and civil works	75	75

Name of Company	Country of Incorporation	Principal Activities	Effective Interest	
			2003 %	2002 %
Menara Lien Hoe Sdn. Bhd.	Malaysia	Inactive	100	100
North Sumatera Timber Sdn. Bhd.	Malaysia	Inactive	-	100
Pembinaan Macro Resources Sdn. Bhd.	Malaysia	Building and civil works	75	75
PT Budi Tri Sakti*	Indonesia	Manufacturing of timber mouldings	-	70
Macro Techonology Sdn. Bhd.	Malaysia	Inactive	75	75
Roset (M) Sdn. Bhd.	Malaysia	Inactive	-	94
Roset Manufacturing Sdn. Bhd.	Malaysia	Inactive	-	94
Russella Teguh Sdn. Bhd.	Malaysia	Property development	100	100
Taman Templer Sdn. Bhd.	Malaysia	Inactive	100	100

* Not audited by Ernst & Young.

Disposal of subsidiary companies

During the year,

(a) The Company disposed its entire equity interests in North Sumatera Timber Sdn. Bhd. and its subsidiary, PT Budi Tri Sakti and Roset Manufacturing Sdn. Bhd. and its subsidiary, Roset (M) Sdn Bhd for a total cash consideration of RM2.

(b) Macro Resources Sdn. Bhd., a subsidiary of the Company, disposed its entire equity interest in Macro Innovation Sdn. Bhd. for a cash consideration of RM1.

The effect of the disposals on the financial results of the Group for the current year up to the date of the disposal are as follows:

	2003 RM'000
Revenue	-
Operating expenses	15
	15
Finance cost	277
Net loss for the year	292

The effect of the disposals on the financial position of the Group is disclosed in the Consolidated Cash Flow Statement.

7. OTHER INVESTMENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At cost,				
Unquoted shares in Malaysia	128	128	-	-
Provision for impairment losses	(128)	(90)	-	-
	-	38	-	-

8. LONG TERM RECEIVABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unsecured				
Advance to a third party	10,655	10,655	10,655	-
Repayable within 12 months (Note 14)	(7,077)	(3,500)	(7,077)	-
	3,578)	7,155	3,578	-
Receivable from vendors of a subsidiary company (Note 14)	-	8,421	-	8,421
	3,578	15,576	3,578	8,421

- (a) The unsecured interest free advance to a third party of RM10,655,000 (2002: RM10,655,000) was given by a subsidiary company, prior to the acquisition of this subsidiary company by the Group. In 2002, the terms of repayment were rescheduled and the third party had undertaken to repay RM3,500,000 by 31 December 2003, and the balance in two annual instalments of RM3,577,500 in 2004 and 2005.

During the financial year, the said amount was assigned to the Company by the subsidiary company. The Company has rescheduled the first instalment of RM3,500,000 to 30 June 2004.

The directors have given due consideration to all pertinent information relating to the ability of the debtor to settle the amount owing and have assessed that the amount is fully recoverable.

- (b) The amount receivable from vendors of a subsidiary company in 2002 relates to advances, payment on behalf and deposits paid in connection with the acquisition of a subsidiary company, Billiontex Industries Sdn. Bhd. The amount was reclassified to current assets during the year.

9. GOODWILL ON CONSOLIDATION, NET

	Group	
	2003	2002
	RM'000	RM'000
Goodwill on consolidation [Note (a)]	7,099	7,492
Negative goodwill on consolidation [Note (b)]	-	-
	7,099	7,492
(a) Goodwill on consolidation:		
At 1 January	7,492	6,870
Acquisition of subsidiary companies	-	1,032
Disposal of a subsidiary company	-	(1)
Amount amortised	(393)	(409)
At 31 December	7,099	7,492
(b) Negative goodwill on consolidation:		
At 1 January	-	12,001
Disposal of a subsidiary company	-	(12,001)
At 31 December	-	-

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2003	2002
	RM'000	RM'000
At 1 January	(41,788)	(13,175)
Acquisition of subsidiary companies	-	(28,657)
Disposal of a subsidiary company	-	10
Recognised in the income statement (Note 27)	489	34
At 31 December	(41,299)	(41,788)
Presented after appropriate offsetting as follows:		
Deferred tax assets	325	-
Deferred tax liabilities	(41,624)	(41,788)
	(41,299)	(41,788)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group

