AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

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AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

DIRECTORS' REPORT

Pursuant to the directive from the Securities Commission under Regulation 5 of the Securities Industry (Compliance With Approved Accounting Standards) Regulations 1999 via its letter dated 4 May 2005, the directors present their report together with the reissued audited financial statements of the Group and of the Company for the financial year ended 29 February 2004.

The reissued financial statements of the Group and of the Company for the financial year ended 29 February 2004 applied 18 June 2004 as the date of disposal of its subsidiaries Aktif Lifestyle Stores Sdn. Bhd., Aktif-Sunway Sdn. Bhd., Octon Electronics Sdn. Bhd. and Sunbeam Bakeries Sdn. Bhd. (collectively referred to as "ALS Group") in compliance with Malaysian Approved Accounting Standards. The directors will take the necessary steps to inform all parties who have received the previously issued financial statements that the reissued financial statements supersedes the previously issued financial statements.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

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

During the financial year, the Company acquired four subsidiaries and an associate from a wholly-owned subsidiary, Aktif Lifestyle Stores Sdn. Bhd. ("ALS").

Subsequent to year end, a subsidiary, Retail Commercio (M) Sdn. Bhd. which was previously involved in the operations of specialty retail stores, ceased trading.

RESULTS

	Group RM'000	Company RM'000
Loss after taxation	-19,336	-18,568

Minority interests	677	-
Net loss for the year	-18,660	-18,568

RESULTS (CONTD.)

The financial statements of the Group and of the Company had been initially prepared on the basis:

(i) that control of the ALS Group have been transferred on 1 November 2003 pursuant to the Sale and Purchase of Shares Agreement ("SPSA");

(ii) that control of the management of the ALS Group have been transferred pursuant to the management agreement dated 31 October 2003 as provided under the SPSA;

(iii) that under the SPSA, the Company is not liable for all losses of the ALS Group as at 31 October 2003;

(iv) that resulting from (i) and (ii) above, the financial statements of the ALS Group as at 29 February 2004 are unavailable to the Company;

(v) the Securities Commission has granted its approval to the sale of the ALS Group on 17 May 2004 and the Company's shareholders approval was obtained on 18 June 2004.

Based on the above rationale, the deconsolidation of the ALS Group was first taken as at 1 March 2003 which, in the opinion of the directors, reflected the true and fair effects of the sale transaction as at 29 February 2004.

However, after subsequent consultation with our legal advisors and other professional bodies and the meetings with Securities Commission, the directors have changed their opinion on the treatment of this transaction. The deconsolidation date relating to the disposal of ALS Group was taken as 18 June 2004 in compliance with MASB approved accounting standards.

There were no material transfers to or from reserves or provisions during the financial year.

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.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend for the current financial year.

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

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:

Chan Teik Huat
Dato' Haji Man bin Haji Mat
Sharifah Noor binti Syed Abdul Rahman Al-Attas
Faris bin Abdullah@Patrick Chen Yee Ching
Dato' Yap Ping Kon (Appointed on 30 June 2004 and resigned on 27 January 2005)

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

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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 31 to the restated financial statements.

DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares of RM1 Each →			
	1 March 2003	**Acquired**	**Sold**	**29 February 2004**
The Company				
Direct interest				

Chan Teik Huat	4,000	-	-	4,000
Dato' Haji Man bin Haji Mat	7,000	-	-	7,000
Indirect interest				
Chan Teik Huat	6,245,464	-	-	6,245,464

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

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 satisfied themselves that all known bad debts had been written off 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) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(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.

OTHER STATUTORY INFORMATION (CONTD.)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant Events are as disclosed in Note 32 to the financial statements.

SUBSEQUENT EVENTS

Subsequent Events are as disclosed in Note 33 to the financial statements.

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

Chan Teik Huat

Sharifah Noor binti
Syed Abdul Rahman Al-Attas

Kuala Lumpur
2 June 2005

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Chan Teik Huat and Sharifah Noor binti Syed Abdul Rahman Al-Attas, being two of the directors of Aktif Lifestyle Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 54 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 29 February 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

Chan Teik Huat

Sharifah Noor binti
Syed Abdul Rahman Al-Attas

Kuala Lumpur
2 June 2005

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Chua Chee Tiong, being the officer primarily responsible for the financial management of Aktif Lifestyle Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 54 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.

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

Subscribed and solemnly declared by
the abovenamed Chua Chee Tiong
at Kuala Lumpur in the Federal Territory
on 2 June 2005 Chua Chee

Before me,

REPORT OF THE AUDITORS TO THE MEMBERS OF AKTIF LIFESTYLE CORPORATION BERHAD

The previously issued financial statements of the Group for the financial year ended 29 February 2004 had been presented on the basis that the Company had disposed of its subsidiaries, Aktif Lifestyle Stores Sdn. Bhd., Aktif-Sunway Sdn. Bhd., Octon Electronics Sdn. Bhd. and Sunbeam Bakeries Sdn. Bhd. (collectively referred to as "ALS Group") effective from 1 March 2003, i.e. the beginning of the financial year. In our report dated 29 June 2004 on those financial statements, we had expressed an adverse opinion in view of the following matters:

(i) The previously issued financial statements of the Group had been presented on the basis that the ALS Group had been disposed of effective from 1 March 2003. The Sale and Purchase of Shares Agreement for the Proposed Disposal was signed on 31 October 2003. According to MASB 11: Consolidated Financial Statements and Investments in Subsidiaries, the results of operations of the subsidiaries disposed of should be included in the consolidated financial statements up to the date of disposal, which is the date on which the holding company ceases to have control of the subsidiaries. The income statement of the Group had omitted the results of the subsidiaries for the period that they had not been disposed of.

(ii) Inappropriate inclusion of the reversal of the related merger reserve and reserve on consolidation in the gain on disposal recognised.

Subsequent to the issuance of those financial statements, the Securities Commission issued to the Company a directive on 4 May 2005 to reissue its audited financial statements for the year ended 29 February 2004 in compliance with MASB Approved Accounting Standards, including the application of 18 June 2004 as the appropriate date of disposal of ALS Group.

This report on the accompanying reissued financial statements supersedes our report of 29 June 2004 on the previously issued financial statements.

