Notes to the financial statements for the financial year ended 30 June 2003

1 General information

The principal activities of the Company during the financial year are those of investment holding and the provision of management services. The principal activities of the Group consist primarily of property development and the manufacture of furniture and rubberwood related products.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Kuala Lumpur Stock Exchange. The Company's registered office and principal place of business are as follows:

Registered office:

Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business:

2nd Floor, Wisma OIB
1 & 2 Jalan Bank
08000 Sungai Petani
Kedah Darul Aman

The number of staff employed by the Group at the end of the financial year is 427 (2002: 320). The Company did not have any employee at the end of the financial year (2002: Nil).

2 Basis of preparation of the financial statements

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

3 Significant Group accounting policies

All significant Group accounting policies set out below are consistent with those applied in the previous financial year.

The new applicable approved accounting standards adopted in these financial statements are as follows:

(a) Retrospective application

The following new MASB Standards have been applied retrospectively:

- MASB Standard 22: "Segmental Reporting"
- MASB Standard 25: "Income Taxes"
- MASB Standard 27: "Borrowing Costs"

3 Significant Group accounting policies (continued)

(b) Prospective application from 1 July 2002

The following new MASB Standards have been applied prospectively:

- MASB Standard 21: "Business Combinations"
- MASB Standard 23: "Impairment of Assets"
- MASB Standard 24: "Financial Instruments: Disclosure and Presentation"

With the exception of MASB Standard 25 (see note 28), there are no changes in accounting policy that affect the net profit for the financial year as a result of the adoption of the above standards in these financial statements as the Group was already following the recognition and measurement principles in those standards.

Accounting convention

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain property, plant and equipment of the subsidiary companies as well as the writing down of certain inventories and stock of unsold houses to their net realisable value, where required, by the subsidiary companies.

Revenue and profit recognition

Dividend is recognised when the right of a shareholder to receive the dividend is established. Interest income is recognised on an accrual basis determined by the principal outstanding and the rates applicable.

Revenue from property development is recognised on the percentage of completion method. The stage of completion of each project is measured by a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development. Anticipated losses are recognised in full immediately in the income statement.

Management fees are recognised on the accrual basis.

Revenue from the manufacture of furniture and rubberwood related products is recognised upon delivery of goods, net of sales tax and discounts.

Revenue from oil palm cultivation is recognised upon delivery of goods.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to 30 June 2003. The results of the subsidiary companies are included in the consolidated income statement from the date of their acquisition except that acquisitions of subsidiary companies which meet the criteria for merger accounting under Malaysian Accounting Standard 2 "Accounting for Acquisitions and Mergers" are accounted for under that method. Intra-group transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

(i) Under the merger method of accounting, the results of subsidiary companies are presented as if the companies have been combined throughout the current and previous financial years. The difference between the cost of acquisition over the nominal value of the share capital and reserves of the subsidiary companies is taken to merger reserve. Merger debit arising on consolidation is taken to capital reserve on consolidation, revaluation surplus and revenue reserve.

3 Significant Group accounting policies (continued)

Basis of consolidation (continued)

(ii) Under the acquisition method of accounting, the results of subsidiary companies acquired during the financial year are included from the date of acquisition. At the date of acquisition, the fair values of the net assets of the subsidiary companies are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and their fair values is reflected as goodwill or capital reserve on consolidation as appropriate. Goodwill is written off if it is not supported by any intrinsic value.

Minority interest is measured at the minorities' share of the post-acquisition fair values of the identifiable assets and liabilities of the acquirees. Separate disclosure is made of minority interest.

As allowed under MASB Standard 21: "Business Combinations", the Group has applied the Standard prospectively and accordingly, business combinations entered into prior to 1 July 2001 have not been restated to comply with this Standard.

Subsidiary companies

Subsidiary companies are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Investment in subsidiary companies, which is eliminated on consolidation, are stated in the Company's financial statements at cost. Where an indication of impairment exists, carrying amount of the investments are assessed and written down immediately to its recoverable amount.