	Accelerated capital allowances RM'000	Fair value adjustment arising from business combination RM'000	Revaluation of properties RM'000	Total RM'000
At 1 January 2003	(266)	(9,127)	(32,661)	(42,054)
Recognised in the income statement	105	109	55	269
At 31 December 2003	(161)	(9,018)	(32,606)	(41,785)

Deferred Tax Assets of the Group

	Tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Others RM'000	Total RM'000
At 1 January 2003	89	126	51	266
Recognised in the income statement	225	24	(29)	220
At 31 December 2003	314	150	22	486

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

	Group	
	2003 RM'000	2002 RM'000
Unutilised tax losses	11,612	23,631
Unabsorbed capital allowances	574	672
	12,186	24,303

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

11. DEVELOPMENT PROPERTIES

	Group	
	2003	2002
	RM'000	RM'000
Land	-	1,070
Development expenditure	-	5,205
	<u>-</u>	<u>6,275</u>

Development expenditure in the previous financial year included borrowing cost capitalised of RM510,000.

12. AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK

	Group	
	2003	2002
	RM'000	RM'000
Construction costs incurred	71,140	28,017
Attributable profit	4,866	1,390
	<u>76,006</u>	<u>29,407</u>
Progress billings	(75,638)	(29,294)
Amount due from customers for contract work	<u>368</u>	<u>113</u>

13. INVENTORIES

	Group	
	2003	2002
	RM'000	RM'000
At cost:		
Finished goods	-	574
Land, completed apartments and office lots	966	140
Consumables	253	299
At net realisable value:		
Land, completed apartments and office lots	22,903	24,563
	<u>24,122</u>	<u>25,576</u>

The title deeds for land and office lots with book value of RM3,923,000 (2002: RM4,157,000) are in the process of being transferred to the Group.

Completed apartments stated at net realisable value of RM19,945,000 (2002: RM21,605,000) are charged to financial institutions to secure banking facilities granted to the Group as disclosed in Notes 16 and 17.

14. RECEIVABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables	35,130	20,103	809	466
Provision for doubtful debts	(6,341)	(5,528)	-	-
	28,789	14,575	809	466
Other receivables	38,561	41,407	36,189	32,580
Provision for doubtful debts	(13,132)	(14,274)	(12,358)	(13,500)
	25,429	27,133	23,831	19,080
Deposits for investments and related advances	300	300	300	300
Provision for doubtful debts	(300)	(300)	(300)	(300)
	-	-	-	-
	54,218	41,708	24,640	19,546

Included in other receivables are the current portions of the following:

- (i) an unsecured advance of RM7,077,000 (2002: RM3,500,000) as referred to in Note 8(a); and
- (ii) advances, payments on behalf and deposits paid in connection with the acquisition of Billiontex Industries Sdn.Bhd. as referred to in Note 8(b) and Russella Teguh Sdn. Bhd. amounting to RM15,999,000 (2002: RM8,466,000). As at 31 December 2003, ICULS of the Company with nominal value of RM14,300,000 (2002: RM14,300,000) were deposited by the vendors with a stakeholder as collateral for the amounts due. The market value of the ordinary shares as at 31 December 2003, had these ICULS been converted, amount to RM5,506,000.

The directors have given due consideration to all pertinent information relating to the ability of the above debtors to settle the amounts owing and have assessed that the amounts to be fully recoverable.

The Group's normal trade credit term ranges from 7 to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than the amounts due from the debtors as stated in (i) and (ii) above.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged to financial institutions for banking facilities granted to the Group. The deposits earn interest of 3% (2002: 3%) per annum and have average maturities of 50 days (2002: 30 days).

16. BANK OVERDRAFTS

The bank overdrafts bear interest at rates ranging from 8.0% to 8.9% (2002: 8.4% to 8.9%) per annum. The bank overdrafts are secured on the freehold and leasehold properties of the Company and its subsidiary companies and other fixed and floating assets and liabilities of the subsidiary companies.