REPORT OF THE AUDITORS TO THE MEMBERS OF AKTIF LIFESTYLE CORPORATION BERHAD (CONTD.)

We have audited the accompanying reissued financial statements set out on pages 10 to 54. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Except for the limitation in scope referred to in the following paragraph, 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.

The financial statements of the Group for the year ended 28 February 2001 had reflected a write back of liability for dividends that had been payable. A subsidiary, Aktif Lifestyle Stores Sdn. Bhd. ("ALS"), had in financial year ended 28 February 2001, written back a liability for dividends amounting to RM4,593,548 that had been payable to a former shareholder of ALS. We have not obtained sufficient appropriate audit evidence to support the view that it was appropriate for this liability to have been written back.

Except for the effects of such adjustments to the financial statements of the Group, if any, as might have been determined to be necessary had we been able to obtain sufficient appropriate audit evidence on the appropriateness of the write back of the liability for dividends referred to above, in our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB 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 29 February 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

REPORT OF THE AUDITORS TO THE MEMBERS OF AKTIF LIFESTYLE CORPORATION BERHAD (CONTD.)

(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, with the exception of the matter in respect of the prior write back of dividend payable by ALS that we have referred to above.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act except for the financial statements of ALS which have been qualified with regard to the liability in respect of dividend payable referred to above.

Without further qualifying our opinion, we draw attention to Note 3(a) to the financial statements, which discloses the basis upon which the directors have considered the application of the going concern concept in the preparation of the financial statements to be appropriate, notwithstanding the following conditions:

i) the deficit in shareholders' equity and the excess of current liabilities over current assets, as at 29 February 2004;

ii) the cessation of business operations subsequent to 29 February 2004;

iii) the Proposed Restructuring Scheme.

The financial statements of the Group and the Company do not include any adjustments that may be necessary if the Group and the Company are unable to continue as going concerns.

Ernst & Young	Tan Soo Yan
AF: 0039	1307/03/06 (J/PH)
Chartered Accountants	Partner

Kuala Lumpur
2 June 2005

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2004

		Group		Com
		2004	2003	2004
	Note	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Revenue	4	181,977	217,439	30
Cost of sales		(142,669)	(174,855)	-
Gross profit		39,308	42,584	30
Other operating income		7,808	4,410	21
Gain on disposal of discontinuing operations	5	-	652	-
Administrative expenses		(53,540)	(58,938)	(110)
Distribution costs		(3,845)	(6,723)	-
Other operating expenses		(8,022)	(2,801)	(18,508)
Loss from operations	6	(18,290)	(20,816)	(18,568)
Finance costs	9	(117)	(2,055)	-
Share of results from associates		-	(1)	-
Loss before taxation		(18,407)	(22,872)	(18,568)
Taxation	10	(929)	1,826	-
Loss after taxation		(19,336)	(21,046)	(18,568)
Minority interests		677	1,016	-
Net loss for the year		(18,660)	(20,030)	(18,568)
Basic loss per share (sen)	11	(91.12)	(97.81)	

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

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

BALANCE SHEETS
AS AT 29 FEBRUARY 2004

		Group		Com
		2004	2003	2004
	Note	RM'000	RM'000	RM'000
		(Restated)		(Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	12	9,081	13,567	245
Investments in subsidiaries	13	-	-	0
Investments in associates	14	-	-	0
Other investments	15	1,794	1,198	1,794
Deferred expenditure	16	-	-	-
		10,875	14,765	2,039
CURRENT ASSETS				
Inventories	17	465	25,406	-
Trade receivables	18	732	752	-
Other receivables	19	11,892	12,984	5,840
Tax recoverable		152	177	-
Cash and bank balances	20	4,998	14,294	124
		18,238	53,613	5,964
CURRENT LIABILITIES				
Borrowings	21	20,000	21,519	-
Trade payables	23	20,038	41,387	-
Other payables	24	36,955	32,945	308
Tax payable		1,161	192	73
Dividend payable	25	3,368	5,407	-
		81,523	101,450	381
NET CURRENT (LIABILITIES)/ASSETS		(63,284)	(47,837)	5,583
		(52,409)	(33,072)	7,622

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

BALANCE SHEETS
AS AT 29 FEBRUARY 2004 (CONTD.)

	Note	Group 2004 RM'000 (Restated)	Group 2003 RM'000	Com[pany] 2004 RM'000 (Restated)
FINANCED BY:				
Share capital	26	20,479	20,479	20,479
Reserves	27	(72,888)	(54,228)	(12,858)
Shareholders' equity		(52,409)	(33,749)	7,621
Minority interests		-	677	-
		(52,409)	(33,072)	7,621
Deferred taxation	28	-	-	-
		(52,409)	(33,072)	7,621
				(1)

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

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2004

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
	(Restated)		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation	(18,407)	(22,872)	(18,568)
Adjustments for :			
Amortisation of deferred expenditure	-	738	-
Bad debts written off	2,138	9	-
Depreciation of property, plant and equipment	4,921	6,522	2
Property, plant and equipment written off	-	102	-
Loss on disposal of property, plant and equipment	187	6	-
Provision for doubful debts	8,779	876	-
Impairment of property, plant and equipment	-	200	-
Impairment of investment in subsidiaries	-	-	18,415
Impairment of investment in associate	-	204	-
Impairment of investment in quoted shares	-	176	-
Provision for slow moving inventories	46	544	-
Inventories written off	1,037	-	-
Loss/(gain) on disposal of quoted shares	371	-	(20)
Interest expense	117	2,055	-
Dividend income	(30)	(8)	(30)
Interest income	(120)	(78)	-
Gain on disposal of discontinuing operations (Note 5)	-	(652)	-
Share of results from associates	-	1	-
Writeback of accruals and provisions			

no longer required	(3,138)	-	-
Operating loss before working			
capital changes	(4,099)	(12,177)	(201)
Decrease in inventories	23,857	5,135	-
(Increase)/decrease in receivables	-9,805	-69	1,210
(Decrease)/increase in payables	(16,240)	11,438	289
Cash (used in)/generated from			
operations brought forward	(6,286)	4,327	1,299

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2004 (CONTD.)

