



CEPATWAWASAN GROUP BERHAD

(Company No: 536499-K)



annual
report 2004



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notice of 4th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the Company will be held at Ballroom, Sanbay Hotel Sandakan, Mile 1 1/4, Jalan Leila, P.O. Box 211, 90702 Sandakan, Sabah on Thursday, 30 September 2004 at 9.30 a.m. for the following business:-

AGENDA

Resolution No.

- | | |
|--|----|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 30 April 2004 together with the Directors' and Auditors' Reports thereon. | 1 |
| 2. To approve the payment of Directors' fees. | 2 |
| 3. To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association:- | |
| (i) Datuk Lo Fui Ming | 3 |
| (ii) Mr. Ouh Mee Lan | 4 |
| (iii) Mr. Wong Kiam Kong | 5 |
| (iv) Mr. Tan Kum Peng | 6 |
| (v) Dato' Haji Mohamad Subky Bin Haji Abdul Raof | 7 |
| (vi) Mr. Chong Khing Chung | 8 |
| (vii) Mr. Fong Wai Leong | 9 |
| (viii) Ms. Lo Choon Fung @ Michelle | 10 |
| 4. To appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | 11 |
| 5. As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:- | |

AUTHORITY TO ISSUE SHARES

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the issue share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue"

12

- | | |
|---|--|
| 6. To transact any other business for which due notice shall have been given. | |
|---|--|

BY ORDER OF THE BOARD

KANG SHEW MENG

SEOW FEI SAN

Secretaries

Kuala Lumpur

8 September 2004

notice of the fourth annual general meeting

(cont'd)

Notes:**(i) Proxy**

- (a) A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
- (b) To be valid this form duly completed must be deposited at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the meeting.
- (c) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
- (d) Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (e) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

(ii) Explanatory Note on Special Business**Resolution 12**

The proposed Ordinary Resolution 12, if passed, is to give the Directors of the Company flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

1. Names of directors who are standing for election

- | | | |
|-----|--|--------------|
| (a) | Datuk Lo Fui Ming | - Article 83 |
| (b) | Mr. Ouh Mee Lan | - Article 83 |
| (c) | Mr. Wong Kiam Kong | - Article 83 |
| (d) | Mr. Tan Kum Peng | - Article 83 |
| (e) | Dato' Haji Mohamad Subky Bin Haji Abdul Raof | - Article 83 |
| (f) | Mr. Chong Khing Chung | - Article 83 |
| (g) | Mr. Fong Wai Leong | - Article 83 |
| (h) | Ms. Lo Choon Fung @ Michelle | - Article 83 |

2. Place, date and time of the Annual General Meeting

Place	Date	Time
Ballroom, Sanbay Hotel Sandakan, Mile 1 1/4, Jalan Leila, P.O. Box 211, 90702 Sandakan, Sabah	30 September 2004	9.30 a.m.

3. Further details of the abovementioned retiring directors are set out on pages 6 to 8 of this Annual Report.

Corporate Information

BOARD OF DIRECTORS

Independent Non-Executive Chairman

Dato' Haji Mohamad Subky Bin Haji Abdul Raof

Managing Director

Datuk Lo Fui Ming

Executive Directors

Ouh Mee Lan
Tan Kum Peng
Chong Khing Chung
Lo Choon Fung @ Michelle

Independent Non-Executive Directors

Wong Kiam Kong
Fong Wai Leong

AUDIT COMMITTEE

Chairman

Fong Wai Leong

Members

Wong Kiam Kong
Chong Khing Chung

REMUNERATION COMMITTEE

Chairman

Dato' Haji Mohamad Subky Bin Haji Abdul Raof

Members

Wong Kiam Kong
Fong Wai Leong

NOMINATION COMMITTEE

Chairman

Dato' Haji Mohamad Subky Bin Haji Abdul Raof

Members

Fong Wai Leong
Ouh Mee Lan

EXCO COMMITTEE

Chairman

Ouh Mee Lan

Members

Datuk Lo Fui Ming
Tan Kum Peng
Chong Khing Chung
Lo Choon Fung @ Michelle

COMPANY SECRETARY

Kang Shew Meng (MAICSA 0778565)
Seow Fei San (MAICSA 7009732)

REGISTERED OFFICE

Lot 39-40, Block C
Taman Indah Jaya Shophouses
Mile 4, North Road
P O Box 1562
90717 Sandakan, Sabah
Tel : 089-272773
Fax : 089-272772, 220881
E-mail : cptgrp@tm.net.my

AUDITORS

Ernst & Young
16th Floor, Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan, Sabah
Tel : 089-217266
Fax : 089-272002

SHARE REGISTRAR

Epsilon Registration Services Sdn Bhd
312, 3rd Floor, Block C, Kelana Square,
17 Jalan SS 7/26,
47301 Petaling Jaya,
Selangor Darul Ehsan
Tel : 03-78062116
Fax : 03-78061261

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia Securities Berhad

Profile of the Board of Directors

DATO' HAJI MOHAMAD SUBKY BIN HAJI ABDUL RAOF, DSPN, DJN, KMN, AMN, PJM

Malaysian aged 67

Independent Non-Executive Chairman

Dato' Haji Mohamad Subky Bin Haji Abdul Raof, DSPN, DJN, KMN, AMN, PJM was appointed as Director and Chairman of the Company on 7 August 2004 and he is the Chairman of both the Nomination Committee and Remuneration Committee of the Company.

Dato' Haji Mohamad Subky has more than 30 years experience in politics and holding various positions in UMNO. He had previously served as Member of Majlis Perbandaran Pulau Pinang from 1998 to 2002. In July 2002, he was appointed Executive Director of the Ivory Properties Group. In July 2003, he was appointed as Chairman/Director of Ikatan Awana Sdn. Bhd., a member of Bukhary Group.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

DATUK LO FUI MING

Malaysian aged 48

Managing Director

Datuk Lo Fui Ming was appointed by shareholders as Director of the Company on 6 August 2004 and he is a member of the Executive Committee ("EXCO") of the Company.

He has extensive experience in the business sector. His involvement in the plantation industry started about sixteen (16) years ago with several small land holdings which has since grown with the acquisition of Cepatwawasan Sdn. Bhd. and Bakara Sdn. Bhd. He also sits on the Board of various private limited companies.

Datuk Lo, who is also a substantial shareholder of the Company is the father of Ms Lo Choon Fung @ Michelle, an Executive Director of the Company. He has no other family relationship with other directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

OUH MEE LAN

Malaysian aged 53

Executive Director

Mr. Ouh Mee Lan was appointed by shareholders as Director of the Company on 6 August 2004 and he is the Chairman of the EXCO Committee and a member of the Nomination Committee.

He has extensive experience in the business sector. He has been involved in the plantation industry for more than sixteen (16) years and is the co-founder of Syarikat Melabau Sdn. Bhd. and its subsidiaries which are principally involved in the operation of oil palm plantations. He also sits on the Board of various private limited companies.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

profile of the board of directors

(cont'd)

TAN KUM PENG**Malaysian aged 53****Executive Director**

Mr. Tan Kum Peng was appointed by shareholders as Director of the Company on 6 August 2004 and he is a member of the EXCO Committee.

He has extensive experience in the business sector. He has been involved in the plantation industry for more than sixteen (16) years and is the co-founder of Syarikat Melabau Sdn. Bhd. and its subsidiaries. He also sits on the Board of various private limited companies.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

WONG KIAM KONG**Malaysian aged 48****Independent Non-Executive Director**

Mr. Wong Kiam Kong was appointed by shareholders as Director of the Company on 6 August 2004 and he is a member of both the Audit Committee and Remuneration Committee.

He has extensive experience in the business sector and at least fifteen (15) years working experience in the timber, oil palm and manufacturing industries. He also sits on the Board of various private limited companies.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

CHONG KHING CHUNG**Malaysian aged 37****Executive Director**

Mr. Chong Khing Chung was appointed as Director of the Company on 7 August 2004 and he is a member of both the EXCO Committee and Audit Committee.

He obtained his Bachelor of Accountancy from the University of Western Australia, Perth. Upon his return from Australia, he joined Arthur Andersen & Co. as Audit Assistant in 1990. He left Arthur Andersen & Co. in 1991 to join Borneo Development Corporation (Sabah) Sdn. Bhd. as their Accountant and was admitted as a member of Malaysian Institute of Accountants (MIA) in 1993.

In 1994, he joined Innosabah Securities Bhd as Corporate Services Executive and was subsequently transferred to head their Finance & Treasury Division and to act as their Company Secretary. He was later promoted as the Chief Operating Officer in 1998 and in 2000, he was appointed as the Executive Director of Operations. He left Innosabah Securities Bhd in 2002 to start up Hwang-DBS Securities Bhd's Kota Kinabalu Branch. He later joined Kuala Lumpur City Securities Sdn. Bhd. in 2003 before starting his own business as a remisier in the said company.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

profile of the board of directors

(cont'd)

FONG WAI LEONG

Malaysian aged 35

Independent Non-Executive Director

Mr. Fong Wai Leong was appointed as Director of the Company on 9 August 2004 and he is the chairman of the audit committee and a member of both the Nomination Committee and Remuneration Committee.

He is currently the Managing Director of Devonshire Capital Sdn. Bhd. Mr. Fong has fifteen (15) years of experience in accounting and corporate finance, which includes advising on a number of successful IPOs and Mergers and Acquisitions in various countries, including Malaysia, China, South Africa and parts of South America. Prior to joining Devonshire Capital he was the General Manager of Kuala Lumpur City Securities Sdn. Bhd., where he headed the firm's Corporate Finance Division. He also worked at Commerce International Merchant Bankers Berhad as a Manager in the Corporate Finance Division. Mr. Fong started his career at KPMG where he obtained his CPA qualifications. He also serves as a director in Devonshire Capital Pte Ltd and ASTI Holdings Limited.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

LO CHOON FUNG @ MICHELLE

Malaysian aged 24

Executive Director

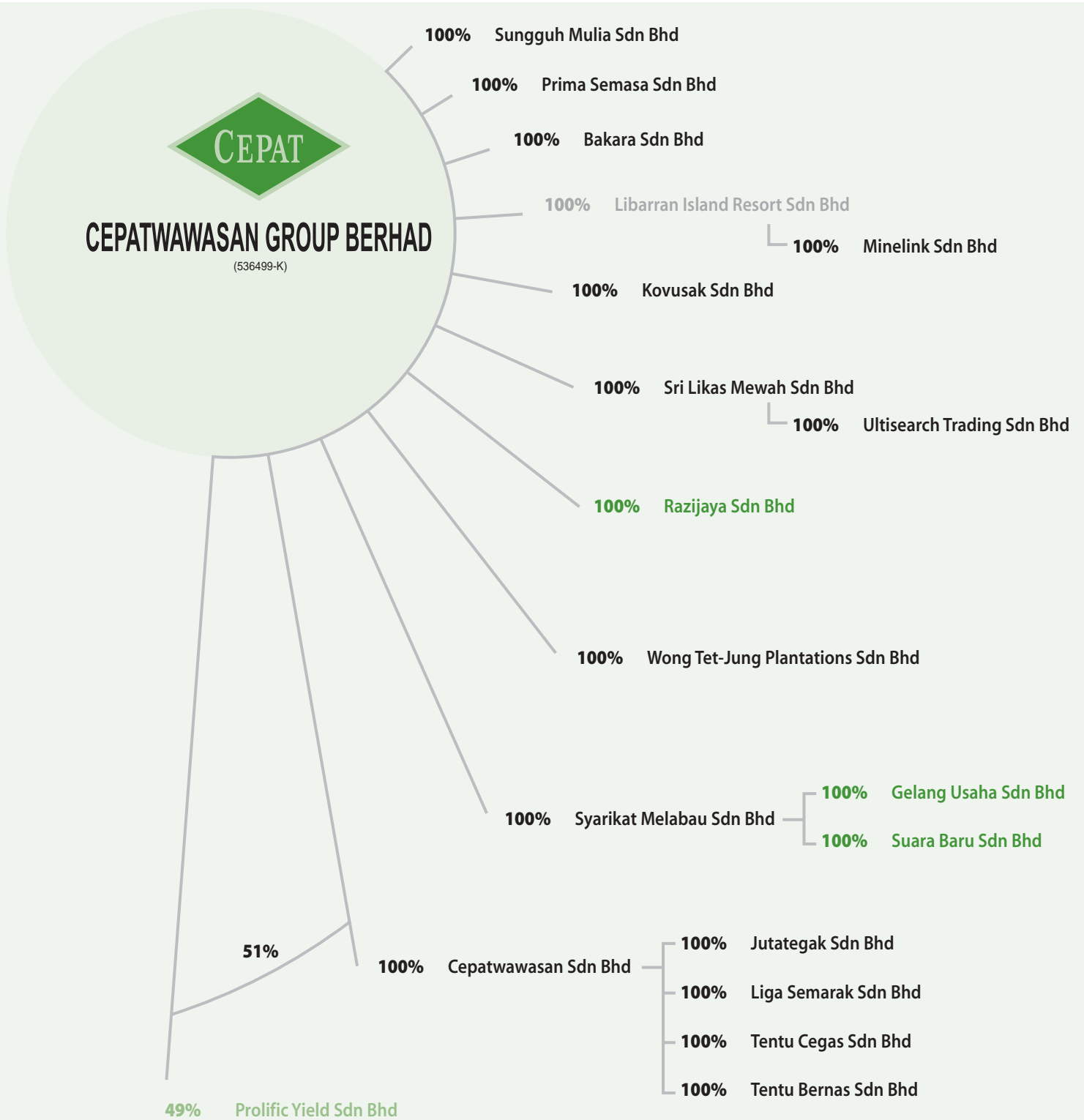
Ms Lo Choon Fung @ Michelle was appointed as Director of the Company on 9 August 2004 and she is a member of the EXCO committee.

Ms Lo graduated in July 2002 from Royal Holloway University of London with a Bachelor in Economics and Management. In May 2004, she graduated from CASS Business School of City University, London with a Master degree in Insurance and Risk Management, specialised in Risk Management and Corporate Governance.

She does not have any working experience prior to her appointment in the Board of the Company.

She is the daughter of Datuk Lo Fui Ming, the Managing Director and substantial shareholder of the Company. She has no other family relationship with other directors and/or major shareholders of the Company and she has no conviction for offences within the past ten (10) years.

