



B o l t o n B e r h a d

(5572-H) Established Since 1964

L A P O R A N T A H U N A N

2003

A N N U A L R E P O R T

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Bolton Berhad (5572-H)

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of the Company will be held at the Board Room, 6th Floor, Campbell Complex, 98 Jalan Dang Wangi, 50100 Kuala Lumpur on Friday, June 25, 2004 at 11.00 a.m. for the following purposes:-

Agenda

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended December 31, 2003 together with the Reports of the Directors and Auditors thereon.
2. To approve a First and Final dividend of 1 sen per share less tax for the financial year ended December 31, 2003.
3. To re-elect the following Directors who retire in accordance with Article 84 of the Company's Articles of Association:-
 - a) Tan Sri Dato' Lim Yan Hai
 - b) Chin Jit Pyng
4. To re-elect the following Directors who retire in accordance with Article 91 of the Company's Articles of Association:-
 - a) Tan Sri Dato' Amin Shah Bin Omar Shah
 - b) Robert Teo Keng Tuan
5. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-
 "THAT, Tan Sri Dato' Lim Thiam Leong, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
6. To re-appoint Messrs. Yoong Siew Wah & Company as Auditors of the Company and to authorise the Directors to fix their remuneration.

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions:

7. Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965

"THAT, pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Malaysia") and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. Proposed Renewal of Authority for Purchase of Own Shares by the Company

"THAT, subject to the Companies Act, 1965 ("the Act"), the rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Bursa Malaysia Listing Requirements and any other relevant authority, the Directors of the Company be and are hereby unconditionally and generally authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital through the Bursa Malaysia subject further to the following:-

Notice of Annual General Meeting

- (a) the maximum number of shares which may be purchased by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital of the Company of 320,343,460 ordinary shares of RM1.00 each as at May 10, 2004;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the audited retained profits and the share premium account of the Company of RM125.07 million and RM244.79 million respectively as at December 31, 2003;
- (c) the authority conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or the expiration of the period within which the next AGM is required by law to be held, whichever occurs first) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and, in any event, in accordance with the Bursa Malaysia Listing Requirements or any other relevant authority;
- (d) upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with by the Directors in any manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Bursa Malaysia Listing Requirements and any other relevant authority for the time being in force;

AND THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares."

9. **Proposed Shareholders' Mandate For Recurrent Related Party Transactions ("RRPT") of A Revenue or Trading Nature ("Proposed Mandate")**

(a) Proposed Mandate for RRPT with Kejora Group

"THAT, pursuant to Paragraph 10.09 of the Bursa Malaysia Listing Requirements, the Company and its subsidiaries be and are hereby authorised to enter into recurrent transactions of a revenue or trading nature, as mentioned under item 3.1 of the Circular to Shareholders dated June 3, 2004 with Kejora Group ("Related Party") mentioned therein, which are necessary for the Group's day-to-day operations and are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public, and are not to the detriment of the minority shareholders, AND THAT such authority shall commence immediately upon the passing of this resolution until:-

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to section 143 (2) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting

whichever is the earliest, and the breakdown of the aggregate value based on the types of the Recurrent Transactions and the names of the related parties involved, be disclosed in the Annual Report of the Company

AND THAT, the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Mandate."

(b) Proposed Mandate for RRPT with MPlant Group

Proposed Resolution same as resolution 9 (a) above except that the "Related Party" is "MPlant Group".

(c) Proposed Mandate for RRPT with Symphony Group

Proposed Resolution same as resolution 9 (a) above except that the "Related Party" is "Symphony Group".

10. To transact any other business of an Annual General Meeting.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN that the First and Final Dividend if approved, at the forthcoming Annual General Meeting, will be paid on August 10, 2004 to depositors registered in the Records of Depositors at the close of business on July 15, 2004.

A depositor shall qualify for entitlement only in respect of:-

- a. Shares deposited into the depositor's securities account before 12.30 p.m. on July 13, 2004 (in respect of shares which are exempted from mandatory deposits);
- b. Shares transferred to the depositor's securities account before 4.00 p.m. on July 15, 2004 in respect of ordinary transfers;
- c. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

LIM SENG YON (MAICSA 0815774)

KOAY BENG HOCK (MIA 5872)

Secretaries

Kuala Lumpur

June 3, 2004

Notes:-

A member entitled to attend the Meeting may appoint a proxy who need not be a member, but, unless he is a member, must be a qualified legal practitioner, an approved company auditor or a person approved by the Companies Commission of Malaysia in a particular case, to attend and, on a poll to vote in his stead. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 5th Floor, Campbell Complex, 98 Jalan Dang Wangi, 50100 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting.

Explanatory Notes on Special Business

Ordinary Resolution No. 7

Subject to the exception provided in the aforesaid section of the Companies Act, 1965, the Directors would have to call for a General Meeting to approve the issue of new shares even though the number involved is less than 10% of the issued capital. In

order to avoid any delay and costs involved in convening a General Meeting to approve such issue of shares, it is thus considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company.

Ordinary Resolution No. 8

The resolution if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilizing the funds allocated which shall not exceed the total retained earning and shares premium of the Company.

Further information on the Proposed Renewal of Authority for Purchase of Own Shares by the Company are set out in the Circular dated June 3, 2004 which is despatched together with the Company's 2003 Annual Report.

Ordinary Resolutions No. 9 (a), (b) and (c)

The resolutions if passed, will enable the Company and/or any of its subsidiaries to enter into recurrent related party transactions with the respective Related Party, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular dated June 3, 2004 which is despatched together with the Company's 2003 Annual Report.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. Names of Directors who are standing for re-appointment or re-election at the 41st Annual General Meeting of the Company

- 1.1 Directors seeking re-election pursuant to Article 84 of the Company's Articles of Association (retirement by rotation) are:-
 - a) Tan Sri Dato' Lim Yan Hai
 - b) Chin Jit Pyng
- 1.2 Directors seeking re-election pursuant to Article 91 of the Company's Articles of Association (appointed since the date of the last Annual General Meeting) are:-
 - a) Tan Sri Dato' Amin Shah Bin Omar Shah
 - b) Robert Teo Keng Tuan
- 1.3 Director seeking re-appointment pursuant to Section 129(6) of the Companies Act, 1965 is:-
 - a) Tan Sri Dato' Lim Thiam Leong

Details of Directors who are standing for re-election at the 41st Annual General Meeting are set out in their respective profiles appearing on pages 7 to 9 of the Annual Report. Their shareholdings and warrant holdings in the Company as at May 5, 2004 are set out in the section entitled "Analysis of Shareholdings" and "Analysis of Warrant Holdings" appearing on pages 100 to 104 of the Annual Report.

2. Details of attendance of Directors at Board Meetings

There were seven (7) Board meetings held during the financial year ended December 31, 2003.

The attendance of the Directors are disclosed in their respective profiles on pages 7 to 9 of the Annual Report except for Tan Sri Dato' Amin Shah Bin Omar Shah and Mr Robert Teo Keng Tuan, who were appointed to the Board after the financial year end.

3. Date, Time and Venue of the 41st Annual General Meeting

The 41st Annual General Meeting of the Company will be held as follows:-

Date : Friday, June 25, 2004

Time : 11.00 a.m.

Venue : Board Room, 6th Floor, Campbell Complex, 98, Jalan Dang Wangi, 50100 Kuala Lumpur.

Corporate Information

Board of Directors

Tan Sri Dato' Lim Thiam Leong (Non-Independent Executive Director – Chairman)
 Tan Sri Dato' Lim Yan Hai (Non-Independent Executive Director – Managing Director)
 Lim Yen Haat (Non-Independent Executive Director – Senior Executive Director)
 Chin Jit Pyng (Non-Independent Executive Director – Senior Executive Director)
 Lim Yen Kong (Non-Independent Executive Director)
 Tan Sri Dato' Amin Shah Bin Omar Shah (Non-Independent Non-Executive Director)
 Dato' Zakaria Bin Dato' Ahmad (Independent Non-Executive Director)
 Abdul Sani Bin Busu (Independent Non-Executive Director)
 Robert Teo Keng Tuan (Independent Non-Executive Director)

Audit Committee

Dato' Zakaria Bin Dato' Ahmad (Chairman)
 Lim Yen Kong
 Abdul Sani Bin Busu
 Robert Teo Keng Tuan

Secretaries

Lim Seng Yon (MAICSA 0815774)
 Koay Beng Hock (MIA 5872)

Auditors

Yoong Siew Wah & Company (No. AF: 0097) Chartered Accountants
 12C, Jalan Tun H.S. Lee, 50000 Kuala Lumpur

Share Registrar

Malaysian Share Registration Services Sdn Bhd (378993-D)
 Level 26, Menara Multi Purpose, Capital Square
 No.8, Jalan Munshi Abdullah 50100 Kuala Lumpur
 Tel: (03) 27212222
 Fax: (03) 27212530 & (03) 27212531

Principal Bankers

OCBC Bank (Malaysia) Berhad
 United Overseas Bank (Malaysia) Berhad
 Southern Bank Berhad

Registered Office

5th Floor, Campbell Complex
 98 Jalan Dang Wangi, 50100 Kuala Lumpur
 Tel: (03) 26981366
 Fax: (03) 26927707

Business Address

6th Floor, Campbell Complex
 98, Jalan Dang Wangi, 50100 Kuala Lumpur
 Tel: (03) 26981366
 Fax: (03) 26927707
 Website: www.bolton.com.my

Stock Exchange Listing

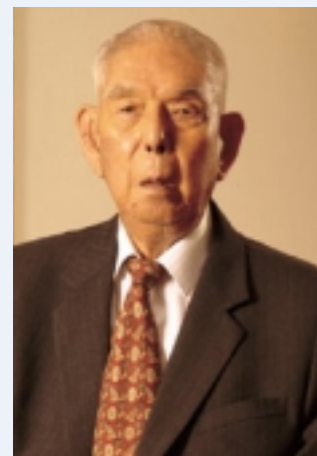
Main Board of Bursa Malaysia Securities Berhad
 Stock Code: Bolton
 Stock No: 1538

Directors' Profile

Tan Sri Dato' Lim Thiam Leong (Non-Independent Executive Director – Chairman)

Tan Sri Dato' Lim Thiam Leong, a Malaysian, aged 89, was appointed Director and Chairman of the Company on July 18, 1964. He has more than 50 years experience in property development and other related businesses. He was also a Director of Kedah Cement Holdings Berhad from 1958 to 1999.

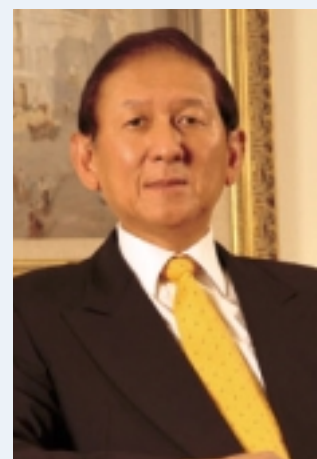
Tan Sri Dato' Lim Thiam Leong is the father of Tan Sri Dato' Lim Yan Hai, Mr Lim Yen Haat and Mr Lim Yen Kong who are also Directors of the Company and has family relationship with certain major shareholders of the Company. He attended all of the seven Board Meetings held in the financial year ended December 31, 2003.



Tan Sri Dato' Lim Yan Hai (Non-Independent Executive Director - Managing Director)

Tan Sri Dato' Lim Yan Hai, a Malaysian, aged 65, was appointed Director of the Company on December 16, 1972 and subsequently as Managing Director of the Company on June 25, 1973. A Civil Engineer by profession, Tan Sri Lim obtained a Diploma in Civil Engineering from Plymouth College of Technology, England and he has over thirty years of extensive experience in business. Tan Sri Lim is also a member of the Executive Committee and Remuneration Committee of the Company.

Tan Sri Lim is the son of Tan Sri Dato' Lim Thiam Leong, brother of Mr Lim Yen Haat and Mr Lim Yen Kong who are also Directors of the Company and has family relationship with certain major shareholders of the Company. He attended all of the seven Board Meetings held in the financial year ended December 31, 2003.



Lim Yen Haat (Non-Independent Executive Director – Senior Executive Director)

Mr Lim Yen Haat, a Malaysian, aged 48, was appointed Director of the Company on August 22, 1981. Mr Lim graduated with a degree in Mechanical Engineering from University of Surrey, England. He has over twenty years of experience in property development and ten years in cement industry.

Mr Lim was the Deputy Managing Director of the Company since August 1981 and was re-designated as Senior Executive Director in charge of Property & Investment Division on April 26, 2002. He is a member of the Executive Committee of the Company. Mr Lim was a Director and then Joint Managing Director of Kedah Cement Holdings Berhad from 1990 to 1999. He also sits on the Board of Kejora Harta Berhad and Symphony House Berhad.

Mr Lim is the son of Tan Sri Dato' Lim Thiam Leong, brother of Tan Sri Dato' Lim Yan Hai and Mr Lim Yen Kong and has family relationship with certain major shareholders of the Company. He attended all of the seven Board Meetings held in the financial year ended December 31, 2003.



Directors' Profile



Chin Jit Pyng (Non-Independent Executive Director – Senior Executive Director)

Mr Chin Jit Pyng, a Malaysian, aged 48, was appointed Director of the Company on March 28, 2001. Since April 26, 2002, Mr Chin is the Senior Executive Director in charge of Information Technology Division of the Company and he is also a member of the Executive Committee. Mr Chin obtained his Bachelor of Science degree majoring in Computer Studies from Brighton Polytechnic (UK) and is a member of the British Computer Society, a prestigious and world-renowned computer professional body incorporated by the Royal Chartered in 1984.

Mr Chin was with IBM for more than thirteen years where he was responsible for a number of strategic project implementations, including projects for the national telecommunication company as well as the biggest commercial bank in Malaysia. He has gained an in-depth knowledge of electronic banking services and branch automation specifically and the banking and finance applications software sector generally. Currently, he also sits on the Board of PanGlobal Bhd and Symphony House Berhad.

Mr Chin does not have any family relationship with any director and/or major shareholder of the Company. He attended all of the seven Board Meetings held in the financial year ended December 31, 2003.



Lim Yen Kong (Non-Independent Executive Director)

Mr Lim Yen Kong, a Malaysian, aged 50, was appointed Director of the Company on October 12, 1977. Mr Lim graduated with a Bachelor of Science degree in Biochemistry from University College of Northwales, Bangor and also obtained a Diploma in Town Planning from Kingston Polytechnic, England.

Mr Lim was a Director of Kedah Cement Holdings Berhad from 1991 to 1999. He was with Kenneison Brothers Group from 1975 to 2000 and was responsible for the operations of the quarry and its related activities as well as general construction activities. Mr Lim is also a member of the Audit Committee of the Company.

Mr Lim is the son of Tan Sri Dato' Lim Thiam Leong, brother of Tan Sri Dato' Lim Yan Hai and Mr Lim Yen Haat and has family relationship with certain major shareholders of the Company. He attended all of the seven Board Meetings held in the financial year ended December 31, 2003.



Tan Sri Dato' Amin Shah Bin Omar Shah (Non-Independent Non-Executive Director)

Tan Sri Dato' Amin Shah Bin Omar Shah, a Malaysian, aged 50, was appointed as Independent Non-Executive Director of the Company on February 26, 2004 and subsequently re-designated as Non-Independent Non-Executive Director of the Company on March 18, 2004. Tan Sri Amin Shah attended Mara University of Technology in Business Studies Course.

Tan Sri Amin Shah is a businessman who has been involved in diverse business ventures in Malaysia and overseas, ranging from heavy engineering, construction, shipbuilding and marine engineering, property development to manufacturing, for the past twenty-two years. Currently, Tan Sri Amin Shah is the Executive Chairman of PSC Industries Berhad and Setron (Malaysia) Berhad, both listed companies on the Main Board of the Bursa Malaysia Securities Berhad.

Tan Sri Amin Shah does not have any family relationship with any director and/or major shareholder of the Company. He has not attended any Board Meetings held in the financial year ended December 31, 2003 as his appointment to the Board took effect after the financial year end.

Directors' Profile

Dato' Zakaria Bin Dato' Ahmad (Independent Non-Executive Director)

Dato' Zakaria Bin Dato' Ahmad, a Malaysian, aged 69, was appointed to the Board and as Audit Committee Chairman of the Company on December 4, 2000. He is also a member of the Nominating Committee. Dato' Zakaria holds a certificate from the Institute of Management (Intan) Kuala Lumpur and passed the Federal Law in 1970. He was attached to the Ministry of Defence from year 1961 to 1970 and has served as a Private Secretary to the Prime Minister from year 1970 to 1975 before being appointed as Head of the Ceremonial & Protocol for the Prime Minister Department from year 1975 to 1978. He also held various positions with the Government.

Dato' Zakaria does not have any family relationship with any director and/or major shareholder of the Company. He attended all of the seven Board Meetings held in the financial year ended December 31, 2003.



Abdul Sani Bin Busu (Independent Non-Executive Director)

Encik Abdul Sani Bin Busu, a Malaysian, aged 53, was appointed Director of the Company on September 24, 1998. He graduated with a Diploma in Banking Studies from Institute Teknologi MARA and proceeded to pursue his degree in Bachelor of Science (Finance) from Syracuse University, U.S.A. and Master in Business Administration (Finance) from Central Michigan University, U.S.A. He started his career as a lecturer in Institute Teknologi MARA in 1979. He left the teaching profession in 1980 to pursue a career in merchant banking and joined Asian International Merchant Bankers Berhad (the present Public Merchant Bank Bhd) as a Banking Officer. He remained at Public Merchant Bank Bhd, in the Corporate Banking Department, for slightly more than seventeen years and left the organisation in 1997. His last position at the merchant bank was that of General Manager, Corporate Banking where his main responsibility was to manage the Corporate Banking and Capital Market Divisions.

Encik Abdul Sani is also a director of Gadek (Malaysia) Berhad and a member of the Audit Committee, Remuneration Committee and Nominating Committee of the Company.

Encik Abdul Sani does not have any family relationship with any director and/or major shareholder of the Company. He attended five of the seven Board Meetings held in the financial year ended December 31, 2003.



Robert Teo Keng Tuan (Independent Non-Executive Director)

Mr Robert Teo Keng Tuan, a Malaysian, aged 54, was appointed to the Board on April 8, 2004. He is a Chartered Accountant by profession and is a member of the Malaysian Institute of Accountants and fellow member of the Institute of Chartered Accountants in England and Wales.

Mr Teo is presently the managing partner of RSM Robert Teo, Kuan & Co., a professional public accounting firm, which is a member of RSM International. He has approximately thirty years experience in taxation matters and his main area of specialization is in corporate tax consultancy work in addition to audit and financial matters.

Mr Teo has undertaken Special Administrator appointments by Pengurusan Danaharta Nasional Berhad for certain public listed companies and is also involved in restructuring of corporations including some of which are listed on the Bursa Malaysia Securities Berhad. He also sits on the Board of Kejora Harta Berhad and is currently a member of the Audit Committee, Remuneration Committee and Nominating Committee of the Company.

Mr Teo does not have any family relationship with any director and/or major shareholder of the Company. He has not attended any Board meetings held in the financial year ended December 31, 2003 as his appointment to the Board took effect after the financial year-end.



None of the Directors have any conflict of interest with the Company other than set out in Note 40 to the Financial Statements under "Significant Related Party Transactions."

Corporate Structure

Principal Subsidiaries and Associates

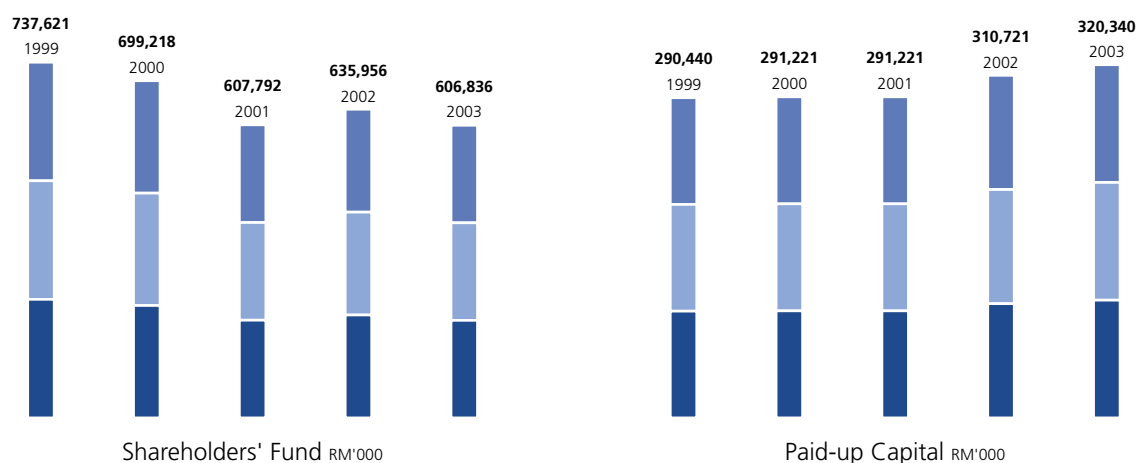
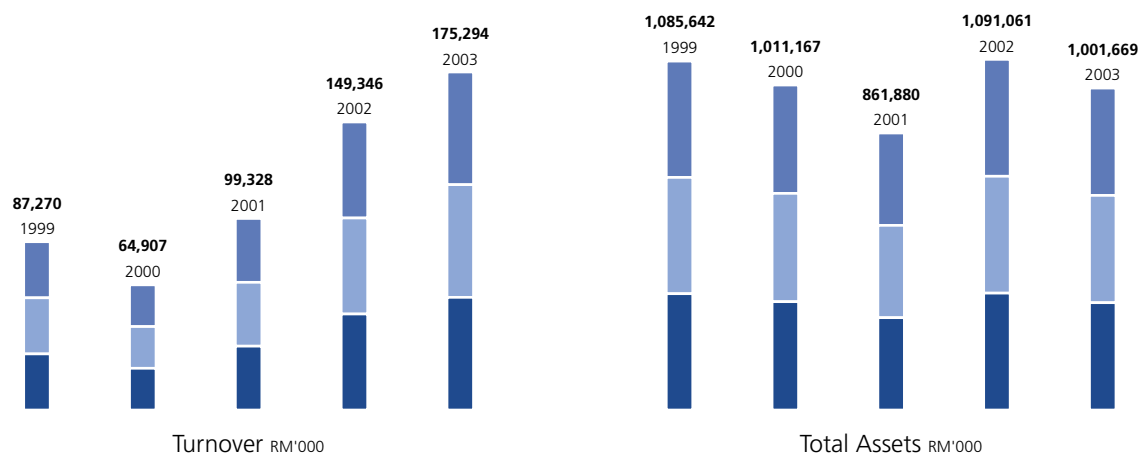
PROPERTY DEVELOPMENT	51%	Bcom Holdings Sdn Bhd
	100%	Bolton LYL Sdn Bhd
	40%	Cochrance Indah Sdn Bhd
	15.8%	Continental Estates Sdn Bhd
	32%	Kejora Harta Berhad – Main Board
	100%	Ketapang Realty Sdn Bhd
	100%	Pele Development Limited #
	100%	Pele Investment Holdings Limited #
	50%	Prima Nova Harta Development Sdn Bhd *
	100%	Senawang Mewah Sdn Bhd
	52.7%	Vista Prisma Sdn Bhd
	100%	Winmin Builders Sdn Bhd
PROPERTY INVESTMENT	100%	Beribu Nikmat Sdn Bhd
	100%	Beribu Sukma Sdn Bhd
	100%	Goldenprop Management Sdn Bhd
	100%	Keat Ann Realty Sdn Bhd
	100%	Langkawi Fair Sdn Bhd
	100%	Lim Thiam Leong Realty Sdn Bhd
	100%	Midah Jaya Realty Sdn Bhd
	100%	Midah Management Sdn Bhd
	100%	Midahmas Realty Sdn Bhd
	100%	Parkrose Holdings Sdn Bhd
	100%	Prestige Capital Sdn Bhd
	100%	Prima Panorama (M) Sdn Bhd
INFORMATION TECHNOLOGY	100%	Global Innovative Management Partners-ACT Sdn Bhd
	100%	GI Solutions Gateway Sdn Bhd
	100%	Tactical Imp-Act Software Sdn Bhd
	100%	Silver Imp-Act Bhd
	51%	SN Solutions Sdn Bhd
LIQUID BULK TERMINAL	60%	Stolthaven (Westport) Sdn Bhd
HOSPITALITY & FOOD SERVICES	100%	Noble Accord Sdn Bhd
	80%	Skyline Concepts Sdn Bhd
	80%	BakersBrosCorp Sdn Bhd
	64%	Multivenue Sdn Bhd
	38.4%	BB Franchising Inc – USA #
	80%	Skyline Concepts Restaurants Sdn Bhd
INVESTMENT HOLDINGS	80%	SlimsCorp Sdn Bhd
	100%	Beribu Tekad Sdn Bhd
	100%	Cahadinar Sdn Bhd
	100%	Campbell Shopping Complex Sdn Bhd
	100%	khazamesra Sdn Bhd
	100%	Knoxfield Sdn Bhd
	100%	Majestic Focus Sdn Bhd
	20%	Marak Unggul Sdn Bhd
	49%	Menara Ampang Sdn Bhd
	100%	Noble Midah Sdn Bhd
	100%	Noble Senawang Sdn Bhd
	100%	Prima Istimewa Sdn Bhd
	100%	Prima Kenny Sdn Bhd
	100%	Primtrax Sdn Bhd
	40%	Progresif Setia Sdn Bhd
	100%	Vista Wirama Sdn Bhd

* 50% + 1 share

Foreign Company

Five-Year Financial Highlights

RM'000	1999	2000	2001	2002	2003
Turnover	87,270	64,907	99,328	149,346	175,294
Profit/(loss) before tax	43,241	(26,639)	(84,498)	19,473	(30,358)
Profit/(Loss) after taxation attributable to shareholders of the company	40,542	(29,504)	(88,999)	10,846	(36,179)
Total assets	1,085,642	1,011,167	861,880	1,091,061	1,001,669
Shareholders' funds	737,621	699,218	607,792	635,956	606,836
Paid-up capital	290,440	291,221	291,221	310,721	320,340
Earnings/(Loss) per share (sen)	13.99	(10.14)	(30.56)	3.65	(11.50)
Gross dividend per share					
– Interim (sen)	–	–	–	–	–
– Final (sen)	3.00	3.00	1.00	1.00	1.00
Net dividend proposed/paid	6,280	6,303	2,089	2,235	2,301
Return on Shareholders' funds (%)	5.50	(4.22)	(14.64)	1.71	(5.96)
Dividend cover	6.46	(4.68)	(42.60)	4.85	(15.72)
Net tangible assets per share (RM)	2.34	2.19	1.86	1.00	1.18



Chairman's Statement

P E N Y A T A P E N G E R U S I

On behalf of the Board of Directors, I am pleased to present to you the annual report and financial statements for the Group and the Company for financial year ended December 31, 2003.