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
	(Restated)		(Restated)
Cash (used in)/generated from operations carried forward	(6,286)	4,327	1,299
Interest paid	(117)	(2,055)	-
Taxes recovered/(paid)	65	(428)	-
Net cash (used in)/generated from operating activities	(6,338)	1,844	1,299
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received	30	8	30
Interest received	120	78	-
Proceeds from disposal of property, plant and equipment	-	56	-
Proceeds from disposal of discontinued operation (Note 5)	-	3,500	-
Purchase of investments	(967)	(545)	(968)
Purchase of property, plant and equipment	(621)	(862)	(247)
Net cash (used in)/generated from investing activities	(1,438)	2,235	(1,185)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loans	(1,519)	(933)	-
Repayment of revolving credits	-	(300)	-
Repayment of hire purchase payables	-	(72)	-
Net cash used in financing activities	(1,519)	(1,305)	-

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
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NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(9,295)	2,774	113
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,294	11,520	10
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 20)	4,999	14,294	123

Cash and cash equivalents included in the cash flow statements comprise the follow

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

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
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NOTES TO THE FINANCIAL STATEMENTS
29 FEBRUARY 2004

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and d Malaysia, and is listed on the Second Board of Bursa Malaysia Securities B registered office of the Company is located at Level 9, Wisma Equity, Nc Ampang, 50450 Kuala Lumpur.

The number of employees in the Group at the end of the financial year were 934). There was one employee in the Company during the year (2003: Nil).

The reissued financial statements of the Group and of the Company for the fi ended 29 February 2004 are issued pursuant to the directive from th Commission under Regulation 5 of the Securities Industry (Compliance Wit Accounting Standards) Regulations 1999 via its letter dated 4 May 2005.

The Securities Commission noted that the Group's accounting treatme disposal/deconsolidation of Aktif Lifestyle Stores Sdn. Bhd., Aktif-Sunway Octon Electronics Sdn. Bhd. and Sunbeam Bakeries Sdn. Bhd. (collectively re "ALS Group") in its previously issued financial statements for the financial ye February 2004 did not comply with the requirements of Malaysian approved standards. The previously issued financial statements of the Group had been p the basis that the said subsidiaries were deconsolidated effective from 1 Marc the beginning of the financial year and showed a gain of RM52.38 million in re Group, arising from the disposal of certain subsidiaries.

Pursuant to the directive from the Securities Commission, the Group is requir and reissue its financial statements for the financial year ended 29 Februa applying 18 June 2004 instead of 1 March 2003 as the appropriate date of disp Group in accordance with Paragraphs 33 and 35 of MASB 21. The reissu statements include the financial statements of the ALS Group for the financia 29 February 2004.

The reissued financial statements supersedes the previously issued financial sta

The reissued financial statements were authorised for issue by the Board of accordance with a resolution of the directors on 2 June 2005.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding compan

The principal activities of the subsidiaries are as disclosed in Note 13 to tl statements.

During the financial year, the Company acquired four subsidiaries and an asso wholly-owned subsidiary, Aktif Lifestyle Stores Sdn. Bhd. ("ALS").

Subsequent to year end, the Company and the Group ceased all business op completion of the following transactions:

(i) A subsidiary, Retail Commercio (M) Sdn. Bhd. which was previously inv operations of specialty retail stores, ceased trading.

(ii) The Company completed the disposal of its investment in ALS Group 2004.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

As at 29 February 2004, the balance sheet of the Group disclosed shareholders' equity of RM52.41 million and current liabilities excee assets by RM63.28 million. In addition, as disclosed in Note 2, the G business operations subsequent to the year end.

Note 33(d) additionally discloses a Proposed Restructuring Sch contemplates, inter alia, a capital reduction, the exchange of shares in tl for shares in a new company, the assumption by that new company of the listing status on Bursa Malaysia Securities Berhad, and the disposal of tl to a third party to be identified.

AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
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3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation (Contd.)

The factors referred to above raise substantial doubt on the ability of th and the Group to continue as going concerns. Notwithstanding, the dir considered the application of the going concern concept in the prepar financial statements to be appropriate in the circumstances, given th factors:

(i) the disposal subsequent to the year end of Aktif Lifestyle Stores Sdn B and the subsidiaries of ALS, for a consideration of RM1, which in v accumulated losses that had been included in the financial statem Group, resulted in a gain to the Group in excess of RM50 million;

(ii) the anticipation that upon completion of the Proposed Restructuring S Company and its subsidiaries will be able to meet their remaining ob and when they fall due.

The financial statements of the Group and the Company do not i adjustments relating to the recoverability and the reclassification of rec and liabilities that may be necessary if the Group and the Company ar continue as going concerns.

During the financial year ended 29 February 2004, the Group and th adopted the following MASB standards for the first time:

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

The adoption of these standards have not given rise to any adjustm opening balances of retained profits of the prior and current year or to comparatives.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statem Company and all its subsidiaries. Subsidiaries are those entities ir Group has power to exercise control over the financial and operatin as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accou for Aktif Lifestyle Stores Sdn. Bhd. which is consolidated on the me of accounting in accordance with Malaysian Accounting Stand Accounting for Acquisitions and Mergers.

Under the acquisition method of accounting, the results of subsidiar or disposed of during the financial year are included in the consolid statement from the effective date of acquisition or up to the effec disposal, as appropriate. The assets and liabilities of the subs measured at their fair values at the date of acquisition. The differer the cost of an acquisition and the fair value of the Group's share of tl of the acquired subsidiary at the date of acquisition is inclu consolidated balance sheet as goodwill or negative goodwill consolidation.

Under the merger method of accounting, the results of the subsidia are included in the consolidated financial statements as if the subsidia has been owned by the Company throughout the year in which it operations. The difference between the nominal value of the shares the attributable nominal value of the subsidiary company's shar accounted for as merger reserve or deficit, as appropriate.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Basis of Consolidation

(i) Subsidiaries (Contd.)

The gain or loss on disposal of a subsidiary company is the differer net disposal proceeds and the Group's share of its net assets togeth unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the share of the fair value of the identifiable assets and liabilities of the ac acquisition date and the minorities' share of movements in the acqui since then.

(ii) Associates

Associates are those entities in which the Group exercises significa but not control, through participation in the financial and opera decisions of the entities.