17. BORROWINGS (SECURED)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Short Term Borrowings:				
Revolving credits	31,788	32,007	25,900	25,900
Bankers' acceptances	5,122	4,481	-	-
Term loans	96,722	47,205	83,747	32,779
Hire purchase and lease payables (Note 29)	466	380	329	280
	134,098	84,073	109,976	58,959
Long Term Borrowings:				
Term loans	83,802	76,817	75,780	63,605
Hire purchase and lease payables (Note 29)	842	807	557	697
	84,644	77,624	76,337	64,302
Total Borrowings:				
Revolving credits	31,788	32,007	25,900	25,900
Bankers' acceptances	5,122	4,481	-	-
Term loans	180,524	124,022	159,527	96,384
Hire purchase and lease payables (Note 29)	1,308	1,187	886	977
	218,742	161,697	186,313	123,261

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Maturity of borrowings (excluding hire purchase and lease payables):				
Within 1 year	133,632	83,693	109,647	58,679
More than 1 year and less than 5 years	35,631	73,364	27,609	60,152
5 years or more	48,171	3,453	48,171	3,453
	217,434	160,510	185,427	122,284

The range of effective interest rates at the balance sheet date for borrowings, excluding hire purchase and lease payables, was as follows:

	Group		Company	
	2003 %	2002 %	2003 %	2002 %
Revolving credits	5.3 - 8.7	5.4 - 7.2	5.3 - 8.7	5.4 - 7.2
Bankers' acceptances	5.3 - 5.6	5.3 - 5.6	-	-
Term loans	6.8 - 11.0	8.6 - 10.4	6.8 - 11.0	8.6 - 10.4

The revolving credits, bankers' acceptances and term loans of the Group and of the Company are secured on the freehold and leasehold properties of the Company and its subsidiary companies as disclosed in Notes 4, 5 and 13, fixed deposits with licensed banks as referred to in Note 15 and other fixed and floating assets and liabilities of its subsidiary companies.

18. REDEEMABLE SECURED LOAN STOCKS

On 18 August 1993, the Company issued RM85,742,921 nominal value of 6% Redeemable Secured Loan Stocks 1993/1998 (the "Loan Stocks"). The Loan Stocks constituted by a Trust Deed dated 19 June 1993 and amended by the Amendment Trust Deed dated 14 June 1997 and the Supplemental Trust Deed dated 29 October 1998 were redeemable in cash at nominal value upon maturity on 17 August 2000 at an interest rate of 15% per annum.

On 30 January 2003, the Loan Stocks together with the outstanding interest were fully redeemed and settled through a RM64,000,000 short term loan facility obtained from a financial institution. The short term loan carries an option for conversion to an 11-year term loan facility.

19. PAYABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade payables	27,145	22,663	4,348	4,097
Other payables:				
- Accruals	16,300	26,982	11,003	23,919
- Others	12,295	17,357	10,180	13,882
	28,595	44,339	21,183	37,801
	55,740	67,002	25,531	41,898

The normal trade credit terms granted to the Group range from 7 to 90 days.

20. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2003 '000	2002 '000	2003 RM'000	2002 RM'000
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At 1 January	284,228	254,252	284,228	254,252
Conversion of ICULS (Note 21)	13,801	29,976	13,801	29,976
At December	298,029	284,228	298,029	284,228

During the year, the Company's issued and paid-up share capital was increased to RM298,029,546 comprising 298,029,546 ordinary shares of RM1 each arising from the conversion of RM13,801,123 nominal value of 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") into 13,801,123 new ordinary shares of the Company of RM1 each.

The new ordinary shares rank pari passu in all respects with existing ordinary shares except that they will not be entitled to any dividend, rights and other distributions declared in respect of a financial period prior to the financial period in which the ICULS are converted.

The options to subscribe for 9,879,000 new ordinary shares of RM1 each pursuant to the Company's Employees' Share Option Scheme expired on 5 August 2003.

21. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	Group and Company	
	2003 RM'000	2002 RM'000
At 1 January	77,514	-
Issued during the year	-	107,490
Converted to new ordinary shares of the Company (Note 20)	(13,801)	(29,976)
At 31 December	<u>63,713</u>	<u>77,514</u>

On 13 July 2002, the Company issued RM107,490,084 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at 100% of its nominal value towards full settlement of the consideration for the acquisition of 100% equity interest in Billiontex Industries Sdn. Bhd. and Russella Teguh Sdn. Bhd.