Financial Performance

For the year under review, the Group recorded revenue of RM175.3 million, an increase of 17.4% over last year whilst Group operating profits amounted to RM25.5 million. Property Division continued to be a significant driver for the Group, accounting for more than 60 percent of the Group's revenue.

The Group however, incurred a net loss after tax and minority interests of RM36.2 million, mainly due to the non-recurring write-offs and provision for subsidiary companies. The provision and write-off that were charged to the Group's income statement for 2003 consist of (a) RM33.1 million for impairment following the disposal of the entire shares in Global Innovative Management Partners-ACT Sdn Bhd and (b) RM4.6 million write-off for the concept development expenditure and goodwill as part of the on-going rationalization of Skyline Group.

The Group's total tangible assets and shareholders fund remain strong at RM771.9 million and RM606.8 million respectively.

Market and Operation Review

Property

For the year under review, the property division generated revenue of RM107 million, up 40.7 percent from last year's RM76.1 million, mainly as a result of more property launches and higher sales. The Property Division achieved an operating profit of RM33.5 million with contributions from the following projects:

Saya, bagi pihak Lembaga Pengarah dengan sukacitanya membentangkan laporan tahunan dan penyata kewangan bagi Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Disember 2003.

Prestasi Kewangan

Bagi tahun yang ditinjau, Kumpulan mencatatkan hasil sebanyak RM175.3 juta, meningkat 17.4 peratus berbanding tahun sebelumnya sementara keuntungan operasi Kumpulan adalah RM25.5 juta. Sektor Hartanah terus menjadi pendorong utama Kumpulan, dengan menyumbangkan lebih 60 peratus daripada hasil Kumpulan.

Walau bagaimanapun, Kumpulan mencatatkan kerugian selepas cukai dan kepentingan minoriti sebanyak RM36.2 juta, terutamanya disebabkan oleh pelupusan tidak berulang dan peruntukan bagi anak-anak syarikat. Peruntukan dan pelupusan yang diambil kira dalam penyata pendapatan Kumpulan bagi tahun 2003 terdiri daripada (a) RM33.1 juta bagi penjejasan berikutan pelupusan semua saham dalam Global Innovative Management Partners-ACT Sdn Bhd dan (b) pelupusan RM4.6 juta bagi perbelanjaan pembangunan berkonsepkan muhibah sebagai sebahagian daripada rasionalisasi Kumpulan Skyline yang berterusan.

Jumlah harta nyata Kumpulan dan dana pemegang saham masing-masing kekal kukuh pada RM771.9 juta dan RM606.8 juta.

Tinjauan Pasaran dan Operasi

Hartanah

Bagi tahun yang diteliti, bahagian hartanah mencapai hasil sebanyak RM107 juta, meningkat 40.7 peratus daripada pencapaian tahun lepas sebanyak RM76.1 juta, terutamanya disebabkan oleh banyaknya pelancaran hartanah yang dibuat dan peningkatan jualan. Sektor Hartanah mencapai keuntungan operasi sebanyak RM33.5 juta hasil dari sumbangan projek-projek berikut:

Chairman's Statement *Penyata Pengerusi***Taman Tasik Prima, Puchong**

Taman Tasik Prima, our lakeside residential and commercial development in Puchong which embraces a distinctive 'Resort Lifestyle' concept, continues to receive good response for its innovative homes.

Since its launch in March 2002, more than 90 percent in sales have been achieved for the development's 400 double-storey terraced homes, recording sales in excess of RM84 million. The first phase Impiana, comprising 69 double-storey terraced homes, were completed and handed over in December 2003, about four months ahead of schedule. Other launches to date included 120 units of Idaman and 157 units of Andaman. In May 2003, 119 units of Sutra were introduced.

The market has also been very receptive to the lakeside bungalow lots, where each bungalow will enjoy the exclusivity of a 33-feet landscape zone and sparkling lake view. Purchasers have the choice of a unique selection of 'mix and match' facade designs and three floor plan layouts.

More lakefront launches are planned in 2004 such as the two-storey and three-storey super-linked houses, semi-detached houses and linked bungalows; all designed in modern tropical architecture with courtyards and landscaped walkways that lead to central parks.

Lavender Heights, Senawang

Lavender Heights, the "little England of Seremban" is poised to become a landmark development in Seremban, Negeri Sembilan. This high-end residential development has 80 percent dedicated to bungalow development and the balance, a mix of terraced, semi-detached houses and commercial offerings. Of the 820 units launched since 2001, more than 700 units have been completed and handed over to purchasers.



Lavender Heights, Senawang

Taman Tasik Prima, Puchong

Taman Tasik Prima, merupakan projek pembangunan kediaman dan perdagangan pinggiran tasik di Puchong yang berkonsepkan 'Gayahidup Tempat Peranginan', terus mendapat sambutan baik dengan rumah-rumahnya yang berinovatif.

Sejak dilancarkan pada Mac 2002, lebih 90 peratus daripada 400 buah rumah berangkai dua tingkat pembangunan tersebut telah terjual, mencatatkan hasil jualan yang melebihi RM84 juta. Impiana di fasa pertama, yang merangkumi 69 buah rumah berangkai dua tingkat telah siap dibina dan diserahkan pada bulan Disember 2003, lebih kurang empat bulan lebih awal daripada jangkaan. Pelancaran-pelancaran lain sehingga kini termasuk 120 unit Idaman dan 157 unit Andaman. Dalam bulan Mei 2003, 119 unit Sutra telah diperkenalkan.

Pasaran juga sangat peka terhadap lot-lot banglo pinggiran tasik, di mana setiap banglo akan menikmati keistimewaan zon landskap seluas 33 kaki dan pemandangan tasik yang indah. Para pembeli mempunyai pilihan daripada beberapa rekabentuk 'campur dan padan' dan pelan susun atur tiga tingkat.

Lebih banyak pelancaran akan dibuat bagi kediaman yang berhadapan dengan tasik seperti rumah-rumah berangkai dua tingkat dan tiga tingkat, rumah-rumah berkembar dan banglo berangkai akan dibuat; kesemuanya direka menurut rekabentuk tropika moden dengan halaman dan siarkaki berlandskap yang menuju ke taman utama.

Lavender Heights Senawang

Lavender Heights, "England kecil Seremban" bersedia menjadi mercu tanda pembangunan di Seremban, Negeri Sembilan. Pembangunan perumahan bertaraf tinggi ini memperuntukkan sebanyak 80 peratus kepada pembangunan banglo dan bakinya adalah campuran rumah berangkai, berkembar serta bangunan perdagangan. Daripada 820 unit yang dilancarkan sejak 2001, lebih 700 unit telah disiapkan dan diserahkan kepada pembeli.

Chairman's Statement *Penyata Pengerusi*

In the latter half of 2003, the development's commercial center, Lavender Business Square was launched with an approximately 60 percent take up for the single-storey and double-storey shop offices.

Taman Seri Telok Mas

Taman Seri Teluk Mas continues to register admirable sales for its latest Phase 5 single-storey terraced homes Primrose, Melrose and Begaria. During the year, a total of 108 units were sold achieving sales in excess of RM11 million.

Another 130 single-storey terraced houses to be launched in 2004 are also expected to be well received.

Taman Midah, Cheras

In 2003, the Group completed the 38 fully sold super-linked double-storey houses, the last phase of our Taman Midah, Cheras development. Besides these, we also registered 100 percent sales for the remaining commercial buildings and lots along Jalan Cheras.

Property Investments

Property Investment Division continues to enjoy steady rental income from its portfolio of investment properties comprising high-end condominiums such as D'Mayang and Bolton Court located in Kuala Lumpur, and Campbell Complex and Langkawi Fair where the occupancy exceeded 70 percent at the end of 2003.

Pada separuh tahun terakhir 2003, pusat perdagangan pembangunan iaitu Pusat Perniagaan Lavender telah dilancarkan dimana lebih kurang 60 peratus daripada kedai pejabat setingkat dan dua tingkat telah dijual.

Taman Seri Telok Mas

Taman Seri Telok Mas terus mencatatkan jualan yang mangkagumkan bagi rumah-rumah berangkai setingkat jenis Primrose, Melrose dan Begaria dalam Fasa 5 yang baru. Sebanyak 108 unit telah berjaya dijual dengan hasil jualannya melebihi RM11 juta.

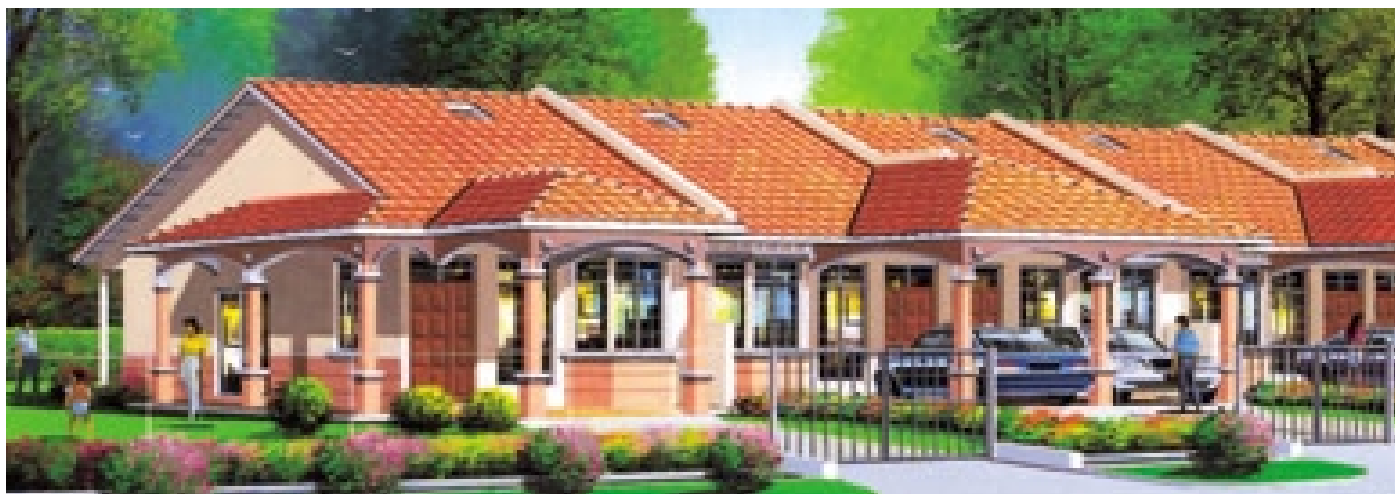
130 buah lagi rumah berangkai setingkat yang bakal dilancarkan dalam 2004 juga dijangka akan menerima sambutan yang baik.

Taman Midah Cheras

Dalam tahun 2003, Kumpulan menyiapkan 38 buah rumah berangkai dua tingkat, fasa terakhir bagi pembangunan kami di Taman Midah, Cheras, yang semuanya habis dijual. Selain daripada itu, kami juga mencatatkan sebanyak 100 peratus jualan ke atas baki bangunan perdagangan dan lot-lot di sepanjang Jalan Cheras.

Pelaburan Hartanah

Bahagian Pelaburan Hartanah terus menikmati pendapatan sewa yang tetap daripada portfolio harta-harta pelaburannya yang terdiri daripada kondominium mewah seperti D'Mayang dan Bolton Court yang terletak di Kuala Lumpur, dan Kompleks Campbell dan Langkawi Fair di mana kadar penghuninya melebihi 70 peratus pada akhir 2003.



Taman Seri Telok Mas

Chairman's Statement *Penyata Pengerusi**Liquid Bulk***Information Technology**

During the year under review, Global Innovative Management Partners-ACT Sdn Bhd ("GI") was appointed by MAPUN Development Sdn Bhd and PixelCom Sdn Bhd as their exclusive distributor for the systems development, marketing and implementation of PixelWriter(c) court automation system in Malaysia. This distributorship agreement reinforces GI's expertise in providing end-to-end IT solutions to the Government sector beyond the traditional banking industry.

For financial year ended December 31, 2003, GI achieved consolidated revenue of RM47.2 million and a pre-tax net profit of RM3.8 million.

Liquid Bulk

The fastest growing and largest independent liquid bulk storage facility operator in Klang's West Port, Stolthaven (Westport) Sdn Bhd ("Stolthaven") reported a 8 percent increase in total throughput compared with the corresponding period last year. During the year, Stolthaven completed Phase 6 of its expansion plan comprising 25 tanks, thus increasing the total capacity to 102,600 cubic metres.

Stolthaven's high safety commitment and excellent service standards were also acknowledged when it became one of two worldwide recipients of the Recognition for Quality Performance Award handed out by Air Products Chemicals Inc. ("APCI"), the largest global supplier of electronic materials, hydrogen, helium and select performance chemicals.

Stolthaven recorded revenue of RM13.3 million, representing a 3.6 percent increase compared with last year, for financial year ended December 31, 2003. Pre-tax net profit was RM1.2 million.

Teknologi Maklumat

Dalam tahun yang di tinjau, Global Innovative Management Partners-ACT Sdn Bhd ("GI") dilantik oleh MAPUN Development Sdn Bhd dan PixelCom Sdn Bhd sebagai pengedar istimewa pembangunan, pemasaran dan pelaksanaan sistem PixelWriter (c) sistem otomasi mahkamah di Malaysia. Perjanjian pengedaran ini menegaskan lagi kepakaran GI dalam menyediakan penyelesaian IT, dari satu hujung ke hujung yang lain, kepada sektor Kerajaan yang lebih luas daripada industri perbankan tradisional.

Bagi tahun kewangan berakhir 31 Disember 2003, jumlah hasil disatukan GI mencapai RM47.2 juta dan untung bersih selepas cukainya pula adalah RM3.8 juta.

Cecair Pukal

Stolthaven (Westport) Sdn Bhd, ("Stolthaven"), pengusaha kemudahan cecair pukal bebas yang terbesar di West Port, Klang melaporkan peningkatan sebanyak 18 peratus pada keseluruhannya berbanding tempoh yang sama pada tahun lepas. Stolthaven menyiapkan fasa keenam dalam rangka perkembangannya yang merangkumi 25 buah tangki, dan turut mempertingkatkan kapasitinya kepada 102,600 meter padu.

Komitmen tinggi Stolthaven terhadap keselamatan dan piawai perkhidmatan yang cemerlang juga diiktiraf apabila ia menjadi antara satu daripada dua penerima antarabangsa Anugerah Pengiktirafan Prestasi Kualiti yang diberi oleh Air Products Chemicals Inc. ("APCI"), pembekal bahan elektronik, hidrogen, helium dan bahan kimia keputusan terpilih yang terbesar di dunia.

Bagi tahun kewangan berakhir 31 Disember 2003, Stolthaven mencatatkan hasil sebanyak RM13.3 juta, yang mewakili peningkatan 3.6 peratus barbanding tahun lepas. Keuntungan bersih sebelum cukai adalah RM1.2 juta.

Perhotelan

Hotel Midah yang mempunyai 168 buah bilik mencatatkan peningkatan sebanyak 13.6 peratus dalam hasil kepada RM4.75 juta daripada RM4.18 juta dengan loncatan sembilan kali ganda dalam keuntungan bersih sebelum cukai daripada RM64,000 kepada RM583,000.

Chairman's Statement *Penyata Pengerusi*

Hospitality

The 198-room Hotel Midah recorded a 13.6 percent increase in revenue to RM4.75 million, from RM4.18 million and a nine-fold jump in pre-tax net profit from RM64,000 to RM583,000.

The results are especially satisfying in light of a difficult business environment made more so by the SARS outbreak in the first half of 2003. The hotel's excellent performance can be attributed to marketing efforts that focused on deriving more business from the regional and domestic markets and greater support from corporate and leisure travellers. Whilst occupancy was maintained at 62 percent, average room rate improved 12.8 percent over the previous year.

The hotel also managed to achieve better operational efficiency and institute cost savings measures without sacrificing customer service.

Food Services

Skyline Group reported consolidated revenue of RM16.12 million against RM16.14 million in the previous year and a pre-tax net loss of RM7.49 million, which was substantially lower than the 2002 net loss of RM12.71 million.

As mentioned earlier, the current year's net loss was primarily due to the write-off for concept development cost of RM1.07 million and goodwill of RM3.55 million.

As a result of the on-going corporate rationalization exercise, Skyline Concepts has streamlined its food services business for the BakerBros American Deli brand in Kuala Lumpur and Texas, USA under BB Franchising Inc. BakerBros American Deli is a casual upscale deli serving a selection of high quality gourmet sandwiches.

In September 2003, BB Franchising Inc. signed up a new joint venture under the BakerBro's franchising programme and currently operates seven restaurants in Dallas, USA and one franchisee restaurant in Kuala Lumpur.

Associate Company

Kejora Harta Group

The Group's 32 percent associate, Kejora Harta Bhd ("Kejora") recorded a pre-tax net loss of RM8.9 million for the year under review, compared with RM7.5 million for the preceding financial year, mainly due to losses from the construction division. The company's principal property development in Kedah was affected by the state's soft property market, particularly for commercial units such as shop offices. For this reason, Kejora's new launches will be in the low and medium-cost residential arena.

Pencapaian ini sangat memberangsangkan dalam keadaan perniagaan yang mencabar dan disukarkan lagi oleh wabak SARS dalam pertengahan pertama tahun 2003. Prestasi hotel yang memberangsangkan ini adalah disebabkan oleh usaha-usaha pemasaran yang bertumpu kepada mendapatkan lebih banyak perniagaan daripada pasaran serantau dan tempatan serta sokongan yang lebih daripada pengunjung-pengunjung korporat dan biasa. Sementara kadar penghuni masih tetap kekal pada 62 peratus, kadar purata bilik telah meningkat sebanyak 12.8 peratus berbanding tahun lepas.

Pihak hotel juga berjaya mencapai kecekapan operasi dan pendekatan penjimatan kos institusi yang lebih baik tanpa menjejaskan perkhidmatan pengguna.

Perkhidmatan Makanan

Kumpulan Skyline melaporkan hasil disatukan sebanyak RM16.12 juta berbanding RM16.14 juta pada tahun lepas dan kerugian bersih sebelum cukai sebanyak RM7.49 juta, yang jauh lebih rendah daripada kerugian bersih pada tahun 2002 sebanyak RM12.71 juta.

Seperti yang disebutkan tadi, kerugian bersih tahun ini adalah disebabkan oleh pelupusan kos pembangunan berkonsep sebanyak RM1.07 juta dan muhibah sebanyak RM3.55 juta.

Akibat daripada pelaksanaan rasionalisasi korporat yang berterusan, Skyline Concepts telah memperkemarkan perniagaan perkhidmatan makanannya bagi jenama BakerBros American Deli di Kuala Lumpur dan Texas, Amerika Syarikat di bawah BB Franchising Inc. BakerBros American Deli adalah deli mewah biasa yang menyediakan pilihan 'sandwic gourmet' berkualiti tinggi.

Dalam September 2003, BB Franchising Inc. menandatangani kerjasama baru di bawah program francais BakerBros dan kini mempunyai tujuh buah restoran di Dallas, Amerika Syarikat dan sebuah restoran francais di Kuala Lumpur.

Syarikat Sekutu

Kumpulan Kejora Harta

Kejora Harta Berhad ("Kejora"), syarikat sekutu Kumpulan sebanyak 32 peratus mencatatkan kerugian bersih sebelum cukai sebanyak RM8.9 juta bagi tahun yang ditinjau, berbanding RM7.5 juta bagi tahun kewangan sebelumnya, terutamanya disebabkan kerugian bahagian pembinaan. Pembangunan hartanah utama syarikat, di Kedah, terjejas akibat pasaran hartanah dalam negeri yang lemah, terutamanya bagi unit-unit perdagangan seperti kedai pejabat. Oleh itu, pelancaran baru Kejora akan bertumpu kepada rumah kediaman berkos rendah dan sederhana.

Chairman's Statement *Penyata Pengerusi*

Hotel – lobby lounge



Hotel – meeting room

The newly-acquired wholly-owned subsidiary, Rampai Niaga Sdn Bhd, and franchisor for the 'Body Shop' contributed a pre-tax profit of RM3.3 million for the three months ended December 31, 2003.

Kejora's other operations in quarrying and premix remained profitable despite increased market competition during the year.

Corporate Developments

- On August 5, 2003, the Company successfully placed out the third and final tranche of 9.622 million new shares at RM1.00 per Bolton share. The original private placement exercise was for 29.122 million new ordinary shares of RM1.00 each.
- On August 12, 2003, the Company and its wholly-owned subsidiary Noble Midah Sdn Bhd entered into a Share Sale Agreement with Symphony House Berhad ("SHB") for the disposal of the entire issued and paid-up share capital comprising 1,000,000 ordinary shares of RM1.00 each in Global Innovative Management Partners-ACT Sdn Bhd ("GI") to SHB. The sale consideration of RM200.0 million was satisfied by the issuance of 120.0 million new ordinary shares of RM0.10 each in SHB at an issue price of RM1.375 per SHB share and RM35.0 million by way of cash. Your Board views this corporate exercise as a smart partnership between the Company and SHB.

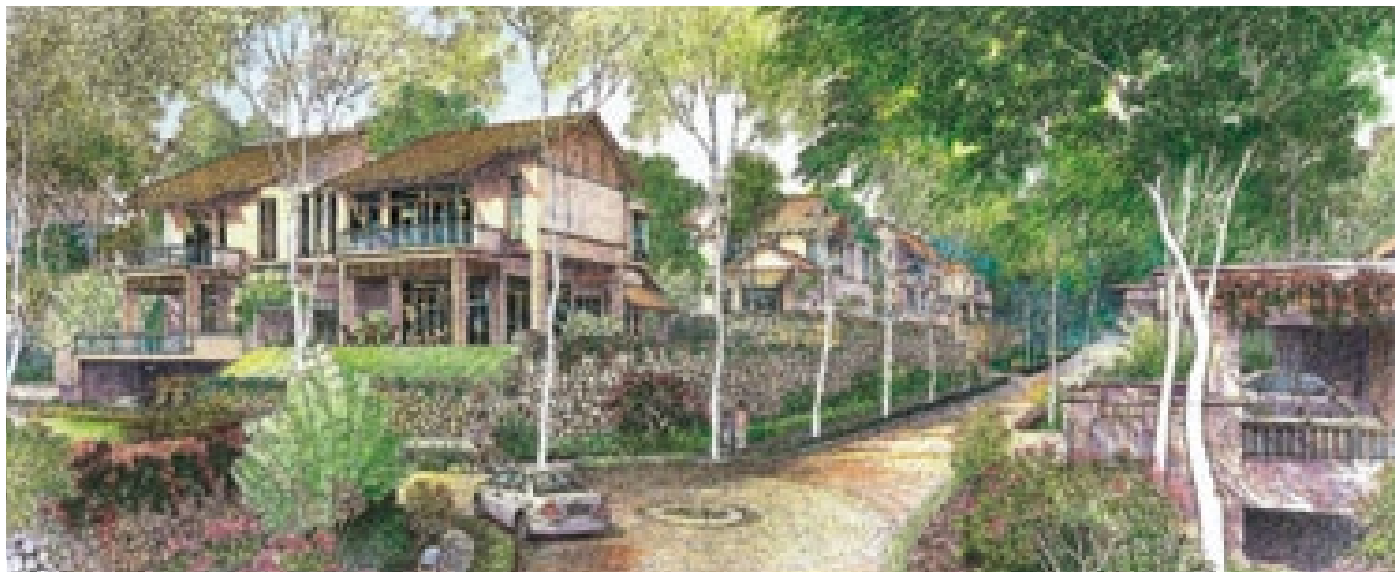
Anak syarikat milik penuh yang baru diperolehi, Rampai Niaga Sdn Bhd, dan francais bagi 'Body Shop' menyumbangkan keuntungan sebelum cukai sebanyak RM3.3 juta bagi tiga bulan berakhir 31 Disember 2003.