Investments in associates are accounted for in the consolidate statements by the equity method of accounting based on the management financial statements of the associates. Under the equity accounting, the Group's share of profits less losses of associates financial year is included in the consolidated income statement. T interest in associates is carried in the consolidated balance sheet at c Group's share of post-acquisition retained profits or accumulated loss reserves.

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

(c) Investment in Subsidiaries and Associates

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Property, Plant and Equipment and Depreciation

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

Depreciation of property, plant and equipment is provided for on a straig to write off the cost of each asset to its residual value over the estimated u the following annual rates:

Leasehold improvements	8% to 15%
Plant and machinery	10%
Furniture and equipment	12%
Fixtures and fittings	12%
Motor vehicles	20%
Buildings	2%

No depreciation is provided for capital work-in-progress.

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

(e) Inventories

Inventories, which consist mainly of trading merchandise, are stated at t cost and net realisable value.

Cost comprises the weighted average cost of merchandise arrived at usin Inventory method. Weighted average cost includes related charges purchasing such merchandise.

Net realisable value represents the estimated selling price less all estima be incurred in marketing, selling and distribution.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents i
on hand and at bank and deposits at call, which have an insignificant risk
in value, net of outstanding bank overdrafts.

(g) Leases

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

(i) Finance leases

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

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

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

(ii) Operating leases

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(h) Provisions for Liabilities

Deferred tax is measured at the tax rates that are expected to apply in

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

(i) Income Tax

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

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

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

] Prior to the adoption of MASB 25 Income Taxes on 1 March 2003, defe provided for using the liability method in respect of significant timing diff deferred tax assets were not recognised unless there was reasonable ex their realisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recog expense in the year in which the associated services are rendered by e the Company. Short term accumulating compensated absences su annual leave are recognised when services are rendered by emp increase their entitlement to future compensated absences, and shor accumulating compensated absences such as sick leave are recognis absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions pension scheme, the Employees Provident Fund ("EPF"). Such contr recognised as an expense in the income statement as incurred.

(k) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits asso the transaction will flow to the enterprise and the amount of the reve measured reliably.

(i) Sale of goods

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

(ii) Dividend income

Dividend income is recognised when the right to receive payment is es

(iii) Interest income

Interest is recognised on a time proportion basis that reflects the eff
on the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(l) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of determine whether there is any indication of impairment. If any sucl exists, impairment is measured by comparing the carrying values of the their recoverable amounts. Recoverable amount is the higher of net sellin value in use, which is measured by reference to discounted future cash flo

An impairment loss is recognised as an expense in the income statement i

(m) Financial Instruments

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

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

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and as stated at cost less impairment losses. On disposal of an investment, th between net disposal proceeds and its carrying amount is recogr income statement.

(ii) Receivables

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

(iii) Payables

Payables are stated at cost which is the fair value of the consideratio
in the future for goods and services received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Financial Instruments (Contd.)

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans are recorded at the amount of proceeds r of transaction costs.

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

(v) Equity Instruments

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

(n) Affiliated Companies

Affiliated companies refer to companies within the Metroplex group of cc

4. REV[illegible]

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
	(Restated)		
Operation of supermarkets and departmental stores and bakeries	181,947	217,428	-
Dividend income	30	8	30
Factoring services	-	3	-
	181,977	217,439	30

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5. DISCONTINUING OPERATIONS

Upon the completion of the Proposed Disposal of ALS Group as disclosed in and the cessation of trading of Retail Commercio (M) Sdn. Bhd., the Group w core business.

During the previous year, one of the subsidiary company, Aktif-Sunway Sdn. its supermarket operations. Subsequently, the subsidiary company entered agreement on 24 January 2003 to dispose of its inventories and plant and equi total cash consideration of RM3,500,000. The disposal was completed on that

The revenue and results of the operations were as follows:

Revenue
Operating costs
Loss from operations
Finance costs
Loss before taxation
Taxation
Loss after taxation

The effect of the disposal of the operations on the results of the Group is as foll

Plant and equipment
Inventories

Gain on disposal
Total consideration

Satisfied by cash

6. LOSS FROM OPERATIONS

Loss from operations is stated after charging/(crediting):

	Group		Com
	2004	**2003**	**2004**
	RM'000	**RM'000**	**RM'000**
	(Restated)		**(Restated)**
Staff costs (Note 7)	13,483	16,809	45
Amortisation of deferred expenditure	-	738	-
Auditors' remuneration	123	96	31
Bad debts written off	2,138	9	-
Depreciation of property, plant and equipment	4,921	6,522	2
Property, plant and equipment written off	-	102	-
Directors' remuneration (Note 8)	-	180	-
Loss on disposal of property, plant and equipment	187	6	-
Rental of equipment	20	23	-
Rental of premises	25,749	25,511	-
Provision for doubtful debts	8,779	876	-
Impairment of property, plant and equipment	-	200	-
Impairment of investment in subsidiaries	-	-	18,415
Impairment of investment in associate	-	204	-
Impairment of investment in quoted shares	-	176	-
Provision for slow moving inventories	46	544	-
Inventories written off	1,037	-	-
Loss/(gain) on disposal of quoted shares	371	-	(20)
Dividend income	(30)	(8)	(30)

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Income from rental of premises	(2,309)	(2,293)	-
Interest income from			
- short-term deposits	(120)	(73)	-
- related companies	-	(5)	-
Doubtful debts recovered	(1,029)	(1,311)	-
Writeback of accruals and provisions no longer required	(3,138)	-	-

7. STAFF COSTS

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
	(Restated)		
Wages and salaries	11,936	15,816	40
Pension costs			
- defined contribution plans	1,351	805	5
Social security cost	179	100	0
Termination expenses	17	-	-
Other staff related expenses	-	88	-
	13,483	16,809	45

Included in staff costs of the Group and of the Company are executive direcotrs' remun

8. DIRECTORS' REMUNERATION

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
Directors of the Company			
Executive:			
Salaries and other emoluments	-	162	-
Benefits-in-kind	-	8	-
	-	170	-
Non-executive:			
Fees	-	10	-
Total	-	180	-
Analysis excluding benefits-in-kind:			
Total executive director's remuneration excluding benefits-in-kind	-	162	-