Group Structure



- Plantation
- Dormant
- Plantation/Quarry
- Palm Oil Mail/Plantation

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors it gives me great pleasure to present the Annual Report and Audited Financial Statements of our Group for the financial year ended 30 April 2004.

Business Overview

The business environment for the financial year ended 30 April 2004 has been friendly to the crude palm oil (CPO) market due to tight world oils and fats supply situation. The higher growth of world demand over that of production has resulted in an increase in export demand and prices for all Malaysian oil palm products. The robust demand for oils and fats helps sustain the price of CPO.

Group Results

The Group recorded a total revenue of RM127 million in the year under review as compared with RM106 million realized in the preceding year. However, the Group profit after tax for the year under review of RM9.7 million was lower as compared to RM11 million in the previous year due to higher costs.

The Group's shareholders' fund as at 30 April 2004 has increased to RM239.9 million while the net tangible assets per share is 68 sen compared to 61 sen in the preceding year.

Significant Events

During the year, in line with the effort by the Group to increase the plantation hectarage in the long term, a wholly-owned subsidiary embarked on the acquisition of four subsidiary companies, namely Jutategak Sdn. Bhd., Liga Semarak Sdn. Bhd., Tentu Cegas Sdn. Bhd. and Tentu Bernas Sdn. Bhd. which possessed undeveloped leasehold land measuring 437.03 hectares in total. The acquisition was completed on 14 July 2004.

There has been a complete change of Board of Directors on 6 August 2004 at an Extraordinary General Meeting convened by shareholders under Section 145 of the Companies Act, 1965. Since the new Board took over the control of the operations of the Group, the Board has taken steps to ensure that the operations of the Group are being run without any disruption. The new Board has commenced legal action and taken necessary steps and arrangements to recover the moneys amounting to RM13 million that were made out of the bank account of a wholly-owned subsidiary one month prior to the appointment of the new Board to a third party of which the purpose of payment is doubtful.

Group Prospects

The steady economic growth projected for the country augurs positively for our performance going forward. Palm oil products prices are expected to be well sustained barring unforeseen circumstances. The newly appointed Board remains optimistic that with appropriate cost control measures and operationally efficient processes in place, the plantation sector is a long term viable business and will generate increases in shareholders' value in the course of time.

Dividend

The Board of Directors does not recommend the payment of dividends for the year ended 30 April 2004.

Acknowledgement

On behalf of my fellow Directors, I would like to take this opportunity to express our appreciation to management and staff of the Group for their dedicated service and contributions during the year. Appreciation is also extended to the relevant government authorities and business associates for their support.

To our loyal shareholders, we thank you for your confidence in the Group and I urge all shareholders of the Company to attend the forthcoming Annual General Meeting, to re-elect the Directors to ensure continuity of the operations of the Group and the legal action to recover the sum of RM13 million.

Dato' Haji Mohamad Subky bin Haji Abdul Raof

Independent Non-Executive Chairman
6 September 2004

Corporate Governance Statement

The Board of Directors (the 'Board') of Cepatwawasan Group Berhad (the 'Company') is pleased to present to the shareholders a report on the manner in which the Company has applied the principles and the extent of compliance with the Best Practices of Corporate Governance as contained in the Malaysian Code on Corporate Governance pursuant to paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ['Listing Requirements'].

The Board recognises that the exercise of good Corporate Governance is a pre-requisite towards the continuing success of the Company as well as safeguarding and enhancing shareholders' value and protecting the interest of other stakeholders.

1. Directors

1.1 Board Composition

The Board currently consists of eight directors as at the date of this report :-

Independent Non-Executive Chairman

Dato' Haji Mohamad Subky Bin Haji Abdul Raof

Managing Director

Datuk Lo Fui Ming

Executive Directors

Mr Ouh Mee Lan

Mr Tan Kum Peng

Mr Chong Khing Chung

Ms Lo Choon Fung@ Michelle

Independent Non-Executive Directors

Mr Wong Kiam Kong

Mr Fong Wai Leong

The Managing Director and the Executive Directors have many years of experience in the operations of the Group which consist of plantations, palm oil mill and quarry. The Non-Executive Directors have extensive commercial experience. The Independent Directors, together with the Chairman, are actively involved in the Board Meetings and the meetings of the various Board Committees and provide unbiased and independent judgement into all deliberations.

The roles of the Chairman and the Managing Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Board has approved the Corporate objectives developed by the management and has also developed positions description limits to management responsibilities.

The Chairman is primarily responsible for the orderly conduct and working of the Board while the Managing Director has overall responsibilities for the business operations of the Group and the implementation of Board policies and decisions.

The Company has complied with the requirement of paragraph 15.02 of the Listing Requirements whereby one third of the Board of Directors is Independent Non-Executive Directors.

The Board has appointed Dato' Haji Mohamad Subky Bin Haji Abdul Raof as Senior Independent & Non-Executive Director on 7 August 2004 to whom concerns may be conveyed.

Due to a complete change of Board of Directors by way of removal and appointment at Extraordinary General Meeting held on 6 August 2004 convened by shareholders pursuant to Section 145 of the Companies Act, 1965 and the refusal of the former Board and former Company Secretary in releasing the statutory records upon their removal, the current Board of Directors is not able to present a report on number of Board of Directors' meetings held during the financial year ended 30 April 2004 and the attendance of each director as the current Board does not have the complete information and minutes.

corporate governance statement

(cont'd)

1. Directors (cont'd)

1.2 Principal responsibility of the Board

The Board assumes full responsibility for the operations of the Group. In discharging their responsibility, the Board considers all aspects of the operations of the Group and in particular the following areas:

- Reviewing and adopting a strategic business plan for the Group.
- Overseeing the conduct of the business of the Group.
- Identifying and putting in place systems to manage any principal risk.
- Succession planning for senior management.
- Developing and implementing investor relations programme or shareholder communications policy.
- Reviewing internal control and management information systems.

The Board has a formal schedule of matters reserved to itself, which includes the overall Group business strategy, acquisition or divestment policy, approval of major capital expenditure, consideration of significant financial matters and it reviews the financial and operating performance of the Group.

1.3 Supply of information

In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affairs. The Directors also have full access to advice and services of the Company Secretary. Where necessary, the Directors engage independent professional for advice at the Group's expense to enable them to discharge their duties with full knowledge of the cause and effect.

1.4 Appointment and Re-election of Directors

The Articles of Association of the company requires that all directors shall be subject to election by shareholders at the first opportunity after their appointment and that at least one third (1/3) or the number nearest to one third (1/3) of the directors, be subject to re-election thereafter by rotation once at least in each three (3) years at the Annual general Meeting.

1.5 Committee of Directors

The Company has established four Committee of Directors ('Committees') to assist in the performance of certain duties of the Board under a specific terms of reference. Three (3) of the Committees are composed of a majority of non-executive directors. The Board considers that the mix of commercial experience from the non-executive directors will complement the executive directors and create an effective Board.

The Committees established are as follows:

(i) Audit Committee

The role of the Audit Committee is to support the Board of Directors in overseeing the processes for production of the financial data, reviewing the financial reports and the internal controls of the Company. The composition and terms of reference of this Committee together with its report are presented on pages 18 to 19 of the Annual Report.

(ii) Nomination Committee

The functions of the Nomination Committee are as follows:

- Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.
- Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder.
- Recommend to the Board, directors to fill the seats on Committees of Directors.

corporate governance statement

(cont'd)

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(ii) *Nomination Committee* (cont'd)

- The Nomination Committee are enabled by the Board to:
 - annually review the required mix of skills and experience and other qualities including core competencies which non-executives should bring to the Board.
 - annually assess the effectiveness of the Board as whole, the Committees of Directors and for assessing the contribution of each director.

(iii) *Remuneration Committee*

The functions of the Remuneration Committee are as follows:

- Review the annual remuneration packages of executive director such that the levels of remuneration are sufficient to attract and retain the directors needed to run the Company successfully.
- To recommend to the Board, the remuneration packages of the executive directors of the Company.

(iv) *EXCO Committee*

The EXCO is entrusted with the responsibility of carrying out tasks which are assigned to it by the Board under a set of terms of reference. Transactions carried out by the EXCO are presented in writing to the Board of Directors.

2. Directors' Remuneration

i. **The Level and Make-up of Remuneration**

The Remuneration Committee provides remuneration packages which are sufficient and necessary to attract, retain and motivate directors to run the Company. The level of remuneration for Executive Directors is structured to link rewards to performance while the remuneration of Non-Executives is linked to their experience and level of responsibilities undertaken by them.

ii. **Procedure**

The Remuneration Committee consists of independent non-executive directors. The Committee is responsible to set up a policy framework for all elements of remuneration such as reward structure, fringe benefits and other terms of employment of Executive Directors.

iii. **Disclosure**

The aggregate directors' remuneration paid or payable to all directors of the Company for the financial year ended 30 April 2004 are as follows:

	Fees	Emoluments	EPF	Total
Executive Directors	RM122,500	RM2,542,500	RM305,408	RM2,970,408
Non-Executive Directors	RM135,000	RM 300,000	RM 36,000	RM 471,000
Total	RM257,500	RM2,842,500	RM341,408	RM3,441,408

corporate governance statement

(cont'd)

2. Directors' Remuneration

iii. Disclosure (cont'd)

The number of directors whose total remuneration falls within the following range are as follows:

Range of Remuneration	Executive Director	Non-Executive Director
Below RM100,000	1	3
RM100,001 to RM150,000	2	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	1
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	-	-
RM450,001 to RM500,000	1	-
RM500,001 to RM550,000	3	-
RM550,001 to RM600,000	-	-
RM600,001 to RM650,000	1	-

3. Directors' Training

Four out of eight current directors have attended and completed the Mandatory Accreditation Program ('MAP') for directors of public listed companies as at the date of this report and will be attending training programmes prescribed by Bursa Securities from time to time. The other four directors will be attending the MAP on 12 and 13 October 2004.

4. Shareholders

i. Dialogue between Companies and Investors

The annual report, quarterly reports and various mandatory announcements are the main channel of information by the Company of its financial performance, operations and corporate developments.

The Board considers it essential that investors are kept informed of all the latest financial result and developments of the Company and where appropriate, will provide disclosure which is in the best interest of the Company and also of the shareholders. All such reporting information can be obtained from the website of Bursa Securities.

ii. The Annual General Meeting

The Annual General Meeting is an important event for the Company as the Board has the opportunity to have a dialogue with the shareholders to present the results and performance of the Group and to address all questions that may arise. Suggestions and comments by shareholders will be noted by directors for consideration.

5. Financial Reporting

The financial statements of the Company are drawn up in compliance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. The Board is responsible to ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company. Accordingly, the Board has prepared the statement of responsibility for the preparation of the annual audited accounts on page 17.

The quarterly and annual financial statements are reviewed by the Audit Committee and subsequently by the Board prior to release for announcement to the Bursa Securities.

corporate governance statement

(cont'd)

6. Internal Control

The directors acknowledge their responsibility to maintain a system of internal control for the Group including risk assessment and risk management to ensure that the operations of the Group are run effectively and efficiently, proper financial and corporate compliance controls are in place and the assets of the Group are safeguarded so as to protect shareholders' investment. The Group's system of internal control can only provide reasonable but not absolute assurance against material misstatements, fraud or loss.

The Board has prepared the statement on internal control which can be found on page 20.

7. Relationship with Auditors

The Company has always maintained a formal and transparent relationship with its auditors.

The role of the Audit Committee in relation to the external auditors is set out in the Report on Audit Committee on pages 18 and 19.

8. Compliance Statement

During the financial year ended 30 April 2004, the Group has complied with all of the Best Practices in Corporate Governance as set out in part 2 of the Malaysian Code on Corporate Governance until January 2004. However, the new Board is not in a position to ascertain whether the Group has continued to comply with Best Practices in Corporate Governance thereafter till 6 August 2004, the date of the appointment of the new Board due to lack of information caused by refusal of the former Board and former Company Secretary in handing over the records of the Company and the abscondment of some former senior managers and staff.

9. Additional Compliance Information

In compliance with the Listing Requirements, the following additional information are provided:-

9.1 Utilisation of Proceeds

This was not applicable during the financial year.

9.2 Share Buybacks

During the financial year, there were no share buyback by the Company.

9.3 Options, Warrants or Convertible Securities

During the financial year, 100,000 Irredeemable Convertible Unsecured Loan Stocks were converted into ordinary shares of RM1.00 each.

9.4 American Deposit Receipt ('ADR') or Global Deposit Receipt ('GDR') Programme

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

9.5 Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant authorities.

9.6 Non-Audit Fees

The amount of non-audit fees paid to the external auditors are disclosed in note 5 to the financial statements on page 44.

corporate governance statement

(cont'd)

9.7 Profit Estimate, Forecast or Projection

There is a material variance arose between the results for the financial year and the unaudited results previously announced. The net profit for the financial year as announced in the unaudited results on 21 June 2004 has been revised due mainly to the following:-

	RM'000
Unaudited profit as previously announced	11,247
a) Provision of doubtful debts	-1,146
b) Provision for impairment loss	-400
c) Others	-11
Net profit as per audited income statement	9,690

There were no profit estimate, forecast or projection for the financial year ended 30 April 2004.

9.8 Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

9.9 Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving director and substantial shareholders either subsisting at the end of the financial year ended 30 April 2003 or entered into since the previous financial year except for those disclosed under related party transaction on pages 66 to 68.

9.10 Analysis of Shareholdings

The analysis of shareholdings can be found on page 75.

9.11 List of Properties

The list of properties for the Group can be found on pages 73 to 74.

9.12 Revaluation Policy

The Group does not have a revaluation policy on landed properties.

9.13 Recurrent Related Party Transactions

The details of the related party transactions are set out in note 32 to the financial statements.

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable Approved Accounting Standards in Malaysia and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year then ended and present them before the General Meeting together with a copy of the auditors' report thereon. The financial statements should be made up to a date not more than six months before the date of the meeting.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that financial statements comply with the Companies Act, 1965. The directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities. The above statement of directors' responsibility for preparing the financial statements was made in accordance to a Board resolution dated 27 August 2004.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Audit Committee Report

Committee Members

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

Chairman

Mr Fong Wai Leong (appointed on 27 August 2004)

Committee Members

Mr Wong Kiam Kong (appointed on 27 August 2004)

Mr Chong Khing Chung (appointed on 27 August 2004)

Terms of Reference

1. Composition

- 1.1 The Audit Committee shall consist of at least 3 members, with a majority of independent directors. At least one member shall be a member of the MIA or a director who has fulfilled paragraph 15.10 (1)(C)(ii) of the Listing Requirements. No alternate director shall be appointed as a member of the Committee. The Chairman of the Committee shall be an independent director.
- 1.2 In the event that a member of an Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three, the Board of Directors shall within three months make such appointment of new members as to have the minimum of three members in the Committee.