Associated companies

The Group treats as associated companies, those companies in which a long term equity interest of between 20% and 50% is held or where it is in a position to exercise significant influence over the financial and operating policies.

Premium or reserve arising on acquisition represents the difference between the cost of investment and the Group's share of the value of net assets of the associated companies at the date of acquisition.

The Group's share of profits less losses of associated companies is included in the consolidated income statement and the Group's share of net assets and premium or reserve on acquisition is included in the consolidated balance sheet.

In the Company's financial statements, investments in associated companies are stated at cost. Where an indication of impairment exists, carrying amount of the investments are assessed and written down immediately to its recoverable amount.

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

3 Significant Group accounting policies (continued)

Real property assets

Real property assets, consisting of land held for future development, are stated at cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use.

Such assets are transferred to development properties when significant development work is to be undertaken and is expected to be completed within the normal operating cycle.

Investments

Investments are stated at cost. Cost is determined principally on an average basis computed on the occasion of each acquisition. Allowance for diminution in value of investments will be made when, in the opinion of the directors, there has been a decline other than temporary in the value of each investment.

Foreign currencies

Foreign currency transactions are accounted for at exchange rates ruling on the transaction dates.

Foreign currency monetary assets and liabilities are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translating foreign currency monetary assets and liabilities are as follows:

Foreign currency	**2003** **RM**	2002 RM
1 US Dollar	**3.7950**	3.7950
100 Thai Baht	**10.7425**	10.6635

Property, plant and equipment and depreciation

Property, plant and equipment, except for certain freehold and leasehold land and buildings, are stated at historical cost less accumulated depreciation.

Certain freehold land are stated at revalued amount, based on valuations carried out by independent professional valuers; while certain leasehold land and buildings are stated at revalued amount, based on valuations carried out by independent professional valuers, less accumulated depreciation.

Freehold land and capital work in progress are not depreciated. Leasehold land is amortised in equal instalments over the period of the respective leases that range from 60 to 86 years.

Plantation development expenditure is amortised over a period of 20 years commencing from the year of maturity of the crop.

3 Significant Group accounting policies (continued)

Property, plant and equipment and depreciation (continued)

Construction-in-progress is not depreciated. Depreciation of other property, plant and equipment is calculated so as to write off the cost or valuation of these property, plant and equipment less their estimated residual values, on a straight line basis over the expected useful lives of the property, plant and equipment concerned. The annual rates are:

	%
Buildings	2
Factory buildings	2 - 10
Furniture and fittings	10 - 20
Office equipment	10 - 33 1/3
Electrical installation	10
Plant and machinery	2 - 50
Motor vehicles	20
Site equipment	10
Office renovations	10

The freehold and leasehold land and buildings have not been revalued since the financial year ended 30 June 1995. The Directors have adopted the transitional provisions in respect of assets carried at previously revalued amounts, for International Accounting Standard 16 (Revised): Property, Plant and Equipment as allowed for by Malaysian Accounting Standards Board to retain the carrying amounts of these land and buildings on the basis of their previous revaluation subject to the continuing application of current depreciation policy.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable amount of property, plant and equipment, expected future cash flows are discounted to their present values. The impairment loss is charged to the income statement. Any subsequent increase in the recoverable amount of property, plant and equipment due to a reversal of an impairment loss would be adjusted to an amount not exceeding the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the property, plant and equipment in prior years. Such subsequent increase in recoverable amount is recognised in the income statement.

Development properties

The cost of land held for development, related development costs common to the whole project including interest charged directly relating to financing of the development, and direct building costs plus attributable profit less foreseeable losses and progress billings received and receivable are carried forward as development properties.

Borrowing costs

Interest incurred on borrowings directly associated with development projects, construction projects and real property assets are added to the cost of such properties. Capitalisation of interest on borrowing costs will cease when development projects or construction projects has been suspended or when development projects, construction projects or real property assets are ready for sale or ready for its intended use.

3. **Significant Group accounting policies (continued)**

Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories. Cost is determined principally on a weighted average basis. Cost of work in progress and finished goods, consists of direct materials, direct labour, direct charges and production overheads.