Total non-executive directors' remuneration excluding benefits-in-kind	-	10	-
Total directors' remuneration excluding benefits-in-kind	-	172	-

8. DIRECTORS' REMUNERATION (CONTD.)

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

	Number of
	2004
Executive directors:	
RM150,000 - RM200,000	-
Non-executive directors:	
Below RM50,000	-

9. FINANCE COSTS

	Grc
	2004
	RM'000
	(Restated)
Overdraft	(0)
Term loans	(24)
Revolving credit	(34)
Hire purchase contracts	(1)
Other bank charges	(58)
	(118)

10. TAXATION

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
	(Restated)		
Income tax:			

Malaysian income tax	25	-	-
Under/(over) provided			
in prior years	904	405	-
	929	405	-
Deferred tax (Note 28):			
Overprovided in prior years	-	(2,231)	-
	-	(2,231)	-
	929	(1,826)	-

10. TAXATION (CONTD.)

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

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

	2004
Group	**RM'000**
	(Restated)
Loss before taxation	(18,407)
Taxation at Malaysian statutory rate of 28% (2003: 28%)	(5,154)
Income not subject to tax	(288)
Expenses not deductible for tax purposes	2,170
Utilisation of previously unrecognised tax losses	-
Deferred tax assets not recognised during the year	3,297
Underprovision of tax expense in prior years	904
Overprovision of deferred tax in prior years	-
	929
Company	
Loss before taxation	(18,568)
Taxation at Malaysian statutory rate of 28% (2003: 28%)	(5,199)
Expenses not deductible for tax purposes	5,199
Overprovision of tax expense in prior years	-
Overprovision of deferred tax in prior years	-
	0

11. BASIC LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss for the year by the
ordinary shares in issue during the financial year.

	Gro
	2004 (Restated)
Net loss for the year (RM'000)	(18,660)
Weighted average number of ordinary shares in issue ('000)	20,479
Basic loss per share (sen)	(91.12)

FA

Diluted loss per share is calculated by dividing the net loss attributable

For diluted loss per share, the weighted number of ordinary shares in issue

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Building RM'000	Motor Vehicle RM'000
Cost		
Additions	187	60
At 29 February 2004	187	60
Accumulated Depreciation		
Charge for the year	1	1
At 29 February 2004	1	1
Net Book Value		
At 29 February 2004	186	59

Included in property, plant and equipment are motor vehicles and furniture an(acquired under hire purchase contracts with an aggregate net book value of RI RM57,600).

13. INVESTMENTS IN SUBSIDIARIES

	Com
	2004
	RM'000
	(Restated)
Unquoted shares, at cost	18,415
Less: Accumulated impairment losses	(18,415)
	0.00

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2004 (Restated)	2003	Principal A
Aktif Lifestyle Stores Sdn. Bhd.	Malaysia	100	100	Operation o supermarket departmenta
* Aktif-Sunway Sdn. Bhd.	Malaysia	80	80	Operation o departmenta
* Octon Electronics Sdn. Bhd.	Malaysia	100	64.5	Retailing of and electron household a
* Sunbeam Bakeries Sdn. Bhd.	Malaysia	100	100	Operation o and food co
# Retail Commercio (M) Sdn. Bhd.	Malaysia	100	100	Operation o retail stores
# Dolce Carlotta (M) Sdn. Bhd.	Malaysia	80	80	Dormant
# Tioman Duty Free Sdn. Bhd.	Malaysia	100	100	Dormant

# Aktif Lifestyle	Duty Free	Malaysia	100	100	Dormant	
Sdn. Bhd.						

* Subsidiary companies held through Aktif Lifestyle Stores Sdn. Bhd.

\# Subsidiary companies held through Aktif Lifestyle Stores Sdn. Bhd. in pri
year and transferred to the Company in current financial year.

Subsidiary companies held through Aktif Lifestyle Stores Sdn. Bhd. in prior financial year and transferred to the Company in current financial year.

14. INVESTMENTS IN ASSOCIATES

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
Cost of investments	*	1,965	*
Premium on acquisition			
transferred to reserves	-	-1,752	-
Share of post acquisition losses	-	-9	-
	-	204	-
Less: Impairment losses	-	(204)	-
	*	-	*
Represented by:			
Share of net tangible assets	*	204	*
Less: Impairment losses	-	-204	-
	*	-	*

* *denotes RM1*

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Equity Interest Held (%)		Principal A
		2004	2003	
# Hopemark (M) Sdn. Bhd.	Malaysia	49	49	Investment
# Aktif Lifestyle Promotion Sdn. Bhd.	Malaysia	49	49	Dormant
# Poplar Textiles Sdn. Bhd.	Malaysia	49	49	Dormant

\# Associated companies held through Aktif Lifestyle Stores Sdn. Bhd. in pri year and transferred to the Company in current financial year.

15. OTHER INVESTMENTS

	Group		Com
	2004	**2003**	**2004**
	RM'000	**RM'000**	**RM'000**
	(Restated)		**(Restated)**
Quoted shares:			
At cost	1,650	1,374	1,650
Less: Impairment losses	-	-176	-
	1,650	1,198	1,650
Unquoted shares:			
At cost	144	1,800	144
Less: Impairment losses	-	-1,800	-
	144	-	144
Total	1,794	1,198	1,794
Market value of quoted shares	2,333	1,136	2,333

16. DEFERRED EXPENDITURE

	Gro
	2004
	RM'000
New brand development:	
At 1 March	-
Amortisation during the year	-
At 29 February	-

17. INVENTORIES

	Gro
	2004

	RM'000
Trade merchandise, at net realisable value	465

The cost of inventories recognised as an expense during the financial year ir
amounted to RM147,191,286 (2003: RM174,747,000).

18. TRADE RECEIVABLES

	Gro
	2004
	RM'000
	(Restated)
Trade receivables	792
Less: Provision for doubtful debts	(60)
	732

The Group's normal trade credit term ranges from 2 to 20 days. Other cred assessed and approved on a case-by-case basis.