2. Authority

- 2.1 The Committee is authorised by the Board to investigate any matter within its terms of reference. It shall have full and unrestricted access to any information pertaining to the Company and shall have the resources it requires to perform its duties. All employees are directed to co-operate with any request made by the Committee.
- 2.2 The Committee is authorised by the Board to obtain outside legal or other external independent professional advice, if it considers necessary.

3. Functions and Duties

The functions and duties of the Committee shall be:

- 3.1 To review the following and report the same to the Board:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal accounting controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the Company to the external auditor;
 - (e) the quarterly results and year-end financial statements of the Group and the Company, focusing particularly on:
 - changes in accounting policies and practices
 - significant adjustments arising from the audit
 - significant and unusual events
 - the going concern assumption
 - compliance with accounting standards and other legal requirements
 - (f) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

audit committee report

(cont'd)

3. Functions and Duties (cont'd)

- (g) the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; and
 - (h) any appraisal or assessment of the performance of members of the internal audit function.
- 3.2 To consider any related party transactions and conflict of interest situation that may arise within the Company or Group.
 - 3.3 To consider the major findings of internal investigations and managements response and ensure that appropriate action is taken on the recommendations of the internal audit function.
 - 3.4 To recommend and consider the nomination and appointment of a person or persons as external auditors, the audit fees and any questions of resignation or dismissal.
 - 3.5 To consider any other functions or duties as may be agreed to by the Committee and the Board.
 - 3.6 To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).

4. Quorum and Attendance of Meetings

- 4.1 The quorum of meetings of the Committee shall consist not less than three (3) members; the majority of those present must be independent directors.
- 4.2 The Head of Finance, the Head of Internal Audit and a representative of the external auditors shall normally attend meetings. Other Board members, employees and external independent professional advisers may attend meetings upon the invitation of the Committee.
- 4.3 The Company Secretary shall be the secretary of the Committee.

5. Frequency of Meetings and Minutes

- 5.1 Meetings shall be held not less than four (4) times in a financial year. The external auditors may request a meeting if they consider that one is necessary.
- 5.2 The Committee shall meet with the external auditor without executive board members present, at least once in a financial year.
- 5.3 Minutes of each meeting shall be distributed to each member of the Board.

Meetings

The current Audit Committee is not able to present a report for the financial year ended 30 April 2004 on:

- 1. the number of meetings of Audit Committee held during the financial year and the members' attendance at those meetings; and
- 2. activities of the Audit Committee during the financial year.

due to the refusal of the former Board and former Company Secretary in releasing the statutory records upon their removal.

INTERNAL AUDIT FUNCTION

The principal role of the internal audit function is to provide the Audit Committee with independent and objective reports for the adequacy, efficiency and effectiveness of the internal control systems to ensure compliance with the systems and standard operating procedures in the Group.

Statement on Internal Control

The Board recognizes that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. As with any internal control system, controls can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board has reviewed and approved the Group's budget for the year. As part of the budgeting process, all the departments consider both internal and external risk factors that may affect operations of the Company. This includes analyzing the Group's historical performance, competitors, customers' requirements and customers' business trends, availability of resources, production capacity and other internal resources. At Board meetings, actual performance and results were monitored against budgets, with reasons for significant variances identified and highlighted to the Board for the appropriate corrective measures. The monitoring and management of the Group as a whole is delegated to the Executive Committee comprising five (5) Executive Board members of the Company. Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These meetings serve as a two-way platform for the Board, through the Executive Committee, to communicate and address significant matters in relation to the Group's strategic, operational and financial affairs.

The Board is aware of the importance of maintaining a control conscious culture and embedding strong control features throughout the Group. The Group's organization structure identifies the heads of each department, their subordinates and superiors. The structure enables a clear reporting line from worker level up to the Board. The Board communicates its expectation of the system of internal control informally throughout the Group through the Executive Committee members who are actively involved in the day-to-day operations of the Group.

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Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are stated in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(loss) for the year	9,690,211	(1,302,852)

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the change in accounting policy resulting in a decrease in the Group's profit for the year by RM670,403 as disclosed in Note 28 to the financial statements.

DIVIDENDS

There were no dividends paid, declared or recommended since the end of the previous financial year.

DIRECTORS

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

Datuk Lo Fui Ming	<i>(Resigned on 16 January 2004; reappointed on 6 August 2004)</i>
Ouh Mee Lan	<i>(Resigned on 16 January 2004; reappointed on 6 August 2004)</i>
Tan Kum Peng	<i>(Resigned on 14 January 2004; reappointed on 6 August 2004)</i>
Wong Kiam Kong	<i>(Appointed on 6 August 2004)</i>
Chong Khing Chung	<i>(Appointed on 7 August 2004)</i>
Dato' Haji Mohamad Subky Bin Haji Abdul Raof	<i>(Appointed on 7 August 2004)</i>
Fong Wai Leong	<i>(Appointed on 9 August 2004)</i>
Lo Choon Fung @ Michelle	<i>(Appointed on 9 August 2004)</i>
Chai Kim Chong	<i>(Appointed on 14 January 2004; resigned on 21 June 2004)</i>
Tengku Dato' Kamal Ibni Sultan Sir Abu Bakar	<i>(Appointed on 14 January 2004; removed on 6 August 2004)</i>
Dato' Chua Tiong Moon	<i>(Appointed on 16 January 2004; resigned on 21 June 2004)</i>
Tan Sri Datuk Chai Kin Kong	<i>(Appointed on 16 January 2004; resigned on 21 June 2004)</i>
Pang Tsu Ming	<i>(Appointed on 19 February 2004; resigned on 15 March 2004)</i>
Dato' Rahadian Mahmud Bin Mohammad Khalil	<i>(Appointed on 19 February 2004; resigned on 22 June 2004)</i>

directors' report

(cont'd)

DIRECTORS (cont'd)

Tengku Roshman Ibni Tengku Abdul Hamid	<i>(Appointed on 22 June 2004; resigned on 23 June 2004)</i>
Abdul Rahim Bin Sendiri	<i>(Appointed on 23 June 2004; removed on 6 August 2004)</i>
Kassim Bin Mohamed Ali	<i>(Appointed on 23 June 2004; removed on 6 August 2004)</i>
Tengku Dato' Kamarul Zaman Ibni Almarhum Sultan Sir Abu Bakar	<i>(Appointed on 23 June 2004; removed on 6 August 2004)</i>
Seah Tee Lean, JP	<i>(Resigned on 14 January 2004)</i>
Ho Hee Chung	<i>(Resigned on 14 January 2004)</i>
Peter Chan Ngai Choong	<i>(Resigned on 14 January 2004)</i>
Lim Ted Hing	<i>(Resigned on 16 February 2004)</i>
Tsen Thau Tet	<i>(Resigned on 16 February 2004)</i>
Chen Syn Fook @ Charles	<i>(Resigned on 16 February 2004)</i>
Ag. Ahmad Bin Ag. Amin	<i>(Resigned on 16 February 2004)</i>

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those in respect of 4% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2001/2006.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of the Directors in office at the end of the financial year in shares of the Company, as stated below:

Ordinary shares of RM1.00 each				At
Name of Directors	At date of appointment	Bought	Sold	30.4.2004
Direct interest				
Dato' Chua Tiong Moon	-	3,161,200	-	3,161,200
Tan Sri Datuk Chai Kin Kong	-	1,616,900	-	1,616,900
Indirect interest				
Dato' Chua Tiong Moon	-	3,980,000	-	3,980,000
Tan Sri Datuk Chai Kin Kong	-	3,980,000	-	3,980,000
Chai Kim Chong	-	5,596,900	-	5,596,900

None of the other Directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

directors' report

(cont'd)

ISSUE OF SHARES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from 201,736,915 to 215,456,915 by the allotment of 13,720,000 ordinary shares of RM1.00 each pursuant to the conversion of 13,720,000 4% ICULS 2001/2006. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

The details and movements of the ICULS which are required to be disclosed under Section 169(11) and (12) of the Companies Act, 1965 are as follows:

4% Irredeemable Convertible Unsecured Loan Stocks 2001/2006 of RM1.00 Nominal Value

Name	At 1.5.2003	Bought	Sold	Converted	At 30.4.2004
Danaharta Managers Sdn.Bhd.	1,965,000	-	(1,965,000)	-	-
United Overseas Bank (Malaysia) Berhad	171,000	-	(171,000)	-	-
RHB Bank Berhad	582,000	-	(582,000)	-	-
Seah Tee Lean, JP	6,799,000	-	-	(6,799,000)	-
Lim Ted Hing	2,633,000	-	-	(2,633,000)	-
Tsen Thau Tet	666,000	-	-	(666,000)	-
Datuk Lo Fui Ming	711,000	2,136,000	-	(2,847,000)	-
Seh Kew @ Ouh Seh Kew	193,000	195,000	-	(388,000)	-
Ouh Mee Lan	-	129,000	-	(129,000)	-
Tan Kum Peng	-	258,000	-	(258,000)	-
	13,720,000	2,718,000	(2,718,000)	(13,720,000)	-

During the financial year, 13,720,000 ordinary shares of RM1.00 each were issued by virtue of the conversion of the ICULS.

SIGNIFICANT EVENTS

- (i) On 31 December 2003, one of its subsidiary companies, Cepatwawasan Sdn. Bhd., had entered into four conditional sale and purchase agreements to acquire the entire issued and paid-up share capital of the following subsidiary companies for a total cash consideration of RM3,239,703.

Subsidiary companies	Cash consideration RM
Jutategak Sdn. Bhd.	2,159,037
Liga Semarak Sdn. Bhd.	359,679
Tentu Cergas Sdn. Bhd.	360,048
Tentu Bernas Sdn. Bhd.	360,939
	3,239,703

The said acquisitions were completed on 14 July 2004.

SIGNIFICANT EVENTS (cont'd)

- (ii) On 23 March 2004, the Company entered into a conditional share sale agreement to acquire the entire issued and paid-up share capital of Desinyo Leisure Sdn. Bhd. for a total cash consideration of RM4,800,000. The said acquisition had been terminated on 24 June 2004 due to non-fulfillment of certain conditions as stipulated in the agreement and the deposit of RM480,000 for the said acquisition have been refunded on 20 July 2004.
- (iii) On 23 March 2004, three shareholders of the Company requisitioned for an Extraordinary General Meeting ("the First EGM") of the Company to remove three directors and to appoint three new directors.

However, the First EGM, which was convened on 21 May 2004, was unilaterally and wrongfully adjourned by the then Chairman of the Company without first conferring or consulting the views of the members present at the meeting. Such adjournment was in contrary to Article 61 of the Company's Articles of Association.

On 15 June 2004, four shareholders pursuant to Section 145 of the Companies Act, 1965, issued notice for Extraordinary General Meeting to be held on 14 July 2004 ("the Second EGM") for the removal of all the directors of the Company and the appointment of four new directors.

On 1 July 2004, the directors of the Company instructed the Company's solicitors to file an action in the High Court to, inter alia, declare that the First EGM was validly adjourned. On 9 July 2004, the High Court ruled that the First EGM was wrongfully adjourned and ordered the directors to pay for the costs for the matter.

On 10 July 2004, the Company filed an appeal against the High Court decision ("the Appeal") and an application to stay the decision and to restrain the holding of the Second EGM pending the disposal of the Appeal. The Court of Appeal on 13 July 2003 granted a Stay Order and restrained the holding of the Second EGM pending disposal of the Appeal.

On 23 July 2004, the Court of Appeal ruled that the Chairman of the First EGM has wrongfully adjourned the First EGM and dismissed the Appeal with costs. The Court of Appeal also made the following consequential orders that:

- a) the requisitionists (being Datuk Lo Fui Ming, Ouh Mee Lan, Wong Kiam Kong and Tan Kum Peng) shall hold the Second EGM within 14 days from the date of the decision of the appeal;
- b) at the Second EGM the resolutions shall be put to the members for a vote in accordance to the Company's Articles of Association;
- c) notice of the Second EGM to be convened shall be by advertisements in at least two daily newspapers in two languages;
- d) the proxy forms received for the First EGM shall be valid for the Second EGM to be held and shareholders are at liberty to submit further proxy forms no less than 48 hours from the date of Second EGM to be held;
- e) the Company shall instruct the Share Registrar to provide the Record of Depositors of the Company as at three market days before the holding of the Second EGM to be held and such list is to be forwarded to the requisitionists' solicitors two days before the said meeting; and
- f) the adjourned First EGM being invalidly adjourned cannot therefore be resumed on 26 July 2004 and the directors are therefore restrained from resuming the First EGM on 26 July 2004.

Accordingly, the notice convening the Second EGM to be held on 6 August 2004 was advertised in two daily newspapers on 25 July 2004.

On 29 July 2004 the Company and the directors of the Company dissatisfied with the decision of the Court of Appeal applied for leave to appeal to the Federal Court and also applied for an injunction to restrain the holding of the Second EGM on 6 August 2004. The Federal Court dismissed the application for an injunction on 5 August 2004.

directors' report

(cont'd)

SIGNIFICANT EVENTS (cont'd)

The Second EGM was eventually held on 6 August 2004 whereby, Tengku Dato' Kamal Ibni Sultan Sir Abu Bakar, Abdul Rahim Bin Sendiri, Kassim Bin Mohamed Ali, Tengku Dato' Kamarul Zaman Ibni Almarhum Sultan Sir Abu Bakar were duly removed as Directors and Datuk Lo Fui Ming, Ouh Mee Lan, Wong Kiam Kong and Tan Kum Peng were duly appointed Directors of the Company.