The terms of the ICULS are as follows:

- (a) maturity date - 5 years ending from and including the date of issue of the ICULS;
- (b) conversion rate - on the basis of RM1 nominal value of ICULS for 1 new fully paid ordinary share of RM1 in the Company;
- (c) conversion rights - the ICULS shall be convertible into new ordinary shares in the Company at any time throughout the tenure of the ICULS during which they are outstanding;
- (d) the ICULS remain outstanding on the maturity date will be mandatorily converted by the Company into new ordinary shares in the Company;
- (e) the ICULS bear interest at 2% per annum, payable annually in arrears from the date of issue during the 5-year period that they remain outstanding, except that the last coupon payment shall be made on the maturity date of the ICULS; and
- (f) upon conversion of the ICULS into new ordinary shares, such shares shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividend, rights and other distribution declared in respect of the financial period prior to the financial period in which the ICULS are converted.

22. REVENUE

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Rental income				
- subsidiary companies	-	-	420	372
- others	33,771	36,023	13,115	12,463
Contract revenue from construction contracts	62,079	32,373	-	-
Proceeds from tour operations and sale of airline tickets	-	9,955	-	-
Proceeds from operation of a hotel	18,608	16,560	-	-
Proceeds from sale of development properties	7,500	-	-	-
Others	364	309	-	-
	122,322	95,220	13,535	12,835

23. COST OF SALES

	Group	
	2003 RM'000	2002 RM'000
Cost of inventories and others	2,941	12,041
Contract cost from construction contracts	58,388	29,947
Cost of development properties sold	9,196	-
	70,525	41,988

24. PROFIT FROM OPERATIONS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Profit from operations is stated after charging/(crediting):				
Inventories written off	-	114	-	-
Auditors' remuneration	197	197	50	50
Amortisation of goodwill	393	409	-	-
Bad debts written off	-	72	-	-

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Depreciation	6,482	6,273	2,066	1,851
Directors' emoluments (Note 25)	1,327	909	1,161	771
Property, plant and equipment written off	16	323	14	-
Realised foreign exchange gain	(78)	-	-	-
Gain on disposal of				
- freehold apartment	(349)	-	-	-
- property, plant and equipment	(72)	(420)	-	(303)
- subsidiary companies	(690)	(48,116)	-	(49,511)
Interest income				
- subsidiary companies	-	-	(8,628)	(6,654)
- others	(132)	-	(128)	-
Provision for doubtful debts				
- subsidiary companies	-	-	4,783	16,233
- trade receivables	1,007	835	-	-
- other receivables	-	474	-	-
Writeback of provision for doubtful debts	(1,336)	(310)	(1,142)	-
Provision for impairment losses				
- property, plant and equipment	-	292	-	292
- other investments	38	90	-	-
Rental expense of buildings				
- subsidiary companies	-	-	749	757
- others	77	49	-	-
Rental of equipment	21	74	21	21
Net gain on settlement of loan stocks	-	(529)	-	(529)
Staff costs [Note (a)]	10,919	11,804	3,137	3,317
Investment deposit written off	-	620	-	620

Note (a) - Staff costs comprise:

Wages and salaries	9,748	10,646	2,825	3,041
Social security costs	97	100	34	29
Pension costs - defined contribution plans	946	1,014	278	247
Other staff related expenses	128	44	-	-
	10,919	11,804	3,137	3,317

25. DIRECTORS' REMUNERATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	1,256	865	1,090	727
Benefits-in-kind	54	41	41	41
	1,310	906	1,131	768
Non-executive:				
Fees	71	44	71	44
Total	1,381	950	1,202	812
Analysis excluding benefits-in-kind:				
Total executive directors remuneration excluding benefits-in-kind	1,256	865	1,090	727
Total non-executive directors remuneration excluding benefits-in-kind	71	44	71	44
Total directors remuneration excluding benefits-in-kind	1,327	909	1,161	771

The number of directors of the Company whose total remuneration for the year ended 31 December 2003 that falls within the following bands is as follows:

	Number of Directors	
	2003	2002
Executive directors:		
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	2	1
RM200,001 to RM250,000	-	1
RM250,001 to RM300,000	2	-
RM300,001 to RM350,000	-	1
RM350,001 to RM400,000	1	-
Non-executive directors:		
Below RM50,000	3	2

26. FINANCE COSTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Hire purchase and lease interest	94	99	77	61
Revolving credit, bank overdraft, bankers' acceptances and trust receipts	4,706	6,817	3,570	2,530
Loan stocks and ICULS	1,501	4,290	1,501	4,290
Term loans	16,330	10,816	10,203	4,164
	22,631	22,022	15,351	11,045

27. TAXATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current year income tax	1,787	1,559	857	700
Deferred tax relating to origination and reversal of temporary differences (Note 10)	(489)	(34)	-	-
Overprovided in prior years	(44)	-	-	-
	1,254	1,525	857	700

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

A reconciliation of income tax expense applicable to (loss)/profit 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:

	2003	2002
	RM'000	RM'000
Group		
(Loss)/profit before taxation	(6,208)	41,134
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	(1,738)	11,518
Effects of income subject to tax rate of 20% and different tax rate in other country	208	15
Income not subject to tax	(2,938)	(17,052)
Expenses not deductible for tax purposes	6,308	8,363
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,497)	(1,928)
Deferred tax assets not recognised during the year	1,102	609
Deferred tax assets recognised during the year	(147)	-
Overprovision of income tax expense in prior years	(44)	-
Tax expense for the year	1,254	1,525
Company		
(Loss)/profit before taxation	(9,845)	29,099
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	(2,757)	8,148
Income not subject to tax	(2,838)	(17,043)
Expenses not deductible for tax purposes	6,410	9,466
Utilisation of previously unrecognised capital allowances	(66)	-
Deferred tax assets not recognised during the year	108	129
Tax expense for the year	857	700

Tax losses are analysed as follows:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Tax savings recognised during the year arising from utilisation of tax losses brought forward from previous years	1,365	1,852	-	-
Unutilised tax losses carried forward	12,597	23,631	-	-

28. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic

The basic (loss)/earnings per ordinary share is calculated by dividing the net (loss)/profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2003	2002
Net (loss)/profit for the year (RM'000)	(7,462)	39,609
Weighted average number of ordinary shares in issue ('000)	295,751	262,768
Basic (loss)/earnings per share (sen)	<u>(2.52)</u>	<u>15.07</u>

The comparative basic earnings per share has been restated to take into account the effects of the change in accounting policy (Note 30) on net profit for the year.

(b) Diluted

For the current year, the outstanding ICULS have been excluded from the computation of fully diluted loss per share as their conversion to ordinary shares would be anti-dilutive in nature. Accordingly, the basic and fully diluted loss per share are the same.

For the purpose of calculating diluted earnings per share for the previous financial year, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effect of dilutive potential ordinary shares from conversion of the ICULS. The net profit for the year is adjusted by the after-tax effect of interest expense recognised during the financial year which would have been saved on conversion of ICULS into ordinary shares. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on conversion of ICULS. The ICULS are deemed to have been converted into ordinary shares at the date of the issue of the ICULS (i.e. 13 July 2002).

The number of shares under the Employees' Share Options Scheme was not taken into account in the computation of earnings per share in the previous financial year as their conversion to ordinary shares would be anti-dilutive in nature.

	Group 2002
Net profit for the year (RM'000)	39,609
Adjustment for after-tax effects of interest on ICULS (RM'000)	607
Adjusted net profits for the year (RM'000)	<u>40,216</u>
Weighted average number of ordinary shares in issue ('000)	262,768
Adjustment for assumed conversion of ICULS ('000)	42,268
Adjusted weighted average number of ordinary shares in issue ('000)	<u>305,036</u>
Diluted earnings per share (sen)	<u>13.18</u>

The comparative diluted earnings per share has been restated to take into account the effects of the change in accounting policy (Note 30) on net profit for the year.

29. HIRE PURCHASE AND LEASE PAYABLES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments:				
Not later than 1 year	581	473	411	347
Later than 1 year and not later than 2 years	528	443	411	347
Later than 2 years and not later than 5 years	510	565	284	510
	1,619	1,481	1,106	1,204
Less: Future finance charges	(311)	(294)	(220)	(227)
Present value of finance lease liabilities	1,308	1,187	886	977
Present value of finance lease liabilities:				
Not later than 1 year	466	380	329	280
Later than 1 year and not later than 2 years	423	354	329	279
Later than 2 years and not later than 5 years	419	453	228	418
	1,308	1,187	886	977

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Analysed as:				
Due within 12 months included as current liabilities	466	380	329	280
Due after 12 months included as non-current liabilities	842	807	557	697
	1,308	1,187	886	977

The hire purchase and lease payables bear interest at the balance sheet date of 6.0% to 13.0% (2002: 8.0% to 10.7%) per annum.

30. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENT

(a) Changes in Accounting Policies

During the financial year, the Group and the Company applied four new MASB Standards, which became effective from 1 January 2003, and accordingly modified certain accounting policies. Other than MASB Standard 25, the adoption of the other standards has not given rise to any adjustment to the opening balances of accumulated losses of the prior and current year or to changes in comparatives. The change in accounting policy which resulted in prior year adjustments is discussed below.

MASB Standard 25: Income Taxes

Under MASB Standard 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

(b) Prior Year Adjustments

The change in accounting policy has been applied retrospectively and comparatives have been restated. The effects of the change in accounting policy are as follows:

	Group	
	2003	2002
	RM'000	RM'000
Effects on accumulated losses:		
At 1 January 2003/2002, as previously stated	(87,375)	(127,233)
Effects of adopting MASB Standard 25	(4,430)	(4,181)
At 1 January 2003/2002, as restated	(91,805)	(131,414)
Effects on net (loss)/profit for the year:		
Net (loss)/profit before change in accounting policy	(7,213)	39,858
Effects of adopting MASB Standard 25	(249)	(249)
Net (loss)/profit for the year	(7,462)	39,609

Comparative amounts as at 31 December 2002 have been restated as follows:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Group			
Land held for development	191,185	2,886	194,071
Goodwill on consolidation, net	1,460	6,032	7,492
Accumulated losses	(87,375)	(4,430)	(91,805)
Deferred tax liabilities	(28,440)	(13,348)	(41,788)

31. CONTINGENT LIABILITIES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Secured:				
Bank facilities granted to third party	1,392	1,505	917	1,000
Unsecured:				
Corporate guarantees issued in respect of banking/credit facilities granted to subsidiary companies	-	-	27,076	28,979
Corporate guarantees issued in respect of banking facilities granted to third parties	98,653	96,963	98,653	96,963
Claims by third parties for the supply of goods and other charges	796	606	-	-
	100,841	99,074	126,646	126,942

Bank facilities granted to a third party are secured by fixed charges over the leasehold land and buildings of the Company and a subsidiary company as disclosed in Note 4.

Included in corporate guarantees issued in respect of banking facilities granted to third parties is a guarantee for an amount of RM94,653,000 (2002: RM92,963,000) which relates to a former subsidiary company, Holiday Plaza Sdn. Bhd ("HPSB"). Pursuant to the Sale and Purchase agreement for the sale of HPSB, the purchaser is to discharge the Company's guarantee by 5 December 2003, failing which the Company will have an option to repurchase HPSB at RM1 within 30 days therefrom. The Company has granted an extension to 31 March 2004 and the corporate guarantee was discharged subsequent to the year end.

The Company has agreed to provide continued financial support to certain subsidiary companies for a period of twelve months from 1 January 2004 to enable them to meet their obligations as and when they fall due during this period.

32. COMMITMENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Commitment under non-cancellable operating leases on property, plant and equipment is as follows:				
Amount payable within one year	35	21	11	21
Amount payable within one to five years	14	11	-	11
	49	32	11	32
Capital commitments not provided for in the financial statements:				
Approved and not contracted for	26,371	26,371	-	-
Approved and contracted for	2,562	2,562	-	-
	28,933	28,933	-	-

33. LITIGATION

- (a) The Company had on 20 March 1989, taken legal action against various parties to recover RM53,000,000 excluding interest and expenses of RM35,000,000 arising from certain transactions entered into by the Company and its subsidiaries. These transactions were:
- (i) The aborted acquisition of 10,125,000 shares in Oriental Bank Berhad for a cash consideration of RM45,675,000 in 1983 and the full payment to the vendors notwithstanding that the conditions in the Sale and Purchase Agreement have not been fulfilled.
 - (ii) The acquisition of the entire share capital of Taman Templer Sdn. Bhd. and a piece of land situated in Likas Bay, Kota Kinabalu from Sapan Development Sdn. Bhd. in 1985 for a total consideration of RM16,000,000 and RM22,750,000 respectively by a Deed of Mutual Arrangement with the vendors of the Oriental Bank Berhad shares and the assumption of a loan due by a third party to a financial institution of RM6,000,000 and interest thereon. This loan was secured on the development land belonging to a subsidiary company, Taman Templer Sdn. Bhd.