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

19. OTHER RECEIVABLES

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
	(Restated)		(Restated)
Due from subsidiaries	-	-	5,799
Due from associates	-	522	-
Due from affiliated companies	-	1,122	-
Deposits	7,568	8,486	1
Non-merchandise inventories	20	1,095	-
Prepayments	240	935	-
Sundry receivables	4,063	1,700	40
	11,891	13,860	5,841
Less: Provision for doubtful debts	-	(876)	-
	11,891	12,984	5,841
Factored receivables	-	25,953	-

Retention sums	-	(11,416)	-
Interest in suspense	-	(7,548)	-
	-	6,989	-
Less: Provision for doubtful debts	-	(6,989)	-
	-	-	-
Total	11,891	12,984	5,841

19. OTHER RECEIVABLES (CONTD.)

Amounts due from subsidiaries are unsecured, interest-free and have no fi
repayment.

Amounts due from associates and affiliated companies were unsecured, inter
had no fixed term of repayment.

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

20. CASH AND CASH EQUIVALENTS

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
	(Restated)		
Cash on hand and at banks	4,596	7,394	24
Deposit with licensed banks	402	6,900	100
Cash and cash equivalents	4,999	14,294	124

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

	Group		Com
	2004	2003	2004
	%	%	%
Licensed banks	3.2	3.2	3.2

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

	Group		Com
	2004	2003	2004
	Days	Days	Days

Licensed banks	30	30	30

21. BORROWINGS

	Gro
	2004
	RM'000
	(Restated)
Short Term Borrowings	
Unsecured:	
Term loans	20,000
Revolving credits	-
Hire purchase payables (Note 22)	-
	20,000

The average effective interest rates at the balance sheet date for borrowings, ex
purchase payables, were as follows:

	2004
	%
Bank overdrafts	-
Revolving credits	-
Term loans	8.40

The Group has defaulted in the repayment of its term loans. Subsequent to y Company restructured the term loans into a maturity of 7 years and repay quarterly installments. The maturity of the restructed term loans which commenced on 30 June 2004 are as follows:

	2004
	RM'000
Within one year	525
Between two and five years	7,825
More than five years	11,650
	20,000

22. HIRE PURCHASE PAYABLES

	Grc
	2004
	RM'000
Minimum lease payments:	
Not later than 1 year	-
Later than 1 year and not later than 2 years	-
	-
Less: Future finance charges	-
Present value of finance lease liabilities	-
Present value of finance lease liabilities:	
Not later than 1 year	-
Later than 1 year and not later than 2 years	-
	-

The prior year's hire purchase liabilities bore interest of between 6% to 6.15% p

23. TRADE PAYABLES

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

24. OTHER PAYABLES

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
	(Restated)		
Due to subsidiaries	-	-	275
Due to affiliated companies	26,467	18,759	-
Sundry payables	8,295	7,004	24
Accruals	1,693	6,592	9
Deposits	500	590	-

36,956	32,945	308

Amounts due to subsidiaries are unsecured, have no fixed repayment term and
at 10% (2003: 10%) per annum.

Amounts due to affiliated companies are unsecured, interest-free and have no f
repayment.

25. DIVIDEND PAYABLE

During the financial year ended 28 February 1996, the directors of a subsidiai Aktif Lifestyle Stores Sdn. Bhd. ("ALS"), declared a dividend of 46.08%, less amounting to RM10,000,000 to be paid after the financial year ended 28 Febru ALS's then existing shareholders prior to it being acquired by the Company.

The portion of the above dividend payable to Yaohan Japan Corporation ("Y. the then existing shareholders of ALS, was RM4,593,548.

ALS has made a claim against YJC amounting to approximately RM25,943,00 losses incurred by ALS between 1990 and 1997 when YJC was managing its In view of the said claim, the directors of ALS are of the opinion that th dividend of RM4,593,548 is no longer payable to YJC and the same has accor written back to the accumulated loss of ALS in the financial year ended 28 Febı

During the current financial year, ALS made payments amounting to RM2 certain shareholders of ALS. Included in the remaining dividend payable of R are amounts payable to certain directors of Aktif Lifestyle Corporation affiliated companies of RM64,516 and RM3,303,226 respectively.

26. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amo
	2004	2003	2004
	'000	'000	RM'000
Authorised:			
At 1 March / 29 February	200,000	200,000	200,000
Issued and fully paid:			
At 1 March / 29 February	20,479	20,479	20,479

27. RESERVES

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
	(Restated)		(Restated)
Distributable Reserve			
(Accumulated losses)/retained profits	-88,150	-69,490	-17,229
Non-distributable Reserves			
Share premium	4,371	4,371	4,371
Merger reserve	10,833	10,833	-
Reserve on consolidation	58	58	-
	15,262	15,262	4,371
	(72,888)	(54,228)	(12,858)

28. DEFERRED TAXATION

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
At 1 March	-	2,231	-
Overprovided in prior years (Note 10)	-	(2,231)	-
At 29 February	-	-	-

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

	Gro
	2004
	RM'000
	(Restated)
Unused tax losses	78,311

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Unabsorbed capital allowances	13,937
	92,248

The unused tax losses and unabsorbed capital allowances are available ind offset against future taxable profits of the respective subsidiaries. Deferred tax not been recognised in respect of these items as there is uncertainty as to t utilisation of the deferred tax assets.

29. OPERATING LEASE COMMITMENTS

Future minimum rentals under non-cancellable operating leases are as follows:

	Grc
	2004
	RM'000
	(Restated)
Amount repayable:	
Within 1 year	16,812
Between 2 to 5 years	55,142
	71,955

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Grc
	2004
	RM'000
	(Restated)
With affiliated companies:	
Rental payable on premises to:	
- Metroplex Holdings Sdn. Bhd.	10,429
- Konsortium Enterprises Sdn. Bhd.	30
- Prominview Sdn. Bhd.	94
Service charge on premises payable	
to Metroplex Holdings Sdn. Bhd.	1,732
Professional fees payable to	
- Binalita Sdn. Bhd.	-
Sales of merchandise to:	
- Ekabina Sdn. Bhd.	-
- Konsortium Enterprises Sdn. Bhd.	-
- Metroplex Berhad	-
- Metroplex Holdings Sdn. Bhd.	-
- Prominview Sdn. Bhd.	-

The directors are of the opinion that all the transactions above have been ent
the normal course of business and have been established on terms and conditi
not materially different from those obtainable in transactions with unrelated par

31. CONTINGENT LIABILITIES (UNSECURED)

(a) Corporate Guarantee

	Group		Com
	2004	2003	2004
	RM'000	RM'000	RM'000
Unsecured:			
Guarantees to banks			

[illegible]

[illegible]

(b) Litigation

As disclosed in the financial statements of the Group for the year ended 2002, a subsidiary company is being sued for a total sum of RM9, terminating a lease agreement. The subsidiary company's solicitors are of that the claim is without merit as the lease is void and/or deemed te reason of frustration and/or misrepresentation by the landlord. The I issued an amended statement of claim to the Company for a revised t RM19,483,000 and in response, the subsidiary company has filed its (counter-claim. The case is now pending hearing by the court.