- (iv) On 9 August 2004, the Company applied to the High Court to restrain the former directors from continuing to act or holding themselves out as Directors of the Company and its subsidiaries and from otherwise intermeddling or interfering in the Company and its subsidiaries businesses and management of the Company's and its subsidiaries' affairs and forthwith do and concur in doing all acts and things necessary to enable the Company and its subsidiaries to obtain possession of and control over its assets, books, accounts, correspondences, other property and whatever documents obtained and possessed by the former directors in the course of their directorships. The hearing of this Summons is fixed on 3 September 2004.
- (v) On 14 August 2004, the Company applied to the High Court to restrain the former Company Secretary, Tan Kok Aun, from continuing to act and holding himself out as the Company Secretary of the Company and its subsidiary companies and cause to be returned all the statutory records and registers of the Company and its subsidiary companies. An interim injunction was also filed against Tan Kok Aun. The High Court on 23 August 2004 adjourned the hearing of the interim injunction pending the outcome of the Company's application under item (iv). The solicitors of Tan Kok Aun agreed to deposit the minute books of the Company and one of its subsidiary companies, Prolific Yield Sdn. Bhd. with the Registrar of Commercial Court 8 for safekeeping on 25 August 2004 pending the hearing of the Summons in Chambers on 3 September 2004.
- (vi) On 23 August 2004, upon discovery by the Company's management on 18 August 2004 that in July 2004, cheque payments totalling RM13 million were made out of a bank account of a subsidiary company, Prolific Yield Sdn. Bhd., to a third party, the Company initiated legal actions to recover the said sum and to protect the interest of the Company. The payment vouchers in respect of the said cheque payments were without description of purpose of payment or supporting documents.

OTHER STATUTORY INFORMATION

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

directors' report

(cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

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

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

Datuk Lo Fui Ming

Ouh Mee Lan

Sandakan, Malaysia
27 August 2004

Statement by Directors

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

We, **Datuk Lo Fui Ming** and **Ouh Mee Lan**, being two of the Directors of **Cepatwawasan Group Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 30 to 72 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Datuk Lo Fui Ming

Ouh Mee Lan

Sandakan, Malaysia
27 August 2004

Statutory Declaration

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

I, **Chong Khing Chung**, being the Director primarily responsible for the financial management of **Cepatwawasan Group Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 30 to 72 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed **Chong Khing
Chung** at Sandakan in the State of
Sabah on 27 August 2004

Chong Khing Chung

Before me -

Ramsah Binti Hj. Mohd Taha (S-029)
Commissioner for Oaths
Sabah

Report of the Auditors to the Members of

CEPATWAWASAN GROUP BERHAD (Company No: 536499-K)

We have audited the accompanying financial statements set out on pages 30 to 72. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Note 35(iv) to the financial statements, the statutory records and registers of the Company and its subsidiaries in respect of the period from 5 June 2004 to the date of this report were not available for our examination. As such, we were unable to obtain reasonable assurance that all significant post balance sheet events occurring up to the date of this report have been properly accounted for or disclosed, as appropriate, in the financial statements.

Except for the foregoing, in our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 30 April 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

The Auditors' Reports on the financial statements of the subsidiaries were subject to any qualification to the consolidated financial statements except for the matter referred to above and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

CHONG YEW HOONG
1502/04/05 (J)
Partner

Sandakan, Malaysia
27 August 2004

Income Statements

For the Year Ended 30 April 2004

	Note	Group		Company	
		2004 RM	2003 RM (Restated)	2004 RM	2003 RM
Revenue	4	127,158,325	105,983,672	-	700,000
Cost of sales		(100,674,578)	(80,244,033)	-	-
Gross profit		26,483,747	25,739,639	-	700,000
Other operating income		355,550	485,904	50,776	-
Administrative expenses		(6,832,905)	(5,307,755)	(649,305)	(466,667)
Distribution costs		(2,183,027)	(1,774,516)	-	-
Other operating expenses		(1,854,786)	(326,294)	-	(40,665)
Profit/(loss) from operations	5	15,968,579	18,816,978	(598,529)	192,668
Finance costs, net	7	(1,707,998)	(2,287,751)	(726,980)	(926,425)
Profit/(loss) before taxation		14,260,581	16,529,227	(1,325,509)	(733,757)
Taxation	8	(4,570,370)	(5,475,627)	22,657	(175,623)
Profit/(loss) for the year		9,690,211	11,053,600	(1,302,852)	(909,380)
Earnings per share (sen)					
- Basic	9	4.71	5.48		
- Diluted	9	4.71	5.31		

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

Balance Sheets

As at 30 April 2004

	Note	Group		Company	
		2004 RM	2003 RM (Restated)	2004 RM	2003 RM
NON-CURRENT ASSETS					
Property, plant and equipment	10	198,551,431	195,255,450	-	-
Investments in subsidiary companies	11	-	-	202,671,015	202,671,015
Goodwill on consolidation	12	92,519,232	92,519,232	-	-
Other receivables	13	305,103	444,102	-	-
Deferred tax assets	25	86,847	11,625	-	-
		291,462,613	288,230,409	202,671,015	202,671,015
CURRENT ASSETS					
Amounts due from subsidiary companies	14	-	-	19,928,898	23,977,956
Inventories	15	4,583,895	4,108,006	-	-
Trade receivables	16	4,116,968	2,874,922	-	-
Other receivables	13	5,851,843	13,903,364	663,592	4,121,737
Tax refundable		887,420	781,530	331,557	308,900
Fixed deposits placed with licensed banks	17	162,970	156,396	-	-
Cash and bank balances		3,124,289	648,891	217,782	7,671
		18,727,385	22,473,109	21,141,829	28,416,264
CURRENT LIABILITIES					
Amounts due to subsidiary companies	18	-	-	13,683,522	14,247,374
Borrowings	19	12,439,577	10,622,576	-	-
Trade payables	21	3,988,147	3,826,764	-	-
Other payables	22	4,769,182	12,150,177	242,812	448,294
Provision for taxation		591,187	216,128	-	-
		21,788,093	26,815,645	13,926,334	14,695,668

balance sheets

As at 30 April 2004 (cont'd)

	Note	Group		Company	
		2004 RM	2003 RM (Restated)	2004 RM	2003 RM
NET CURRENT					
(LIABILITIES)/ASSETS		(3,060,708)	(4,342,536)	7,215,495	13,720,596
		288,401,905	283,887,873	209,886,510	216,391,611
FINANCED BY:					
Share capital	23	215,456,915	201,736,915	215,456,915	201,736,915
Retained profits/ (accumulated losses)		24,470,462	14,780,251	(5,570,405)	(4,267,553)
Shareholders' equity		239,927,377	216,517,166	209,886,510	197,469,362
Borrowings	19	10,903,539	11,623,094	-	-
Other payables	22	-	5,202,249	-	5,202,249
Irredeemable Convertible Unsecured Loan Stocks	24	-	13,720,000	-	13,720,000
Deferred tax liabilities	25	37,303,939	36,558,314	-	-
Lease rental payable	26	267,050	267,050	-	-
Non-current liabilities		48,474,528	67,370,707	-	18,922,249
		288,401,905	283,887,873	209,886,510	216,391,611
NET TANGIBLE ASSETS PER SHARE					
	27	0.68	0.61	0.97	0.98

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

Statements of Changes in Equity

For the Year Ended 30 April 2004

	Note	Share capital RM	Distributable retained profits/ (accumulated losses) RM	Total RM
Group				
At 1 May 2002				
- As previously stated		201,636,915	3,164,650	204,801,565
- Prior year adjustment	28	-	562,001	562,001
At 1 May 2002 (Restated)		201,636,915	3,726,651	205,363,566
Conversion of ICULS	24	100,000	-	100,000
Profit for the year		-	11,053,600	11,053,600
At 30 April 2003		201,736,915	14,780,251	216,517,166
At 1 May 2003				
- As previously stated		201,736,915	16,232,081	217,968,996
- Prior year adjustment	28	-	(1,451,830)	(1,451,830)
At 1 May 2003 (Restated)		201,736,915	14,780,251	216,517,166
Conversion of ICULS	24	13,720,000	-	13,720,000
Profit for the year		-	9,690,211	9,690,211
At 30 April 2004		215,456,915	24,470,462	239,927,377
Company				
At 1 May 2002				
Conversion of ICULS	24	100,000	-	100,000
Loss for the year		-	(909,380)	(909,380)
At 30 April 2003		201,736,915	(4,267,553)	197,469,362
Conversion of ICULS	24	13,720,000	-	13,720,000
Loss for the year		-	(1,302,852)	(1,302,852)
At 30 April 2004		215,456,915	(5,570,405)	209,886,510

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

Cash Flow Statements

For the Year Ended 30 April 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	14,260,581	16,529,227	(1,325,509)	(733,757)
Adjustments for:				
Amortisation of quarry development expenditure	6,161	175,326	-	-
Depreciation of property, plant and equipment	3,349,977	3,172,578	-	-
Equipment and building scrapped	3,735	5,823	-	-
Finance costs, net	1,707,998	2,287,751	726,980	926,425
Inventories written off	1,591	4,170	-	-
Loss on disposal of property, plant and equipment	311,385	272,529	-	-
Loss on disposal of a subsidiary company	-	53,765	-	40,665
Provision for doubtful debts	1,146,045	-	-	-
Provision for impairment loss	400,000	-	-	-
Gain on disposal of property, plant equipment	(152,385)	(190,871)	-	-
Interest received on deposits	(6,672)	(5,237)	(99)	-
Interest recovered on advances given	(3,682)	(5,829)	-	-
Overdue interest income	(50,677)	(401)	(50,677)	-
Operating profit/(loss) before working capital changes	20,974,057	22,298,831	(649,305)	233,333
Changes in working capital:				
Decrease in amounts due to Directors	-	(6,296,195)	-	(6,296,195)
Increase in inventories	(477,480)	(653,409)	-	-
Decrease/(increase) in receivables	5,802,429	(2,840,841)	3,458,145	311,347
Decrease in payables	(12,421,861)	(902,865)	(5,407,731)	(3,194,410)
Cash generated from /(used in) operations	13,877,145	11,605,521	(2,598,891)	(8,945,925)
Interest paid	(198,954)	(365,696)	-	-
Income tax paid	(3,630,798)	(4,048,450)	-	(371,623)
Tax refunded	-	52,773	-	-
Net cash generated from/(used in) operating activities	10,047,393	7,244,148	(2,598,891)	(9,317,548)

cash flow statements

For the Year Ended 30 April 2004 (cont'd)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in amounts due from subsidiary companies	-	-	4,049,058	2,064,057
Acquisition of a subsidiary company net of cash and cash equivalents (Note 11(a)(iii))	-	(4,518,634)	-	(4,518,636)
Proceeds from disposal of a subsidiary company (Note 11(b)(i))	-	989,804	-	1,097,853
Interest received	61,031	11,467	50,776	-
Proceeds from disposal of property, plant and equipment	1,533,300	1,702,324	-	-
Additions of property, plant and equipment (Note 10(c))	(8,466,944)	(3,348,214)	-	-
Interest capitalised under property, plant and equipment (Note 10(c))	(45,047)	(79,351)	-	-
Net cash (used in)/ generated from investing activities	(6,917,660)	(5,242,604)	4,099,834	(1,356,726)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Decrease)/increase in amounts due to subsidiary companies	-	-	(563,852)	11,472,823
Proceeds from drawdown of Islamic loan	6,000,000	-	-	-
Proceeds from drawdown of revolving credits	6,000,000	-	-	-
Proceeds from drawdown of term loans	-	6,500,000	-	-
Repayment of Islamic loan	(349,335)	-	-	-
Repayment of term loans	(5,700,245)	(3,912,817)	-	-
Payment of finance lease and hire purchase liabilities	(882,477)	(1,053,076)	-	-
Interest paid on advances	-	(56,172)	(442,807)	(245,763)
Interest paid on hire purchase	(114,308)	(151,375)	-	-
Interest paid on ICULS	(284,173)	(552,800)	(284,173)	(552,800)
Interest paid on leasing	(29)	(4,937)	-	-
Interest paid on term loans	(941,073)	(1,028,909)	-	-
Interest paid on Islamic loan	(105,014)	-	-	-
Interest paid on loan from directors	-	(297,383)	-	(297,383)
Interest paid on revolving credits	(64,447)	-	-	-
Net cash generated from/(used in) financing activities	3,558,899	(557,469)	(1,290,832)	10,376,877
Net increase/(decrease) in cash and cash equivalents	6,688,632	1,444,075	210,111	(297,397)
Cash and cash equivalents as at beginning of year	(4,642,486)	(6,086,561)	7,671	305,068
Cash and cash equivalents as at end of year (Note 31)	2,046,146	(4,642,486)	217,782	7,671

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

Notes to the Financial Statements

30 April 2004

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are stated in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The registered office and the principal place at which the Company's business is carried out are situated at Lot 39-40, Block C, Taman Indah Jaya Shophouses, Mile 4, North Road, P. O. Box 1562, 90717 Sandakan, Sabah.

The financial statements of the Group and of the Company are expressed in Ringgit Malaysia.

The numbers of employees of the Group and of the Company at the end of the financial year were 971 (2003: 876) and 3 (2003: 6) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 August 2004.

2. 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 business whilst managing its interest rate, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

(a) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts, and the Group has no substantial long-term interest-bearing assets as at 30 April 2004. The investments in financial assets is short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

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

(b) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(c) Credit Risk

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

notes to the financial statements

30 April 2004 (cont'd)

2. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(d) Fair Values

There is no disclosure of fair value for investment in subsidiaries and borrowings under the basis of Islamic principles as these are excluded from MASB 24 - Financial Instruments: Disclosure and Presentation.

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

	Note	2004		2003	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Group					
Financial Liabilities					
Lease rental payable	26	267,050	1,602	267,050	1,476
Company					
Financial Assets					
Amounts due from subsidiary companies	14	19,928,898	+	23,977,956	+
Financial Liabilities					
Amounts due to subsidiary companies	18	13,683,522	+	14,247,374	+

+ It is not practical to estimate the fair values of amounts due from/to subsidiary companies due principally to a lack of fixed repayment term entered by the parties involved.

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

	Note	2004		2003	
		Nominal/ Notional Amount RM	Fair Value RM	Nominal/ Notional Amount RM	Fair Value RM
Group					
Contingent liabilities	29	20,000	-	20,000	9,410
Company					
Contingent liabilities	29	73,140,800	21,519,994	32,339,300	17,363,193

notes to the financial statements

30 April 2004 (cont'd)

2. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(d) Fair Values (cont'd)

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

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

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

(ii) Borrowings

The carrying amounts of borrowings as reflected in the balance sheets approximate their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

During the financial year ended 30 April 2004, the Group and the Company adopted the following MASB Standards for the first time:

MASB 25 - Income Taxes

MASB 27 - Borrowing Costs

MASB 29 - Employee Benefits

The effects of adopting MASB 25 are summarised in the Statements of Changes in Equity and further information is disclosed in Note 28 to the financial statements. The adoption of MASB 27 and MASB 29 have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

(b) Basis of Consolidation

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

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

The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

notes to the financial statements

30 April 2004 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

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

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill which was not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(c) Goodwill

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

Goodwill is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Goodwill arising on consolidation is not amortised.