Plantation supplies are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

Stock of unsold houses

Stock of unsold houses is stated at the lower of cost and net realisable value. Cost comprises direct building cost and proportionate land and development costs.

Receivables

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection.

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets and tax losses carried forward, where applicable; and, in relation to acquisitions, where applicable, on the difference between the fair values of the net assets acquired and their tax base.

Tax rate enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiary companies and associated company, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Dividend

Interim dividend declared is accounted for as an appropriation of retained earnings from shareholders' equity in the financial year. Final dividend is not accounted for until approved by members at a General Meeting.

Cash and cash equivalents

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

3. Significant Group accounting policies (continued)

Financial instruments recognised on the balance sheet

The accounting policies and recognition methods adopted for financial instruments recognised on the balance sheet are separately disclosed in the policy statements of the respective items.

Fair value estimation for disclosure purposes

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Change in accounting policy

In the previous financial year, deferred taxation was provided for all timing differences and in accounting for timing differences deferred tax debits are not accounted for unless their realisation is beyond reasonable doubt.

During the financial year, the Group applied MASB Standard 25 retrospectively and has now changed this accounting policy to provide for deferred taxation in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. As such, certain comparative figures have been adjusted or extended to conform with changes in presentation due to the requirements of this new standard. The impact of applying this standard in the current financial year is as set out in note 28 to the financial statements.

Comparatives

Where appropriate, comparative figures have been extended to conform with the additional disclosure requirements of the applicable approved new accounting standards issued by the Malaysian Accounting Standards Board that become operative for financial statements covering periods commencing on or after 1 July 2002.

Comparative figures are not disclosed upon first application of MASB Standard 24: "Financial Instruments: Disclosure and Presentation", as permitted by the said Standard.

4 Financial risk management objectives and policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, market, credit, liquidity and cash flow risks. Financial risk management is carried out through risk reviews and internal control systems. The management regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

Property development division

(a) Interest rate risk

The Group borrows for operations via short-term borrowings such as revolving credit facilities and bank overdrafts. The Group's exposure to the risk of changes in interest rates is mainly on floating rate terms and deposits with banks and financial institutions.

4 Financial risk management objectives and policies (continued)

Property development division (continued)

The Group reviews on a regular basis the exposure to interest rate risks. The Group does not hedge interest rate risks due to its low borrowings.

(b) Market risk

The Group's principal exposure to market risk arises mainly from the state of the domestic property markets.

The Group manages its exposure to adverse fluctuation in property value by obtaining all the necessary information before investing in property and continuous monitoring of the state of the property market. The Group optimises its return on realisation by managing its decision to dispose or hold, continue or postpone development of these properties based on the current and expected future trend of the property market. For property development activities to sustain, preservation of land bank is of utmost importance for future development. The Group is actively pursuing the continuous purchase of land and joint venture with landowners at strategic locations.

Impairment losses will be recognised when there is indication of adverse changes in fair values of these properties. Reversals are made to the income statement immediately to the extent of the previously recognised amount when the adverse conditions which led to the impairment of assets cease to exist.

(c) Credit risk

The Group controls the credit risks by assessing all the relevant information obtained and also via monitoring procedures to ensure that the sales of products and services rendered are made to customers with an appropriate credit history. The exposure to credit risk is monitored on an ongoing basis and on a case-by-case basis.

At balance sheet date, there was no significant concentration of credit risk.

(d) Liquidity and cash flow 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. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

Manufacturing division

(a) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for borrowings and placement in the fixed deposits. The Group controls and monitors closely its cash flows to minimise on borrowings and ensure that the interest rates are always maintained at favourable rates.

(b) Market risk

The Group seeks to overcome market risk by being more aggressive and innovative in the product range. This is by way of diversification, enhancing the quality, design and features of the products.

4 Financial risk management objectives and policies (continued)

Manufacturing division (continued)

The Group currently sources rubberwood from Thailand and local suppliers. The Group might face significant exposure from the risk of changes in rubberwood prices from the suppliers. The management minimise the risk by widening the selection of rubberwood suppliers.