The above case is pending trial.

- (b) On 19 November 2002, the Company was served with a writ of summons by two third parties claiming the refund of a sum of RM5,000,000 which was paid in relation to the Sale and Purchase Agreement between them and the Company on 3 March 1997. The said Sale and Purchase Agreement had since lapsed due to non-fulfilment of the terms therein by the third parties.

The Board of Directors of the Company is of the opinion that there is no valid basis for this claim and has filed defence and counterclaim against these parties.

34. SIGNIFICANT EVENT

During the year, the Company entered into a conditional Sale and Purchase Agreement ("SPA") with ISG Asia Limited ("ISG") for the proposed disposal of its subsidiary companies and property, namely Atria Properties Sdn. Bhd., Billiontex Industries Sdn. Bhd., Russella Teguh Sdn. Bhd., Advantage Equity Sdn. Bhd. and Lien Hoe Complex. The total sale consideration of SGD180 million (equivalent to RM392.4 million based on an agreed exchange rate of SGD1 to RM2.18 as set out in the SPA) will be satisfied through:

- 757,000,000 new ordinary shares of SGD0.05 each in ISG ("ISG shares") at an issue price of SGD0.15 (equivalent to RM0.33) per ISG share; and
- SGD66,450,000 nominal value of 5-year 1.5% convertible unsecured loan stocks ("CULS") issued at an issue price of 100% of its nominal value.

Following the completion of the disposal, there will be two restricted offers for sale by the Company of:

- 361,742,000 ISG shares together with SGD54,261,300 nominal value of CULS, on the basis of one ISG share together with SGD0.15 nominal value of CULS at a total offer price of RM0.33 to the Company's shareholders and holders of Irredeemable Convertible Unsecured Loan Stocks 2002/2007;
- 135,000,000 ISG shares, with an option to purchase an additional 135,000,000 ISG shares at SGD0.15 per ISG share within a 12-month period, on the basis of one ISG share attached with the option to purchase one ISG share at an offer price of SGD0.15, to the existing shareholders of ISG.

The proposed disposal is conditional upon obtaining the necessary approvals from the relevant authorities and shareholders of the Company and ISG and satisfaction of certain conditions as set out in the SPA.

The directors are of the opinion that the disposal is structured to allow the Group to unlock the value in some of its investment assets and to raise funds to significantly reduce its bank borrowings.

35. SUBSEQUENT EVENT

Subsequent to the financial year, the Company acquired 440,000 ordinary shares of RM1 each, representing 100% equity interest in Christine Inn & Recreation Sdn. Bhd. for a cash consideration of RM980,000.

36. 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, liquidity, foreign exchange and credit risks. The Group operates within 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 manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

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

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Credit Risk

Credit risks are managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At balance sheet date, there were no significant concentrations of credit risk other than as disclosed in Notes 8 and 14 to the financial statement. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(e) Foreign Exchange Risk

The foreign exchange exposure of the Group is minimal as the international operations of the Group have been scaled down to an insignificant level.

(f) Fair Values

The aggregate net fair value 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:

	Note	Group		Company	
		Carrying amount RM'000	Fair Value RM'000	Carrying amount RM'000	Fair Value RM'000
Financial Liabilities					
At 31 December 2003:					
Hire purchase and lease payables	29	<u>1,308</u>	<u>1,367</u>	<u>886</u>	<u>943</u>
At 31 December 2002:					
Hire purchase and lease payables	29	<u>1,187</u>	<u>1,226</u>	<u>977</u>	<u>1,009</u>

It is not practicable to determine the fair value of:

- the amounts due from/to subsidiary companies due principally to a lack of fixed repayment terms between the parties involved and without incurring excessive costs.
- the non-current unquoted investments because of the lack of quoted market prices and the inability to estimate the fair value without incurring excessive costs.
- the ICULS due to the uncertainties of timing on the conversion of ICULS into ordinary shares of the Company.

The nominal/notional amounts and net fair values of financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are:

		Group		Company	
	Note	Nominal/ notional amount RM'000	Net fair value RM'000	Nominal/ notional amount RM'000	Net fair value RM'000
At 31 December 2003:					
Contingent liabilities	31	100,841	**	126,646	**
At 31 December 2002:					
Contingent liabilities	31	99,074	**	126,942	**

** It is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome. An amount of RM94,653,000 was discharged subsequent to year end.