(d) Investments in Subsidiary Companies

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

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

(e) Property, Plant and Equipment and Depreciation

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

(ii) Leasehold land and plantations held on long-term leases (with remaining lease period of more than 50 years) are not amortised. The non-amortisation of the long leasehold land has no material effect on the financial statements. The effect on the non-amortisation of the leasehold land is disclosed under Note 10(e) to the financial statements.

(iii) New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised under plantation development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on immature plantation is similarly capitalised under plantation development expenditure until such time when the plantation attains maturity. No provision for amortisation on plantation development expenditure is considered necessary as the plantations' estimated useful lives are maintained through replanting programmes.

notes to the financial statements

30 April 2004 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Property, Plant and Equipment and Depreciation (cont'd)

Proceeds from the sale of timber salvaged in the course of clearing the Group's leasehold lands for plantation development in mitigation of further capital expenditure in developing the plantations is deducted against the plantation development expenditure in arriving at the carrying amount of plantation.

- (iv) Direct expenditure incurred on quarry development is capitalised under quarry development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on quarry development is similarly capitalised under quarry development expenditure until such time when the quarry commences operation.

Quarry development expenditure is amortised based on the proportion of stone volume extracted over the estimated volume of extractable stone from the quarry reserve.

- (v) Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

	%
Leasehold property	2
Oil mill and other buildings	5 - 7
Heavy equipment, plant and machinery	6 - 10
Motor vehicles	15
Furniture, fittings and equipment	10

- (vi) Capital work-in-progress is not depreciated until it is completed and ready for use.

- (vii) Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statements.

- (viii) Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these items.

(f) Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost includes the purchase price of inventories acquired and other attributable costs in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

(g) Cash and Cash Equivalents

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

notes to the financial statements

30 April 2004 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Leases

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

(i) Finance leases

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

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 3(e).

(ii) Operating leases

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

(i) Provisions for Liabilities

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

(j) Income Tax

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

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

notes to the financial statements

30 April 2004 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Income Tax (cont'd)

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

Prior to the adoption of MASB 25 Income Taxes on 1 May 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were 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 28 to the financial statements.

(k) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

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

Prior to the adoption of MASB 29 - Employee Benefits with effect from 1 May 2003, no liability was recognised for the adoption for the obligations in respect of short-term employee benefits.

(l) Revenue Recognition

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

(i) Sale of plantation produce

Sale of plantation produce is recognised upon delivery of products to customers during the year less returns.

(ii) Sale of stones

Sale of stones is recognised upon delivery of products and customers acceptance.

(iii) Dividend income

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

(m) Impairment of Assets

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

notes to the financial statements

30 April 2004 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment of Assets (cont'd)

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(n) Segment Information

Segment information is presented in respect of the Groups' business. The reporting segment information is in respect of business segments as the Group's risk and rates of return are affected predominantly by differences in the products it produces.

Segment results, assets and liabilities included items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance cost and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that is expected to be used for more than one accounting period.

(o) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly to equity.

(i) Receivables

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

(ii) Payables

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

(iii) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

notes to the financial statements

30 April 2004 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial Instruments (cont'd)

(iii) Interest-Bearing Borrowings (cont'd)

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

(iv) Irredeemable Convertible Unsecured Loan Stocks

ICULS are classified as liability. The equity and liability component portions of this compound instrument have not been classified separately as allowed under the transitional provisions in MASB 24 Financial Instruments: Disclosure and Presentation for compound instruments issued prior to 1 January 2003. Interest on ICULS is recognised in the income statements in the period in which they are incurred.

(v) Equity Instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

4. REVENUE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Revenue of the Group and of the Company consists of the following:				
Sales of crude palm oil	107,660,906	90,934,119	-	-
Sales of palm kernel	12,956,495	10,276,197	-	-
Sales of earth and stones	2,532,889	2,297,382	-	-
Sales of fresh fruit bunches	4,008,035	2,475,974	-	-
Dividend income	-	-	-	700,000
	127,158,325	105,983,672	-	700,000

Transactions between companies within the Group are excluded in determining revenue of the Group.

5. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(i) This is stated after charging/ (crediting):				
Auditors' remuneration				
- Statutory audits	57,100	60,600	15,000	15,000
- Other services	26,500	3,000	26,500	-
- Overprovided in prior years	(24,100)	(6,800)	-	-

notes to the financial statements

30 April 2004 (cont'd)

5. PROFIT/(LOSS) FROM OPERATIONS (cont'd)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(i) This is stated after charging/ (crediting):				
Amortisation on quarry development expenditure (Note 10)	6,161	175,326	-	-
Depreciation of property, plant and equipment (Note 10)	3,349,977	3,172,578	-	-
Directors' remuneration (Note 6)	3,694,330	3,524,205	257,500	185,000
Equipment and building scrapped	3,735	5,823	-	-
Equipment hiring expenses	-	9,930	-	-
Inventories written off	1,591	4,170	-	-
Land and office rental	27,600	27,600	-	-
Loss on disposal of a subsidiary company	-	53,765	-	40,665
Loss on disposal of property, plant and equipment	311,385	272,529	-	-
Provision for doubtful debts	1,146,045	-	-	-
Provision for impairment loss	400,000	-	-	-
Equipment hiring income	(101,831)	(38,350)	-	-
Gain on disposal of property, plant and equipment	(152,385)	(190,871)	-	-
Interest recovered on advances given	(3,682)	(5,829)	-	-
Interest received on deposits	(6,672)	(5,237)	(99)	-
Overdue interest income	(50,677)	(401)	(50,677)	-
	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(ii) Staff costs:				
Salaries and wages	13,476,373	10,225,975	122,500	30,000
Employees' Provident Fund contributions	876,586	675,384	-	-
SOCSCO contributions	39,740	33,182	-	-
	14,392,699	10,934,541	122,500	30,000
Less: Staff costs capitalised under				
- Plantation development expenditure	(665,453)	(115,903)	-	-
- Nurseries	(483,408)	-	-	-
Staff costs recognised in income statements	13,243,838	10,818,638	122,500	30,000

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM3,223,330 (2003: RM3,033,205) and RM122,500 (2003: RM30,000) respectively as further disclosed in Note 6 to the financial statements.

notes to the financial statements

30 April 2004 (cont'd)

6. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Directors of the Company				
Executive:				
Emoluments	2,847,908	2,750,010	-	-
Fees	122,500	30,000	122,500	30,000
	2,970,408	2,780,010	122,500	30,000
Non-Executive:				
Emoluments	336,000	336,000	-	-
Fees	135,000	155,000	135,000	155,000
	471,000	491,000	135,000	155,000
Director of Subsidiary Companies				
Executive:				
Emoluments	252,922	253,195	-	-
	252,922	253,195	-	-
Total	3,694,330	3,524,205	257,500	185,000
Total executive Directors' remuneration	3,223,330	3,033,205	122,500	30,000
Total non-executive Directors' remuneration	471,000	491,000	135,000	155,000
	3,694,330	3,524,205	257,500	185,000

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

	Number of Directors	
	2004	2003
Executive Directors:		
Below RM350,000	3	1
RM350,001 to RM400,000	-	1
RM400,001 to RM450,000	-	-
RM450,001 to RM500,000	1	1
RM500,001 to RM550,000	3	2
RM550,001 to RM600,000	-	-
RM600,001 to RM650,000	1	1
Non-Executive Directors:		
Below RM300,000	3	3
RM300,001 to RM350,000	1	1

notes to the financial statements

30 April 2004 (cont'd)

7. FINANCE COSTS, NET

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest on:				
Advances	-	29,660	442,807	219,251
Bank overdrafts	198,914	406,488	-	-
Term loans	974,122	1,070,228	-	-
ICULS	284,173	550,871	284,173	550,871
Islamic loan	105,014	-	-	-
Loans from Directors	-	156,303	-	156,303
Hire purchase	123,469	151,375	-	-
Leasing	29	4,937	-	-
Revolving credits	64,447	-	-	-
Others	40	77	-	-
	1,750,208	2,369,939	726,980	926,425
Less: Finance costs capitalised under plantation development expenditure:				
Interest on Islamic loan	(6,854)	-	-	-
Interest on term loans	(26,195)	(41,319)	-	-
Interest on bank overdrafts	-	(40,869)	-	-
Interest on hire purchase	(9,161)	-	-	-
	1,707,998	2,287,751	726,980	926,425

8. TAXATION

	Group		Company	
	2004 RM	2003 RM (Restated)	2004 RM	2003 RM
Tax expense for the year:				
Malaysian income tax	3,937,837	2,791,000	-	-
Real property gains tax	-	175,623	-	175,623
	3,937,837	2,966,623	-	175,623
Deferred tax:				
Relating to origination and reversal of temporary differences (Note 25)	670,403	2,276,831	-	-
(Over)/underprovided in prior years:				
Malaysian income tax	(37,870)	232,173	(22,657)	-
	4,570,370	5,475,627	(22,657)	175,623

notes to the financial statements

30 April 2004 (cont'd)

8. 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	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit/(loss) before taxation	14,260,581	16,529,227	(1,325,509)	(733,757)
Taxation at Malaysian statutory tax rate of 28%	3,992,963	4,628,184	(371,143)	(205,452)
* Effect on income subject to tax rate of 20%	(162,010)	(40,000)	-	-
Income not subject to tax	-	(11,481)	-	-
Expenses not deductible for tax purposes	1,187,066	631,303	371,143	205,452
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(10,335)	-	-
Utilisation of current year's reinvestment allowance	-	(129,840)	-	-
Deferred tax assets recognised reinvestment allowance	(563,799)	-	-	-
Deferred tax assets not recognised during the year	154,020	-	-	-
(Over)/underprovided in prior years	(37,870)	232,173	(22,657)	-
Real property gains tax	-	175,623	-	175,623
Tax expense for the year	4,570,370	5,475,627	(22,657)	175,623

* Pursuant to Paragraph 2A, Schedule 1, Part 1 of the Income Tax Act, 1967, the income tax rate applicable to the first RM500,000 (2003: RM100,000) of the chargeable income of certain subsidiary companies is 20% as these subsidiary companies are small and medium scale companies.

Tax savings recognised during the year arose from:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Utilisation of tax losses brought forward from previous years	562,064	302,192	-	-
Utilisation of current year agriculture and capital allowances	229,888	750,023	-	-
Utilisation of unabsorbed agriculture and capital allowances brought forward from previous years	215,618	980,218	-	-

notes to the financial statements

30 April 2004 (cont'd)

8. TAXATION (cont'd)

Unutilised tax losses and unabsorbed agriculture and capital allowances are analysed as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unutilised tax losses carried forward	3,988,874	5,178,590	-	-
Unabsorbed agriculture and capital allowances carried forward	5,169,886	4,654,806	-	-

On 2 August 2004, the Inland Revenue Board commenced a tax review on the tax affairs of the Company and two of its subsidiaries. To date, the outcome of the review is unknown and no provision has been made in respect thereof.

9. EARNINGS PER SHARE

Basic and diluted earnings per share for the financial year under review is calculated as follows:

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2004	Group 2003 (Restated)
Profit for the year (RM)	9,690,211	11,053,600
Weighted average number of ordinary shares in issue	205,569,259	201,663,490
Basic earnings per share (sen)	4.71	5.48

The comparative basic earnings per share has been restated to take into account the effects of the change in accounting policy on profit for the year as disclosed in Note 28(b) to the financial statements.

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for last financial year and the weighted average number of ordinary shares in issue during last financial year have been adjusted for the effects of dilutive potential ordinary shares from conversion of the 4% Irredeemable Convertible Unsecured Loan Stocks (ICULS).

	2004	Group 2003 (Restated)
Profit for the year (RM)	9,690,211	11,053,600
Adjustment for after-tax effects of interest on ICULS (RM)	-	396,627
Adjusted profit for the year (RM)	9,690,211	11,450,227
Weighted average number of shares in issue	205,569,259	201,663,490
Adjustment for assumed conversion of ICULS	-	13,793,425
Adjusted weighted average number of shares in issue and issuable	205,569,259	215,456,915
Diluted earnings per share (sen)	4.71	5.31

notes to the financial statements

30 April 2004 (cont'd)

10. PROPERTY, PLANT AND EQUIPMENT

Group	Long leasehold land, leasehold property, oil mill and other buildings RM	Plantation development expenditure RM	Quarry development expenditure RM	Heavy equipment, plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
Cost -								
At 1 May 2003	62,163,030	104,557,270	9,447,998	28,861,415	2,409,596	1,492,499	603,503	209,535,311
Additions	416,441	2,510,054	-	1,304,573	317,680	246,932	4,014,000	8,809,680
Disposals	(1,258,960)	-	-	(1,062,500)	(75,300)	(520)	-	(2,397,280)
Scrapped	(666)	-	-	(22,435)	-	(630)	-	(23,731)
Reclassifications	274,096	-	-	4,094,994	-	5,960	(4,375,050)	-
At 30 April 2004	61,593,941	107,067,324	9,447,998	33,176,047	2,651,976	1,744,241	242,453	215,923,980
Accumulated Depreciation and Impairment Loss -								
At 1 May 2003	1,841,922	-	175,326	10,329,615	1,278,996	654,002	-	14,279,861
Depreciation charge for the year:	627,776	-	6,161	2,427,159	211,049	145,519	-	3,417,664
Recognised in income statement (Note 5(i))	620,074	-	6,161	2,396,524	199,384	133,995	-	3,356,138
Capitalised under plantation development expenditure (Note 10(a))	7,702	-	-	30,635	11,665	11,524	-	61,526
Impairment loss for the year	-	-	-	400,000	-	-	-	400,000
Disposals	-	-	-	(681,971)	(22,958)	(51)	-	(704,980)
Scrapped	(161)	-	-	(19,533)	-	(302)	-	(19,996)
At 30 April 2004	2,469,537	-	181,487	12,455,270	1,467,087	799,168	-	17,372,549
Net Book Value -								
At 30 April 2004	59,124,404	107,067,324	9,266,511	20,720,777	1,184,889	945,073	242,453	198,551,431
At 30 April 2003	60,321,108	104,557,270	9,272,672	18,531,800	1,130,600	838,497	603,503	195,255,450
Depreciation charge for 2003	623,938	-	175,326	2,207,551	224,651	152,281	-	3,383,747

notes to the financial statements

30 April 2004 (cont'd)

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Long leasehold land, leasehold property, oil mill and other buildings comprise:

Group	Long leasehold land RM	Leasehold property RM	Oil mill and other buildings RM	Total RM
Cost -				
At 1 May 2003	49,899,934	718,963	11,544,133	62,163,030
Additions	379,361	-	37,080	416,441
Disposals	(1,258,960)	-	-	(1,258,960)
Scrapped	-	-	(666)	(666)
Reclassifications from capital work-in-progress	-	-	274,096	274,096
At 30 April 2004	49,020,335	718,963	11,854,643	61,593,941
Accumulated Depreciation and Impairment Loss -				
At 1 May 2003	-	45,832	1,796,090	1,841,922
Depreciation charge for the year	-	15,602	612,174	627,776
Scrapped	-	-	(161)	(161)
At 30 April 2004	-	61,434	2,408,103	2,469,537
Net Book Value -				
At 30 April 2004	49,020,335	657,529	9,446,540	59,124,404
At 30 April 2003	49,899,934	673,131	9,748,043	60,321,108
Depreciation charge for 2003	-	13,773	610,165	623,938

(a) Plantation development expenditure capitalised during the financial year included the following:

	Group	
	2004 RM	2003 RM
Depreciation of property, plant and equipment	61,526	35,843
Hire of equipment	2,460	-
Interest on bank overdraft	-	40,869
Interest on Islamic loan	6,854	-
Interest on term loans	26,195	41,319
Interest on hire purchase	9,161	-

notes to the financial statements

30 April 2004 (cont'd)

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (b) Net book value of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2004	2003
	RM	RM
Plant and machinery	504,166	1,170,102
Heavy equipment	1,410,671	1,575,671
Motor vehicles	102,050	121,475
	2,016,887	2,867,248

- (c) During the year, the Group acquired property, plant and equipment and incurred plantation development expenditure totalling RM8,809,680 (2003: RM4,302,245).

	Group	
	2004	2003
	RM	RM
Plant and equipment acquired under hire purchase arrangement	239,000	836,000
Cash payments	8,466,944	3,348,214
Depreciation of property, plant and equipment capitalised	61,526	35,843
Finance costs capitalised (Note 7) - paid	42,210	79,351
- accrued	-	2,837
	8,809,680	4,302,245

- (d) Net book value of property, plant and equipment pledged for borrowings as referred to in Note 19 are as follows:

	Group	
	2004	2003
	RM	RM
Long leasehold land	19,282,439	11,753,658
Buildings	5,676,182	6,080,442
Plantation development expenditure	23,007,236	22,938,068
Plant and machinery	13,434,723	11,555,800
	61,400,580	52,327,968

- (e) The financial effect on the non-amortisation of the long leasehold land on the financial results of the Group as stated in Note 3(e)(ii) is an understatement of the amortisation charge of RM248,934 (2003: RM258,035) for the Group.

11. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2004	2003
	RM	RM
Unquoted shares - at cost	202,671,015	202,671,015

notes to the financial statements

30 April 2004 (cont'd)

11. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Details of the subsidiary companies, which are incorporated in Malaysia, are as follows:

Subsidiary companies	Principal activities	Equity interest held by the Group	
		2004	2003
Cepatwawasan Sdn. Bhd.	Cultivation of oil palm	100%	100%
Syarikat Melabau Sdn. Bhd.	Cultivation of oil palm	100%	100%
Wong Tet-Jung Plantations Sdn. Bhd.	Cultivation of oil palm	100%	100%
Razijaya Sdn. Bhd.	Cultivation of oil palm and operation of quarry	100%	100%
Sri Likas Mewah Sdn. Bhd.	Cultivation of oil palm	100%	100%
Kovusak Sdn. Bhd.	Cultivation of oil palm	100%	100%
Libarran Island Resort Sdn. Bhd.	Investment holding	100%	100%
Bakara Sdn. Bhd.	Cultivation of oil palm	100%	100%
Sungguh Mulia Sdn. Bhd.	Cultivation of oil palm	100%	100%
Prima Semasa Sdn. Bhd.	Cultivation of oil palm, currently under development stage	100%	100%
Subsidiary company of Cepatwawasan Sdn. Bhd.			
Prolific Yield Sdn. Bhd.	Milling and sales of oil palm products	100%	100%
Subsidiary companies of Syarikat Melabau Sdn. Bhd.			
Suara Baru Sdn. Bhd.	Cultivation of oil palm and operation of quarry	100%	100%
Gelang Usaha Sdn. Bhd.	Cultivation of oil palm	100%	100%
Subsidiary company of Sri Likas Mewah Sdn. Bhd.			
Ultisearch Trading Sdn. Bhd.	Cultivation of oil palm	100%	100%
Subsidiary company of Libarran Island Resort Sdn. Bhd.			
Minelink Sdn. Bhd.	Cultivation of oil palm, not yet commenced operation	100%	100%

(a) Acquisition of a subsidiary company:

Acquisition in 2003

On 31 March 2003, the Company acquired 100% equity interest in Prima Semasa Sdn. Bhd. for a cash consideration of RM9,720,885.

The above acquisition had been accounted for using the acquisition method of accounting.

(i) The effects of the acquisition on the financial results of the Group from the date of acquisition to the end of the financial year ended 30 April 2003 were as follows:

	RM
Revenue	-
Operating and administrative expenses	(7,950)
Loss before taxation	(7,950)
Taxation	-
Decrease in Group's profit	(7,950)

notes to the financial statements

30 April 2004 (cont'd)

11. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

(a) Acquisition of a subsidiary company:

(ii) The effects of the acquisition on the financial position of the Group as at 30 April 2003 were of follows:

	RM (Restated)
Property, plant and equipment	18,000,000
Goodwill on consolidation	2,475,466
Receivables	59,245
Cash on hand	2
Payables	(7,889,793)
Deferred taxation	(2,931,941)
Increase in Group net assets	9,712,979

(iii) The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary company were as follows:

	2003 RM (Restated)
Net assets acquired:	
Property, plant and equipment	18,000,000
Receivables	66,651
Cash on hand	2
Payables	(7,889,293)
Deferred taxation	(2,931,941)
	7,245,419
Goodwill on consolidation	2,475,466
Purchase consideration discharged by cash	9,720,885
Less: Balance of consideration	(5,202,249)
	4,518,636
Cash and cash equivalents acquired from a subsidiary company	
- Cash consideration paid	4,518,636
- Cash and cash equivalents	(2)
	4,518,634

The balance of consideration was settled in cash by various instalment payments.

(b) Disposal of a subsidiary company:

Disposal in 2003

On 17 February 2003, the Group disposed of its 100% equity interest in Unival Enterprise Sdn. Bhd. for a cash consideration of RM3,518,277.

notes to the financial statements

30 April 2004 (cont'd)

11. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

- (i) The disposal had the following effects on the financial position of the Group as at 30 April 2003.

	RM (Restated)
Net assets disposed	
Property	4,884,436
Other receivables	5,561
Inventories	491
Cash and bank balances	108,049
Sundry payables	(2,074,587)
Deferred taxation	(826,044)
Decrease in Group net assets	2,097,906
Attributable unamortised goodwill	1,474,136
Loss on disposal to the Group	(53,765)
Total consideration	3,518,277
Satisfied by:	
Cash	1,097,853
Balance of consideration	2,420,424
	3,518,277
Net cash inflow arising on disposal:	
Cash consideration	1,097,853
Cash and cash equivalents of subsidiary disposed	(108,049)
	989,804

Disposal in 2003

- (ii) The disposal had the following effect on the Group's financial results for 2003.

	RM
Revenue	51,464
Cost of sales	(18,692)
Gross profit	32,772
Administrative expenses	(13,671)
Profit from operations	19,101
Finance costs	(3,555)
Profit for the period	15,546

notes to the financial statements

30 April 2004 (cont'd)

11. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

(iii) The disposal had the following effect on the company's financial results for 2003.

	RM
Total consideration	3,518,277
Less: Cost of investment in subsidiary	(3,558,942)
Loss on disposal of a subsidiary	(40,665)

12. GOODWILL ON CONSOLIDATION

	2004 RM	Group 2003 RM (Restated)
At beginning of year, as previously stated	57,900,973	59,005,540
Prior year adjustment (Note 28)(b))	34,618,259	32,512,362
At beginning of year, as restated	92,519,232	91,517,902
Arising from disposal of a subsidiary company	-	(1,474,136)
Arising from acquisition of a subsidiary company	-	2,475,466
At end of year	92,519,232	92,519,232

13. OTHER RECEIVABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Amounts receivable on disposal of equipment	922,103	672,102	-	-
Balance of consideration on disposal of a subsidiary, Unival Enterprise Sdn. Bhd.	-	2,420,424	-	2,420,424
Deposit for acquisition of subsidiaries	1,259,666	-	480,000	-
Balance of consideration on disposal of one parcel of leasehold plantation	47,000	3,508,229	-	-
Other receivables and prepayment	5,074,222	7,746,711	183,592	1,701,313
	7,302,991	14,347,466	663,592	4,121,737
Less: Provision for doubtful debts	(1,146,045)	-	-	-
	6,156,946	14,347,466	663,592	4,121,737
Analysed as:				
Receivable within 12 months	5,851,843	13,903,364	663,592	4,121,737
Receivable after 12 months	305,103	444,102	-	-
	6,156,946	14,347,466	663,592	4,121,737

As at balance sheet date, the Group has a significant concentration of credit risk in the form of outstanding balance from one debtor representing approximately 33% (2003: 11%) of total other receivables.

notes to the financial statements

30 April 2004 (cont'd)

14. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2004 RM	2003 RM
Amounts arising from settlement of purchase considerations on behalf of certain subsidiaries in respect of various acquisitions made by them pursuant to the corporate exercise in year 2002	13,767,718	19,042,928
Advances	6,161,180	4,935,028
	<u>19,928,898</u>	<u>23,977,956</u>

The advances are unsecured, interest-free and have no fixed terms of repayment.

15. INVENTORIES

	Group	
	2004 RM	2003 RM
At cost:		
Nurseries	1,313,807	10,000
Fertiliser and chemicals	281,069	89,063
Store, spares and consumable supplies	743,318	787,674
Crude palm oil	591,002	1,110,599
Palm kernel	84,390	84,750
Quarry stock	1,570,309	2,025,920
	<u>4,583,895</u>	<u>4,108,006</u>

There were no inventories stated at net realisable value as at 30 April 2004 and 2003.

16. TRADE RECEIVABLES

The Group's normal trade credit term range from 7 to 30 (2003: 7 to 30) days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

17. FIXED DEPOSITS PLACED WITH LICENSED BANKS

	Group	
	2004 RM	2003 RM
Fixed deposits pledged as security for banking facilities granted to certain subsidiary companies	120,921	117,601
Fixed deposits free from any encumbrances	42,049	38,795
	<u>162,970</u>	<u>156,396</u>

notes to the financial statements

30 April 2004 (cont'd)

18. AMOUNTS DUE TO SUBSIDIARY COMPANIES

Included in amounts due to subsidiary companies is an amount of RM6,086,510 (2003: RM6,033,120) which bears interest at cost of funds of the subsidiary company.

The amounts are unsecured and have no fixed terms of repayment.

19. BORROWINGS

	2004 RM	Group 2003 RM
Short Term Borrowings		
Secured:		
Bank overdrafts	1,241,113	5,447,773
Term loans	3,570,677	4,342,363
Islamic loan	1,086,914	-
Hire purchase and finance lease payables (Note 20)	540,873	832,440
Revolving credits	6,000,000	-
	12,439,577	10,622,576
Long Term Borrowings		
Secured:		
Term loans	6,028,296	10,959,692
Islamic loan	4,563,751	-
Hire purchase and finance lease payables (Note 20)	311,492	663,402
	10,903,539	11,623,094
Total Borrowings		
Bank overdrafts (Note 31)	1,241,113	5,447,773
Term loans	9,598,973	15,302,055
Islamic loan	5,650,665	-
Hire purchase and finance lease payables (Note 20)	852,365	1,495,842
Revolving credits	6,000,000	-
	23,343,116	22,245,670
Maturity of borrowings: (excluding hire purchase and finance lease payables)		
Within 1 year	11,898,704	9,790,136
More than 1 year and less than 2 years	4,472,953	5,417,626
More than 2 years and less than 5 years	6,113,984	4,780,014
5 years or more	5,110	762,052
	22,490,751	20,749,828

notes to the financial statements

30 April 2004 (cont'd)

19. BORROWINGS (cont'd)

The Islamic loan and revolving credits facilities are financed under the Syariah principle of Bai Inah. Under this concept, the bank being the legal and/or beneficial owner of the identified assets shall at the request of the Group sell the assets at the bank's selling price to the Group on deferred payment basis, upon the terms of the Assets Sale Agreement. Subject always that the assets having been purchased, the Group shall subsequently sell the assets to the bank at the bank's purchase price upon the terms of the Assets Purchase Agreement.

The effective interest/profit rates at the balance sheet date for borrowings, excluding hire purchase and finance lease payables, were as follows:

	2004	Group 2003
	%	%
Bank overdrafts	7.00 to 8.50	7.40 to 8.90
Term loans	5.00 to 8.50	5.00 to 8.90
Islamic loan	5.75	-
Revolving credits	4.25	-

The bank overdrafts, term loans, Islamic loan and revolving credits of the Group are secured by the following:

- (a) legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of subsidiary companies;
- (b) debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired; and
- (c) corporate guarantees given by the Company and a subsidiary company.

20. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	2004	Group 2003
	RM	RM
Minimum lease payments:		
Not later than 1 year	595,307	954,362
Later than 1 year and not later than 2 years	277,083	489,058
Later than 2 years and not later than 5 years	50,507	208,791
	922,897	1,652,211
Less: Future finance charges	(70,532)	(156,369)
Present value of hire purchase and finance lease liabilities	852,365	1,495,842
Present value of hire purchase and finance lease liabilities		
Not later than 1 year	540,873	832,440
Later than 1 year and not later than 2 years	262,862	466,148
Later than 2 years and not later than 5 years	48,630	197,254
	852,365	1,495,842

notes to the financial statements

30 April 2004 (cont'd)

20. HIRE PURCHASE AND FINANCE LEASE PAYABLES (cont'd)

	2004 RM	Group 2003 RM
Analysed as:		
Due within 12 months (Note 19)	540,873	832,440
Due after 12 months (Note 19)	311,492	663,402
	852,365	1,495,842

The hire purchase and finance lease liabilities bore interest at the balance sheet date of between 4.0% to 7.0% (2003: 4.0% to 7.0%) per annum.