Operasi-operasi lain Kejora seperti kuari dan premix terus membawa keuntungan disebalik peningkatan saingan dalam pasaran di sepanjang tahun.

Pembangunan Korporat

- Pada 5 Ogos 2003, Syarikat berjaya meletakkan saham baru peringkat ketiga dan terakhir sebanyak 9.622 juta pada RM1.00 bagi setiap saham Bolton. Pelaksanaan tawaran persendirian adalah untuk 29.122 juta saham biasa baru bernilai RM1.00 setiap satu.
- Pada 12 Ogos 2003, Syarikat bersama-sama anak syarikat milik penuhnya Noble Midah Sdn Bhd memasuki Perjanjian Jualan Saham dengan Symphony House Berhad ("SHB") bagi melupuskan kesemua modal saham diterbitkan dan berbayar yang terdiri daripada 1,000,000 saham biasa RM1.00 sesaham dalam Global Innovative Management Partners-ACT Sdn Bhd ("GI") kepada SHB. Harga jualan sebanyak RM200.0 juta dibayar dengan penerbitan 120.0 juta saham biasa baru RM0.10 sesaham dalam SHB pada harga terbitan sebanyak RM1.375 bagi setiap satu saham SHB dan RM35.0 juta secara tunai. Lembaga Pengarah mendapati usaha korporat ini adalah sebagai kerjasama pintar di antara Syarikat dan SHB.

Chairman's Statement *Penyata Pengerusi*



Artist impression – Tijani 2

Following the completion of the disposal of GI to SHB on February 27, 2004, your Board is pleased to declare the distribution of up to 32.0 million SHB shares to the entitled shareholders on the basis of one (1) SHB share for seven (7) existing Bolton shares on the book closure date on April 2, 2004. The distribution by way of an interim scrip dividend was successfully credited to the shareholders' CDS accounts on April 14, 2004.

- On November 3, 2003, the Company entered into a Share Sale Agreement to acquire the entire equity interest in KTMB (Bukit Tunku) Sdn Bhd and the Agreement in respect of the Railways Land with Keretapi Tanah Melayu Berhad. This will give the Group full control over the development of the freehold property project located in the prestigious Bukit Tunku, Kuala Lumpur.
- The Group's associated company, Kejora Harta Berhad completed its acquisition of the entire equity interest in Rampai-Niaga Sdn Bhd, the franchisee for "Body Shop" for Peninsular Malaysia on October 2, 2003. There are currently 38 "Body Shop" outlets nationwide offering an array of cosmetics, body care, skin care, and other toiletry products.

Berikutan penyelesaian pelupusan GI kepada SHB pada 27 Februari 2004, Lembaga Pengarah dengan bangganya mengumumkan pengagihan sehingga 32.0 juta saham SHB kepada para pemegang saham yang layak menerima dengan berasaskan satu (1) saham SHB bagi tujuh (7) saham Bolton yang sediada pada tarikh penutupan buku pada 2 April 2004. Pengagihan dengan cara skrip dividen interim ini berjaya dikreditkan kepada akaun CDS para pemegang saham pada 14 April 2004.

- *Pada 3 November 2003, Syarikat memasuki Perjanjian Jualan Saham untuk membeli seluruh kepentingan ekuiti dalam KTMB (Bukit Tunku) Sdn Bhd dan Perjanjian berkenaan Tanah Keretapi dengan Keretapi Tanah Melayu Berhad. Dengan ini Kumpulan mempunyai kuasa penuh terhadap pembangunan projek hartanah pegangan bebas yang terletak di Bukit Tunku, Kuala Lumpur yang berprestij.*
- *Syarikat sekutu Kumpulan, Kejora Harta Berhad telah menamatkan pembelian seluruh kepentingan ekuiti dalam Rampai-Niaga Sdn Bhd, pemegang francais bagi "Body Shop" di Semenanjung Malaysia pada 2 Oktober 2003. Kini terdapat 38 buah cawangan "Body Shop" di seluruh negara yang membekalkan pilihan barangan kosmetik, penjagaan badan, penjagaan kulit, dan kelengkapan dandanan diri yang luas.*

Chairman's Statement *Penyata Pengerusi***Prospects**

The outlook for the coming year continues to be optimistic in light of rising consumer and business confidence and stronger economic fundamentals. The year past was a good one for Malaysia's property sector which received a boost from the May 2003 Economic Stimulus Package and the upgrading of the country's rating from BBB neutral to BBB plus. Overall sentiment for 2004 is expected to be good in tandem with the forecasted economic growth of 6.0% to 6.5% and a buoyant stock market which augurs well for our flagship property development, i.e.

Tijani 1 & 2 , Kenny Hill (Bukit Tunku)

To date, 80 percent of Tijani 1 have been sold with an estimated gross sales value ("GSV") of RM124 million. The development, which is the first bungalow development with comprehensive security and perimeter fencing in Bukit Tunku, sees the respective owners at various stages of preparation to build their prestigious home.

Tijani 2, which encompasses the remaining 20 acres, is planned as an exciting mix of beautifully designed bungalows, semi-detached units, duplexes and condominiums. Tijani 2 will boast lush landscaping and water wall features and an entrance that leads to two distinct enclaves – Tijani 2 South comprising 44 semi-detached and 10 bungalow units, and Tijani 2 North with its impressive duplexes and modern condominiums with clubhouse facilities.

The total estimated GSV of Tijani 2 is RM454 million. Of this, the GSV for Tijani 2 South, which is expected to be launched by mid-2004, is approximately RM180 million.

For the Group, we shall remain focused on our core businesses and continue to consider all opportunities to acquire quality land banks whilst exploring joint venture possibilities with the government, quasi-government and private companies for future developments. At the same time there is a need to remain cautious and to not over-build. Given the escalating prices for building materials and a shortage of selected raw materials, the Group will need to manage existing and future projects so they are not greatly impacted by the raising construction material costs whilst ensuring the continued delivery of innovative quality products.

While business conditions will remain competitive, your Board is optimistic that overall performance will improve for 2004.

Prospek

Pandangan bagi tahun akan datang terus optimistik memandangkan terdapatnya peningkatan kepercayaan pengguna dan perniagaan dan dasar-dasar ekonomi yang lebih kukuh. Tahun lepas merupakan tahun yang baik bagi sektor hartanah di Malaysia, yang meningkat sejak Pakej Rangsangan Ekonomi dan menaikkan taraf perkadaran negara daripada BBB neutral kepada BBB tambah. Sentimen keseluruhan bagi tahun 2004 dijangka bertambah baik selaras dengan jangkaan pertumbuhan ekonomi sebanyak 6.0% hingga 6.5% dan kecergasan pasaran saham yang baik untuk perkembangan hartanah kemegahan kami, iaitu

Tijani 1 & 2 , Bukit Kenny (Bukit Tunku)

Sehingga kini, 80% daripada Tijani 1 telah dijual dengan anggaran nilai jualan kasar ("NJK") sebanyak RM124 juta. Pembangunan ini merupakan projek pembangunan banglo yang pertama dengan kawalan secara komprehensif serta pagar berperimeter di Bukit Tunku, rata-rata pemilik yang masing-masing dalam peringkat penyediaan untuk membina rumah mereka yang berprestij.

Tijani 2, yang merangkumi baki sebanyak 20 ekar, dirancang sebagai pembangunan bercampur merangkumi banglo dengan rekaan yang cantik, uni-unit berkembar, duplex dan kondominium. Tijani 2 akan mempunyai landskap yang luas dan ciri-ciri tembok air dan jalan masuk yang mengarah ke dua enklaf yang berbeza – Tijani 2 Selatan yang mempunyai 44 unit rumah berkembar dan 10 unit banglo dan Tijani 2 Utara dengan duplex yang menarik dan kondominium moden serta kemudahan kelab.

Jumlah anggaran NJK Tijani 2 ialah RM454 juta. Daripada jumlah ini, NJK Tijani 2 Selatan, yang dijangka untuk dilancarkan pada pertengahan 2004, adalah lebih kurang RM180 juta.

Bagi Kumpulan pula, kami akan terus menumpukan perhatian terhadap perniagaan teras dan terus mempertimbangkan setiap peluang untuk mengambil alih tanah yang berkualiti sementara meneroka kemungkinan untuk berkerjasama dengan kerajaan, kerajaan-kuasi dan syarikat-syarikat swasta bagi pembangunan masa depan. Pada masa yang sama, berwaspada adalah perlu dan tidak terlebih bina. Dengan harga bahan-bahan pembinaan yang semakin meningkat dan kekurangan beberapa bahan mentah, Kumpulan perlu mengurus projek-projek yang sediada dan akan datang agar tidak terjejas oleh kenaikan kos bahan binaan sementara memastikan setiap produk yang dikeluarkan secara berterusan dan berkualiti serta berinovatif.

Walaupun keadaan saingan dalam perniagaan masih kekal, pihak Lembaga Pengarah yakin bahawa prestasi keseluruhan akan bertambah baik pada 2004.

Chairman's Statement *Penyata Pengerusi*

Dividend

The Board of Directors has recommended a first and final dividend of one percent (1%), less 28 percent income tax, for the year ended December 31, 2003.

Welcome and Appreciation

We are pleased to welcome on board Tan Sri Dato' Amin Shah bin Omar Shah, who was appointed an Independent Non-Executive Director on February 26, 2004 and re-designated as Non-Independent Non-Executive Director on March 18, 2004. Tan Sri Amin Shah has 22 years experience in diverse business ventures in Malaysia and overseas, from heavy engineering, construction, shipbuilding and marine engineering, property development to manufacturing. Tan Sri Amin Shah is also the Executive Chairman of PSC Industries Berhad and Setron (Malaysia) Berhad.

We also welcome Mr Robert Teo Keng Tuan as an Independent Non-Executive Director. Appointed to the Board on April 8, 2003, Mr Teo is the managing partner of a professional accounting firm and has more than 30 years experience in corporate tax, audit and financial matters.

On behalf of the Board, I would like to extend our thanks and appreciation to Mr Goh Peng Ooi and Mr Loh Yeow Boo who resigned from the Board on October 28, 2003 and April 8, 2004 respectively. We thank both gentlemen for their contributions to the Group's growth during their respective tenure.

I further extend sincere thanks to the management and staff for their work and dedication during a challenging year. I am confident that with their continuing efforts and commitment, the Group will enjoy further growth and earn a good return on investment for our shareholders.

And last but not least, my thanks to our business partners, suppliers, tenants, customers and shareholders for their continued trust, support and confidence in the Group and to my fellow Directors for their counsel and contribution throughout the year.

Tan Sri Dato' Lim Thiam Leong

Chairman / Pengerusi

May 10, 2004 / 10 Mei 2004

Dividen

Lembaga Pengarah mengesyorkan dividen pertama dan akhir sebanyak satu peratus (1%) ditolak cukai pendapatan sebanyak 28 peratus, bagi tahun berakhir 31 Disember 2003.

Kata Aluan dan Penghargaan

Kami dengan sukacitanya mengalu-alukan penyertaan Tan Sri Dato' Amin Shah bin Omar Shah, yang dilantik sebagai Pengarah Bebas Bukan Eksekutif pada 26 Februari 2004 dan pada 18 Mac 2004, beliau memegang jawatan sebagai Pengarah Bebas Bukan Eksekutif. Tan Sri Amin Shah mempunyai pengalaman selama 22 tahun dalam pelbagai usaha perniagaan di Malaysia dan luar negara, daripada kejuruteraan berat, pembinaan, pembinaan kapal dan kejuruteraan merin kepada pembangunan hartanah dan perkilangan. Tan Sri Amin Shah juga adalah Pengerusi Eksekutif PSC Industries Berhad dan Setron (Malaysia) Berhad.

Kami juga mengalu-alukan penyertaan En Robert Teo Keng Tuan sebagai Pengarah Bebas Bukan Eksekutif Lembaga. Dilantik pada 8 April 2003, En Teo adalah rakan pengurusan sebuah firma perakaunan profesional dan mempunyai pengalaman selama 30 tahun dalam pencukaian korporat, audit dan hal ehwal kewangan.

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih dan rasa penghargaan kepada En Goh Peng Ooi dan En Loh Yeow Boo yang masing-masing telah meletakkan jawatan daripada Lembaga pada 8 April 2004 dan 29 Oktober 2003. Kami berterima kasih kepada mereka berdua di atas sumbangan kepada pembangunan Kumpulan di sepanjang tempoh perkhidmatan masing-masing.

Seterusnya saya ingin mengucapkan terima kasih kepada pihak pengurusan dan kakitangan di atas kerja dan dedikasi mereka di sepanjang tahun yang mencabar ini. Saya yakin dengan usaha dan komitmen mereka yang berterusan, Kumpulan akan menikmati pembangunan yang lebih pesat dan menerima pulangan yang lebih baik di atas pelaburan para pemegang saham.

Akhir sekali, kami ingin mengucapkan terima kasih kepada rakan-rakan perniagaan, para pembekal, penyewa, para pelanggan dan para pemegang saham di atas kepercayaan, sokongan dan keyakinan yang berterusan ke atas Kumpulan dan kepada para Pengarah yang lain di atas dorongan dan sumbangan mereka di sepanjang tahun.

Corporate Governance

The Board of Directors ("Board") remains committed to achieving high standards of corporate governance by supporting the principles and best practices set out in the Malaysian Code on Corporate Governance ("the Code"). The Board views corporate governance as comparable to the key concepts of transparency, accountability, integrity as well as corporate performance. In addition, the key purpose in adopting good governance is not merely the form but with the aim of achieving Board effectiveness in enhancing shareholders value and the interest of all other stakeholders.

In line with this commitment, the Board is pleased to set out below a statement of how the Company and Group of Companies ("the Group") has applied the principles and complied with the best practices provisions laid down in the Code during the financial year ended December 31, 2003.

Principles Statement

The following statement sets out how the Group has applied the principles in the Code.

A. Directors

The Board of Directors

The Group recognizes the important roles and responsibilities performed by the Board, in their guidance and achievement of its goals and eventually the enhancement of shareholders value. The role and function of the Board, as well as the specific roles and responsibilities are clearly identified to ensure proper governance and good management. The Board also has formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, major acquisition and divestment policies and significant financial matters.

The Directors together represent a wide range of business experiences and have strong expertise in the Group's core business activities. A brief write-up of the background of each director is represented from pages 7 to 9.

Meeting

The Board meets at least four times a year at quarterly intervals and when necessary, additional meetings are convened between the scheduled meetings. For the financial year ended December 31, 2003, the Board met on seven (7) times and details of each Director's meeting attendances during the financial year are as follows:

Meeting Attended (out of 7)

Tan Sri Dato' Lim Thiam Leong	Non-Independent Executive Director – Chairman	7/7
Tan Sri Dato' Lim Yan Hai	Non-Independent Executive Director – Managing Director	7/7
Lim Yen Haat	Non-Independent – Senior Executive Director	7/7
Chin Jit Pyng	Non-Independent – Senior Executive Director	7/7
Lim Yen Kong	Non-Independent – Executive Director	7/7
Goh Peng Ooi (resigned w.e.f. 28-10-03)	Non-Independent – Non-Executive Director	3/6
Dato' Zakaria bin Dato' Ahmad	Independent – Non-Executive Director	7/7
Abdul Sani bin Busu	Independent – Non-Executive Director	5/7
Loh Yeow Boo	Independent – Non-Executive Director	6/7

Board Committees

The Board has delegated specific responsibilities to three (3) sub committees (Nomination Committee, Remuneration Committee and Audit Committee), the details of which are set out below. These Committees have the authority to examine particular issues and report back to the Board with their respective recommendations. These committees were formed in order to enhance business and operational efficiency. The Board however, retains full responsibility for the direction and control of the Group.

Corporate Governance

Board Balance

During the year, the Board consist of nine (9) members: comprising one (1) non-independent executive Chairman, one (1) non-independent executive Managing Director, three (3) independent non-executive directors, three (3) non-independent executive directors and one (1) non-independent non-executive director.

The key elements for fulfilling the criteria are the appointment of directors who are not members of management (non-executive directors) and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. At the same time the executive directors, who have good knowledge of the business, are responsible for implementing the policies, developing and implementing business and corporate strategies.

The directors with their different backgrounds and specializations collectively bring with them a wide range of experience and together the Board constitute of individuals who have the attributes and competence to deal with current and emerging business issues.

Supply of Information

The Board recognizes the importance on quality and timely access to information with Board papers circulated well in advance of the Board meetings. This ensures that Directors have sufficient time to understand and deliberate at Board meetings and to facilitate decision-making process. As such, all Directors have unrestricted access to any information pertaining to the Group with comprehensive financial and non-financial information.

There is also a formal procedure approved by the Board of Directors, whether as a full board or in their individual capacity, for Directors to obtain independent professional advice.

All directors have access to the advice and services of the Joint Company Secretaries.

Appointment to the Board

Nominating Committee

The Nominating Committee comprise of the following members during the year:

Loh Yeow Boo	Independent Non-Executive Director – Chairman
Abdul Sani Bin Busu	Independent Non-Executive Director

The Committee consists entirely of non-executive directors, all of whom are independent. The Nominating Committee is empowered by the Board as in terms of reference to bring to the Board recommendations as to the appointment of new directors.

Appointment Process

The Board, through the Nominating Committee, believes that the current composition of the Board has the required mix of skills and core competencies required for the Board to discharge its duties effectively. The Board appoints its members through a formal selection process.

Directors Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analyst Malaysia (RIIAM). During the year, the directors also attended the Bursa Malaysia accredited Continuing Education Programme for directors of public listed companies. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

Corporate Governance

Re-election

In accordance with the Company's Articles of Association (Articles), all directors who are appointed by the Board are subject to election by shareholders at the first Annual General Meeting ("AGM") subsequent to their appointment. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each AGM provided always that all Directors including the Managing Director retire from office at least once every three years but shall be eligible for re-election.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

B. Directors' Remuneration

Remuneration Committee

The Remuneration Committee comprises the following members during the year:

Abdul Sani Bin Busu	Independent Non-Executive Director – Chairman
Tan Sri Dato' Lim Yan Hai	Non-Independent Executive Director
Loh Yeow Boo	Independent Non-Executive Director

The Remuneration Committee comprising two Non-Executive Directors and one Executive Director. The Committee is responsible for recommending to the Board a formal and transparent procedure on executive remuneration as well as the remuneration of the executive directors and senior management.

The policy practiced on Directors remuneration by the Remuneration Committee is to provide proper remuneration packages to attract and retain the directors who have competence to manage the business of the Group successfully. The remuneration packages are linked to their individual performance and in the case of Executive Directors, are broadly comparable and competitive to those awarded by other relevant companies.

In deciding an appropriate level of fees for each Non-Executive Directors, the Board as a whole considers the responsibility and time commitments taking into account the number of Board meetings as well as the membership and chairmanship of Board committees.

Details of Directors' Remuneration

The aggregate remuneration of Directors received/receivable from the Company and the subsidiaries for the financial year ended December 31, 2003 are as follows:-

	Fees (RM)	Salaries & Others Emoluments (RM)	Total (RM)
Executive Directors	–	2,647,920	2,647,920
Non-Executive Directors	–	90,000	90,000

The number of Directors whose remuneration fall into the respective bands are as follows:-

Range of Remuneration (RM)	Executive	Non-Executive
50,000 & below	–	3
100,001 - 150,000	1	–
300,001 - 350,000	2	–
700,001 - 750,000	1	–
1,100,001 - 1,150,000	1	–

(For security and confidentiality reasons, the details of Directors' remuneration are not shown with reference to each Director individually)

Corporate Governance

C. Shareholders

Investor Relation and Shareholder Communication

The Board acknowledges the need for shareholders to be informed of the Group's performance and all material business matters affecting the Group. Announcements and release of financial results on a quarterly basis provides the shareholders and the investing public a comprehensive overview of the Group's performance and financials.

At each AGM, the Board takes pleasure in presenting the progress and performance of the Groups' business and encourages shareholders' participation. The executive directors and the chairman of the Nomination, Remuneration, Audit Committees respectively and the External Auditors are also present to respond to the shareholders' questions during the meeting.

In addition, shareholders can obtain up-to-date information on the Group's various activities by accessing its website at www.bolton.com.my. The latest quarterly announcement of the Company can also be found on this site.

Encik Abdul Sani Bin Busu has been appointed by the Board as the Senior Independent Non-Executive Director of the Board to whom any concerns may be conveyed.

D. Accountability and Audit

Financial Reporting

In presenting the annual financial statements and quarterly announcement of the Group's financial performance to shareholders, the Board aim to present a clear, balanced and understandable assessment of the Group's position and prospects. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 37 of Financial Statements.

Relationship with Auditors

Key features for the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 26 to 27 of the annual report.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on page 27 of the annual report.

Internal Control

The Board acknowledges their responsibilities for the Group's systems of internal controls covering not only financial controls but also operational and compliance controls in risk management. The internal control system involves each business and key management from each business and is designed to identify and manage risks to which the business is exposed. The systems can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

The Statement on Internal Control furnished on page 25 of the annual report provides an overview on the state of internal controls within the Group.

This statement was made in accordance with a resolution of the Board dated April 16, 2004.

Statement on Internal Control

Introduction

Paragraph 15.27(b) of the Bursa Malaysia Listing Requirements, requires the Board of Directors of public listed companies to include in its annual reports a “statement about the state of internal control of the listed issuer as a Group”. The Board of Bolton Berhad fully supports and is committed to maintaining a sound system of internal control to safeguard shareholders’ investment and Group assets and is pleased to report the nature and scope of internal controls of the Group for the year ended December 31, 2003.

Board Responsibility

The Board is responsible for the Group’s system of internal control, which includes the establishment of appropriate control environment, risk frameworks as well as reviewing its adequacy and integrity. These systems of internal control, including financial and operational aspects of the Group activities, were designed to manage and control risks at an appropriate and acceptable level rather than to eliminate those risks.

The Board of Directors is pleased to confirm that on-going reviews are carried out for identifying, evaluating and managing significant risks faced by the Group. Whilst the Board maintains ultimate control over risk issues for the Group, it has delegated the implementation of the system of risk management within the approved framework to the Risk Management Committee.

Risk Management Framework

The Board regularly reviews the adequacy and effectiveness of its risk management framework and risk management structure, which outlines the reporting and responsibilities at the Board, Risk Management Committee and Management levels.

The Risk Management Committee was formalized on May 27, 2003 to assist the Board to review the overall management of the Group’s risk assessment, policies framework and to implement throughout each business divisions.

These reviews have been carried out throughout the financial year ended December 31, 2003 with the Risk Management Committee conducting half yearly assessments, to obtain feedbacks from the respective business divisions on the adequacy and completeness of their risk factors and controls. Also, each business divisions, in establishing their business objectives were required to identify and propose action plans to manage significant internal and external risks that may impede their business objectives.

The key control exercises carried out by the Group, with the recommendations from a professional services firm during the year, include inter alia:

Risk Based

1. A formal risk management policy and procedures has been adopted which outlines the reporting and responsibilities of the Board and Management.
2. Strategic planning and budgeting process requiring all divisions to prepare annual operating budget and two (2) years forecast plans which were endorsed by senior management and approved by the Board.
3. Management to have clearly defined responsibilities for monitoring of performance and taking prompt management actions and measures.

Embedded

1. A formal terms of reference for Finance Committee and Risk Management Committee approved by the Board.
2. Comprehensive information and reporting to Board on quarterly basis, covering all key financial and operational indicators.

Assured and Review

1. Review and assurance by Group Internal Audit to monitor and verify the necessary compliances to risk management principles in all key activities of the Group. Further details of the activities of the internal audit functions are provided In the Audit Committee’s Report.

The Board is of the view that the existing Group’s risk management framework and group internal Audits are satisfactory and will regularly subject the risk framework and system of internal controls to continuous improvement, taking into considerations better practices and the changing business environments.

Weakness in Internal Controls that Result in Material Losses

There were no material losses incurred as a result from the weaknesses of Internal Control during the financial year.

The review does not include associate companies for which the Group does not have management control over the operations.

This statement is made in accordance with a resolution of the Board of Directors dated April 16, 2004.

Audit Committee Report

The Board of Directors of the Company is pleased to present the report of the Audit Committee for the financial year ended December 31, 2003.

A. Members of the Audit Committee

The members of the Audit Committee at the date of this report are as follows:-

1. Dato' Zakaria Bin Dato' Ahmad
(Independent Non-Executive Director – Chairman)
2. Abdul Sani Bin BUSU (Independent Non-Executive Director)
3. Loh Yeow BOO (Independent Non-Executive Director)
4. Lim Yen Kong (Non-Independent Executive Director)

B. Terms of Reference for the Audit Committee

1. Membership

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom shall be independent directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or poses such other qualifications and experience as approved by the Bursa Malaysia Securities Berhad.

The Chairman of the Committee shall be an independent director appointed by the Board. He shall report on each meeting of the Committee to the Board.

The quorum shall consist of two members and a majority of the members present must be independent directors.

If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

2. Reporting Procedure

The Company Secretary shall be the Secretary responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the Committee members prior to the meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members and to the other members of the Board.

3. Frequency of Meetings

Meetings shall be held not less than four times a year and representatives of the internal auditors shall normally attend such meetings. Other members of the Board and employees and external may also attend upon the invitation of the Committee. At least once a year, the Committee shall meet the external auditors without the presence of the executive board members.

4. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary.