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

- (i) Cash and bank balances, Receivables/Payables, Bank Overdraft and Short Term Borrowings

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

- (ii) Borrowings and Hire Purchase and Lease Payables

The fair values of borrowings and hire purchase and lease payables are estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

37. SEGMENTAL REPORTING

a) Business Segment

	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
2003							
REVENUE							
Revenue	35,402	7,500	62,079	18,608	724	(1,991)	122,322
Less: Inter-segment revenue	(1,631)	-	-	-	(360)	1,991	-
External revenue	33,771	7,500	62,079	18,608	364	-	122,322
RESULT							
Segment result	11,371	(2,529)	1,247	7,219	284	(1,991)	15,601
Gain on disposal of subsidiary companies	690	-	-	-	-	-	690
Interest expense							(22,631)
Interest income							132
Loss before taxation							(6,208)
Taxation							(1,254)
Loss after taxation							(7,462)
OTHER INFORMATION							
Segment assets	370,808	207,871	25,546	73,471	2,518		680,214
Tax recoverable	1,570	70	-	-	107		1,747
Deferred tax assets	-	-	221	104	-		325
Consolidated total assets	372,378	207,941	25,767	73,575	2,625		682,286
Segment liabilities	33,855	2,206	17,694	1,698	287		55,740
Taxation	2,388	-	-	410	12		2,810
Deferred taxation	9,325	32,299	-	-	-		41,624
Borrowings	166,390	83,474	8,817	50,000	850		309,531
Consolidated total liabilities	211,958	117,979	26,511	52,108	1,149		409,705

	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
2003							
Capital expenditure	15,396	166	168	558	97		16,385
Depreciation of property, plant and equipment	5,706	292	231	216	37		6,482
Amortisation of goodwill	332	41	-	-	20		393
Significant non-cash expenses other than depreciation and amortisation							
- Provision for/ (write back of) doubtful debts	(741)	237	175	-	-		(329)
- Provision for impairment losses	38	-	-	-	-		38
- Property, plant and equipment written off	16	-	-	-	-		16

	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel and tour operations RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
2002							
REVENUE							
Revenue	37,771	32	32,373	26,515	497	(1,968)	95,220
Less: Inter-segment revenue	(1,748)	-	-	-	(220)	1,968	-
External revenue	36,023	32	32,373	26,515	277	-	95,220
RESULT							
Segment result	13,510	(657)	(140)	4,584	(289)	(1,968)	15,040
Gain/(loss) on disposal of subsidiary companies	48,211	-	-	(95)	-	-	48,116
Interest expense							(22,022)
Profit before taxation							41,134
Taxation							(1,525)
Profit after taxation							39,609
OTHER INFORMATION							
Segment assets	364,755	215,892	19,884	74,248	3,632		678,411
Tax recoverable	2,427	70	-	-	120		2,617
Consolidated total assets	367,182	215,962	19,884	74,248	3,752		681,028
Segment liabilities	49,273	1,976	12,786	1,985	982		67,002
Taxation	1,853	-	22	-	85		1,960
Deferred taxation	9,490	32,298	-	-	-		41,788
Borrowings	143,643	97,387	7,843	50,296	5,586		304,755
Consolidated total liabilities	204,259	131,661	20,651	52,281	6,653		415,505

	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel and tour operations RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
2002							
Capital expenditure	3,760	173	182	316	-		4,431
Depreciation of property, plant and equipment	4,138	302	307	1,494	32		6,273
Amortisation of goodwill	328	61	-	-	20		409
Significant non-cash expenses other than depreciation and amortisation							
- Impairment loss on property, plant and equipment	292	-	-	-	-		292
- Investment deposit written off	620	-	-	-	-		620
- Inventories written off	-	-	114	-	-		114
- Provision for/(write back of) doubtful debts	1,230	(1)	(301)	79	(8)		999
- Property, plant and equipment written off	175	148	-	-	-		323

b) Geographical Segments

No information is prepared on the geographical segments as the Group principally operates within Malaysia.

38. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of changes in accounting policies as disclosed in Note 30 and certain comparative figures have been reclassified to conform with the current year's presentation.