21. TRADE PAYABLES

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

22. OTHER PAYABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Balance of consideration payable to vendors of a subsidiary company	-	5,202,249	-	5,202,249
Amount due to a previous director of a newly acquired subsidiary company	-	7,885,258	-	-
Other payables and accruals	4,769,182	4,264,919	242,812	448,294
	4,769,182	17,352,426	242,812	5,650,543
Analysed as:				
Due within 12 months	4,769,182	12,150,177	242,812	448,294
Due after 12 months	-	5,202,249	-	5,202,249
	4,769,182	17,352,426	242,812	5,650,543

The balance of consideration payable to vendors of a subsidiary company was unsecured and interest free. The amount has been fully settled during the year.

Amount due to a previous director of a newly acquired subsidiary company was unsecured, interest-free and has no fixed terms of repayment. The amount has been fully settled during the year.

notes to the financial statements

30 April 2004 (cont'd)

23. SHARE CAPITAL

	Group and Company	
	2004	2003
	RM	RM
Authorised:		
Ordinary shares of RM1 each	500,000,000	500,000,000
Issued and fully paid:		
Ordinary shares of RM1 each		
At beginning of year	201,736,915	201,636,915
Conversion of ICULS	13,720,000	100,000
At end of year	215,456,915	201,736,915

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM201,736,915 to RM215,456,915 by way of the allotment of 13,720,000 ordinary shares of RM1.00 each pursuant to the conversion of 13,720,000 4% ICULS 2001/2006. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

24. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	Group and Company	
	2004	2003
	RM	RM
4% ICULS 2001/2006 at nominal value of RM1.00 each:		
At beginning of year	13,720,000	13,820,000
Converted to ordinary shares	(13,720,000)	(100,000)
At end of year	-	13,720,000

The ICULS which bore a coupon rate of 4% per annum payable semi-annually were converted into fully paid-up ordinary shares of RM1.00 each in the Company during the year.

25. DEFERRED TAX

	2004	Group 2003
	RM	RM
		(Restated)
At beginning of year, as previously stated	476,600	213,600
Prior year adjustment (Note 28(b))	36,070,089	31,950,361
At beginning of year, as restated	36,546,689	32,163,961

notes to the financial statements

30 April 2004 (cont'd)

25. DEFERRED TAX (cont'd)

	2004 RM	Group 2003 RM (Restated)
Transfer from income statement (Note 8)	670,403	2,276,831
Acquisition of a subsidiary company (Note 11(a)(iii))	-	2,931,941
Disposal of a subsidiary company (Note 11(b)(i))	-	(826,044)
At end of year	37,217,092	36,546,689
Presented after appropriate offsetting as follows:		
Deferred tax assets	(86,847)	(11,625)
Deferred tax liabilities	37,303,939	36,558,314
	37,217,092	36,546,689

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

Deferred tax assets of the Group:

	Unutilised tax losses RM	Unabsorbed capital and agriculture allowances RM	Total RM
At 1 May 2003	(1,536,204)	(963,725)	(2,499,929)
Recognised in the income statement	144,244	(724,730)	(580,486)
At 30 April 2004	(1,391,960)	(1,688,455)	(3,080,415)

Deferred tax liabilities of the Group:

	Property, plant and equipment RM
At 1 May 2003	39,046,618
Recognised in the income statement	1,250,889
At 30 April 2004	40,297,507

Deferred tax assets have not been recognised in respect of unabsorbed capital allowances amounted to RM1,707,132 (2003: RM1,157,061).

The unabsorbed capital allowances are available indefinitely for offset against future taxable profits of a subsidiary in which those items arose. Deferred tax assets have not been recognised in respect of these items as there may not be available future taxable profits in the said subsidiary against which the unabsorbed capital allowances can be utilised.

notes to the financial statements

30 April 2004 (cont'd)

26. LEASE RENTAL PAYABLE

This represents sublease rental for 107 parcels of certain subsidiary companies' land which are payable over the remaining lease term of 49 years commencing in the year 2049.

27. NET TANGIBLE ASSETS PER SHARE

The net tangible assets per share is calculated by dividing the shareholders' funds, after deducting goodwill arising on consolidation by 215,456,915 (2003: 201,736,915) ordinary shares of the Company in issue as at 30 April 2004.

28. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENT

(a) Change in Accounting Policies

During the financial year, the Group and the Company applied three new MASB standards, which became effective from 1 May 2003, and accordingly modified the relevant accounting policies as discussed below.

(i) MASB 25: Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences except where it was thought reasonably probable that the tax effects of such deferrals would continue in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, no deferred tax assets were recognised in respect of unutilised tax losses and timing differences unless it could be demonstrated that these benefits could be realised in the foreseeable future.

(ii) MASB 27: Borrowing Costs

The adoption of MASB 27 did not give rise to any impact to the financial statements as the existing accounting policy comply with this new standard.

(iii) MASB 29: Employee Benefits

Prior to the adoption of MASB 29 - Employee Benefits with effect from 1 May 2003, no liability was recognised for the obligations in respect of short-term employee benefits. This change in accounting policy did not give rise to any impact to the financial statements.

(b) Prior Year Adjustment

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Effect on retained profits/ (accumulated losses):				
At beginning of year, as previously stated	16,232,081	3,164,650	(4,267,553)	(3,358,173)
Effect of adopting MASB 25	(1,451,830)	562,001	-	-
At beginning of year, as restated	14,780,251	3,726,651	(4,267,553)	(3,358,173)

notes to the financial statements

30 April 2004 (cont'd)

28. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENT (cont'd)

(b) Prior Year Adjustment (cont'd)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Effect on goodwill on consolidation:				
At beginning of year, as previously stated	57,900,973	59,005,540	-	-
Effect of adopting MASB 25	34,618,259	32,512,362	-	-
At beginning of year, as restated	92,519,232	91,517,902	-	-
Effect on profit/(loss) for the year:				
Profit/(loss) for the year before change in accounting policy	10,360,614	13,067,431	(1,302,852)	(909,380)
Effect of adopting MASB 25	(670,403)	(2,013,831)	-	-
Profit/(loss) for the year	9,690,211	11,053,600	(1,302,852)	(909,380)
Effect on deferred taxation:				
At beginning of year, as previously stated	476,600	213,600	-	-
Effect of adopting MASB 25	36,070,089	31,950,361	-	-
At beginning of year, as restated	36,546,689	32,163,961	-	-

Comparative amounts as at 30 April 2003 have been restated as follows:

	As previously stated RM	Adjustments RM	As restated RM
Group			
Goodwill on consolidation	57,900,973	34,618,259	92,519,232
Retained profits	16,232,081	(1,451,830)	14,780,251
Deferred tax liabilities	476,600	36,081,714	36,558,314
Deferred tax assets	-	(11,625)	(11,625)

notes to the financial statements

30 April 2004 (cont'd)

29. CONTINGENT LIABILITIES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unsecured				
Guarantee for banking facilities granted to subsidiaries	-	-	68,690,000	27,500,000
Guarantee for credit facilities granted to subsidiaries	-	-	4,450,800	4,839,300
Guarantee for credit facilities granted to a contractor	20,000	20,000	-	-
	20,000	20,000	73,140,800	32,339,300

30. CAPITAL COMMITMENTS

Approved and contracted for:

Acquisition of subsidiaries	1,980,037	-	-	-
Property, plant and equipment	1,905,970	2,634,926	-	-
	3,886,007	2,634,926	-	-

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheets amounts:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed deposits	162,970	156,396	-	-
Cash and bank balances	3,124,289	648,891	217,782	7,671
Bank overdrafts (Note 19)	(1,241,113)	(5,447,773)	-	-
	2,046,146	(4,642,486)	217,782	7,671

Fixed deposits of the Group with carrying amounts totalling RM120,921 (2003: RM117,601) are pledged to the bankers as securities for banking facilities granted to certain subsidiary companies.

The effective interest rates of fixed deposits at the balance sheet date were 3.70% to 4.25% (2003: 3.70% to 4.00%).

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

	Group	
	2004 RM	2003 RM
6 months to 12 months	129,422	122,848
12 months and more	33,548	33,548
	162,970	156,396

notes to the financial statements

30 April 2004 (cont'd)

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2004		2003	
	Amount of transactions RM	Outstanding amounts RM	Amount of transactions RM	Outstanding amounts RM
Group and Company				
(i) Transactions with certain Directors of the Company:				
- Non trade transactions				
Interest on loans from Directors				
- Datuk Lo Fui Ming	-	-	40,902	-
- Tsen Thau Tet	-	-	4,462	-
- Tan Kum Peng	-	-	5,206	-
- Ouh Mee Lan	-	-	5,206	-
- Ho Hee Chung	-	-	22,442	-
- Lim Ted Hing	-	-	14,873	-
- Seah Tee Lean, JP	-	-	63,212	-
Interest on ICULS				
- Datuk Lo Fui Ming	58,187	-	13,714	13,714
- Seah Tee Lean, JP	140,823	-	271,656	131,137
- Lim Ted Hing	54,536	-	88,808	50,784
- Tsen Thau Tet	13,794	-	26,610	12,846
- Tan Kum Peng	3,892	-	-	-
- Ouh Mee Lan	2,601	-	-	-
(ii) Transaction with a director of subsidiary companies who was also a shareholder of the Company:				
- Non trade transaction				
Seah Sen Onn @ David Seah				
Interest on advances obtained	-	-	29,659	-
Group				
(i) Transaction with a director of subsidiary companies who was also a shareholder of the Company:				
- Non trade transaction				
Seah Sen Onn @ David Seah				
Purchase of shophouse	-	-	180,000	-

notes to the financial statements

30 April 2004 (cont'd)

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	Note	2004		2003		
		Amount of transactions RM	Outstanding amounts RM	Amount of transactions RM	Outstanding amounts RM	
Group (cont'd)						
(ii) Transactions with companies in which certain Directors of the Company have financial interests						
- Trade transactions						
- Perfect Gateway Sdn. Bhd. (a)						
		Purchase of consumable goods	-	-	24,462	-
- Aqthal Jasmeg Cashcrop Enterprise Sdn. Bhd. (b)						
		Purchase of fresh fruit bunches	78,930	6,852	107,484	3,286
		Sales of stones	-	-	16,160	3,680
- Aqthal Jasmeg Agronomics Sdn. Bhd. (b)						
		Consultancy fee on foliar analysis, manuring programme and leaf sampling	39,702	-	39,474	-
		Purchase of seedling	414,000	-	-	-
- Sungai Pin Sdn. Bhd. (c)						
		Equipment hire income	3,780	1,260	-	-
		Sales of stones	4,335	-	-	-
- Non trade transaction						
- Sungai Pin Sdn. Bhd. (c)						
		Purchase of leasehold land	-	-	647,000	-
(iii) Transactions with companies in which the siblings of certain Directors of the Company have financial interests						
- Non trade transaction						
- Sungai Lokan Sdn. Bhd. (d)						
		Disposal of equipment	-	-	132,848	132,848
- Trade transactions						
- HHC Venture Sdn. Bhd. (e)						
		Sub-contract fees	220,603	24,058	-	-

notes to the financial statements

30 April 2004 (cont'd)

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	2004		2003	
	Amount of transactions RM	Outstanding amounts RM	Amount of transactions RM	Outstanding amounts RM
Company				
(i) Transactions with subsidiary companies:				
- Non trade transactions				
Interest on advances obtained				
- Prolific Yield Sdn. Bhd.	442,807	442,807	189,592	189,592
Gross dividend income				
- Cepatwawasan Sdn. Bhd.	-	-	700,000	-

Note

- (a) A company in which Datuk Lo Fui Ming and Ho Hee Chung have financial interests.
- (b) A company in which Tsen Thau Tet has financial interests.
- (c) A company in which Ouh Mee Lan and Tan Kum Peng have financial interests.
- (d) A company in which the brothers of Ouh Mee Lan and Tan Kum Peng have financial interests.
- (e) A company in which the brother of Datuk Lo Fui Ming has financial interests.

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

33. SEGMENTAL INFORMATION

(a) Business Segments:

The Group's operations comprise the following business segments:

- (i) Plantation and mill - Cultivation and sale of oil palm products
- (ii) Quarry - Extraction and sale of earth and stones

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

notes to the financial statements

30 April 2004 (cont'd)

33. SEGMENTAL INFORMATION (cont'd)

(a) Business Segments: (cont'd)

	Plantation and mill RM	Quarry RM	Elimination RM	Consolidated RM
30 April 2004				
Revenue				
External sales	124,625,436	2,532,889	-	127,158,325
Inter-segment sales	-	292,796	(292,796)	-
Total revenue	124,625,436	2,825,685	(292,796)	127,158,325
Results				
Segment result	18,582,461	(1,997,470)	-	16,584,991
Unallocated corporate expenses				(677,443)
Operating profit				15,907,548
Interest income				61,031
Finance costs, net				(1,707,998)
Profit before taxation				14,260,581
Taxation				(4,570,370)
Profit for the year				<u>9,690,211</u>
Assets				
Segment assets	194,302,380	20,389,554	-	214,691,934
Unallocated corporate assets				95,498,064
Consolidated total assets				<u>310,189,998</u>
Liabilities				
Segment liabilities	7,081,166	1,429,774	-	8,510,940
Unallocated corporate liabilities				61,751,681
Consolidated total liabilities				<u>70,262,621</u>
Other Information				
Capital expenditure	7,688,213	1,121,467	-	8,809,680
Depreciation	2,782,890	541,704	-	3,324,594
Amortisation	-	6,161	-	6,161
Impairment loss	-	400,000	-	400,000
Non-cash expenses other than depreciation, amortisation and impairment loss	1,462,756	-	-	1,462,756

notes to the financial statements

30 April 2004 (cont'd)

33. SEGMENTAL INFORMATION (cont'd)

(a) Business Segments: (cont'd)

	Plantation and mill RM	Quarry RM	Elimination RM	Consolidated RM (Restated)
30 April 2003				
Revenue				
External sales	103,686,290	2,297,382	-	105,983,672
Inter-segment sales	-	426,061	(426,061)	-
	<u>103,686,290</u>	<u>2,723,443</u>	<u>(426,061)</u>	<u>105,983,672</u>
Results				
Segment results	18,931,262	196,131	-	19,127,393
Unallocated corporate expenses				(321,882)
Operating profit				18,805,511
Interest income				11,467
Finance costs, net				(2,287,751)
Profit before taxation				16,529,227
Taxation				(5,475,627)
Profit for the year				<u>11,053,600</u>
Assets				
Segment assets	190,437,971	22,037,859	-	212,475,830
Unallocated corporate assets				98,227,688
Consolidated total assets				<u>310,703,518</u>
Liabilities				
Segment liabilities	13,876,924	1,649,961	-	15,526,885
Unallocated corporate liabilities				78,659,467
Consolidated total liabilities				<u>94,186,352</u>

notes to the financial statements

30 April 2004 (cont'd)

33. SEGMENTAL INFORMATION (cont'd)

(a) Business Segments: (cont'd)

	Plantation and mill RM	Quarry RM	Elimination RM	Consolidated RM
30 April 2003				
Other Information				
Capital expenditure	21,526,337	592,945	-	22,119,282
Depreciation	2,674,894	474,130	-	3,149,024
Amortisation	-	175,326	-	175,326
Non-cash expenses other than depreciation and amortisation	282,522	-	-	282,522

(b) Geographical Segments

No segmental information by geographical area has been presented, as the Group operates predominantly in Malaysia.