5. Duties

The duties of the Committee are:-

- (i) to consider the appointment or re-appointment of external auditors, the audit fee and any question of resignation or dismissal.
- (ii) to review and discuss with the external auditors:-
 - (a) the nature and scope of the audit;
 - (b) the external auditors' evaluation of the system of internal controls, their management letter and audit report;
 - (c) problems and reservations arising from the interim and final audits and any matter the external auditors may wish to discuss (in the absence of management where necessary);
 - (d) the external auditors' management letter and management's response.
- (iii) to review and discuss with the internal auditors:-
 - (a) the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - (b) the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
- (iv) to review and assess the performance of the internal audit function as a whole.

Audit Committee Report

- (v) to approve any appointment or termination of senior staff members of the Internal Audit Department, and review any appraisal or assessment of the performance of members, of the internal audit function and to keep itself informed of any resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning;
- (vi) to review the quarterly and year-end financial statements, prior to the approval by the Board, focusing particularly on:-
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant and unusual events;
 - (c) the going concern concept; and
 - (d) compliance with accounting standards and other legal requirements.
- (vii) to review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (viii) to report to the Bursa Malaysia Securities Berhad where the Committee is of the view that a matter reported by it to the board of directors of the Company has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Listing Requirements.

C. Number of Audit Committee Meetings Held During the Financial Year 2003

No.	Name of Directors	Audit Committee Meeting	
		Number of Audit Committee Meetings Held	Number of Audit Committee Meetings Attended
1.	Dato' Zakaria Bin Dato' Ahmad	5	5
2.	Lim Yen Kong	5	4
3.	Abdul Sani Bin Busu	5	3
4.	Loh Yeow Boo	5	5

In addition to the above meetings, the independent members of the Committee also met once during the year with the External Auditors without the presence of the Executive Director.

D. Summary of Activities of the Audit Committee for the Financial Year 2003

In accordance with its terms of reference, activities carried out by the Committee during the financial year in the discharge of their duties and responsibilities included the review of:

- a) the unaudited quarterly financial statements before submission to the Board for consideration and approval;
- b) the audited financial statements before submission to the Board for consideration and approval focusing particularly on changes of accounting policy, significant and unusual items and compliance with applicable approved accounting standards and other legal requirements;
- c) the annual audit plan presented by the External Auditors as to their scope of work, approach, key audit areas and relevant technical pronouncements and approved accounting standards;
- d) the annual audit plan presented by the Internal Auditors as to their scope of work and coverage taking into consideration the assessment of key risk areas;
- e) the internal audit reports, audit recommendations made and management response to these recommendations and actions taken to improve the system of internal controls and procedures; and
- f) the related party transactions for compliance with the Shareholders' Mandate.

E. Internal Audit Functions

The Company has established an Internal Audit Department which reports to the Audit Committee. The role of the Internal Audit function is to assist the Audit Committee in discharging its function as well as providing the Audit Committee with independent reasonable assurance on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and statutory requirements.

During the financial year, the Internal Audit Department conducted independent reviews and evaluated risk exposures relating to the Group's governance and operations, highlighting weaknesses and making appropriate recommendations for improvements. The Internal Audit activities have been carried out based on an Annual Internal Audit Plan which have been approved by the Audit Committee.

Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

Breakdown of the aggregate value of RRPT conducted pursuant to the shareholders' mandate during the financial year 2003.

Related Party	Nature of transactions	Value (RM)	Interested Parties
Kejora Harta Bhd Group	1. Income received/receivable <ul style="list-style-type: none"> • Secretarial Fees 72,000 • Rental of Premises 171,900 • Internal Audit Fees 21,600 		<u>Interested Major Shareholders</u> LYH Holdings Sdn Bhd ("LYH Holdings") Forum Equity Sdn Bhd ("Forum Equity") Tan Sri Dato' Lim Yan Hai ("Tan Sri LYH") Lim Yen Haat ("LYH") Lim Wee Lin ("LWL") Lim Bin Jong ("LBJ")
	2. Construction contracts awarded to Kenneison Brothers Construction Sdn Bhd ("KBC"), a sub-subsidiary of Kejora Harta Bhd	20,918,751	<u>Interested Directors</u> Tan Sri Dato' Lim Thiam Leong ("Tan Sri LTL") Tan Sri LYH LYH LYK
Malaysian Plantations Berhad Group	1. Office rental income received from Alliance Banking Group, a subsidiary of Malaysian Plantations Berhad	438,725	<u>Interested Major Shareholders</u> LYH Holdings Forum Equity Tan Sri LYH LYH LWL LBJ
	2. License fees received/receivable in respect of IT consultation services, maintenance, support and upgrading of system software by Global Innovative Management Partners-ACT Sdn Bhd ("Global Impact"), a wholly-owned subsidiary of Bolton	10,736,009	<u>Interested Directors</u> Tan Sri LTL Tan Sri LYH LYH LYK
Silverlake System Sdn Bhd	1. Licensing fee payable by Global Impact in respect of the provision of services relating to implementation, customization and integration of the Silverlake Integrated Banking System ("SIBS")	11,804,890	<u>Interested Director</u> * Goh Peng Ooi ("GPO")
	2. License fees receivable by Global Impact in respect of integration of the SIBS and other services	2,088,627	
	3. Renting of office space from Global Impact	660,000	
	4. Office maintenance payable to Global Impact	57,600	
Axis Systems Sdn Bhd (a subsidiary of Silverlake System Sdn Bhd)	1. Provision of Branch Delivery System (Bank Branch Teller Software) and license fee payable by Global Impact	1,343,967	<u>Interested Director</u> * GPO
SGL Education Centre Sdn Bhd	1. Rental income of office from Peringkat Alam Sdn Bhd, a subsidiary of Global Impact	45,000	<u>Interested Directors</u> Chin Jit Pyng * GPO

* Resigned on October 28, 2003.

Additional Compliance Information

To comply with the Bursa Malaysia Listing Requirements, the following additional information is provided:-

i) Material Contracts

There were no material contracts entered into by the Company and its subsidiary companies, involving directors and major shareholders.

ii) Utilisation of Proceeds

During the financial year, the Company issued 9,622,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share through private placement. The proceeds were utilised to repay bank borrowings, for working capital purpose and to defray cost incidental to the placement.

iii) Share Buybacks

During the financial year, the Company repurchased 530,000 shares of RM1.00 each from the open market at an average price of RM0.56 per share. The shares repurchased were retained as treasury shares.

iv) Options, Warrants or Convertible Securities

The Company has not issued any options, warrants or convertible securities in respect of the financial year ended December 31, 2003. The number of unexercised warrants since the end of last financial year is 45,495,958 and there has been no warrant exercised during the financial year under review.

v) American Depositary Receipt (ADR) or Global Depositor Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

vi) Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

vii) Non-audit Fees

The amount of non-audit fees paid or payable to the external auditors, Messrs Yoong Siew Wah & Co by the Company and its subsidiaries for the financial year ended December 31, 2003 is RM10,714

viii) Profit Estimate, Forecast or Projection

There is no material variance between the results for the financial year and the unaudited results previously announced by the Company. The Company did not issue any profit estimate, forecast or projection for the financial year.

ix) Profit Guarantee

On February 28, 2001, the Company completed the acquisition of 321,500 ordinary shares of RM1.00 each representing 32.15% of the issued and paid up capital of Global Innovative Management Partners-ACT Sdn Bhd ("Global Impact") for a total cash consideration of RM90 million ("the Acquisition") through a wholly owned subsidiary company, Noble Midah Sdn Bhd ("NMSB"). On March 1, 2002, NMSB completed the purchase of the remaining 678,500 ordinary shares of RM1.00 each upon exercise of the Call Option for a total consideration of RM190 million.

The vendors of Global Impact had warranted for the Acquisition and the Call Option, an accumulated profit before tax of RM33.7575 million and RM71.2425 million respectively ("Warranted PBT") for a duration of 3 years commencing on the financial year ended December 31, 2001 with a minimum guarantee for each financial year as follows:

Guaranteed Period Financial Year	Minimum Warranted PBT		
	The Acquisition RM	Call Option RM	Total RM
Ended December 31, 2001	8,037,500	16,962,500	25,000,000
Ended December 31, 2002	8,841,250	18,658,750	27,500,000
Ended December 31, 2003	16,878,750	35,621,250	52,500,000
	33,757,500	71,242,500	105,000,000

The Warranted PBT is secured by setting aside a retention sum on the purchase consideration amounting to RM33,757,500 and RM71,242,500 respectively and such retention sum will only be released to the vendors on a yearly basis based on the audited PBT of Global Impact.

Global Impact achieved PBT of RM28,795,124 for the financial year ended December 31, 2001, RM15,018,599 for the financial year ended December 31, 2002 and RM3,214,840 for the financial year ended December 31, 2003.

x) Revaluation of Landed Properties

The Company does not adopt a policy on regular revaluation. However, certain land and buildings have been revalued in 1983 and the surplus on revaluation has been incorporated in the financial statements.

Statement of Directors' Responsibilities in Respect of the Audited Financial statements

The Directors are required to prepare financial statements which gives a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flow of the Group and of the Company of the financial year then ended.

In the preparation of the financial statements, the Company's Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are prudent and reasonable;
- Ensured applicable approved accounting standards have been followed.

The Directors are responsible for ensuring that the Group keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated April 16, 2004.

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Directors' Report

We have pleasure in submitting our report and audited financial statements of the Group and of the Company for the year ended December 31, 2003.

Principal Activities

The principal activities of the Company consist of property development, rental of property, investment holding and money lending.

The principal activities of the subsidiary companies and associated companies are described in Note 6 and 7 to the financial statements.

Trading Results

	The Group RM'000	The Company RM'000
Profit/(loss) after taxation	(35,862)	44,593
Minority interests	(317)	–
Net profit/(Loss) for the year	(36,179)	44,593

Dividends

A first and final dividend of 1% less 28% income tax, amounting to RM2,231,240 in respect of the financial year ended December 31, 2002 was paid on August 7, 2003.

The directors proposed a first and final dividend of 1% less 28% income tax, amounting to RM2,300,483 in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included in the financial statements.

Provisions and Reserves

There were no material transfers to or from provisions and reserves during the financial year other than those disclosed in the changes in equity statements.

Information Regarding the Group and the Company During and as at the End of the Financial Year

Before the income statement and balance sheets were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts;
- (b) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business, were written down to an amount which they might be expected so to realise.

In the opinion of the directors, the results of the Group's and the Company's operations during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, apart from the those items disclosed in Note 33 to the financial statements and this report.

Directors' Report

Information Regarding the Group and the Company from the End of its Financial Year to the Date of this Report

The directors are not aware of any circumstances which would render:

- (a) the amounts written off or provided for bad and doubtful debts inadequate to any material extent;
- (b) the values attributed to current assets in the financial statements misleading; and
- (c) adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen which would affect substantially the results of the Group's and the Company's operations for the financial year in which this report is made.

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

Information Regarding the Group and the Company during and as at the Date of this Report

There are no charges on the assets of the Group and the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

There are no contingent liabilities which have arisen since the end of the financial year other than those arising out of the normal course of business.

The directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

Issue of Share Capital and Debenture

During the financial year, the issued and paid-up share capital of the Company was increased from RM310,721,460 to RM320,343,460 by way of private placements of 9,622,000 new ordinary shares of RM1.00 each at par for cash.

The share issue expenses amounting to RM37,292 has been debited to Share Premium Account.

The above ordinary shares issued during the financial year rank pari-passu in all respects with the existing ordinary shares of the Company.

The Group and the Company has not issued any debentures during the financial year.

Shares Repurchased

During the financial year, the Company repurchased 530,000 of its issued shares of RM1 each from the open market at an average price of RM0.56 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased were retained as treasury shares.

Directors' Report

Information Regarding the Directors

Directorate

The names of the directors since the date of last report are:

Tan Sri Dato' Lim Thiam Leong

Tan Sri Dato' Lim Yan Hai

Mr. Lim Yen Haat

Mr. Chin Jit Pyng

Mr. Lim Yen Kong

Mr. Lim Wee Kiat (resigned on 25-6-2003)

Mr. Goh Peng Ooi (resigned on 28-10-2003)

Tan Sri Dato' Amin Shah Bin Haji Omar Shah (appointed on 26-2-2004)

Dato' Zakaria Bin Dato' Ahmad

Encik Abdul Sani Bin Busu

Mr. Loh Yeow Boo @ Lok Bah Bah (resigned on 8-4-2004)

Mr. Robert Teo Keng Tuan (appointed on 8-4-2004)

Directors' Interests in Shares

Particulars of beneficial interests of directors who held office at the end of the financial year in shares and warrants of the Company and its related corporation according to the register kept by the Company for the purposes of Section 134 of the Companies Act, 1965 are as follows:

The Company	Number of ordinary shares of RM1 each			
	As at 1-1-2003	Bought	Sold	As at 31-12-2003
Tan Sri Dato' Lim Thiam Leong				
– direct interest	990,311	–	–	990,311
– indirect interest	17	–	–	17
Tan Sri Dato' Lim Yan Hai				
– direct interest	3,169,000	507,000	–	3,676,000
– indirect interest	105,981,510	–	9,027,583	96,953,927

The Company	Number of ordinary shares of RM1 each			
	As at 1-1-2003	Bought	Sold	As at 31-12-2003
Mr. Lim Yen Haat				
– direct interest	14,781,383	–	1,496,000	13,285,383
– indirect interest	5,079,198	–	935,583	4,143,615
Mr. Chin Jit Pyng				
– direct interest	5,033,704	–	–	5,033,704
Mr. Lim Yen Kong				
– direct interest	600,000	–	–	600,000
– indirect interest	5,081,992	–	935,583	4,146,409

Directors' Report

← Warrants 1996/2001 (up to 2006, if extended yearly) →				
	As at 1-1-2003	Bought	Sold	As at 31-12-2003
Tan Sri Dato' Lim Thiam Leong				
– direct interest	58,385	–	–	58,385
Tan Sri Dato' Lim Yan Hai				
– direct interest	1,085,000	–	–	1,085,000
– indirect interest	1,037,863	–	–	1,037,863
Mr. Lim Yen Haat				
– direct interest	750	–	–	750
– indirect interest	1,037,035	–	–	1,037,035
Mr. Lim Yen Kong				
– indirect interest	1,037,035	–	–	1,037,035

← Number of ordinary shares of RM1 each →				
	As at 1-1-2003	Bought	Sold	As at 31-12-2003
Related Companies:				
Bcom Holdings Sdn. Bhd.				
Tan Sri Dato' Lim Yan Hai				
– direct interest	1,359,000	–	–	1,359,000
Peringkat Alam Sdn. Bhd.				
Mr. Chin Jit Pyng				
– direct interest	16,000	–	–	16,000

By virtue of his interests in shares in the Company, Tan Sri Dato' Lim Yan Hai is deemed to have an interest in the shares of all the subsidiaries to the extent the Company has an interest.

Apart from those disclosed above, no directors had interest in any shares and warrants of the Company as recorded in the Register of Directors' Shareholdings.

Directors' Report

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit other than those disclosed as directors' remuneration in the financial statements by reason of a contract made by the Company or its related companies with a director or with a firm of which he is a member or with a Company in which he has a substantial financial interest, except for those benefits which may be deemed to have arisen by virtue of those contracts, agreements and transactions entered into in the ordinary course of business between the Company and companies in which the directors are deemed to have a substantial financial interest and as disclosed in Note 40 to the financial statements.

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

Share Options

There were no share options granted during the financial year or unissued shares under option at the end of the financial year in respect of shares in the Company other than the 46,663,083 Warrants 1996/2004 issued on February 17, 1997 which entitles the holders to subscribe the shares of the Company. At December 31, 2003, there were 45,495,958 Warrants remained outstanding.

Auditors

The auditors, Messrs. Yoong Siew Wah & Company have indicated their willingness to continue in office.

Signed in accordance with a resolution of the Board of Directors dated April 16, 2004.

LIM YEN HAAT

Director

CHIN JIT PYNG

Director

Kuala Lumpur

Statement by Directors

We, LIM YEN HAAT and CHIN JIT PYNG, being two of the directors of BOLTON BERHAD, do hereby state that in our opinion, the financial statements set out on pages 39 to 99 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable accounting standards issued or approved by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2003 and of the results of the operations, changes in equity and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Board of Directors dated April 16, 2004.

LIM YEN HAAT

Director

CHIN JIT PYNG

Director

Kuala Lumpur

Statutory Declaration

I, KOAY BENG HOCK, being the officer primarily responsible for the accounting records and financial management of BOLTON BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 39 to 99 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)	
by KOAY BENG HOCK)	KOAY BENG HOCK
at KUALA LUMPUR in the FEDERAL)	
TERRITORY this April 16, 2004)	

Before me,

W.217

P. SETHURAMAN

Commissioner for Oaths

Report of the Auditors to the Members of Bolton Berhad

We have audited the financial statements set out on pages 39 to 99, comprising of the balance sheet of the Group and of the Company and the notes to the financial statements as at December 31, 2003 and of the income statement, the changes in equity statement and the cash flow statement of the Group and of the Company for the year ended on that date.

The preparation of the financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements which have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable accounting standards issued or approved by Malaysian Accounting Standards Board so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at December 31, 2003 and of the results of the operations, changes in equity and the cash flows of the Group and of the Company for the year ended on that date;

and

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

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

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

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

YOONG SIEW WAH & COMPANY

No. AF: 0097

Chartered Accountants

Kuala Lumpur,
April 16, 2004

CHONG SAY WOON

No. 1681/12/05(J)

Partner

Consolidated Balance Sheet as at December 31, 2003

	NOTE	2003 RM'000	2002 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	5	174,801	181,482
Subsidiary companies not consolidated	6	–	6
Associated companies	7	165,852	147,116
Joint venture company	8	45,071	44,965
Other investments	9	69,522	69,522
Goodwill on consolidation	10	224,530	319,202
Concept development	11	375	1,512
Intangible assets	12	4,900	9,060
Land held for development	13	50,522	54,670
CURRENT ASSETS			
Development properties	14	105,478	106,292
Short term investments	15	3,446	2,592
Stocks	16	22,538	22,663
Amount due from customers on contracts	17	2,908	5,245
Trade receivables	18	46,896	35,165
Other receivables	19	56,714	61,827
Tax recoverable		6,041	–
Deposits with financial institutions	20	5,043	19,063
Cash and bank balances	21	17,032	10,679
		266,096	263,526
Less:			
CURRENT LIABILITIES			
Trade payables		22,825	27,906
Other payables	22	20,556	32,430
Bank borrowings	23	164,672	146,494
Bank overdrafts	24	30,636	33,481
Taxation		–	53
		238,689	240,364
NET CURRENT ASSETS		27,407	23,162
		762,980	850,697
FINANCED BY:			
Share capital	25	320,343	310,721
Reserves		287,143	325,590
		607,486	636,311
less: Treasury shares, at cost		(650)	(355)
SHAREHOLDERS' FUNDS		606,836	635,956
MINORITY INTERESTS		15,290	14,973
LONG TERM AND DEFERRED LIABILITIES			
Other payables	22	–	61,186
Bank borrowings	23	135,028	131,433
Hire purchase and lease payables	26	1,659	2,666
Deferred taxation	27	4,167	4,483
		140,854	199,768
		762,980	850,697

The annexed notes form an integral part of and should be read in conjunction with the above balance sheet.

Consolidated Income Statement for the year ended December 31, 2003

	NOTE	2003 RM'000	2002 RM'000
REVENUE	28	175,294	149,364
OTHER OPERATING INCOME	29	3,736	7,669
DEVELOPMENT COST RECOGNISED AS EXPENSE		(61,843)	(35,915)
CHANGES IN INVENTORIES AND CONSUMABLES USED		(36,708)	(35,092)
STAFF COST	30	(23,563)	(21,010)
DEPRECIATION AND AMORTISATION EXPENSES	31	(7,245)	(7,581)
OTHER OPERATING EXPENSES	32	(24,172)	(20,546)
PROFIT FROM OPERATIONS		25,499	36,889
OTHER INVESTING ACTIVITIES RESULTS	33	(33,126)	6,087
FINANCE COST	34	(21,245)	(20,457)
SHARE OF RESULTS OF ASSOCIATED COMPANIES		(1,551)	(2,652)
SHARE OF RESULTS OF JOINT VENTURE		65	(394)
PROFIT/(LOSS) BEFORE TAXATION		(30,358)	19,473
TAXATION	35	(5,504)	(10,603)
PROFIT/(LOSS) AFTER TAXATION		(35,862)	8,870
MINORITY INTERESTS		(317)	1,976
NET PROFIT/(LOSS) FOR THE YEAR		(36,179)	10,846
EARNINGS/(LOSS) PER SHARE	36	Sen	Sen
– basic		(11.50)	3.65

The annexed notes form an integral part of and should be read in conjunction with the above statement.

Consolidated Changes in Equity Statement for the year ended December 31, 2003

	Note	Non-distributable				Distributable	
		Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Exchange Reserve RM'000	Accumulated Profit RM'000	Total RM'000
BALANCE AT JANUARY 1, 2003							
– AS PREVIOUSLY REPORTED		310,721	244,829	30,396	(8)	54,538	640,476
– PRIOR YEAR ADJUSTMENTS	37	–	–	(5,428)	–	1,263	(4,165)
– AS RESTATED		310,721	244,829	24,968	(8)	55,801	636,311
TRANSFER TO ACCUMULATED PROFIT		–	–	(49)	–	49	–
NET LOSS FOR THE YEAR		–	–	–	–	(36,179)	(36,179)
DIVIDEND FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2002	38	–	–	–	–	(2,231)	(2,231)
PRIVATE PLACEMENTS OF 9,622,000 ORDINARY SHARES AT RM1.00 EACH		9,622	–	–	–	–	9,622
SHARE ISSUE EXPENSES		–	(37)	–	–	–	(37)
BALANCE AT DECEMBER 31, 2003		320,343	244,792	24,919	(8)	17,440	607,486
BALANCE AT JANUARY 1, 2002							
– AS PREVIOUSLY REPORTED		291,221	243,369	30,396	(9)	45,247	610,224
– PRIOR YEAR ADJUSTMENTS	37	–	–	(5,379)	–	1,754	(3,625)
– AS RESTATED		291,221	243,369	25,017	(9)	47,001	606,599
TRANSFER TO ACCUMULATED PROFIT		–	–	(49)	–	49	–
NET PROFIT FOR THE YEAR		–	–	–	–	10,846	10,846
DIVIDEND FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2001	38	–	–	–	–	(2,095)	(2,095)
PRIVATE PLACEMENTS OF 19,500,000 ORDINARY SHARES AT RM1.10 EACH		19,500	1,950	–	–	–	21,450
SHARE ISSUE EXPENSES		–	(490)	–	–	–	(490)
CURRENCY TRANSLATION DIFFERENCES	#	–	–	–	1	–	1
BALANCE AT DECEMBER 31, 2002 AS RESTATED		310,721	244,829	24,968	(8)	55,801	636,311

Net gains and losses not recognised in the income statement.

The annexed notes form an integral part of and should be read in conjunction with the above statement.