(c) Credit risk

Management has a credit policy in place and the exposure to credit risk is being monitored regularly. A large portion of the sales of the Group is on confirmed standby Letter of Credit, document against payment and document against acceptance terms. These terms generally do not expose the Group to significant credit risk. As for the other minority customers, the Group seeks to manage the credit risk by setting credit limits and taking action to ensure prompt payment. Furthermore, the credit worthiness of each potential new customer is evaluated carefully before orders are accepted.

(d) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through internally generated cash flows and an adequate amount of committed credit facilities. The Group aims at strengthening its cash flows position and minimising on bank borrowings. In addition, the Group also maintains flexibility in funding by keeping adequate committed credit lines available at any one time to meet the future needs of the business.

5 Revenue

	Group		**Company**	
	2003	2002	**2003**	2002
	RM	RM	**RM**	RM
	RM'000	RM'000	**RM'000**	RM'000
Dividend income	**0**	0	**11,970**	20,790
Loan interest income	**0**	0	**1,287**	1,381
Management fees	**64**	49	**221**	126
Progress billings received and receivable	**68,748**	108,540	**0**	0
Sales of goods at invoiced value	**33,038**	23,376	**0**	0
Sales of fresh bunches of oil palm	**275**	206	**0**	0
	102,125	132,171	**13,478**	22,297

6 Administration and other operating expenses

(a) During the financial year, the Group and the Company reclassified certain corporate expenses amounting to RM265,000 (2002: RM251,000) and RM106,000 (2002: RM91,000) respectively from administration expenses to other operating expenses. The Directors are of the view that the reclassification will result in more appropriate presentation of the Group and Company's financial results.

The details of the comparative figures for the financial year ended 30 June 2002, which have been reclassified are as follows:

Group	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
Income statement			
Administration expenses	(7,486)	251	(7,235)
Other operating expenses	(756)	(251)	(1,007)

Company	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
Income statement			
Administration expenses	(886)	91	(795)
Other operating expenses	(1,957)	(91)	(2,048)

(b) Other operating expenses of the Company include impairment losses on investment in a subsidiary company of RM16,000 (2002: RM1,948,000).

7 Profit from operations

Profit from operations is stated after charging:

	Group		Company	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Auditors' remuneration:				
- statutory audit	**104**	104	**22**	22
- other services	**28**	5	**4**	4
Depreciation of property, plant and equipment	**1,783**	1,745	**0**	0
Rental of land and building	**4**	5	**0**	0
Hire of plant and machinery	**31**	85	**0**	0
Allowance for diminution in value of quoted investment	**3**	0	**0**	0
Impairment losses on investment in subsidiary company	**0**	0	**16**	1,948
Loss on disposal of quoted investment	**1**	0	**0**	0
Property, plant and equipment written off	**266**	296	**0**	0
Waiver of debt	**0**	197	**0**	197
Bad debts written off	**27**	14	**0**	0
Inventories written off	**904**	0	**0**	0
Staff costs*	**9,036**	7,282	**0**	0
and crediting:				
Gross dividends received from subsidiary companies (unquoted)	**0**	0	**11,770**	20,780
Gross dividend received from associated company (unquoted)	**0**	0	**200**	10
Rental income	**529**	427	**0**	0
Gain on disposal of property, plant and equipment	**84**	246	**0**	0
Gain on disposal of real property assets	**26**	0	**0**	0
Interest income	**200**	187	**1,287**	1,381
Gain on foreign exchange				
- realised	**24**	10	**0**	0

* Staff costs disclosed above include remuneration payable to Executive Directors of the Company amounting to RM1,466,080 (2002: RM1,207,360).