34. SIGNIFICANT EVENTS

- (i) On 31 December 2003, one of its subsidiary companies, Cepatwawasan Sdn. Bhd., had entered into four conditional sale and purchase agreements to acquire the entire issued and paid-up share capital of the following subsidiary companies for a total cash consideration of RM3,239,703.

Subsidiary companies	Cash consideration RM
Jutategak Sdn. Bhd.	2,159,037
Liga Semarak Sdn. Bhd.	359,679
Tentu Cergas Sdn. Bhd.	360,048
Tentu Bernas Sdn. Bhd.	360,939
	3,239,703

The said acquisitions were completed subsequent to year end.

- (ii) On 23 March 2004, the Company had entered into a conditional share sale agreement to acquire the entire issued and paid-up share capital of Desinyo Leisure Sdn. Bhd. for a total cash consideration of RM4,800,000. The said acquisition had been terminated on 24 June 2004 due to non-fulfillment of certain conditions as stipulated in the agreement.

notes to the financial statements

30 April 2004 (cont'd)

35. SUBSEQUENT EVENTS

- (i) On 24 June 2004, the Company terminated the conditional share sale agreement to acquire the entire issued and paid-up share capital of Desinyo Leisure Sdn. Bhd. due to non-fulfillment of certain conditions as stipulated in the agreement and the deposit of RM480,000 for the said acquisition have been refunded on 20 July 2004.
- (ii) On 14 July 2004, one of its subsidiary companies, Cepatwawasan Sdn. Bhd., had completed the acquisition of four subsidiary companies as mentioned in Note 34(i) to the financial statements.
- (iii) On 9 August 2004, the Company applied to the High Court to restrain the former directors from continuing to act or holding themselves out as Directors of the Company and its subsidiaries and from otherwise intermeddling or interfering in the Company and its subsidiaries businesses and management of the Company's and its subsidiaries' affairs and forthwith do and concur in doing all acts and things necessary to enable the Company and its subsidiaries to obtain possession of and control over its assets, books, accounts, correspondences, other property and whatever documents obtained and possessed by the former directors in the course of their directorships. The hearing of this Summons is fixed on 3 September 2004.
- (iv) On 14 August 2004, the Company applied to the High Court to restrain the former Company Secretary, Tan Kok Aun, from continuing to act and holding himself out as the Company Secretary of the Company and its subsidiary companies and cause to be returned all the statutory records and registers of the Company and its subsidiary companies including those relating to the period since 5 June 2004. An interim injunction was also filed against Tan Kok Aun. The High Court on 23 August 2004 adjourned the hearing of the interim injunction pending the outcome of the Company's application under item (iii). The solicitors of Tan Kok Aun agreed to deposit the minute books of the Company and one of its subsidiary companies, Prolific Yield Sdn. Bhd. with the Registrar of Commercial Court 8 for safekeeping on 25 August 2004 pending the hearing of the Summons in Chambers on 3 September 2004.
- (v) On 23 August 2004, upon discovery by the Company's management on 18 August 2004 that in July 2004, cheque payments totalling RM13 million were made out of a bank account of a subsidiary company, Prolific Yield Sdn. Bhd., to a third party, the Company initiated legal actions to recover the said sum and to protect the interest of the Company. The payment vouchers in respect of the said cheque payments were without description of purpose of payment or supporting documents.

36. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of a change in accounting policy as disclosed in Note 28 to the financial statements.

List of Properties of the Group

as at 30 April 2004

Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 30.04.2004	Year Acquired	
					RM'000		
1 Prolific, Wong Tet-Jung Plantations Off KM 63.7, Sandakan-Lahad Datu Highway Kolapis-Beluran Area District of Labuk Sugut Prolific Yield Lot 38, Block C Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan Prolific Yield Lot 39, Block C, Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan Prolific Yield Lot 40, Block C, Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan	Leasehold 99 years	2069	39.752 hectares	Oil Palm Plantation & Oil Mill	19,655	2001	
		2070	30.607 hectares				
		2074	18.195 hectares				
		2075	207.991 hectares				
		2076	9.967 hectares				
		2082	6.463 hectares				
	Perpetuity (Sublease 99 years)	2097	6.435 hectares	Plantable Reserve		2002	
	Leasehold 99 years	2073	2.250 hectares				
				<u>321.660</u> hectares			
		Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	<u>167,220</u> Sq.M	Double Storey Terrace Shoplot	180	2002
		Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	<u>167.220</u> Sq.M	Double Storey Terrace Shoplot	238	2001
		Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	<u>213.200</u> Sq.M	Double Storey Terrace Shoplot	298	2001
	2 Melabau, Suara & Gelang Plantations 0.2 Km East of KM 96, Sandakan-Lahad Datu Highway KM 28, Jalan Labuk	Leasehold 99 years	2069	27.480 hectares	Oil Palm Plantation	647	2002
2078			17.110 hectares	Oil Palm Plantation	39,555	2001	
2079			260.780 hectares	& Quarry			
2080			202.303 hectares				
2081			136.615 hectares				
2082			88.690 hectares				
2085			252.660 hectares				
2086			14.930 hectares				
2095			4.993 hectares				
2093			154.700 hectares				
2097			12.300 hectares				
Perpetuity (Sublease 99 years)			2075	316.549 hectares			
			2080	136.763 hectares			
			2093	5.751 hectares			
		2097	10.930 hectares				
	Leasehold 99 years	2065	<u>3.055</u> hectares	Plantable Reserve			
			<u>1,645.609</u> hectares				

list of properties of the group

as at 30 April 2004 (cont'd)

Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 30.04.2004 RM'000	Year Acquired
3 Sri Likas & Ultisearch 2.6 KM north of KM 31, Sukau Road	Leasehold 99 years	2085	10.120 hectares	Oil Palm Plantation	13,660	2001
		2094	386.100 hectares			
		2096	168.700 hectares			
		2098	47.750 hectares			
			<u>612.670</u> hectares			
4 Bakara Bukit Garam/Sg. Lokan Off KM 76.5, Sandakan-Lahad Highway	Leasehold 99 years	2085	150.300 hectares	Oil Palm Plantation	13,300	2001
		2087	400.000 hectares			
		2079	5.830 hectares			
		2082	71.003 hectares			
		2096	36.200 hectares			
	Perpetuity (Sublease 99 years)	2096	205.829 hectares			
		<u>869.162</u> hectares				
5 Cepatwawasan & Kovusak KM 4.5, Jalan Beluran Locality of Segama, 33.5 North-West of Lahad Datu Town Centre	Leasehold 99 years	2061	992.700 hectares	Oil Palm Plantation	42,800	2001
		2071	133.550 hectares			
		2078	485.300 hectares			
	Leasehold 99 years	2078	<u>33.720</u> hectares	Plantable Reserve	300	2001
		<u>1,645.270</u> hectares				
6 Minelink Sg. Lingkabau Area, 122 KM North-West of Sandakan	Leasehold 99 years	2098	<u>809.400</u> hectares	Plantable Reserve	5,261	2001
7 Razijaya & Sugguh Mulia Sungai-Sungai Locality, 99 KM North-West of Sandakan	Leasehold 99 years	2098	<u>362.200</u> hectares	Quarry & Plantable Reserve	10,257	2001
8 Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	<u>2,997.000</u> hectares	Plantable Reserve	18,000	2003

Shareholding Statistics

as at 9 August 2004

Issued & Fully Paid-Up Share Capital	:	215,456,915
Authorised Share Capital	:	500,000,000
Type of Share	:	Ordinary Share of RM1.00 each
No of Shareholders	:	6,170
Voting Rights	:	One Vote for Every Share

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	Total Holdings	Percentage (%)
1 to 99	35	1,291	0.00
100 to 1,000	1,862	1,540,097	0.71
1,001 to 10,000	3,429	14,854,949	6.89
10,001 to 100,000	710	21,582,884	10.02
100,001 to 10,772,844	132	141,442,090	65.65
10,772,845 and above	2	36,035,604	16.73
TOTAL	6,170	215,456,915	100.00

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders' interests in shares of the Company as at 9 August 2004 are as follows:-

Shareholders	Direct	No. of Shares Held		%
		%	Indirect	
Datuk Lo Fui Ming	23,333,204	10.83	-	-
Goh Tian Chuan	11,487,900	5.33	-	-
Tiong King Sing	21,017,000	9.75	-	-

DIRECTORS' INTERESTS

The directors' interests in shares of the Company as at 9 August 2004 are as follows:-

Directors	Direct	No. of Shares Held		%
		%	Indirect	
Dato' Haji Mohamad Subky Bin Haji Abdul Raof	-	-	-	-
Datuk Lo Fui Ming	23,333,204	10.83	-	-
Ouh Mee Lan	7,841,928	3.64	-	-
Wong Kiam Kong	3,566,793	1.66	-	-
Tan Kum Peng	6,143,833	2.85	-	-
Chong Khing Chung	-	-	-	-
Lo Choon Fung @ Michelle	32,000	0.015	-	-
Fong Wai Leong	200,000	0.093	-	-

shareholding statistics

as at 9 August 2004 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS:

No.	Name	No. of Shares Held	%
1.	OSK NOMINEES (TEMPATAN) SDN BERHAD Qualifier: Pledged Securities Account For Tiong King Sing	20,168,200	9.36
2.	LO FUI MING	15,867,404	7.36
3.	KUALA LUMPUR CITY NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Lo Fui Ming	7,465,800	3.47
4.	LOKE MEI PING	6,500,000	3.02
5.	OUH KIM FAH	6,229,667	2.89
6.	KUALA LUMPUR CITY NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Goh Tian Chuan	6,190,000	2.87
7.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Chua Tiong Moon (DLR 072-Margin)	6,103,200	2.83
8.	LI NAI KWONG	5,022,309	2.33
9.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Chai Kin Kong (DLR 072-Margin)	4,486,900	2.08
10.	LAW YAU MING ERIC	4,222,591	1.96
11.	OUH MEE LAN	4,191,928	1.95
12.	PM NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Goh Tian Chuan (D)	4,097,900	1.90
13.	THIEN JUN ONN	4,050,000	1.88
14.	KUALA LUMPUR CITY NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Tsen Thau Min	3,603,800	1.67
15.	TAN KUM PENG	3,138,833	1.46
16.	LIM KUAN YEW @ LIM KOON YOW	3,000,000	1.39
17.	HO HEE CHUNG	2,830,964	1.31
18.	CITICORP NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Yap Terng Sheng (473913)	2,800,000	1.30
19.	SYARIKAT P H LIM SDN BHD	2,406,120	1.12
20.	MAYBAN NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Kenneth Vun @ Vun Yun Liun (888AF0541)	2,200,000	1.02
21.	LIM YEN NGIAP	2,200,000	1.02
22.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Wong Kiam Kong (100617)	2,137,000	0.99
23.	CITICORP NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Kenneth Vun @ Vun Yun Liun (473729)	2,019,000	0.94
24.	YAP CHI KEONG	2,000,000	0.93
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Seh Kew @ Ouh Seh Kew (100408)	1,955,000	0.91
26.	KENNETH VUN @ VUN YUN LIUN	1,800,000	0.84
27.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Ouh Mee Lan (CIMB-MY0009)	1,700,000	0.79
28.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For Tan Kum Peng (CIMB-MY0008)	1,700,000	0.79
29.	CHIA TIEN FOH	1,660,400	0.77
30.	HSBC NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account For George Chee Tat Min	1,620,800	0.75
	TOTAL	133,367,816	61.90

Proxy Form



CEPATWAWASAN GROUP BERHAD

(536499-K)(Incorporated in Malaysia)

Lot 39-40, Block C, Taman Indah Jaya Shophouses

Mile 4, North Road, P O Box 1562, 90717 Sandakan, Sabah

Tel: 089-221569/272681/272773/271775/229906 Fax: 089-220881

No of Shares Held

I/We _____ (BLOCK LETTERS)

NRIC No./Company No. _____ of

being (a) Member(s) of CEPATWAWASAN GROUP BERHAD (536499-K) hereby appoint _____

of

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Ballroom, Sanbay Hotel Sandakan, Mile 1 1/4, Jalan Leila, P.O. Box 211, 90702 Sandakan, Sabah on Thursday, 30 September 2004 at 9.30 a.m. and at any adjournment thereof and to vote as indicated below:-

	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		
ORDINARY RESOLUTION 8		
ORDINARY RESOLUTION 9		
ORDINARY RESOLUTION 10		
ORDINARY RESOLUTION 11		
ORDINARY RESOLUTION 12		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this day of, 2004

Signature / Seal of Member

Notes:

- A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
- To be valid this form duly completed must be deposited at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the meeting.
- A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
- Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

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Stamp

The Company Secretary
CEPATWAWASAN GROUP BERHAD (536499-K)

312, 3rd Floor, Block C,
Kelana Square, 17 Jalan SS 7/26,
47301 Petaling Jaya,
Selangor Darul Ehsan

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