Consolidated Cash Flow Statement for the year ended December 31, 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(30,358)	19,473
Adjustments for:		
Amortisation of intangible asset	748	769
Amortisation of concept development	64	415
Amortisation of goodwill	–	42
Allowance for doubtful debts	801	1,225
Allowance for doubtful debts written back	(24)	(67)
Bad debts written off	59	1
Concept development written off	1,073	42
Depreciation	6,433	6,355
Dividend received from investments	(1,076)	(77)
Due from subsidiaries not consolidated written off	3,441	–
Exchange adjustment on consolidation	–	1
(Gain)/loss on disposal of investments	(7,324)	(344)
(Gain)/loss on disposal of property, plant and equipment	173	(2,511)
Goodwill written off	3,554	–
Interest expense	21,482	16,763
Interest income	(1,141)	(635)
Impairment losses on		
– associated company	–	4,800
– goodwill	33,147	–
– subsidiaries not consolidated	6	–
– property, plant and equipment	–	372
– short term investments	–	183
Property, plant and equipment written off	1,027	361
Reversal of Group gain on disposal arising from dilution of shareholding in subsidiary companies in prior years	–	1,402
Write back of impairment losses		
– other investments	(771)	(12,432)
– short term investments	–	(110)
Share of results of associated companies	1,551	2,652
Share of results of joint venture	(65)	394
Stocks written off	47	–
Write back of prior years' over-accruals/provision of expenses	(267)	(77)
Operating profit before working capital changes	32,580	38,997

Consolidated Cash Flow Statements for the year ended December 31, 2003

	2003 RM'000	2002 RM'000
(INCREASE)/DECREASE IN WORKING CAPITAL		
Development properties	814	(2,255)
Stocks	3,491	(1,934)
Amount due from customers on contract	2,337	(5,107)
Receivables	(14,488)	28,060
Payables	(1,270)	(35,220)
Cash generated from operations	23,464	22,541
Intangible assets	–	(1,307)
Interest expense	(21,482)	(16,763)
Interest income	1,141	635
Land held for development	4,148	2,362
Tax refunded	907	37
Taxation paid	(12,202)	(15,548)
Net cash used in operating activities	(4,024)	(8,043)
CASH FLOWS FROM INVESTING ACTIVITIES		
Buildings under construction	–	(364)
Contingent consideration paid	(15,019)	(9,258)
Dividend received from investments	1,076	77
Investment in associated companies	(20,256)	(918)
Net cash paid for acquisition of subsidiary companies (Note A)	–	(128,866)
Net proceeds from disposal of property, plant and equipment	855	9,729
Proceeds from disposal of investments	9,960	3,262
Purchase of property, plant and equipment	(1,206)	(2,237)
Purchase of investments	(2,720)	(24,512)
Shares repurchased	(295)	(18)
Net cash used in investing activities	(27,605)	(153,105)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,231)	(2,095)
Issue of shares	9,622	21,450
Loan raised	69,560	196,033
Payment of hire purchase and lease payables	(1,870)	(1,413)
Repayment of loans	(48,237)	(59,625)
Share issue expenses	(37)	(490)
Net cash generated from financing activities	26,807	153,860
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,822)	(7,288)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(3,739)	3,549
CASH AND CASH EQUIVALENTS AT END OF YEAR	(8,561)	(3,739)

Consolidated Cash Flow Statements for the year ended December 31, 2003

	2003 RM'000	2002 RM'000
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Deposits with financial institutions	5,043	19,063
Cash and bank balances	17,032	10,679
Bank overdrafts	(30,636)	(33,481)
	(8,561)	(3,739)

NOTES TO CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2003

(A) SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARY COMPANIES

	2003 RM'000	2002 RM'000
Property, plant and equipment	–	17,150
Intangible assets	–	8,447
Development expenditure	–	–
Amount due from customer on contracts	–	138
Debtors	–	43,570
Stocks	–	687
Deposit with licensed banks	–	2,215
Cash and bank balances	–	7,762
Creditors	–	(26,987)
Associated company	–	(7,013)
Related companies	–	(3)
Term loan	–	(4,519)
Taxation	–	(7,412)
Minority interests	–	(2,545)
Long term and deferred liabilities	–	(3,639)
Less: Amount accounted as associate	–	(2,488)
Group's share of net assets acquired	–	25,363
Group's gain on disposal when entities became associated companies in prior years	–	2,750
Goodwill on consolidation	–	254,773
Total purchase consideration	–	282,886
Less:		
Amount due from associated investor	–	(1,177)
Cash and cash equivalents acquired	–	(9,977)
Cost of investments previously held as associated company	–	(91,161)
Contingent consideration payable	–	(51,705)
Cash flow on acquisition, net of cash and cash equivalent acquired	–	128,866

The annexed notes form an integral part of should be read in conjunction with the above statement.

Balance Sheet as at December 31, 2003

	NOTE	2003 RM'000	2002 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	5	10,326	10,730
Subsidiary companies	6	307,598	306,598
Associated companies	7	6,045	6,045
Joint venture company	8	42,876	42,876
Other investments	9	69,522	69,522
Land held for development	13	41,492	41,381
CURRENT ASSETS			
Development properties	14	995	2,984
Stocks	16	8,491	9,078
Trade receivables	18	12,494	3,116
Other receivables	19	575,695	530,709
Tax recoverable		1,442	–
Deposits with financial institutions	20	951	10,451
Cash and bank balances	21	4,610	3,017
		604,678	559,355
Less:			
CURRENT LIABILITIES			
Trade payables		2,673	3,027
Other payables	22	63,995	84,780
Bank borrowings	23	162,502	145,875
Bank overdrafts	24	26,289	30,689
Taxation		–	197
		255,459	264,568
NET CURRENT ASSETS		349,219	294,787
		827,078	771,939
FINANCED BY:			
Share capital	25	320,343	310,721
Reserves		402,438	360,113
		722,781	670,834
Less: Treasury shares, at cost		(650)	(355)
SHAREHOLDERS' FUNDS		722,131	670,479
LONG TERM AND DEFERRED LIABILITIES			
Bank borrowings	23	104,000	100,625
Hire purchase and lease payables	26	605	471
Deferred taxation	27	342	364
		104,947	101,460
		827,078	771,939

The annexed notes form an integral part of and should be read in conjunction with the above balance sheet.

Income Statement

for the year ended December 31, 2003

	NOTE	2003 RM'000	2002 RM'000
REVENUE	28	72,159	7,236
OTHER OPERATING INCOME	29	16,332	14,925
DEVELOPMENT COST RECOGNISED AS EXPENSE		(5,800)	(3,633)
STAFF COST	30	(5,405)	(4,210)
DEPRECIATION AND AMORTISATION EXPENSES	31	(1,073)	(1,042)
OTHER OPERATING EXPENSES	32	(6,059)	(5,514)
PROFIT FROM OPERATIONS		70,154	7,762
OTHER INVESTING ACTIVITIES RESULTS	33	7,056	12,432
FINANCE COST	34	(17,956)	(16,365)
PROFIT BEFORE TAXATION		59,254	3,829
TAXATION	35	(14,661)	(443)
NET PROFIT FOR THE YEAR		44,593	3,386

The annexed notes form an integral part of and should be read in conjunction with the above statement.

Changes in Equity Statement for the year ended December 31, 2003

	Note	← Non-distributable →			Distributable	Total RM'000
		Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Accumulated Profit RM'000	
BALANCE AT JANUARY 1, 2003						
– AS PREVIOUSLY REPORTED		310,721	244,829	33,256	82,275	671,081
– PRIOR YEAR ADJUSTMENTS	37	–	–	(663)	416	(247)
– AS RESTATED		310,721	244,829	32,593	82,691	670,834
NET PROFIT FOR THE YEAR		–	–	–	44,593	44,593
TRANSFER TO ACCUMULATED PROFIT		–	–	(13)	13	–
DIVIDEND FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2002	38	–	–	–	(2,231)	(2,231)
PRIVATE PLACEMENTS OF 9,622,000 ORDINARY SHARES AT RM1.00 EACH		9,622	–	–	–	9,622
SHARE ISSUE EXPENSES		–	(37)	–	–	(37)
BALANCE AT DECEMBER 31, 2003		320,343	244,792	32,580	125,066	722,781
BALANCE AT JANUARY 1, 2002						
– AS PREVIOUSLY REPORTED		291,221	243,369	33,256	81,013	648,859
– PRIOR YEAR ADJUSTMENTS	37	–	–	(650)	374	(276)
– AS RESTATED		291,221	243,369	32,606	81,387	648,583
NET PROFIT FOR THE YEAR		–	–	–	3,386	3,386
TRANSFER TO ACCUMULATED PROFIT		–	–	(13)	13	–
DIVIDEND FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2001	38	–	–	–	(2,095)	(2,095)
PRIVATE PLACEMENTS OF 19,500,000 ORDINARY SHARES AT RM1.10 EACH		19,500	1,950	–	–	21,450
SHARE ISSUE EXPENSES		–	(490)	–	–	(490)
BALANCE AT DECEMBER 31, 2002						
AS RESTATED		310,721	244,829	32,593	82,691	670,834

The annexed notes form an integral part of and should be read in conjunction with the above statement.

Cash Flow Statement for the year ended December 31, 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	59,254	3,829
Adjustments for:		
Depreciation	1,073	1,042
Dividend income	(51,940)	–
Gain on disposal of property, plant and equipment	(85)	(77)
Gain on disposal of quoted investments	(7,056)	–
Impairment losses on other investments written back	–	(12,432)
Interest expense	18,221	12,692
Interest income	(16,144)	(14,899)
Operating profit/(loss) before working capital changes	3,323	(9,845)
(INCREASE)/DECREASE IN WORKING CAPITAL		
Development properties	1,989	2,473
Stocks	587	–
Receivables	(11,652)	8,337
Payables	(495)	1,738
Subsidiary companies	(63,129)	(87,111)
Associated companies	(302)	612
Cash used in operations	(69,679)	(83,796)
Land held for development	(111)	(41,381)
Interest income	16,144	14,899
Interest expense	(18,221)	(12,692)
Taxation paid	(16,322)	(1,006)
Net cash used in operating activities	(88,189)	(123,976)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income	51,940	–
Investment in subsidiary company	(1,000)	–
Proceeds from disposal of property, plant and equipment	91	89
Proceeds from disposal of quoted investments	7,056	–
Purchase of property, plant and equipment	(317)	(388)
Purchase of other investments	–	(22,145)
Shares repurchased	(295)	(18)
Net cash generated from/(used in) investing activities	57,475	(22,462)

Cash Flow Statement for the year ended December 31, 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,231)	(2,095)
Issue of shares	9,622	21,450
Loan raised	64,000	167,000
Repayment of loans	(43,998)	(57,500)
Share issue expenses	(37)	(490)
Payment of hire purchase and lease payables	(149)	(25)
Net cash generated from financing activities	27,207	128,340
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,507)	(18,098)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(17,221)	877
CASH AND CASH EQUIVALENTS AT END OF YEAR	(20,728)	(17,221)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Deposits with financial institutions	951	10,451
Cash and bank balances	4,610	3,017
Bank overdrafts	(26,289)	(30,689)
	(20,728)	(17,221)

The annexed notes form an integral part of and should be read in conjunction with the above statement.

Notes to the Financial Statements December 31, 2003

1. Principal Activities

The principal activities of the Company consist of property development, rental of property, investment holding and money lending.

The principal activities of the subsidiary companies and associated companies are described in Note 6 and 7 to the financial statements.

2. Basis of Preparation

The financial statements were authorised for issue by the Board of Directors on April 16, 2004.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable accounting standards issued or approved by the Malaysian Accounting Standards Board ("MASB").

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

MASB 25	Income Taxes
MASB 27	Borrowing Costs
MASB 29	Employee Benefits

With the exception of MASB 25, there are no changes in accounting policy that effect the net profit or shareholders' equity.

The effects of the changes in accounting policies are disclosed in Note 37 to the financial statements.

3. Significant Group Accounting Policies

3.1 Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention (as modified for the revaluation of land and buildings), unless otherwise indicated.

3.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the same reporting date, which have been prepared in accordance with the Group's accounting policies. Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of their acquisition/incorporation or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries net assets are determined and these values are reflected in the Group financial statements. All significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are also eliminated unless cost cannot be recovered.

Goodwill or reserve on consolidation represents the difference between the consideration paid for shares in subsidiaries and the fair value of attributable net assets acquired at date of acquisition. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

Notes to the Financial Statements December 31, 2003

3. Significant Group Accounting Policies (Cont'd)**3.3 Associated Companies**

The Group treats as associated companies those companies in which it has a beneficial interest of 20% or more of the investee company or in which it exercises significant influence over the financial and operating policies.

Investment in an associated company is accounted for in the consolidated financial statements by the equity method of accounting based on the latest available audited financial statements or management financial statements of the associated company. Under the equity method of accounting, the Group's share of profits less losses of the associated company during the year is included in the consolidated income statement. The Group's interest in an associated company is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition results and other reserves.

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

Premium or discount 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 company at the date of acquisition.

3.4 Joint Venture Company

A company in which the Group has joint control over its financial and operating policy decisions and not being a subsidiary or an associated company is treated as a joint venture company.

The Group's share of results of the joint venture is included in the Group financial statements from the date of formation of the joint venture up to the date of completion of the projects.

In the consolidated financial statements, the results of joint venture company is accounted for under the equity method based on the latest audited or management financial statements of the company concerned.

3.5 Investments

- (a) Investments in subsidiaries, associated companies, joint venture company and other investments comprising both quoted and unquoted investments are stated at cost and at directors' valuation less accumulated impairment losses. Impairment loss on investments is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.
- (b) Short term investments in quoted securities are stated at the lower of cost and market value determined on an aggregate portfolio basis. Cost is derived at the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Changes in the carrying amount of quoted securities are taken to the income statement.

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

Notes to the Financial Statements December 31, 2003

3. Significant Group Accounting Policies (Cont'd)**3.6 Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Depreciation is not provided on freehold land. Long leasehold land is amortised over the remaining period of the lease. On other assets, depreciation is provided on a straight line basis calculated to write off the cost or valuation of the assets over their estimated useful lives at the following annual rates:

Long leasehold land	78 years
Buildings	2% - 10%
Buildings improvements	10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Plant, machinery and equipment	10% - 20%
Computer and peripherals	20%
Renovation	10% - 16 ² / ₃ %
Crockeries, glassware and linen	20%
Restaurant equipment	10%
Small wares and materials	#

No depreciation is provided for small wares. The cost of replacing these assets is charged against revenue as and when incurred.

Depreciation on buildings under construction will commence when the asset is ready for its intended use.

Hotel property comprise land, the hotel building thereon. It is the Group's practice to maintain its hotel property to a high standard and condition in order to maintain residual value at least equal to its book value such that depreciation would be insignificant. Accordingly, no depreciation is provided on freehold hotel property. The related maintenance expenditure is dealt with in the income statement.

It is the Group's policy to appraise the hotel property at least once in every five years. Revaluation surpluses, if considered by the Directors to be permanent in nature, are incorporated in the financial statements through the Asset Revaluation Reserve after approval has been obtained from the relevant authorities. Any reduction in the value of hotel property below their respective original costs is dealt with in the changes in equity statement.

Certain long term leasehold land, freehold land and buildings of the Group have not been revalued since previous revaluations. The Directors have not adopted a policy of regular revaluations of such asset. As permitted under the transitional provisions of International Accounting Standards No.16 (Revised): Property, Plant and Equipment adopted by the MASB, these assets are stated at their previous revaluations less accumulated depreciation.

3.7 Borrowing Costs

Interest incurred on borrowing related to property, plant and equipment and development properties are capitalised until the asset is ready for its intended use.

Notes to the Financial Statements December 31, 2003

3. Significant Group Accounting Policies (Cont'd)**3.8 Concept Development**

Concept development is stated at cost less accumulated amortisation and impairment losses and is amortised on a straight-line basis over a period of twenty years from the date of completion of development. Concept development is written off when their probable future economic benefits are uncertain.

3.9 Intangible Assets**(a) Franchise Fee**

Franchise fee, which is stated at cost less accumulated amortisation and impairment losses, represents an amount paid to a company connected with a director for exclusive rights granted to the subsidiary to market and distribute Silverlake Integrated Banking System products in Malaysia. This is amortised on the straight-line basis over a period of ten years.

(b) Development Expenditure

Development expenditure represents costs incurred in developing system to be marketed. The cost will be amortised once it is available for commercial use.

3.10 Land Held for Development

Land held for development is stated at cost. Cost includes land cost, incidental costs of acquisition, capitalised interest cost and development expenditure.

Land held for development comprises land banks which are being prepared for development and will be transferred to development properties at carrying value when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

3.11 Development Properties

Development properties is stated at cost and include profits accrued to date less progress billings and provision for anticipated losses. Cost comprises cost of land, materials, labour and attributable overheads including interest charges directly related to the financing of development.

3.12 Software Implementation Projects

Where the outcome of a software implementation project can be estimated reliably, revenue and costs associates with the project are recognised in the income statement by reference to the stage of technical completion of project.

When costs incurred in the project plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

3.13 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowances for obsolete and slow-moving items. Cost is determined on first-in first-out or average cost basis whichever is appropriate. The cost of finished goods comprises expenditure that has been incurred in the normal course of business in bringing the inventories to their present location and condition.

Stocks of completed properties includes the relevant cost of land, development expenditure and capitalised interest cost.

Notes to the Financial Statements December 31, 2003

3. Significant Group Accounting Policies (Cont'd)

3.14 Trade and Other Receivables

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

3.15 Shares Repurchased

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are reclassified as treasury shares and presented as a deduction from total equity.

3.16 Leased Assets

A lease is recognised as a hire purchase or finance lease if it transfer substantially to the Group all the risks and rewards incident to ownership.

Assets acquired under finance lease and hire purchase agreements are capitalised and depreciated according to the basis set out in Note 3.6.

Outstanding obligations due under the lease and hire purchase agreements after deducting finance expenses are included as liabilities in the financial statements. Finance charges are allocated to the income statement over the period of the respective agreements using "sum of digits" method.

3.17 Revenue Recognition

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

(a) Development and Completed Properties

Revenue from sale of development properties is recognised on a percentage of completion method on the proportion of development cost incurred to date against total estimated cost where the outcome of the projects can be reliably estimated. Provision is made for all foreseeable losses, if any.

Sale of completed properties is recognised when a deposit is received and the relevant sale and purchase agreement executed.

(b) Information Technology

Project revenue is recognised on the percentage of completion method. Revenue from project maintenance is recognised over the term of the contract.

Revenue from project implementation and system integration is recognised based on milestone billings measured by reference to the stage of technical completion of the projects.

Sale of hardware and license fee represent the outright sale of hardware and software in respect of project implementation and are recognised upon transfer of risks and rewards.

(c) Rental Income

Rental income is recognised on the accrual basis except where rent due remains outstanding for more than six months and are therefore doubtful in recovery, in which case rental income is recognised on the receipt basis.

Notes to the Financial Statements December 31, 2003

3. Significant Group Accounting Policies (Cont'd)**3.17 Revenue Recognition (Cont'd)****(d) Hotel Operations**

Revenue from services rendered in respect of sale of hotel rooms, food and beverages and other ancillary services is recognised net of discounts in the income statement as and when services are rendered.

(e) Dividend Income

Dividends from subsidiary companies, associated companies and other investments are recognised when the right to receive has been established.

(f) Interest Income

Interest income is recognised on accrual basis unless collectibility is in doubt in which case the recognition of such income is on the receipt basis.

(g) Property Management Fees

Property management fees are recognised on the accruals basis whereas revenue from project management services is recognised as and when the services are performed.

(h) Franchise Fee

Franchise fee is non-refundable. Franchise fee income is recognised upon the opening of the franchised restaurant. Franchised royalties are recognised when earned.

3.18 Currency Conversion and Translation

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

Assets, liabilities and profit and loss items of foreign subsidiary company are translated into Ringgit Malaysia at the year end exchange rates. The translation differences arising therefrom are taken to reserves.

The principal closing rate used in translation of foreign currency amounts is as follows:-

	2003	2002
	RM'000	RM'000
Foreign currency		
1 USD	3.8	3.8

3.19 Provisions for Liabilities

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

Notes to the Financial Statements December 31, 2003

3. Significant Group Accounting Policies (Cont'd)

3.20 Income Tax

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

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

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

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

Prior to the adoption of MASB 25 Income Taxes, deferred tax was provided for using the liability method in respect of significant timing differences 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 37.

3.21 Cash and Cash Equivalents

Cash equivalents are short term, highly liquid investments and are readily convertible to cash with insignificant risk of changes in value.

3.22 Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of accumulated profit in the period in which they are declared.

3.23 Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exist, 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. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the assets is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statements.

Notes to the Financial Statements December 31, 2003

3. Significant Group Accounting Policies (Cont'd)**3.24 Financial Instruments**

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivable, payable and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, 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 Company 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.

3.25 Segmental Information

Segment result is segment revenue less segment expense and is determined before any adjustments for minority interest. Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Segments assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances, accumulated depreciation, accumulated impairment losses and amortisation. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment liabilities include all operating liabilities and consist principally of payables, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred income taxes and borrowings.

3.26 Intersegment Transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length transactions. These transfers are eliminated on consolidation.

4. Financial Risk Management 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 risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

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

Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, both external and intra-Group where the currency denomination differs from the local currency, Ringgit Malaysia (RM).

The main foreign currency exposure to the Group is US Dollar which is pegged at exchange rate approximately RM3.80 per US Dollar. There are no other foreign currencies exposure to any effects of foreign currency exchange rate fluctuations.

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

Notes to the Financial Statements December 31, 2003

3. Significant Group Accounting Policies (Cont'd)

Interest rate risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The Group's exposure to market risk for changes in the interest rate environment principally relates to its debt obligations. The debt obligation pertaining to bank overdraft, term loans and revolving credits, hire purchase and lease obligations are disclosed in Notes 23, 24 and 26. The Group does not hedge interest rate risk but ensures that it had obtained borrowings at competitive interest rates under the most favourable terms and conditions.

Credit risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. This is done through reference to published credit ratings by prime financial institutions. In the absence of published ratings, an internal credit review is conducted if the credit risk is material.

It is the Group's policy to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. The trade and other receivables represent the Group's maximum exposure to credit risk in the event the counter parties fail to perform their obligations.

Market risk

The Group's principal exposure to market risk arises mainly from the changes in equity prices. Equity investments classified as current assets are available for sale and the Group manages disposal of its investments to optimise returns on realisation.

Liquidity and cash flow risk

The Group seeks to achieve a balance between certainty of funding even in difficult times for the markets or the Group and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

Fair values

The carrying amounts of trade and other receivables, cash and bank balances and trade and other payables approximate their fair values due to their short term maturity. The fair value of the term loans are not materially different from the carrying values as at December 31, 2003.

Notes to the Financial Statements December 31, 2003

5. Property, Plant and Equipment

	Balance at 1-1-2003 RM'000	Addition RM'000	Impairment Losses RM'000	Written off/ Disposal RM'000	Balance at 31-12-2003 RM'000
GROUP					
Cost/Valuation:					
At 1983 valuation –					
Freehold land	33,900	–	–	–	33,900
Buildings	28,511	–	–	–	28,511
At cost –					
Freehold land	21,107	–	–	–	21,107
Freehold hotel property	26,535	–	–	–	26,535
Long leasehold land	2,111	–	–	–	2,111
Buildings and improvements	55,641	7	–	2,308	53,340
Furniture, fittings and equipment	11,012	625	–	593	11,044
Motor vehicles	11,024	941	–	962	11,003
Plant, machinery and equipment	18,110	34	–	102	18,042
Renovation	6,449	64	–	–	6,513
Buildings under construction	452	20	–	–	472
Crockeries, glassware and linen	303	22	–	–	325
Restaurant equipment and utensils	5,544	94	–	2,315	3,323
Small wares and materials	362	–	–	170	192
	221,061	1,807	–	6,450	216,418
Accumulated Depreciation:					
Cost/Valuation:					
At 1983 valuation –					
Freehold land	–	–	–	–	–
Buildings	3,843	192	–	–	4,035
At cost –					
Freehold land	–	–	–	–	–
Freehold hotel property	–	–	–	–	–
Long leasehold land	324	27	–	–	351
Buildings and improvements	4,044	871	–	1,303	3,612
Furniture, fittings and equipment	6,163	1,243	–	223	7,183
Motor vehicles	6,462	1,446	–	790	7,118
Plant, machinery and equipment	11,884	1,370	–	92	13,162
Renovation	3,325	686	–	–	4,011
Buildings under construction	–	–	–	–	–
Crockeries, glassware and linen	93	64	–	–	157
Restaurant equipment and utensils	3,172	516	–	1,851	1,837
Small wares and materials	269	18	–	136	151
	39,579	6,433	–	4,395	41,617
Net Book Value	181,482				174,801

Notes to the Financial Statements December 31, 2003

5. Property, Plant and Equipment (Cont'd)

	Balance at 1-1-2003 RM'000	Addition RM'000	Disposal RM'000	Balance at 31-12-2003 RM'000
COMPANY				
Cost/Valuation:				
At 1983 valuation –				
Freehold land	3,900	–	–	3,900
Buildings	3,309	–	–	3,309
At cost –				
Freehold land	–	–	–	–
Long leasehold land	2,111	–	–	2,111
Buildings	1,280	–	–	1,280
Furniture, fittings and equipment	3,476	106	3	3,579
Motor vehicles	5,366	569	215	5,720
Plant, machinery and equipment	994	–	–	994
Renovation	49	–	–	49
	20,485	675	218	20,942
Accumulated Depreciation:				
Cost/Valuation:				
At 1983 valuation –				
Freehold land	–	–	–	–
Buildings	1,323	66	–	1,389
At cost –				
Freehold land	–	–	–	–
Long leasehold land	324	27	–	351
Buildings	310	26	–	336
Furniture, fittings and equipment	2,898	261	–	3,159
Motor vehicles	3,924	667	212	4,379
Plant, machinery and equipment	927	26	–	953
Renovation	49	–	–	49
	9,755	1,073	212	10,616
Net Book Value	10,730			10,326

Notes to the Financial Statements December 31, 2003

5. Property, Plant and Equipment (Cont'd)

	Group RM'000	Company RM'000
Depreciation charge for the year ended December 31, 2002:		
At 1983 valuation –		
Freehold land	–	–
Buildings	192	66
At cost –		
Freehold land	–	–
Freehold hotel property	–	–
Long leasehold land	27	27
Buildings and improvements	709	26
Furniture, fittings and equipment	1,255	291
Motor vehicles	1,410	604
Plant, machinery and equipment	1,463	28
Renovation	679	–
Buildings under construction	–	–
Crockeries, glassware and linen	61	–
Restaurant equipment and utensils	509	–
Small wares and materials	50	–
	6,355	1,042

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Net book value of revalued buildings, had these assets been carried at cost less accumulated depreciation:				
– buildings	15,085	15,212	1,387	1,437
Net book value of assets pledged as security for bank borrowings facilities:				
– freehold land	54,305	54,305	3,900	3,900
– freehold hotel property	26,535	26,535	–	–
– long leasehold land	1,759	1,786	1,759	1,786
– buildings and improvements	27,969	25,748	2,864	2,956
– buildings under construction	–	2,440	–	–
	110,568	110,814	8,523	8,642
Property, plant and equipment held under hire-purchase and lease arrangements				
– addition during the year	601	870	358	600
– net book value at year end	4,747	5,527	846	681

Certain freehold land and buildings were revalued by directors in 1983 based on value expressed by firms of independent professional valuers using the 'fair market value' basis.