32. [illegible]

(a) On 28 October 2003, ALS transferred its equity interest in the following to the Company:

(i) 100% equity interest in Aktif Lifestyle Duty Free Sdn. Bhd. comprisin shares of RM1.00 each for a total cash consideration of RM1.00;

(ii) 100% equity interest in Retail Commercio (M) Sdn. Bhd. compris ordinary shares of RM1.00 each for a total cash consideration of RM1

(iii) 100% equity interest in Tioman Duty Free Sdn. Bhd. comprising 50,(shares of RM1.00 each for a total cash consideration of RM1.00;

(iv) 80% equity interest in Dolce Carlotta (M) Sdn. Bhd. comprising 320,(shares of RM1.00 each for a total cash consideration of RM1.00; and

(v) 49.32% equity interest in Hopemark (M) Sdn. Bhd. ("HSB") compris ordinary shares of RM1.00 each for a total cash consideration of RM1

32. SIGNIFICANT EVENTS (CONTD.)

(b) On 28 October 2003, HSB executed the transfer of its 70% equity in subsidiary, Octon Electronics Sdn. Bhd. ("OESB") comprising 700,0 shares of RM1.00 each to ALS for a total cash consideration of RM1.00.

Following the above transfer, OESB ceased to be a 70% owned subsid and becomes a wholly-owned subsidiary of ALS.

(c) On 31 October 2003, the Company entered into a conditional sale and shares agreement ("SPSA") with CP Properties Sdn. Bhd. ("CP"), a wl subsidiary of Lion Diversified Holdings Berhad, to dispose of its entire paid-up share capital in ALS comprising 31,000,000 ordinary shares of R in ALS to CP for a nominal cash consideration of RM1.00 ("Proposed Dis

ALS holds 100% equity interest in Sunbeam Bakeries Sdn. Bhd. Electronics Sdn. Bhd. respectively and 80% equity interest in Aktif-S Bhd.

The Proposed Disposal is subject to approvals from the following:

(i) the Securities Commission;

(ii) the FIC, to be obtained by CP;

(iii) the shareholders of Aktif at an extraordinary general meeting; and

(iv) any other relevant authorities, if required.

Approval from the FIC was obtained on 24 February 2004. Subsequent approval from the Securities Commission was obtained on 17 May 2004 a from the shareholders of the Company was obtained on 18 June 2004. T Disposal became unconditional upon approval from the shareholders of th

In view of the accumulated losses of ALS and its subsidiaries that had be in the financial statements of the Group, their disposal resulted in a gain t in excess of RM50 million.

33. SUBSEQUENT EVENTS

(a) As disclosed in Note 32(c), on 18 June 2004, the Company completed the its subsidiary, Aktif Lifestyle Stores Sdn. Bhd. ("ALS") and the subsidia for a consideration of RM1.00, which resulted in a gain to the Group RM50 million.

(b) On 26 August 2004, a subsidiary, Retail Commercio (M) Sdn. Bhd. previously involved in the operations of specialty fashion store operatio brand name "Zense", ceased operations.

(c) On 29 April 2005, the Company entered into a memorandum of u ("MOU") with Lee Sey Liang and Lim Siew Swan (collectively referr "White Knights"), wherein the Company and the White Knights are propose a corporate restructuring scheme ("Proposed Restructuring Sch MOU expired on 31 May 2005.

(d) On 31 May 2005, the Company entered into a conditional restructurin ("Restructuring Agreement") with Integrated M&G Industries Berhad (" company incorporated to facilitate the implementation of the Proposed R Scheme) and Dato' Mohamed Bin Jamrah, Teh Li Li, Amarjit Singh A/L K Balveer Kaur A/P Tahil Singh and Kiranjit Singh A/L Amarjit Singh (coll "Vendors") to implement a restructuring scheme which seeks to re financial condition of the Company and its subsidiaries ("ALCB Group alia, injection of viable new businesses in order that the Company's op restored to a level that warrants its continued listing on Bursa Malaysi Berhad ("Bursa Securities"). ("Proposed Restructuring Scheme").

Newco has on 1 June 2005 also entered into two (2) conditional agreements ("Share Sale Agreements") for the proposed acquisitions of interest in Mahawira Sdn Bhd ("Proposed Mahawira Acquisition") and interest in Citatah AMS Marble Sdn Bhd ("Proposed Citatah A (collectively, the "Acquiree Companies") from the respective Vendors.

The Acquiree Companies will be involved in the business of manufacturing, trading of granite products as well as the supply and in marble and granite related products. This business is generally related to development and construction activities and specifically the high-end pro The Proposed Mahawira Acquisition and Proposed Citatah Acquisitio conditional upon each other and collectively referred to as the

Acquisitions".

33. SUBSEQUENT EVENTS (CONTD.)

(d) The Proposed Restructuring Scheme comprises various sub-proposals involve, inter-alia, the following proposals:

(i) The proposed reduction of the issued and paid-up share capital of th of RM20.479 million comprising 20.479 million ordinary shares of R in the Company ("ALCB Shares") to RM8.1916 million compris million ordinary shares of RM0.40 each in the Company ("Reduc representing a capital reduction of 60 sen for every existing A ("Proposed Capital Reduction").

(ii) The proposed consolidation of the Reduced Shares into 8.1916 mi Shares ("Proposed Capital Consolidation").

(iii) The proposed exchange of 8.1916 million ALCB Shares with 8.1 Newco Shares on the basis of one (1) Newco Share with one (1) A held after the Proposed Capital Reduction and Proposed Capital Co ("Proposed Share Exchange").