8 Directors' remuneration

The aggregate amount of emoluments receivable by Directors of the Company during the financial year are as follows:

	Group		Company	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Fees receivable	**180**	180	**180**	180
Other emoluments	**1,497**	1,241	**31**	34
	1,677	1,421	**211**	214
Estimated monetary value of benefits otherwise than in cash	**76**	66	**0**	0
	1,753	1,487	**211**	214

9 Finance cost

	Group		Company	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Interest expense	**858**	1,361	**800**	1,107

10 Taxation - Company and subsidiaries

	Group		Company	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
In respect of current financial year:				
- Malaysian income tax	**4,564**	5,101	**2,279**	650
- Transfer to deferred taxation	**259**	1,252	**0**	0
In respect of prior financial years:				
- Malaysian income tax	**148**	(69)	**64**	(72)
	4,971	6,284	**2,343**	578

10 Taxation - company and subsidiaries (continued)

The reconciliation of income tax expense applicable to profit from ordinary activities before taxation at the statutory tax rate to taxation charge at the average effective income tax rate of the Group and Company are as follows:

	Group		Company	
	2003	2002	**2003**	2002
	%	%	**%**	%
Statutory tax rate	**28.0**	28.0	**28.0**	28.0
Tax effects of:				
- Expenses that are not deductible in determining taxable profit	**0.9**	3.3	**0.3**	3.5
- Lower tax rate for small and medium scale companies #	**(0.1)**	0.0	**0.0**	0.0
- Income not subject to tax	**(0.1)**	(2.9)	**(9.4)**	(27.9)
- Utilisation of reinvestment allowance	**(4.3)**	(0.5)	**0.0**	0.0
- Utilisation of export allowance	**(1.6)**	0.0	**0.0**	0.0
- Expenses eligible for double deduction	**(0.4)**	(0.4)	**0.0**	0.0
- Utilisation of previously unrecognised capital allowance	**(0.1)**	0.0	**0.0**	0.0
Average effective tax rate for the financial year	**22.3**	27.5	**18.9**	3.6
Underprovision of Malaysian income tax in respect of prior financial year	**0.6**	(0.2)	**0.5**	(0.4)
	22.9	27.3	**19.4**	3.2

\# As gazetted in the Finance (No. 2) Act 2000 during the financial year, the income tax rate for the first band of chargeable income of RM100,000 for small and medium scale companies is reduced to 20% for the financial year as compared to 28% in the previous financial year.

	Group		Company	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Tax saving as a result of the utilisation of current year tax losses for which credit is recognised during the financial year	**72**	437	**72**	437

The Group and the Company have, subject to confirmation by the Inland Revenue Board, the following relief against which no future tax benefit has been recognised:

	Group		Company	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Tax losses carried forward	**519**	2,262	**241**	241
Unabsorbed capital allowances	**206**	713	**0**	0
Unabsorbed reinvestment allowances	**31**	3,612	**0**	0

11 Earnings per share

Group only

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders for the financial year by the weighted average number of ordinary shares in issue during the financial year:

	2003	2002
Net profit attributable to shareholders for the financial year (RM'000)	**18,571**	16,424
Weighted average number of ordinary shares in issue ('000)	**90,190**	90,050
Basic earnings per share (sen)	**20.59**	18.24

Diluted earnings per share

In respect of the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is the share options granted to employees.

	2002
Net profit attributable to shareholders for the financial year (RM'000)	16,424
Weighted average number of ordinary shares in issue ('000)	90,050
Adjustment per share options	2,663
	92,713
Diluted earnings per share (sen)	17.71

Comparative earnings per share information has been restated to take into account the effect on net profit for the year of the change in accounting policy in respect of deferred tax (note 28).

No computation of diluted earnings per share for the financial year ended 30 June 2003 was made as the potential ordinary shares were anti-dilutive.

12 Share capital

Group and Company	**2003** **RM'000**	2002 RM'000
Authorised:		
Ordinary shares of RM1 each	**200,000**	200,000
Issued and fully paid:		
Ordinary shares of RM1 each		
At 1 July	**90,190**	90,005
Issue of shares - exercise of share options	**0**	185
At 30 June	**90,190**	90,190

12 Share capital (continued)

Employee share option scheme

The Company's Employee Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 25 October 2001. The main features of the ESOS are as follows:

(a) Eligible persons are full time employees of the Group (including Executive Directors) who have been confirmed and served at least one full year (three full years for foreign employees) prior to the date of offer, being the date when an offer is made by the Option Committee in writing to the eligible employees. The eligibility for participation in the ESOS shall be at the absolute discretion of the Option Committee.