Notes to the Financial Statements December 31, 2003

6. Subsidiary Companies

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
(a) Investment in subsidiary companies:				
Unquoted shares:				
Ordinary shares, at cost	6	6	254,904	253,904
Ordinary shares, at directors' valuation	—	—	52,694	52,694
	6	6	307,598	306,598
Less:				
Accumulated impairment losses	(6)	—	—	—
	—	6	307,598	306,598

The shares held in a subsidiary company has been revalued to reflect the revaluation of its land and building in order to incorporate the revaluation in the financial statements. The surplus of RM33,874,178 arising thereon has been credited to capital reserve.

(b) Details of the subsidiary companies are as follows:-

Incorporated in Malaysia	Paid-up capital RM	Group's effective interest		Principal activities
		2003 %	2002 %	
Bcom Holdings Sdn. Bhd.	3,061,000	51	51	Property development
Beribu Nikmat Sdn. Bhd.	2	100	100	Property investment
Beribu Sukma Sdn. Bhd.	2	100	100	Project management services
Beribu Tekad Sdn. Bhd.	2	100	100	Investment holding
Bolton LYL Sdn. Bhd.	4,000,002	100	100	Property development
Bolton Management Services Sdn. Bhd.	2	100	100	Dormant
Cahadinar Sdn. Bhd.	50,004	100	100	Investment holding
Crest Trend Sdn. Bhd.	100	100	100	Exhibition business and related activities including rental of exhibition booths
Goldenprop Management Sdn. Bhd.	2	100	100	Property management
Hungryagain Sdn. Bhd.	2	100	100	Investment holding
Ikram Indera Sdn. Bhd.	100	100	100	Investment holding

Notes to the Financial Statements December 31, 2003

6. Subsidiary Companies (Cont'd)

Incorporated in Malaysia	Paid-up capital RM	Group's effective interest		Principal activities
		2003 %	2002 %	
Keat Ann Realty Sdn. Bhd.	1,150,108	100	100	Property development
Ketapang Realty Sdn. Bhd.	423,658	100	100	Property development
Khazamesra Sdn. Bhd.	2	100	100	Investment holding
Knoxfield Sdn. Bhd.	2	100	100	Investment holding
Langkawi Fair Sdn. Bhd.	500,000	100	100	Property management
Lim Thiam Leong Realty Sdn. Bhd.	17,102,883	100	100	Rental of property
Majestic Focus Sdn. Bhd.	2	100	100	Investment holding
Midah Istimewa Sdn. Bhd.	100,000	100	100	Project management services
Midah Jaya Realty Sdn. Bhd.	65,029	100	100	Property investment
Midah Management Sdn. Bhd.	2	100	100	Property management
Midahmas Realty Sdn. Bhd.	2	100	100	Property investment
Noble Accord Sdn. Bhd.	2,500,000	100	100	Hotel operation
Noble Midah Sdn. Bhd.	2	100	100	Investment holding
Noble Senawang Sdn. Bhd.	2	100	100	Investment holding
Parkrose Holdings Sdn. Bhd.	1,600,002	100	100	Property investment and property development
Prestige Capital Sdn. Bhd.	2	100	100	Property investment
Prima Istimewa Sdn. Bhd.	2	100	100	Investment holding
Prima Kenny Sdn. Bhd.	2	100	100	Dormant
Prima Panorama (M) Sdn. Bhd.	2	100	100	Property investment
Primtrax Sdn. Bhd.	2	100	100	Investment holding
Senawang Mewah Sdn. Bhd.	1,250,000	100	100	Property development
Unison Chemical Industries Sdn. Bhd.	2	100	100	Dormant
Vibrant Glory Sdn. Bhd.	1,000	89	89	Investment holding

Notes to the Financial Statements December 31, 2003

6. Subsidiary Companies (Cont'd)

Incorporated in Malaysia	Paid-up capital RM	Group's effective interest		Principal activities
		2003 %	2002 %	
Vista Wirama Sdn. Bhd.	2	—	100	Dormant
Winmin Builders Sdn. Bhd.	1,700,000	100	100	Property development, property management and property marketing consultancy
Subsidiaries of Bcom Holdings Sdn. Bhd.:				
Bcom Marine Culture Sdn. Bhd.	2	51	51	Dormant
Bcom Development Sdn. Bhd.	2	51	51	Dormant
Subsidiary of Lim Thiam Leong Realty Sdn. Bhd.:				
Campbell Shopping Complex Sdn. Bhd.	300,000	100	100	Investment holding
Subsidiary of Langkawi Fair Sdn. Bhd.				
Vista Wirama Sdn. Bhd.	2	100	—	Dormant
Subsidiary of Majestic Focus Sdn. Bhd.:				
Prima Nova Harta Development Sdn. Bhd.	1,000,001	50%+ 1 share	50%+ 1 share	Property development
Subsidiary of Noble Midah Sdn. Bhd.:				
* Global Innovative Management Partners-Act Sdn. Bhd. ("Global Impact")	1,000,000	100	100	**
Subsidiaries of Global Impact:				
* Peringkat Alam Sdn. Bhd.	100,000	60	60	Letting of office space
* Tactical IMP-ACT Software Sdn. Bhd.	100,000	100	100	Marketing of computer equipment and software and providing systems development and maintenance services

Notes to the Financial Statements December 31, 2003

6. Subsidiary Companies (Cont'd)

Incorporated in Malaysia	Paid-up capital RM	Group's effective interest		Principal activities
		2003 %	2002 %	
Subsidiaries of Global Impact: (Cont'd)				
Silver IMP-ACT Berhad	2	100	100	Investment holding
* G.I Solutions Gateway Sdn. Bhd.	100,000	100	100	Develop, sell and install computer software
* SN Solutions Sdn. Bhd.	510,000	51	51	Trading of telecommunication equipment
Subsidiaries of Prima Istimewa Sdn. Bhd.:				
Salient Alliance Sdn. Bhd.	2	100	100	Food and beverage business
* Skyline Concepts Sdn. Bhd.	10,000,000	80	80	Restaurant concept development and franchising restaurants
Subsidiaries of Skyline Concepts Sdn. Bhd.:				
* BakerBrosCorp Sdn. Bhd.	100,000	80	80	Deli-baking product operator
* CapacCorp Sdn. Bhd.	50,000	80	80	Ceased operation
* Multivenue Sdn. Bhd.	100	64	64	International investment holding
* RanchCorp Sdn. Bhd.	100,000	80	80	Ceased operation
* Skyline Concepts Restaurants Sdn. Bhd. ("SCR")	2,307,812	80	80	Food franchise developer and restaurant operator
Subsidiary of SCR:				
* Slimscorp Sdn. Bhd.	50,000	80	80	Ceased operation
Subsidiary of Multivenue Sdn. Bhd.:				
Incorporated in United States of America				
* BB Franchising Inc.	USD2,305,000	38.40	38.40	Deli-baking product operator and franchise business to develop gourmet deli and bakery

Notes to the Financial Statements December 31, 2003

6. Subsidiary Companies (Cont'd)

			Group's effective interest		
Incorporated in Malaysia		Paid-up capital RM	2003 %	2002 %	Principal activities
Subsidiaries of Primtrax Sdn. Bhd.:					
Incorporated in Myanmar					
# *	Pele Development Limited	Ks152,000	100	100	Property development
# *	Pele Investment Holdings Limited	Ks251,000	100	100	Investment holdings

Notes:

Ks: Kyat the official currency of Myanmar

* *Subsidiary companies not audited by Yoong Siew Wah & Company.*

** *Marketing of computer equipment and providing information technology and infrastructure services, system and networking services, system integration services and application know-how.*

Subsidiary companies not consolidated. The financial statements are not consolidated with the financial statements of the Company as the Directors are of the opinion that it is impracticable, and of no real value to the members of the Company, in view of the insignificant amounts involved. The investments in these subsidiary companies have been fully written down during the year under review.

Unquoted shares in an indirect subsidiary with cost of RM223,738,105 (2002: RM281,709,543) have been pledged as security for credit facilities of the Company. The unquoted shares have been fully discharged subsequent to the financial year.

Notes to the Financial Statements December 31, 2003

7. Associated Companies

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
At cost:				
Shares quoted in Malaysia	222,816	202,560	—	—
Less:				
Pre-acquisition dividend received	(3,976)	(3,976)	—	—
Accumulated impairment losses	(66,080)	(66,080)	—	—
	152,760	132,504	—	—
Unquoted shares	22,502	22,502	6,045	6,045
	175,262	155,006	6,045	6,045
Share of post-acquisition profits less losses	(9,410)	(7,890)	—	—
	165,852	147,116	6,045	6,045
At market value:				
Shares and warrants quoted in Malaysia	53,678	26,670	—	—

The analysis of associated companies are as follows:

	Group	
	2003	2002
	RM'000	RM'000
Share of intangible assets	6	6
Share of net tangible assets	105,913	107,433
Premium on acquisition	59,933	39,677
	165,852	147,116

Certain quoted shares in an associated company with carrying value of RM100,693,579 (2002: RM131,483,354) have been pledged as security for credit facilities of the Company.

Notes to the Financial Statements December 31, 2003

7. Associated Companies (Cont'd)

Details of the associated companies of the Group are as follows:-

Incorporated in Malaysia	Paid-up capital RM	Group's effective interest		Principal activities
		2003 %	2002 %	
Cochrane Indah Sdn. Bhd.	1,020,002	40	40	Property investment
Dinar Kirana Sdn. Bhd.	10,000	26.88	26.88	Dormant
Innovative Pavement Technology Sdn. Bhd.	500,000	26.88	26.88	Supply of densiphalt products
Kejora Harta Bhd.	316,500,000	32	32	Property development, including dealing in land and investment holding
Kejora Harta Development Sdn. Bhd.	2	32	32	Dormant
Kejora Harta Properties Sdn. Bhd.	2	32	32	Dormant
Kejora Harta Realty Sdn. Bhd.	2	32	32	Dormant
Rampai-Niaga Sdn. Bhd.	250,000	32	—	Engaged in distributing and selling of products under The Franchise of "The Body Shop"
Kenneison Brothers Sdn. Bhd.	10,000,000	26.88	26.88	Investment holding, trading in cement and transportation
Kenneison Properties Sdn. Bhd.	2	26.88	26.88	Dormant
Kenneison Quarries Sdn. Bhd.	5,000,000	26.88	26.88	Quarry operation and hire of machinery
Kenneison Construction Materials Sdn. Bhd.	2,000,000	26.88	26.88	Supply of construction materials
Kenneison RI Sdn. Bhd.	100,000	26.88	26.88	Dormant
Kenneison Northern Quarries Sdn. Bhd.	1,000	26.88	26.88	Dormant
Kenneison Brothers Construction Sdn. Bhd.	4,010,000	22.85	22.85	Civil engineering and construction works

Notes to the Financial Statements December 31, 2003

7. Associated Companies (Cont'd)

Incorporated in Malaysia	Paid-up capital RM	Group's effective interest		Principal activities
		2003 %	2002 %	
Kenneison Engineering	1,000,001	11.42	22.85	Construction works
Kenneison Water Sdn. Bhd.	2	22.85	—	Infrastructure related construction services to the water treatment industry
LPG System Sdn. Bhd.	100,000	26.40	26.40	Subletting of landed properties
Menara Ampang Sdn. Bhd.	6,822,372	49	49	Investment holding
Marak Unggul Sdn. Bhd.	10,000	20	20	Investment holding
Power Gas Systems Sdn. Bhd.	140,000	26.40	26.40	Investment holding
Progresif Setia Sdn. Bhd.	1,270,002	40	40	Property development
Pro-Formula Sdn. Bhd.	599,975	23.65	23.65	Restaurant operator
* Stolthaven (Westport) Sdn. Bhd.	27,430,000	60	60	Storage and distribution of liquid bulk
# Vista-Prisma Sdn. Bhd.	7,690,000	52.76	52.76	Property development

* *Stolthaven (Westport) Sdn. Bhd. ("SWSB") is a subsidiary under the Companies Act, 1965 but the Group's interest in SWSB is in the nature of a joint-venture. Accordingly, to reflect a true and fair view of the Group's effective interest, the investment in SWSB has been accounted for as an associated company.*

Vista-Prisma Sdn. Bhd. ("VPSB") is a 59.9% owned subsidiary of Kejora Harta Bhd., an associated company. As such, VPSB is being accounted for as an associated company even though the Group's effective interest is 52.76%.

8. Joint Venture Company

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unquoted shares, at cost	42,876	42,876	42,876	42,876
Share of post-acquisition profits	2,195	2,089	—	—
	45,071	44,965	42,876	42,876

Notes to the Financial Statements December 31, 2003

8. Joint Venture Company (Cont'd)

Details of the joint venture company incorporated in Malaysia are as follows:-

Name of company	Group's effective interest		Principal activities
	2003 %	2002 %	
Continental Estate Sdn. Bhd.	15.81	15.81	Property development

9. Other Investments

	Group and Company	
	2003 RM'000	2002 RM'000
At cost:		
Shares and Warrants quoted in Malaysia	81,987	81,987
Less:		
Accumulated impairment losses	(16,465)	(16,465)
	65,522	65,522
Subordinated Bonds	4,000	4,000
	69,522	69,522
At market value:		
Shares and Warrants quoted in Malaysia	73,586	48,386

Certain quoted shares with carrying value of RM44,455,836 (2002: RMnil) have been pledged as security for credit facilities of the Company.

10. Goodwill on Consolidation

	Group	
	2003 RM'000	2002 RM'000
At January 1	319,244	64,429
Goodwill arising from acquisition of subsidiaries	–	254,815
	319,244	319,244
Less:		
Reversal upon shortfall in warranted profit before taxation (Note 44(a))	57,971	–
Accumulated amortisation	42	42
Impairment loss on goodwill	33,147	–
Goodwill written off	3,554	–
	(94,714)	(42)
	224,530	319,202

Notes to the Financial Statements December 31, 2003

11. Concept Development

	Group	
	2003 RM'000	2002 RM'000
At cost:		
At January 1	1,787	1,969
Written off	(1,192)	(182)
At December 31	595	1,787
Accumulated Amortisation:		
At January 1	275	–
Amortisation	64	415
Written off	(119)	(140)
At December 31	220	275
Net Book Value	375	1,512

12. Intangible Assets

Group	Franchise fee RM'000	Development expenditure RM'000	Total RM'000
At cost:			
At January 1	7,224	3,412	10,636
Transfer	–	(3,412)	(3,412)
At December 31	7,224	–	7,224
Accumulated Amortisation:			
At January 1	1,576	–	1,576
Amortisation	748	–	748
At December 31	2,324	–	2,324
Net Book Value at December 31, 2003	4,900	–	4,900
Net Book Value at December 31, 2002	5,648	3,412	9,060

Franchise fee with the cost of RM7,000,000 (2002: RM7,000,000) represents an amount paid to Silverlake System Sdn. Bhd., a company connected to Mr. Goh Peng Ooi, a former director of the Company for exclusive rights granted to a subsidiary company to market and distribute Silverlake Integrated Banking System products in Malaysia. This amount is amortised on the straight-line basis over a period of ten years.

Development expenditure represent costs incurred in developing system to be marketed. The cost was to be amortised once available for commercial use. The entire book value is subsequently transferred to work-in-progress as disclosed in Note 16 to the financial statements.

Notes to the Financial Statements December 31, 2003

13. Land Held for Development

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Freehold/long leasehold land, at cost	49,326	51,992	40,333	40,333
Development expenditure	1,196	2,678	1,159	1,048
	50,522	54,670	41,492	41,381

Land held for development of the Group and the Company amounting to RM50,522,298 (2002: RM50,746,282) and RM41,491,542 (2002: RM41,381,326) respectively have been charged to secure credit facilities of the Company.

14. Development Properties

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Freehold/long leasehold land, at cost	67,272	67,672	27	27
Development expenditure	115,093	71,384	9,295	6,071
	182,365	139,056	9,322	6,098
Attributable profits	20,706	9,101	5,992	3,154
	203,071	148,157	15,314	9,252
Progress billings	(97,593)	(41,865)	(14,319)	(6,268)
	105,478	106,292	995	2,984

The cost of land of the Group amounting to RM41,740,030 (2002: RM33,309,134) have been charged to secure credit facilities of the Company.

Cost of development properties of the Group and of the Company recognised as an expense during the year amounted to RM62,997,026 (2002: RM35,914,902) and RM5,799,986 (2002: RM3,632,543) respectively.

15. Short Term Investments

	Group	
	2003 RM'000	2002 RM'000
Quoted in Malaysia, at cost		
– Shares	3,238	3,346
– Warrants	240	40
	3,478	3,386
Less:		
Accumulated impairment losses	(32)	(802)
	3,446	2,584
Unquoted shares in Malaysia, at cost	–	8
	3,446	2,592

Notes to the Financial Statements December 31, 2003

15. Short Term Investments (Cont'd)

	Group	
	2003	2002
	RM'000	RM'000
At market value:		
– Shares	3,221	2,475
– Warrants	225	109
	3,446	2,584

Certain quoted shares with carrying value of RM1,869,420 (2002: RM1,233,360) have been pledged to a bank for credit facilities of the Company.

16. Stocks

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
At cost:				
Completed properties	17,972	18,819	8,491	9,078
Trading computer equipment	911	3,607	–	–
Work-in-progress	3,412	–	–	–
Food, beverages and tobacco	126	117	–	–
Spares and consumables	45	48	–	–
Raw materials	72	72	–	–
	22,538	22,663	8,491	9,078

Completed properties of the Group and the Company amounting to RM14,394,904 (2002: RM14,982,115) and RM8,490,804 (2002: RM9,078,015) respectively have been charged to secure credit facilities of the Company.

Work-in-progress of the Group represents software development expenditure carried in prior year as development expenditure, where during the year, a subsidiary had negotiated and agreed to carry out this software project implementation specifically for a customer.

17. Amount Due From Customers on Contracts

	Group	
	2003	2002
	RM'000	RM'000
Aggregate cost incurred to date	29,908	17,149
Attributable profits	7,746	6,729
	37,654	23,878
Progress billings	(34,746)	(18,633)
	2,908	5,245

Notes to the Financial Statements December 31, 2003

18. Trade Receivables

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Trade receivables	47,682	35,882	12,494	3,116
Less:				
Allowance for doubtful debts	(786)	(717)	—	—
	46,896	35,165	12,494	3,116

Included in trade receivables are the contracted but unbilled software license services provided to certain customers of the Group amounting to RM1,500,000 (2002: RM2,132,500).

The Group's normal trade credit term ranges from 14 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

19. Other Receivables

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Due from subsidiary companies	—	3,366	534,841	492,431
Due from associated companies	10,290	9,987	9,121	8,819
Sundry receivables	32,512	35,874	26,203	25,421
Deposits	6,586	6,609	3,057	3,091
Prepayments	8,841	6,798	1,649	123
Corporate club memberships	824	824	824	824
	59,053	63,458	575,695	530,709
Less:				
Allowance for doubtful debts	(2,339)	(1,631)	—	—
	56,714	61,827	575,695	530,709

Included in the above are the following:

- Deposits paid for the proposed acquisition of certain companies/businesses of the Group and the Company of RM4,500,000 (2002: RM4,500,000) and RM2,500,000 (2002: RM2,500,000) respectively.
- Amount due from companies connected to Directors of the Group amounting to RM1,859,607 (2002: RM1,735,490).
- Balance outstanding from the sales of certain landed properties and investments for the Group and the Company are RM3,599,352 (2002: RM8,564,688) and RM3,599,352 (2002: RM3,599,352) respectively.
- The amount due from/(to) subsidiary companies are unsecured and not subject to any fixed terms of repayment but bear interest at rates ranging from 0% to 6% (2002: 0% to 7%) per annum.
- The amount due from associated companies are unsecured, interest free and have no fixed terms of repayment.

Notes to the Financial Statements December 31, 2003

20. Deposits with Financial Institutions

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Deposits with:				
Licensed banks	5,017	19,038	951	10,451
Licensed finance company	26	25	—	—
	5,043	19,063	951	10,451

Included in deposits with licensed banks are the following:

- (a) Deposits of the Group amounting to RM725,824 (2002: RM709,209) pledged to banks for credit facilities granted to certain subsidiaries.
- (b) An amount of RM950,625 (2002: RM950,625) of the Group and the Company maintained under Debt Service Reserve Account ("DSRA") with financial institution in respect of Syndicated Islamic Term Financing of the Company. The DSRA is an Islamic account maintained with the lead financier to service up to three months profit margin of the outstanding principal amount and will remain until the full settlement of the facility.

21. Cash and Bank Balances

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Housing Development Accounts	9,597	4,853	4,477	2,911
Cash and bank balances	7,435	5,826	133	106
	17,032	10,679	4,610	3,017

The Housing Development Accounts represent monies maintained in accordance with the provision of the Housing Developers (Housing Development Accounts) Regulations 1991.

22. Other Payables

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Deferred consideration payable	3,215	15,019	—	—
Due to associated company	575	600	—	—
Due to subsidiary companies	—	—	61,322	82,041
Sundry payables and accrued charges	15,329	15,112	2,494	2,635
Hire purchase and lease payables (Note 26)	1,437	1,699	179	104
	20,556	32,430	63,995	84,780

Deferred consideration payable represents the warranted profit before taxation achieved by Global Innovative Management Partners-Act Sdn. Bhd. for the relevant financial year.

Notes to the Financial Statements December 31, 2003

22. Other Payables (Cont'd)

Included in sundry payables and accrued charges of the Group are:

- (a) A loan from minority shareholder of a subsidiary company amounting to RM2,332,680 (2002: RM2,332,680) which is unsecured bear interest at 8% (2002: 8%) per annum and has no fixed terms of repayment.

The minority shareholders' share of loss in a subsidiary company is limited to their share of the paid up capital of the subsidiary company. The balance of the loss will be borne by the Group until such time that the subsidiary company is able to generate profits. The minority share of the loss for the financial year which is borne by the Group is RM1,168,385 (2002: RM1,040,282).

- (b) Amount due to companies connected to Directors of the Group of RM738,000 (2002: RM3,653,443) which are in respect of business transactions and have normal credit terms ranging from 30 to 60 days.

23. Bank Borrowings

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Secured:				
Term loans (Note a)	55,648	33,927	25,000	2,500
Revolving credits (Note a)	87,000	68,000	87,000	68,000
Syndicated Islamic term financing (Note b)	60,000	60,000	60,000	60,000
Trust receipt	450	—	—	—
	203,098	161,927	172,000	130,500
Unsecured:				
Revolving credits	54,502	76,000	54,502	76,000
Fixed rate term loan (Note c)	40,000	40,000	40,000	40,000
Fixed loan	2,100	—	—	—
	96,602	116,000	94,502	116,000
	299,700	277,927	266,502	246,500

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Repayable as follows:				
Repayable within one year	164,672	146,494	162,502	145,875
Payable between two to five years	134,831	131,018	104,000	100,625
Payable after five years	197	415	—	—
	299,700	277,927	266,502	246,500

The portion repayable within one year is shown under current liabilities.

The fair value of the long term borrowings closely approximate its book value.

Notes to the Financial Statements December 31, 2003

23. Bank Borrowings (Cont'd)

- (a) The term loans and revolving credits bear interest at rates ranging from 4.65% to 8.15% (2002: 4.6% to 8.15%) per annum and are secured by charges on certain assets of the Group and the Company as follows:-
- (i) freehold land and building, hotel property
 - (ii) land held for development
 - (iii) development and completed properties
 - (iv) present and future assets of certain subsidiary companies
 - (v) security sharing agreement and trust deed and
 - (vi) certain quoted investments and shares in an associated company

The repayment terms vary from a single repayment in full, monthly instalments to quarterly instalments over a period of eight years or by redemption of titles of certain residential development of a subsidiary company.

- (b) This is RM60 million five years Syndicated Islamic Term Financing provided by a syndication of banks ("Financiers") and is secured by:
- (i) land held for development of the Company
 - (ii) all the unquoted shares in a subsidiary company and
 - (iii) an assignment over the Debt Service Reserve Account

The principal is repayable by four equal payments of RM3,750,000 million each commencing four months prior to the maturity date of respective tranches in August 2004, August 2005, August 2006 and August 2007. On February 27, 2004, a prepayment of RM34,500,000 has been made by the Company and the balance is rescheduled to be repayable by four equal payments of RM3,750,000 each from May to August 2004 and RM2,625,000 each from May to August 2005.

The profit rate for the facility is at 1.75% per annum above the average Islamic Banking Cost of Funds quoted by each financier.

- (c) The 5 years unsecured fixed rate term loan originated by a bank pursuant to the primary collateralised loan obligations transaction in the capital markets. In this connection, the Company had subscribed for a pro-rata share of 5 years Subordinated Bonds amounting to RM4,000,000 issued by Aegis One Berhad, a special purpose vehicle.

The Subordinated Bonds is shown under other investments as disclosed in Note 9 to the financial statements.

The loan is payable in one lump sum in November, 2007.

24. Bank Overdrafts

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Secured	8,799	1,605	7,587	1,115
Unsecured	21,837	31,876	18,702	29,574
	30,636	33,481	26,289	30,689

The secured bank overdrafts are secured by charges over certain landed properties of the Group, all present and future assets of certain subsidiary companies and certain quoted shares in an associated company. The overdrafts bear interest at rates ranging from 7.75% to 8.4% (2002: 7.40% to 8.40%) per annum.

Notes to the Financial Statements December 31, 2003

25. Share Capital

	Group and Company	
	2003	2002
	RM'000	RM'000
Ordinary shares of RM1 each		
Authorised	500,000	500,000
Issued and fully paid:		
As at January 1	310,721	291,221
Private placements of 9,622,000 (2002: 19,500,000)		
ordinary shares at RM1.00 (2002: RM1.10) each (Note 44(d))	9,622	19,500
As at December 31	320,343	310,721

The number of ordinary shares held by associated companies at the end of the financial year are 808,200 (2002: 808,200).

During the financial year, the Company repurchased 530,000 of its issued shares of RM1 each from the open market at an average price of RM0.56 each. The repurchase transactions were financed by internally generated funds. The shares repurchased were retained as treasury shares.

WARRANTS 1996/2001 (UP TO 2006, IF EXTENDED YEARLY)

During the financial year ended December 31, 1996, the Company issued 46,663,083 detachable warrants together with the Bonds 1996/2001. The warrants were constituted by a Deed Poll dated December 12, 1996, a Supplemental Deed Poll dated June 3, 1997 and a second Supplemental Deed Poll dated January 26, 2000. Each warrant gives the registered holder the right at any time during the exercise period to subscribe for one fully paid ordinary share of RM1.00 each at an exercise price of RM4.25 per new share.

At an Extraordinary General Meeting and Adjourned Warranholders' Meeting held on June 25, 1999 and July 12, 1999 respectively, the shareholders and warranholders of the Company had approved the extension of the subscription period of its outstanding warrants for a maximum further period of 5 years 3 months from the existing expiry date of September 15, 2001 to December 15, 2006, subject to the condition that the warrants are deemed to be "out-of-money" for a period of 3 months prior to the period nearing each date not later than three (3) calendar months prior to September 15, 2001 and a date on every anniversary of September 15, 2001.

On June 6, 2003 the exercise period of the warrants was extended for a further period of one year, to expire on September 15, 2004 as it was "out of money".

The balance of number of unexercised warrants since the end of the last financial year is 45,495,958 and there has been no warrant exercised during the financial year under review.

Notes to the Financial Statements December 31, 2003

26. Hire Purchase and Lease Payables

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments payable				
– not later than one year	1,697	2,040	228	143
– later than one year and not later than five years	1,911	3,164	668	538
– later than five years	–	20	–	–
	3,608	5,224	896	681
Finance charges allocated to future periods	(512)	(859)	(112)	(106)
	3,096	4,365	784	575
Repayable as follows:				
– not later than one year	1,437	1,699	179	104
– later than one year and not later than five years	1,659	2,650	605	471
– later than five years	–	16	–	–
	3,096	4,365	784	575

The portion repayable not later than one year is shown under current liabilities.

27. Deferred Taxation

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Balance at January 1				
As reported	318	(789)	117	117
Prior year adjustments	4,165	3,625	247	276
As restated	4,483	2,836	364	393
Acquisition of subsidiary	–	265	–	–
Recognised in the income statement (Note 35)	(316)	1,382	(22)	(29)
Balance at December 31	4,167	4,483	342	364
Presented after appropriate offsetting as follows:				
Deferred tax assets	(4,021)	(3,490)	–	–
Deferred tax liabilities				
– subject to income tax	6,824	6,609	178	200
– subject to Real Property Gains Tax	1,364	1,364	164	164
	4,167	4,483	342	364

Notes to the Financial Statements December 31, 2003

27. Deferred Taxation (Cont'd)

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

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Deferred Tax Liabilities				
Balance at January 1				
As reported	1,891	347	117	117
Prior year adjustments	6,082	5,739	247	276
As restated	7,973	6,086	364	393
Acquisition of subsidiary	–	844	–	–
Recognised in the income statement (Note 35):				
Temporary differences arising from accelerated capital allowances	182	683	(17)	(21)
Temporary differences on recognition of project profits	52	13	–	(3)
Revaluation of buildings	(19)	(19)	(5)	(5)
Temporary differences on development expenditure	–	366	–	–
	215	1,043	(22)	(29)
	8,188	7,973	342	364

The balance comprises tax effects on:

Subject to income tax

Temporary differences arising from accelerated capital allowances	3,224	3,042	36	53
Temporary differences on recognition of projects profit	62	10	–	–
Temporary differences on development expenditure	955	955	–	–
Revaluation of buildings	2,583	2,602	142	147
	6,824	6,609	178	200

Subject to capital gains tax

Revaluation of freehold land	1,364	1,364	164	164
	8,188	7,973	342	364

Notes to the Financial Statements December 31, 2003

27. Deferred Taxation (Cont'd)

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
Balance at January 1				
As reported	(1,573)	(1,136)	—	—
Prior year adjustments	(1,917)	(2,114)	—	—
As restated	(3,490)	(3,250)	—	—
Acquisition of subsidiary	—	(579)	—	—
Recognised in the income statement (Note 35):				
Arising from unabsorbed tax losses	(573)	381	—	—
Arising from unutilised capital allowances	(172)	(197)	—	—
Temporary differences on hire purchase and lease payables	185	175	—	—
Temporary differences on other payables	25	(33)	—	—
Temporary differences on allowance for doubtful debts	4	13	—	—
	(531)	339	—	—
	(4,021)	(3,490)	—	—
The balance comprises tax effects on:				
Unabsorbed tax losses	(1,709)	(1,136)	—	—
Unutilised capital allowances	(1,852)	(1,680)	—	—
Hire purchase and lease payables	(115)	(300)	—	—
Other payables	(112)	(137)	—	—
Allowance for doubtful debts	(233)	(237)	—	—
	(4,021)	(3,490)	—	—

The tax effects of deferred tax assets not recognised in the financial statements are as follows:-

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	2,797	3,830	285	1,297
Unutilised capital allowances	728	955	—	313
	3,525	4,785	285	1,610

The unabsorbed tax losses and unutilised 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.

Notes to the Financial Statements December 31, 2003

28. Revenue

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Sales of properties	83,230	55,829	9,196	5,255
Information technology*	47,227	52,858	—	—
Rental income and service charges	14,011	15,114	2,026	1,799
Dividend income	1,076	77	51,940	—
Rooms revenue, food and beverages revenue	20,376	19,855	—	—
Interest income	142	198	125	182
Project management and marketing consultancy fees	8,872	5,113	8,872	—
Property management fees	284	263	—	—
Franchise and royalties income	76	57	—	—
	175,294	149,364	72,159	7,236

* Revenue of the Group from information technology consists of project implementation and system integration, project maintenance, sales of hardware and license fee.

29. Other Operating Income

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other operating income include:				
Allowance for doubtful debts written back	24	67	—	—
Gain on disposal of property, plant and equipment*	200	2,511	85	77
Interest income				
— subsidiary companies	—	—	15,863	14,696
— others	999	437	155	21
Rental income	78	79	—	—
Write back of prior years' over-accruals/provision of expenses	267	77	—	—

* Stated net of Real Property Gains Tax of RMnil (2002: RM128,724).

Notes to the Financial Statements December 31, 2003

30. Staff Cost

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Staff cost include:				
Directors' remuneration:				
Directors of the Company				
Executive				
– salary	1,391	1,266	816	816
– others	257	87	84	84
Independent				
– salary	90	90	90	90
Other directors of subsidiary companies				
– salary	1,760	1,318	–	–
– others	547	1,049	–	–
Number of employees at the end of the year	363	348	66	62

31. Depreciation and Amortisation Expenses

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Amortisation of goodwill	–	42	–	–
Amortisation of concept development	64	415	–	–
Amortisation of intangible asset	748	769	–	–
Depreciation of property, plant and equipment	6,433	6,355	1,073	1,042
	7,245	7,581	1,073	1,042

Notes to the Financial Statements December 31, 2003

32. Other Operating Expenses

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Other operating expenses include:				
Allowance for doubtful debts	801	1,225	—	—
Auditors' remuneration:				
Audit fees				
— current year	263	256	28	28
— prior year	(11)	(1)	—	—
Non audit fees	11	3	6	—
Bad debts written off	59	1	—	—
Closure cost of restaurant business	101	118	—	—
Director's gratuity	1,000	1,000	1,000	1,000
Loss on disposal of property, plant and equipment	373	—	—	—
Property, plant and equipment written off	1,027	361	—	—
Professional fees paid to companies in which certain directors have interest	12	12	—	—
Realised foreign exchange loss	1	—	—	—
Rental of equipment	98	174	—	—
Rental of land and buildings	2,382	1,987	576	451
Stocks written off	47	—	—	—

33. Other Investing Activities Results

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Concept development written off	(1,073)	(42)	—	—
Due from subsidiaries not consolidated written off	(3,441)	—	—	—
Gain on disposal of quoted investments	7,324	344	7,056	—
Goodwill written off	(3,554)	—	—	—
Impairment losses on				
— goodwill	(33,147)	—	—	—
— associated company	—	(4,800)	—	—
— property, plant and equipment	—	(372)	—	—
— short term investments	—	(183)	—	—
— subsidiaries not consolidated	(6)	—	—	—
Reversal of Group gain on disposal arising from dilution of shareholding in subsidiary companies in prior years	—	(1,402)	—	—
Write back of impairment losses				
— other investments	—	12,432	—	12,432
— short term investments	771	110	—	—
	(33,126)	6,087	7,056	12,432

Notes to the Financial Statements December 31, 2003

34. Finance Cost

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Interest on bank overdrafts	2,374	2,603	2,154	2,371
Interest on revolving credit	8,878	8,460	8,878	8,460
Interest on loans	9,698	3,601	7,109	1,850
Other interest expense	532	2,099	80	11
Loan related expenses	(237)	3,694	(265)	3,673
	21,245	20,457	17,956	16,365

35. Taxation

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
– current year	(5,158)	(7,095)	(13,948)	–
– prior year	(734)	(321)	(735)	(472)
	(5,892)	(7,416)	(14,683)	(472)
Deferred taxation (Note 27)				
– relating to origination and reversal of temporary differences	(429)	(1,198)	22	29
– arising from unabsorbed tax losses	573	(381)	–	–
– arising from unutilised capital allowances	172	197	–	–
	316	(1,382)	22	29
Share of taxation of:				
– associated companies	31	(1,827)	–	–
– joint venture company	41	22	–	–
	72	(1,805)	–	–
	(5,504)	(10,603)	(14,661)	(443)

Notes to the Financial Statements December 31, 2003

35. Taxation (Cont'd)

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

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation	(30,358)	19,473	59,254	3,829
Taxation at Malaysian Statutory tax rate of 28% (2002: 28%)	(8,500)	5,452	16,591	1,072
Tax effects in respect of:				
Income not subject to tax	(2,288)	(4,660)	(2,000)	(3,503)
Expenses not deductible for tax purposes	16,962	6,354	660	2,233
Utilisation of previously unrecognised tax losses and capital allowances	(1,875)	(131)	(1,325)	—
Deferred tax assets not recognised during the year	615	1,517	—	169
Revenue expenses capitalised	(6)	(55)	—	—
Effect of different tax rate at 8% (2002: N/A) on first RM100,000 for qualified small and medium enterprise	(66)	—	—	—
Underprovision in prior years	734	321	735	472
Share of taxation of associated and joint venture companies	(72)	1,805	—	—
	5,504	10,603	14,661	443

The amount of tax saving arising from the utilisation of unabsorbed tax losses and capital allowances brought forward of the Group and the Company amounted to RM1,875,000 (2002: RM131,000) and RM1,325,000 (2002: RMnil) respectively.

Subject to the agreement of the tax authorities, the approximate unabsorbed tax losses and unabsorbed tax losses and unabsorbed capital allowances available for utilisation against future taxable profits are as follows:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	16,116	17,737	1,017	4,632
Unabsorbed capital allowances	9,214	9,408	—	1,119

As at December 31, 2003, the Company has tax exempt account available to frank tax exempt dividends amounting to approximately RM13,514,000.

Subject to the agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends amounting to approximately RM53,753,000 out of its accumulated profit as at December 31, 2003. The extent of the accumulated profit not covered as at that date amounted to RM57,799,000.

Notes to the Financial Statements December 31, 2003

36. Earnings/(Loss) Per Share

The basic earnings/(loss) per share is calculated based on the net loss for the year of RM36,179,000 (2002: net profit of RM10,846,000) and on the weighted average number of shares in issue during the year of 314,730,627 (2002: 296,908,960).

The comparative earnings per share has been restated to take into account the effect of change in accounting policy (Note 37) on net profit for the year.

No diluted earnings per share is disclosed due to the anti-dilutive effect of the conversion of warrants.

37. Change in Accounting Policy and Prior Year Adjustments

During the financial year, the Group changed its accounting policy in respect of the provision of deferred taxation in compliance with the new MASB 25, Income Taxes. In previous year, deferred tax was provided for on partial provision basis for timing differences except when there was reasonable evidence that such timing differences would not reverse in the foreseeable future. The tax effect of timing differences that resulted in a debit balance or a debit to the deferred tax balance was not carried forward unless there was a reasonable expectation of its realisation.

Where there was intention to dispose of revalued assets, the deferred tax relating to such assets was re recognised through a transfer from the related revaluation surplus. No provision for disclosure was made of this tax effect where the Group intended to hold such assets for the foreseeable future.

The Group has now changed its accounting policy to recognise deferred tax on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying values in financial statements. Deferred tax assets are recognised to the extent that is probable that taxable profit will be available against which deductible temporary differences or unused tax losses can be utilised.

The change in accounting policy has been accounted for retrospectively and comparatives have been restated. The effects of the change on the Group's and Company's financial statements are as follows:

	As previously reported RM'000	Effects of change in policy RM'000	As restated RM'000
Group			
At January 1, 2002			
Capital reserve	30,396	(5,379)	25,017
Accumulated profit	45,247	1,754	47,001
Year ended December 31, 2002			
Taxation	(10,063)	(540)	(10,603)
At December 31, 2002			
Capital reserve	30,396	(5,428)	24,968
Accumulated profit	54,538	1,263	55,801
Deferred taxation	318	4,165	4,483

Notes to the Financial Statements December 31, 2003

37. Change in Accounting Policy and Prior Year Adjustments (Cont'd)

	As previously reported RM'000	Effects of change in policy RM'000	As restated RM'000
Company			
At January 1, 2002			
Capital reserve	33,256	(650)	32,606
Accumulated profit	81,013	374	81,387
Year ended December 31, 2002			
Taxation	(472)	29	(443)
At December 31, 2002			
Capital reserve	33,256	(663)	32,593
Accumulated profit	82,275	416	82,691
Deferred taxation	117	247	364

38. Dividends

	Group and Company	
	2003	2002
	RM'000	RM'000
First and final dividend paid:		
1% less 28% income tax for financial year ended December 31, 2001	–	(2,095)
1% less 28% income tax for financial year ended December 31, 2002	(2,231)	–

Dividends declared or proposed in respect of the financial year ended December 31, 2003 are as follows:

	Group and Company	
	2003	2002
	RM'000	RM'000
Proposed first and final dividend of 1% less 28% income tax	2,301	2,235

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended December 31, 2003 of 1% per share will be proposed for shareholders' approval. These financial statements do not reflect this first and final dividend which will be accounted for in shareholders' equity as an appropriation of accumulated profit in the financial year ending December 31, 2004 when approved by shareholders.

Notes to the Financial Statements December 31, 2003

39. Group Segment Information

The financial statements presents an analysis of the results based on the following business segments:

Property development and investment

Incorporating property development and investment, property management and maintenance, property marketing consultancy and project management services.

Information technology

Providing information technology infrastructure services, system and networking services, system integration services, marketing of computer equipment and trading of telecommunication equipment.

Food franchising

Incorporating restaurant concept development, franchising restaurants, deli-baking product and fast food outlet operator.

Hotel operation

Incorporating operation of hotel, room services, food and beverages.

Liquid bulking

Consists of the storing and distribution of bulk liquid.

Other operations of the Group include other investments and investment holdings, none of which constitutes a separately reportable segment.

Information on the Group's operations by geographical segments has not been provided as the Group operated principally in Malaysia.

The following schedules analyse the net profit for the year, total assets and total liabilities by business segment.

Notes to the Financial Statements December 31, 2003

39. Group Segment Information (Cont'd)

Primary reporting – Business segments

	Properties RM'000	Information Technology RM'000	Food Franchising RM'000	Hotel Operations RM'000	Liquid Bulking RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2003								
REVENUE								
External revenue	107,100	47,227	16,126	4,755	–	86	–	
Inter-segment revenue	1,073	–	–	–	–	–	(1,073)	
	108,173	47,227	16,126	4,755	–	86	(1,073)	175,294
RESULT								
Segment result	33,487	3,797	(2,801)	621	–	13	–	35,117
Unallocated corporate expenses	–	–	–	–	–	–	–	(10,760)
Profit before interest								24,357
Interest income	–	–	–	–	–	–	–	1,142
Finance cost	–	–	–	–	–	–	–	(21,245)
Other investing activities results	–	–	(4,627)	–	–	(28,499)	–	(33,126)
Share of results of								
– Associated companies	(2,269)	–	–	–	718	–	–	(1,551)
– Joint venture	–	–	–	–	–	–	–	65
Loss before taxation								(30,358)
Taxation	–	–	–	–	–	–	–	(5,504)
Loss after taxation								(35,862)
Minority interests	–	–	–	–	–	–	–	(317)
Net loss for the year								(36,179)

Notes to the Financial Statements December 31, 2003

39. Group Segment Information (Cont'd)

Primary reporting – Business segments (Cont'd)

	Properties	Information Technology	Food Franchising	Hotel Operations	Liquid Bulking	Other Operations	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2003								
OTHER INFORMATION								
Segment assets	417,560	216,551	5,289	28,267	5,618	115,107	–	788,392
Investment in equity method associates	153,114	–	–	–	12,738	–	–	165,852
Investment in joint venture company	45,071	–	–	–	–	–	–	45,071
Unallocated corporate assets	–	–	–	–	–	–	–	2,354
Consolidated total assets								1,001,669
Segment liabilities	41,764	11,865	(694)	683	–	3,616	–	57,234
Deferred tax liabilities/(assets)	4,071	1,232	(1,136)	–	–	–	–	4,167
Other liabilities	–	–	–	–	–	–	–	333,432
Consolidated total liabilities								394,833
Capital expenditure – property, plant and equipment	463	621	103	29	–	591	–	1,807
Depreciation	2,467	1,682	1,034	231	–	1,019	–	6,433
Amortisation	–	700	112	–	–	–	–	812
Non-cash (income)/ expense other than depreciation, amortisation and impairment losses	(165)	778	1,179	24	–	–	–	1,816

Notes to the Financial Statements December 31, 2003

39. Group Segment Information (Cont'd)

Primary reporting – Business segments (Cont'd)

	Properties RM'000	Information Technology RM'000	Food Franchising RM'000	Hotel Operations RM'000	Liquid Bulking RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2002								
REVENUE								
External revenue	76,081	52,858	16,144	4,188	–	93	–	
Inter-segment revenue	175	–	–	–	–	10,000	(10,175)	
	76,256	52,858	16,144	4,188	–	10,093	(10,175)	149,364
RESULT								
Segment result	33,120	15,182	(2,904)	102	–	10,027	(10,438)	45,089
Unallocated corporate expenses	–	–	–	–	–	–	–	(8,835)
Profit before interest								36,254
Interest income	–	–	–	–	–	–	–	635
Finance cost	–	–	–	–	–	–	–	(20,457)
Other investing activities results	–	–	(1,816)	–	–	7,903	–	6,087
Share of results of								
– Associated companies	(1,936)	176	(2,284)	–	1,392	–	–	(2,652)
– Joint venture	(394)	–	–	–	–	–	–	(394)
Profit before taxation								19,473
Taxation	–	–	–	–	–	–	–	(10,603)
Profit after taxation								8,870
Minority interests	–	–	–	–	–	–	–	1,976
Net profit for the year								10,846

Notes to the Financial Statements December 31, 2003

39. Group Segment Information (Cont'd)

Primary reporting – Business segments (Cont'd)

	Properties RM'000	Information Technology RM'000	Food Franchising RM'000	Hotel Operations RM'000	Liquid Bulking RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
2002								
OTHER INFORMATION								
Segment assets	413,514	320,830	13,313	27,945	2,622	119,332	–	897,556
Investment in equity method associates	135,096	–	–	–	12,020	–	–	147,116
Investment in joint venture company	44,965	–	–	–	–	–	–	44,965
Unallocated corporate assets	–	–	–	–	–	–	–	1,424
Consolidated total assets								1,091,061
Segment liabilities	39,105	17,549	1,294	634	–	76,267	–	134,849
Deferred tax liabilities /(assets)	4,520	1,099	(1,136)	–	–	–	–	4,483
Other liabilities	–	–	–	–	–	–	–	315,773
Consolidated total liabilities								455,105
Capital expenditure								
– property, plant and equipment	1,115	924	271	271	–	890	–	3,471
– intangible asset	–	1,307	–	–	–	–	–	1,307
Depreciation	2,887	1,642	986	242	–	598	–	6,355
Amortisation	–	742	484	–	–	–	–	1,226
Non-cash (income)/ expense	(2,466)	1,119	219	60	–	–	–	(1,068)

Notes to the Financial Statements December 31, 2003

40. Significant Related Party Transactions and Balances

Note	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(a) Transactions with related companies:				
Dividend income	—	—	50,932	—
Interest expenses	—	—	23	—
Interest income	—	—	15,863	14,696
Purchase of motor vehicle	—	—	—	22
Rental and service charges payable	—	—	484	496
Rental income	—	—	6	108
Rescission on land sold in previous year	—	—	—	41,171
Secretarial fees receivable	—	—	11	7
(b) Transactions with associated companies:				
Kejora Harta Bhd and its subsidiaries:-				
Construction contracts awarded	15,036	16,349	—	—
Construction progress billings	13,507	12,801	4,294	2,411
Professional fees	22	20	22	20
Rental income	172	165	172	165
Secretarial fees receivable	72	63	72	63
Skyline Concepts Restaurants Sdn. Bhd. and its subsidiaries:-				
Advances to	—	555	—	—
Stolthaven (Westport) Sdn. Bhd.				
Advances to	2,988	—	2,988	—
Secretarial fees receivable	7	7	7	7
Menara Ampang Sdn. Bhd.				
Rental payable	—	300	—	—

Notes to the Financial Statements December 31, 2003

40. Significant Related Party Transactions and Balances (Cont'd)

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(c) Transactions with companies connected to Directors					
Alliance Finance Bhd.	(i)				
Rental income		439	639	—	—
Axis Systems Sdn. Bhd.	(ii)				
Project expenses		1,335	852	—	—
Sales of goods		—	707	—	—
Software license		8	—	—	—
LLT Consultancy	(iii)				
Professional fees paid		12	12	—	—
Malaysian Plantations Berhad	(iv)				
Dividend income		1,008	—	1,008	—
SGI-Edu-Centre Sdn. Bhd.	(v)				
Rental income of office premises		45	45	—	—
Silverlake System Sdn. Bhd.	(ii)				
Project expenses payable		5,361	4,914	—	—
Project services receivable		234	3,326	—	—
License fee payable		1,828	4,243	—	—
License fee receivable		—	3,200	—	—
Rental and office maintenance		660	924	—	—
Purchase of goods		4,382	98	—	—
Project expenses receivable		2,089	—	—	—
(d) Other related parties:					
		Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Interest payable to CHSB					
Capital Sdn. Bhd., a minority shareholder of a subsidiary company		—	179	—	—

Notes to the Financial Statements December 31, 2003

40. Significant Related Party Transactions and Balances (Cont'd)

		Group		Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(e) Related party balances					
Amount due from companies connected to Directors:					
Alliance Finance Bhd	(i)	—	42	—	—
PT Silverlake	(ii)	344	344	—	—
Silverlake Sistem (Brunei) Sdn. Bhd.	(ii)	192	192	—	—
Silverlake System Inc(PHI)	(ii)	765	765	—	—
Silverlake Quacstor Sdn. Bhd.	(ii)	—	3	—	—
Silverlake Sistem Pte Ltd	(ii)	536	2	—	—
SGL-Edu-Centre Sdn. Bhd.	(v)	23	299	—	—
Visionex Management Sdn. Bhd.	(ii)	—	88	—	—
		1,860	1,735	—	—
Amount due to companies connected to Directors:					
Axis Systems Sdn. Bhd.	(ii)	738	1,495	—	—
Silverlake System Sdn. Bhd	(ii)	—	2,155	—	—
Silverlake System Marketing Sdn. Bhd.	(v)	—	3	—	—
		738	3,653	—	—

Notes:

- (i) Subsidiary company of Malaysian Plantations Berhad ("MPB"), a company in which Tan Sri Dato' Lim Yan Hai is a director and the Chairman. Abdul Sani Bin Busu is also a director of MPB.
- (ii) Companies connected with Mr. Goh Peng Ooi, a director of a subsidiary company.
- (iii) The company in which Tan Sri Dato' Lee Lam Thye, a director of a subsidiary company has substantial interest.
- (iv) The company in which Tan Sri Dato' Lim Yan Hai is a director and the Chairman. Abdul Sani Bin Busu is also a director.
- (v) Companies connected with Mr. Chin Jit Pyng, (the Directors of the Company) and Mr. Ang Poo Lin, Mr. Tay Hock Seng (the Directors of a subsidiary company).

The above transactions have been entered into in the normal course of business and established under terms that are no less favourable than those arranged with independent third parties.