(b) The total number of ordinary shares to be offered shall not exceed 10% of the issued and paid up ordinary share capital of the Company at any point of time during the duration of the ESOS.

(c) Not more than 50% of the shares available under the ESOS should be allocated in aggregate, to Directors and senior management of the Group.

(d) Not more than 10% of the shares available under the ESOS should be allocated to any individual Director or employee who, singly or collectively through his/her associates, holds 20% or more of the issued and paid-up share capital of the Company.

(e) The option price for each of RM1 ordinary share shall be set at a discount of not more than 10% if deemed appropriate or such lower or higher limit as approved by the relevant authorities, from the weighted average market price of the shares of the Company, as quoted and stated in the daily official list issued by Kuala Lumpur Stock Exchange, for the five trading days immediately prior to the respective dates of offer, or at the par value of the share, whichever is higher.

(f) The ESOS shall be in force for a duration of ten years commencing from 24 November 2001 and expiring on 23 November 2011.

(g) The number of ordinary shares relating to the option or option price or the terms and method of exercise of the option, as far as the option remaining unexercised, shall be adjusted in the event of any alteration in the capital structure of the Company during the option period.

(h) The consideration is payable in full upon exercising of option and the option does not grant any right to participate in any share issue of any other company.

(i) The Option Committee may at any time and from time to time by resolution of the Board modify and/or vary all or any of the provisions of the ESOS provided any such modification/variation shall be in compliance with the guidelines of the Securities Commission, as amended from time to time, or shall not be to the advantage of the grantees without prior approval of the shareholders of the Company in a general meeting.

12 Share capital (continued)

Employee share option scheme (continued)

(j) The basis on which the options may be exercised by virtue of By-Law 11(a) of the ESOS is as follows:

No. of years from date of offer	Percentage (%) of shares comprised in option
(i) First year	40%
(ii) Second year	30%
(iii) Third year onwards	30%

(k) The option holders of the ESOS shall not be eligible in any other employee share option scheme of any other company within the Group during the Option Period.

The movements during the financial year in the number of options over the shares of the Company are as follows:

Number of ordinary shares of RM1 each under option				
At 1July 2002	Granted	Exercised	Terminated	**At 30 June 2003**
7,194,000	364,000	0	(752,000)	**6,806,000**

13 Reserves

	Group		**Company**	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Share premium	**73**	73	**73**	73
Retained earnings				
- as previously reported	**122,498**	105,237	**123,350**	118,165
- prior year adjustments	**0**	3,236	**0**	0
	122,571	**108,546**	**123,423**	**118,238**

The Company has, subject to confirmation by the Inland Revenue Board, sufficient tax exempt account balance and tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends out of all its retained earnings at 30 June 2003, without incurring any additional taxation.

14 Property, plant and equipment

The details of property, plant and equipment are as follows:

Group

2003	Land and buildings, at cost/ valuation RM'000	Plantation development expenditure, at cost RM'000	Furniture and fittings, office equipment and electrical installation, at cost RM'000	Plant and machinery, at cost RM'000	Motor vehicles, at cost RM'000	Site equipment, at cost RM'000	Office renovations, at cost RM'000	Capital work in progress, at cost RM'000	Total RM'000
Cost or valuation									
At 1 July 2002	**20,626**	**504**	**2,128**	**11,376**	**4,214**	**88**	**243**	**4**	**39,183**
Additions	**8**	**0**	**240**	**546**	**1,110**	**0**	**24**	**226**	**2,154**
Disposals	**0**	**0**	**(15)**	**(200)**	**(55)**	**(51)**	**0**	**0**	**(321)**
Write off	**(376)**	**0**	**(170)**	**0**	**(1)**	**0**	**(150)**	**(4)**	**(701)**
Reclassification	**(4)**	**0**	**0**	**0**	**0**	**0**	**0**	**4**	**0**
At 30 June 2003	**20,254**	**504**	**2,183**	**11,722**	**5,268**	**37**	**117**	**230**	**40,315**
Accumulated depreciation									
At 1 July 2002	**2,079**	**40**	**1,523**	**8,035**	**3,282**	**56**	**157**	**0**	**15,172**
Charge for the financial year	**264**	**28**	**248**	**948**	**313**	**12**	**17**	**0**	**1,830**
Disposals	**0**	**0**	**(8)**	**(171)**	**(55)**	**(36)**	**0**	**0**	**(270)**
Write off	**(136)**	**0**	**(159)**	**0**	**(1)**	**0**	**(128)**	**0**	**(424)**
At 30 June 2003	**2,207**	**68**	**1,604**	**8,812**	**3,539**	**32**	**46**	**0**	**16,308**
Net book value									
30 June 2003	**18,047**	**436**	**579**	**2,910**	**1,729**	**5**	**71**	**230**	**24,007**
30 June 2002	**18,547**	**464**	**605**	**3,341**	**932**	**32**	**86**	**4**	**24,011**

The land and buildings of the Group comprise:

2003	Land, at cost/ valuation RM'000	Buildings, at cost RM'000	Building, at valuation RM'000	Factory building, at cost RM'000	Factory building, at valuation RM'000	Total RM'000
Cost or valuation						
At 1 July 2002	**9,051**	**5,088**	**954**	**1,033**	**4,500**	**20,626**
Additions	**0**	**0**	**0**	**8**	**0**	**8**
Write-off	**(152)**	**(110)**	**(114)**	**0**	**0**	**(376)**
Reclassification	**802**	**(394)**	**(412)**	**0**	**0**	**(4)**
At 30 June 2003	**9,701**	**4,584**	**428**	**1,041**	**4,500**	**20,254**
Accumulated depreciation						
At 1 July 2002	**381**	**655**	**142**	**199**	**702**	**2,079**
Charge for the financial year	**46**	**93**	**10**	**25**	**90**	**264**
Write-off	**0**	**(61)**	**(75)**	**0**	**0**	**(136)**
At 30 June 2003	**427**	**687**	**77**	**224**	**792**	**2,207**
Net book value						
30 June 2003	**9,274**	**3,879**	**351**	**817**	**3,708**	**18,047**
30 June 2002	**8,670**	**4,433**	**812**	**834**	**3,798**	**18,547**

14 Property, plant and equipment (continued)

The land of the Group comprises:

2003	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Long term leasehold land, at cost RM'000	Long term leasehold land, at valuation RM'000	Short term leasehold land, at valuation RM'000	Freehold oil palm plantation land, at cost RM'000	Total RM'000
Cost or valuation							
At 1 July 2002	934	1,042	46	327	2,345	4,357	9,051
Write-off	0	(152)	0	0	0	0	(152)
Reclassification	390	412	0	0	0	0	802
	1,324	1,302	46	327	2,345	4,357	9,701
Accumulated depreciation							
At 1 July 2002	0	0	0	32	349	0	381
Charge for the financial year	0	0	0	4	42	0	46
At 30 June 2003	0	0	0	36	391	0	427
Net book value							
30 June 2003	1,324	1,302	46	291	1,954	4,357	9,274
30 June 2002	934	1,042	46	295	1,996	4,357	8,670

Company

2003	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
Cost			
At 1 July 2002/30 June 2003	4	3	7
Accumulated depreciation			
At 1 July 2002/30 June 2003	4	3	7
Net book value			
30 June 2003	0	0	0
30 June 2002	0	0	0

The title deeds in respect of certain leasehold land belonging to the subsidiary companies have yet to be issued, pending finalisation of the relevant transfer documents.

The net book value of freehold land, long term and short term leasehold land, building and factory building at valuation that would otherwise be stated in the financial statements had the assets been carried at cost less depreciation amounted to RM4,420,000 (2002: RM4,539,000).

The landed properties were revalued by the Directors during the financial year ended 30 June 1995 based on the open market value basis and approved by the Securities Commission.