Notes to the Financial Statements December 31, 2003

41. Contingent Liabilities – Unsecured

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Indemnities given to third parties in respect of bank guarantees	3,769	2,463	204	695
Guarantees given to financial institutions for facilities granted to				
– subsidiary companies	–	–	6,000	6,000
– associated company	–	54,461	–	54,461
	3,769	56,924	6,204	61,156

42. Operating Lease Commitments

The future minimum lease payments under non-cancellable operating lease agreements are as follows:-

	Group	
	2003 RM'000	2002 RM'000
Maturity of lease commitments:		
– within 1 year	1,625	741
– more than 1 year and less than 2 years	962	185
– more than 2 years and less than 5 years	2,295	–
– 5 years or more	633	–
	5,515	926

43. Purchase by the Company of Its Own Shares

At the Annual General Meeting (AGM) of the Company held on June 25, 2003, mandate was given to the Company to purchase its own shares of not exceeding 29,122,146 ordinary shares of RM1.00 each until the conclusion of the next AGM, unless earlier revoked or varied by an ordinary resolution of shareholders of the Company in general meeting.

Notes to the Financial Statements December 31, 2003

44. Significant Events

(a) Acquisition of Global Innovative Management Partners-Act Sdn. Bhd. ("GI")

The Company acquired GI for a total consideration of RM280 million, out of which there is a deferred payment of RM105 million to be made on an annual basis, starting from the financial year ended December 31, 2001, based on the audited consolidated profit before taxation (Warranted PBT) achieved by GI.

Deferred payments paid and payable is tabulated as follows:-

Deferred payment payable by the Company	105,000
Deferred payments made to date based on the Warranted PBT achieved by GI for the financial year ended 2001 and 2002	(43,814)
Deferred payment payable based on the Warranted PBT of GI for the financial year ended 2003	(3,215)
Shortfall in Warranted PBT	57,971

The shortfall in Warranted PBT of RM57,971,000 has been adjusted against the total cost of investment in GI and goodwill on consolidation accordingly.

During the year, the Company sold its entire shareholdings in GI to Symphony House Berhad, the salients terms and conditions of the sale are disclosed in Note 44(b) to the financial statements.

(b) Disposal of GI and Proposed Distribution

On August 12, 2003, the Company, Noble Midah Sdn. Bhd. ("NMSB"), a wholly-owned subsidiary company of the Company entered into a conditional share sale agreement with Symphony House Bhd ("SHB") to dispose the entire equity interest in GI comprising 1,000,000 GI Shares to SHB for a total sale consideration of RM200 million. The total sale consideration of RM200 million will be satisfied via cash of RM35 million and the issuance of 120 million new SHB Shares at an issue price of RM1.375 per SHB Share. ("Proposed Disposal")

The Company, as the guarantor, will provide a guarantee that the aggregate profit after tax ("PAT") of GI for the three (3) financial years ending December 31, 2004 to 2006 shall not be less than RM75 million. If the aggregate PAT of GI for the three (3) financial years ending December 31, 2004 to 2006 is less than RM75 million, the Company shall make payment to SHB of the amount equivalent to the shortfall.

The Proposed Disposal was completed on February 27, 2004 and on April 14, 2004 the Company distributed approximately 32 million SHB Shares to the existing shareholders of the Company on the basis of one (1) ordinary 'A' share in SHB for every seven (7) ordinary shares held in the Company on April 2, 2004 ("Proposed Distribution"). The Company retains approximately 88 million SHB Shares after the Proposed Distribution, representing approximately 20% equity interest in SHB. Thus, SHB remains as an associated company of the Company.

Notes to the Financial Statements December 31, 2003

44. Significant Events (Cont'd)**(c) Acquisition of KTMB (Bukit Tunku) Sdn. Bhd. ("BTSB")**

On November 3, 2003, the Company entered into a considential Shares Sale and Purchase Agreement with Keretapi Tanah Melayu Berhad ("KTMB") to acquire the entire equity interest in BTSB for a cash consideration of RM2 million. ("Proposed BTSB Acquisition")

On the same date the Company, Prima Kenny Sdn. Bhd. ("PKSB"), a wholly-owned subsidiary company of the Company, KTMB and BTSB have also entered into a conditional agreement for the transfer of three (3) parcels of Railway Lands measuring approximately 42.5 acres in favour of BTSB for a cash consideration of RM75.2 million. ("Railway Lands Agreement")

The completion of the Proposed BTSB Acquisition is subject to the following taking place:-

- (i) The Company's shareholders' approval; and
- (ii) The issuance of documents of titles to the Railway Lands and the Memorandum of Transfer for registration of the Railway Lands in favour of BTSB is duly stamped and as a result being ready for presentation at the relevant land office.

Upon completion of the Proposed BTSB Acquisition and Railway Lands Agreement, the Development Agreement entered into previously between the Company, PKSB, KTMB and BTSB shall be deemed to have mutually terminated by the parties. Thus, BTSB will become a wholly-owned subsidiary company of the Company.

The Proposed BTSB Acquisition has been approved by the Company's shareholders at an Extraordinary General Meeting held on February 17, 2004.

(d) Private Placement of 29,122,000 new ordinary shares of RM1.00 each in the Company.

On April 30, 2002, the Company received the approval of the Securities Commission for the following:

- (i) Private Placement of 29,122,000 new ordinary shares of RM1.00 each in the Company; and
- (ii) Listing of and quotation for the said shares on the Malaysia Stock Exchange Berhad.

During the year, the Company had placed out 9,622,000 new ordinary shares of RM1.00, being the final portion of the aforesaid private placement at an issue price of RM1.00 per share. The Private Placement had been granted listing and quotation on August 11, 2003.

45. Comparative Figures

Comparative figures have been adjusted to conform with changes in presentation resulting from the change in accounting policy explained in Note 31 to the financial statements.

Analysis of Shareholdings as at May 5, 2004

Authorised Share Capital : RM500,000,000
 Issued & Paid-up Capital : RM320,343,460
 Class of Share : Ordinary Shares of RM1.00 each
 Voting Rights : One Vote per Ordinary Share

I. Shareholdings Distribution

Size of Shareholdings	No. of Shareholders	Shareholders Percentage (%)	Shareholdings	Shareholdings Percentage (%)
Less than 100	145	12.51	3,663	0.00
100 - 1,000	3,659	315.70	3,425,793	1.07
1,001 - 10,000	6,985	602.67	29,875,467	9.33
10,001 - 100,000	1,328	114.58	37,900,730	11.83
100,001 to less than 5% of issued shares	187	16.13	159,891,897	49.91
5% and above of issued shares	2	0.17	89,245,910	27.86
	12,306	100.00	320,343,460	100.00

II. List of Thirty Largest Shareholders

Name of Shareholders	No. of Shares	%
1. HLB Nominees (Tempatan) Sdn Bhd – Pledged securities account for Forum Equity Sdn Bhd	67,993,410	21.23
2. Makin Bitara Sdn Bhd	21,252,500	6.63
3. Mayban Nominees (Tempatan) Sdn Bhd – Lim Yen Haat	11,386,000	3.55
4. Goh Peng Ooi	9,083,164	2.84
5. Malaysia Nominees (Tempatan) Sendirian Berhad – Pledged securities account for Tan Sri Dato' Lim Yan Hai	7,920,198	2.47
6. Bijak Damai Sdn Bhd	6,512,497	2.03
7. Lim Hooi Teik	5,987,400	1.87
8. LYH Holdings Sdn Bhd	5,537,832	1.73
9. Southern Nominees (Tempatan) Sdn Bhd – Pledged securities account for Goldenvest Holdings Sdn Bhd	5,410,240	1.69
10. Tan Pan Kuang	5,083,000	1.59
11. Chin Jit Pyng	5,033,704	1.57
12. Tohtonku Sdn Bhd	4,388,300	1.37
13. Amanah Raya Nominees (Tempatan) Sdn Bhd – Skim Amanah Saham Bumiputera	4,000,000	1.25
14. Mayban Nominees (Tempatan) Sdn Bhd – Pledged securities account for Kenneison Brothers Sdn Bhd	3,576,400	1.12
15. Focal Strata Sdn Bhd	3,520,000	1.10
16. Mirage Plus Sdn Bhd	3,160,500	0.99
17. Wong Fook Hon	2,800,000	0.87
18. DB (Malaysia) Nominees (Asing) Sdn Bhd – UBS AG Singapore for Northwestern Gateway Ltd	2,507,000	0.78
19. Lim Thiam Leong Company Sdn Bhd	2,325,434	0.73
20. Traders Nominees (Tempatan) Sdn Bhd – Pledged securities account for Lim Hooi Teik	2,045,000	0.64

Analysis of Shareholdings as at May 5, 2004

II. List of Thirty Largest Shareholders (Cont'd)

Name of Shareholders	No. of Shares	%
21. Public Nominees (Tempatan) Sdn Bhd – Pledged securities account for Lee Yuen Yee	2,000,000	0.62
22. Ho Sai Lon Mark	1,961,000	0.61
23. Citicorp Nominees (Asing) Sdn Bhd – MLPFS for Dato' Ng Keng Joo	1,846,000	0.58
24. Tay Hock Seng	1,815,316	0.57
25. Am Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	1,803,100	0.56
26. HSBC Nominees (Asing) Sdn Bhd – BNY Brussels for Inter Ikea Finance S.A	1,800,000	0.56
27. Tan Lay Hooi	1,721,000	0.54
28. Lee Teik Chee	1,684,000	0.53
29. RHB Merchant Nominees (Tempatan) Sdn Bhd – Pledged securities account for Lam Huat Properties Sdn Bhd	1,645,545	0.52
30. Chong Chow Kwan	1,580,000	0.49

III. Substantial Shareholders as per the Register of Substantial Shareholders

Name of Shareholders	Direct	No. of Ordinary Shares Held		%
		%	Indirect	
1. Forum Equity Sdn Bhd	67,993,410	21.28	808,000 ^a	0.25
2. LYH Holdings Sdn Bhd	20,848,202	6.53	3,160,500 ^b	0.99
3. Tan Sri Dato' Lim Yan Hai	3,676,000	1.15	96,953,927 ^c	30.34
4. Lim Yen Haat	12,535,383	3.92	4,143,615 ^d	1.30
5. Lim Wee Lin	1,108,533	0.35	28,152,317 ^e	8.81
6. Lim Bin Jong	225,000	0.07	24,008,702 ^f	7.51
7. Goh Peng Ooi	9,083,164	2.84	27,764,997 ^g	8.69
8. Silverlake Quaestor Sdn Bhd	–	–	27,764,997 ^h	8.69
9. Makin Bitara Sdn Bhd	21,252,500	6.65	–	–
10. Tan Sri Dato' Amin Shah Bin Omar Shah	–	–	67,993,410 ⁱ	21.28
11. Amin Shah Holdings Sdn Bhd	–	–	67,993,410 ^j	21.28

Notes:-

- ^a By virtue of the company's deemed interest in Kejora Harta Bhd.
- ^b By virtue of the company's interest in Mirage Plus Sdn Bhd.
- ^c By virtue of his interest in Amin Shah Holdings Sdn Bhd, Forum Equity Sdn Bhd, Lim Thiam Leong Co. Sdn Bhd, Kenneison Brothers Sdn Bhd, Lam Huat Properties Sdn Bhd, Kejora Harta Bhd, LYH Holdings Sdn Bhd and Mirage Plus Sdn Bhd.
- ^d By virtue of his interest in Lim Thiam Leong Co. Sdn Bhd and Lam Huat Properties Sdn Bhd.
- ^e By virtue of his interest in Lim Thiam Leong Co. Sdn Bhd, Lam Huat Properties Sdn Bhd, LYH Holdings Sdn Bhd and Mirage Plus Sdn Bhd.
- ^f By virtue of her interest in LYH Holdings Sdn Bhd and Mirage Plus Sdn Bhd.
- ^g By virtue of his interest in Silverlake Quaestor Sdn Bhd, Makin Bitara Sdn Bhd and Bijak Damai Sdn Bhd.
- ^h By virtue of the company's interest in Makin Bitara Sdn Bhd and Bijak Damai Sdn Bhd.
- ⁱ By virtue of his interest in Amin Shah Holdings Sdn Bhd and Forum Equity Sdn Bhd.
- ^j By virtue of the company's interest in Forum Equity Sdn Bhd.

Analysis of Shareholdings as at May 5, 2004

IV. Directors' Shareholdings as per the Register of Directors' Shareholdings

Name of Directors		Direct	No. of Ordinary Shares held		%
			%	Indirect	
<u>In the Company</u>					
1.	Tan Sri Dato' Lim Thiam Leong	990,311	0.31	17 ^a	—
2.	Tan Sri Dato' Lim Yan Hai	3,676,000	1.15	96,953,927 ^b	30.34
3.	Lim Yen Haat	12,535,383	3.92	4,143,615 ^c	1.30
4.	Chin Jit Pyng	5,033,704	1.58	—	—
5.	Lim Yen Kong	600,000	0.19	4,146,409 ^d	1.30
6.	Tan Sri Dato' Amin Shah Bin Omar Shah	—	—	67,993,410 ^e	21.28
7.	Dato' Zakaria Bin Dato' Ahmad	—	—	—	—
8.	Abdul Sani Bin Busu	—	—	—	—
9.	Robert Teo Keng Tuan	—	—	—	—
<u>In Subsidiary Company</u>					
Bcom Holdings Sdn Bhd					
1.	Tan Sri Dato' Lim Yan Hai	1,359,000	44.4	—	—

Notes:-

- ^a By virtue of his interest in Yahya Quarry & Construction Co Sdn Bhd.
- ^b By virtue of his interest in Amin Shah Holdings Sdn Bhd, Forum Equity Sdn Bhd, Lim Thiam Leong Co. Sdn Bhd, Kenneison Brothers Sdn Bhd, Lam Huat Properties Sdn Bhd, Kejora Harta Bhd, LYH Holdings Sdn Bhd and Mirage Plus Sdn Bhd.
- ^c By virtue of his interest in Lim Thiam Leong Co. Sdn Bhd and Lam Huat Properties Sdn Bhd.
- ^d By virtue of his interest in Lim Thiam Leong Co. Sdn Bhd, Lam Huat Properties Sdn Bhd and Shojiki Enterprise Sdn Bhd.
- ^e By virtue of his interest in Amin Shah Holdings Sdn Bhd and Forum Equity Sdn Bhd.

Analysis of Warrantholdings as at May 5, 2004

Number of Warrants outstanding : 45,495,958 Warrants 1996/2001 (up to 2006, if extended yearly)

I. Warrantholdings Distribution

Size of Warrantholdings	No. of Warrantholders	Warrantholders Percentage (%)	No. of Warrantholdings	Warrantholdings Percentage (%)
Less than 100	97	8.37	4,450	0.01
100 - 1,000	1,396	120.45	1,268,972	2.79
1,001 - 10,000	2,684	231.58	12,008,026	26.39
10,001 - 100,000	648	55.91	18,753,837	41.22
100,001 to less than 5% of issued warrants	42	3.62	13,460,673	29.59
5% and above of issued warrants	0	0	0	0
	4,867	100.00	45,495,958	100.00

II. List of Thirty Largest Warrantholders

Name of Warrantholders	No. of Warrants	%
1. Tan Sri Dato' Lim Yan Hai	1,085,000	2.38
2. Lim Hooi Teik	1,477,600	3.25
3. Hong Leong Finance Berhad	1,408,000	3.09
4. Hong Leong Finance Berhad – Pledged securities account for Tan Boon Keong	941,200	2.07
5. Lee Teik Chee	736,000	1.62
6. RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged securities account for Oh Kim Sun	670,000	1.47
7. Leong Siew Lan	600,000	1.32
8. Lim Thiam Leong Company Sdn Bhd	582,128	1.28
9. Tang Lai Hong	561,000	1.23
10. Pacific & Orient Insurance Co Berhad	528,000	1.16
11. Yip Lai Hong	472,000	1.04
12. RHB Merchant Nominees (Tempatan) Sdn Bhd – Pledged securities account for Lam Huat Properties Sdn Bhd	454,545	1.00
13. Mayban Nominees (Tempatan) Sdn Bhd – Pledged securities account for Tee Kim Chee	440,000	0.97
14. Tohtonku Sdn Bhd	428,000	0.94
15. Tan Lay Hooi	397,000	0.87
16. Citicorp Nominees (Asing) Sdn Bhd – MLPFS for Dato' Ng Keng Joo	311,000	0.68
17. Tang Kee Hiong	300,000	0.66
18. Institute for Development Studies (Sabah)	267,700	0.59
19. Lim Chee Keong	250,200	0.55
20. F I T Nominees (Asing) Sdn Bhd – DBS Vickers Secs (s) Pte Ltd for Heng Joon Siang	220,000	0.48

Analysis of Warrantholdings as at May 5, 2004

II. List of Thirty Largest Warrantholders (Cont'd)

Name of Warrantholders	No. of Warrants	%
21. Tan Koi Ong	220,000	0.48
22. United Overseas Nominees (Tempatan) Sdn Bhd – Pledged securities account for Wong Foo Sang @ Wong Chin Lam	215,000	0.47
23. Hong Leong Finance Berhad – Pledged securities account for Koay Chee Hong	200,000	0.44
24. Follow Me Industries Sdn Bhd	176,000	0.39
25. AMSEC Nominees (Tempatan) Sdn Bhd – Pledged securities account for Munjeet Singh @ Manjit Singh A/L Lechman Singh	175,000	0.38
26. AM Finance Berhad	154,000	0.34
27. Botly Nominees (Tempatan) Sdn Bhd – Pledged securities account for Soo Siew Wing	150,000	0.33
28. Chen Chiu-Mei	136,000	0.30
29. RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged securities account for Sivabalan A/L Poobalasingam	131,500	0.29
30. Oi Bee Chu	130,000	0.29

III. Directors' Warrantholdings as per the Register of Directors' Warrantholdings

Name of Directors	No. of Warrants Held			
	Direct	%	Indirect	%
1. Tan Sri Dato' Lim Thiam Leong	58,385	0.13	–	–
2. Tan Sri Dato' Lim Yan Hai	1,085,000	2.38	1,037,863 ^a	2.28
3. Lim Yen Haat	750	0.002	1,037,035 ^b	2.28
4. Chin Jit Pyng	–	–	–	–
5. Lim Yen Kong	–	–	1,037,035 ^b	2.28
6. Tan Sri Dato' Amin Shah Bin Omar Shah	–	–	–	–
7. Dato' Zakaria Bin Dato' Ahmad	–	–	–	–
8. Abdul Sani Bin Busu	–	–	–	–
9. Robert Teo Keng Tuan	–	–	–	–

Notes:-

^a By virtue of his interest in Lim Thiam Leong Co. Sdn Bhd, Lam Huat & Co. Sdn Bhd, Lam Huat Properties Sdn Bhd and Goldenvest Holdings Sdn Bhd.

^b By virtue of their interests in Lim Thiam Leong Co. Sdn Bhd, Lam Huat & Co. Sdn Bhd and Lam Huat Properties Sdn Bhd.

Share Buy Back Schedule for the Financial Year Ended December 31, 2003

Month	No. of Shares Bought Back	Highest Purchase Price (RM)	Lowest Purchase Price (RM)	Average Purchase Price (RM)	Total Consideration (RM)
March	520,000	0.5510	0.5370	0.5460	283,716.50
June	5,000	0.9150	0.9150	0.9150	4,575.00
November	5,000	0.9400	0.9400	0.9400	4,700.00

The shares purchased are held as treasury shares. As at May 5, 2004, 832,000 ordinary shares of RM1.00 each are held as treasury shares.

Properties Owned by Bolton Berhad Group

Title/ Lot No.	Land Area (Acres)	Existing Use/ Description of Building	Date of Acquisition/ Revaluation	Approximate Age of Building/ Years (Tenure)	Net Book Value as at December 31, 2003 RM'000
Lot 1149, Section 57, Town and District of Kuala Lumpur, Wilayah Persekutuan	0.910	20 units of luxurious apartments called Bolton Court at Jalan Ceylon, Kuala Lumpur	1983 (Revaluation)	28 (Freehold)	5,827
Lots 108, 109, 130, 131, 132, 133, 134, 135, 136, 137, 138 and 143, Section 43, Town and District of Kuala Lumpur, Wilayah Persekutuan	4.300	Vacant land at Jalan Mayang, Off Jalan Yap Kwan Seng, Kuala Lumpur	1991	– (Freehold)	41,492
Lot 134, Section 88A, Town and District of Kuala Lumpur, Wilayah Persekutuan	0.300	8 units of luxurious apartments called Prince Kaswira at Lorong Damai Tujuh, Kuala Lumpur	1991	15 (Leasehold expiring in February 2069)	2,697
Lot 68, Section 69, Town and District of Kuala Lumpur, Wilayah Persekutuan	0.212	198-room business class hotel Jalan Kampung Attap, Kuala Lumpur	1996	8 (Freehold)	27,243
Lot 248, Section 40, Mukim and District of Kuala Lumpur, Wilayah Persekutuan	1.366	20-storey shopping cum office complex at Jalan Dang Wangi, Kuala Lumpur	1983 (Revaluation)	32 (Freehold)	52,665
H.S. (D) 65053, No. P.T. 15140 and part of H.S. (D) 65052, No. P.T. 15139, both in Mukim and Daerah Petaling, Selangor	156.000	Vacant land in Puchong for mixed development	2001	–	32,444
Lot 200, Section 67, Town and District of Kuala Lumpur, Wilayah Persekutuan	1.500	Vacant commercial land at Jalan Imbi, Kuala Lumpur	1992	– (Freehold)	22,844

Properties Owned by Bolton Berhad Group

Title/ Lot No.	Land Area (Acres)	Existing Use/ Description of Building	Date of Acquisition/ Revaluation	Approximate Age of Building/ Years (Tenure)	Net Book Value as at December 31, 2003 RM'000
H.S. (D) 64699 No. P.T. 10332 Mukim of Ampangan District of Seremban, Negeri Sembilan Darul Khusus	100.000	Vacant land in Seremban for mixed development	1996	– (Freehold)	24,587
Lot 44 and 1538, Mukim Kuah, Langkawi, Kedah	8.570	2 storey shopping complex located in Kuah town, Kedah	1997	7 (Leasehold) 99 years from date of issue of title	38,776
D'Mayang condo	24,480 sq. ft	17 units of luxurious condo located at Jalan Mayang, Kuala Lumpur	1994	10 (Freehold)	8,491
P.T. 4476, HSD 92414, Mukim Kuala Lumpur District of Kuala Lumpur	10.600	Vacant commercial land located at Taman Midah, Jalan Cheras, Kuala Lumpur	1991	(Freehold)	9,031



Proxy Form

I/We _____
of _____
being a member of the above Company hereby appoint _____
of _____
or failing him/her _____
of _____

as my/our proxy, to vote for me/us and on my/our behalf at the 41st Annual General Meeting of the Company to be held on Friday, June 25, 2004 at the Board Room, 6th Floor, Campbell Complex, 98 Jalan Dang Wangi, 50100 Kuala Lumpur at 11.00 a.m. and at any adjournment thereof.

I/We desire to vote on the Resolutions set out in the Notice of Meeting and summarised below as indicated with an "X" in the appropriate space.

Resolutions	For	Against
(1) Receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon	<input type="checkbox"/>	<input type="checkbox"/>
(2) Approve the First and Final dividend	<input type="checkbox"/>	<input type="checkbox"/>
(3) Re-election of Directors pursuant to Article 84 of the Company's Articles of Association		
a) Tan Sri Dato' Lim Yan Hai	<input type="checkbox"/>	<input type="checkbox"/>
b) Chin Jit Pyng	<input type="checkbox"/>	<input type="checkbox"/>
(4) Re-election of Directors pursuant to Article 91 of the Company's Articles of Association		
a) Tan Sri Dato' Amin Shah Bin Omar Shah	<input type="checkbox"/>	<input type="checkbox"/>
b) Robert Teo Keng Tuan	<input type="checkbox"/>	<input type="checkbox"/>
(5) Re-appointment of Tan Sri Dato' Lim Thiam Leong as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965	<input type="checkbox"/>	<input type="checkbox"/>
(6) Re-appointment of Auditors	<input type="checkbox"/>	<input type="checkbox"/>
(7) Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965	<input type="checkbox"/>	<input type="checkbox"/>
(8) Proposed Renewal of Authority for Purchase of Own Shares by the Company	<input type="checkbox"/>	<input type="checkbox"/>
(9a) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature with Kejora Group	<input type="checkbox"/>	<input type="checkbox"/>
(9b) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature with MPlant Group	<input type="checkbox"/>	<input type="checkbox"/>
(9c) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature with Symphony Group	<input type="checkbox"/>	<input type="checkbox"/>

If no specific direction as to vote is given, the proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____ 2004

Signature/Seal

Notes:-

- (1) A proxy may but need not be a member provided that the person is a qualified legal practitioner, an approved company auditor or a person approved by the Companies Commission of Malaysia.
- (2) To be valid, the proxy form, duly completed must be deposited at the Registered Office of the Company at 5th Floor, Campbell Complex, 98 Jalan Dang Wangi, 50100 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting PROVIDED THAT in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, PROVIDED ALWAYS that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
- (3) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (4) Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (5) If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

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STAMP

Bolton Berhad (5572-H)

5th Floor, Campbell Complex

98 Jalan Dang Wangi

50100 Kuala Lumpur

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