(iv) The proposed transfer of the listing status of the Company on the Off Bursa Malaysia Securities Berhad to Newco ("Proposed Transfer Status").

(v) Proposal for the ALCB Group to be disposed of to a third party to be i to be transferred to a special purpose company ("Proposed Disposal o

(vi) The Proposed Restructuring Scheme shall be conditional upon approv following authorities:

(a) the Securities Commission;
(b) the Foreign Investment Committee;
(c) Bursa Securities;
(d) the Ministry of International Trade and Industry;
(e) ALCB Shareholders at a general meeting for the Proposed R Scheme;
(f) the sanction and confirmation of the High Court of Mala

Proposed Restructuring Scheme;

(g) other relevant authorities.

The Company has announced the full details of the Proposed Restructur
via its announcement on Bursa Securities dated 1 June 2005.

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group financial risk management policy seeks to ensure that adequa resources are available for the development of the Group's busine managing its interest rate, liquidity and credit risks. The Group ope clearly defined guidelines that are approved by the Board and the Grou not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, a had no substantial long-term interest-bearing assets as at 29 February investment in financial assets are mainly short term in nature and they are speculative purposes but have been mostly placed in fixed deposits which returns than cash at bank.

(c) Liquidity Risk

The presentation of the financial statements for the current financial year has

The Group actively manages its debt maturity profile, operating cash flc availability of funding so as to ensure that all repayment and funding need

(d) Credit Risk

Credit risk or the risk of counterparties defaulting is minimised and mc strictly limiting the Group's associations to business partners creditworthiness. Trade receivables are monitored on an ongoing basis management reporting procedures.

The Group does not have any significant exposure to any individual c counterparty nor does it have any major concentration of credit risk rel financial instruments.

The Group does not expose to cash flows risk as the Group does nc

34. FINANCIAL INSTRUMENTS (CONTD.)

(e) Fair Values

The aggregate net fair values of financial assets and financial liabilities w carried at fair value on the balance sheet of the Group and of the Compa end of the financial year are represented as follows:

Group

	2004		20
	Carrying Amount RM'000 (Restated)	Fair Value RM'000 (Restated)	Carrying Amount RM'000
Financial Assets			
Investment in quoted shares	1,650	2,333	1,198
Investment in unquoted shares	144	#	-
Amount due from associates	-	-	522
Amount due from affiliated companies	-	-	1,122
Financial Liabilities			
Amount due to affiliated companies	26,467	*	18,759

Company

	2004 Carrying Amount RM'000	2004 Fair Value RM'000	20 Carrying Amount RM'000
Financial Assets			
Investment in quoted shares	1,650	2,333	806
Investment in unquoted shares	144	#	-
Amount due from subsidiaries	5,799	*	7,022
Financial Liabilities			
Amount due to subsidiaries	275	*	4

* It is also not practicable to estimate the fair values of amounts

subsidiaries, associates and affiliated companies due principally to a l repayment terms entered into by the parties involved and withoi excessive costs.

#The It is not practicable to estimate the fair value of the Group's unqu because of the lack of quoted market prices and the inability to e value without incurring excessive costs.

34. FINANCIAL INSTRUMENTS (CONTD.)

(e) Fair Values (Contd.)

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

(i) **Cash and Cash Equivalents, Trade and Other Receivables/Pa
Short Term Borrowings**
The carrying amounts approximate fair values due to the relatively
maturity of these financial instruments.

(ii) **Marketable Securities**
The fair value of quoted shares is determined by reference to stoc
quoted market bid prices at the close of the business on the balance sh

Segment

Comparative are not disclosed for certain information relating to financial

Segment To overcome the challenging operating environment that may affect the operat

36. COMPARATIVES

The presentation and classification of items in the current year financial state been consistent with the previous financial year except for certain comparative at 31 December 2003 which have been reclassified to conform with cu presentation.

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AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

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AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

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AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
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AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

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AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

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AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

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AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

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AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

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AKTIF LIFESTYLE CORPORATION BERHAD (289534-K)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2004

GROUP

		← Non-Distributable		→		
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000 (Restated)	Reserve on Consolidation RM'000 (Restated)	Accumulated Losses RM'000 (Restated)	Total RM'000 (Restated)
At 1 March 2002	20,479	4,371	10,833	58	(49,460)	(13,719)
Loss for the year	-	-	-	-	(20,030)	(20,030)
At 28 February 2003	20,479	4,371	10,833	58	(69,490)	(33,749)
Loss for the year	-	-	-	-	(18,660)	(18,660)
At 29 February 2004	20,479	4,371	10,833	58	(88,150)	(52,409)

COMPANY

	Share Capital RM'000	Non-Distributable Share Premium RM'000	Retained Profits RM'000 (Restated)	Total RM'000 (Restated)
At 1 March 2002	20,479	4,371	1,377	26,227
Loss for the year	-	-	(38)	(38)
At 28 February 2003	20,479	4,371	1,339	26,189
Loss for the year	-	-	(18,568)	(18,568)
At 29 February 2004	20,479	4,371	(17,229)	7,621

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

12. PROPERTY, PLANT AND EQUIPMENT

Group **Cost**	**Leasehold Improvement RM'000 (Restated)**	**Plant and Machinery RM'000 (Restated)**	**Furniture and Equipment RM'000 (Restated)**	**Fixtures and Fittings RM'000 (Restated)**	**Motor Vehicles RM'000 (Restated)**	**Buildings RM'000 (Restated)**	**Capital work-in-progress RM'000 (Restated)**	**Total RM'000 (Restated)**
At 1 March 2003	24,191	4,968	19,517	14,216	983	209	41	64,125
Additions	-	52	242	61	77	187	2	621
Disposals	-	-	(0)	-	-	(209)	-	(209)
At 29 February 2004	24,191	5,020	19,759	14,277	1,060	187	43	64,536
Accumulated Depreciation								
At 1 March 2003	22,593	3,271	13,426	10,328	921	19	-	50,559
Charge for the year	1,163	468	1,726	1,545	15	3	-	4,921
Disposals	-	-	(0)	-	-	(22)	-	(22)
At 29 February 2004	23,756	3,740	15,152	11,873	936	1	-	55,458

Net Book Value

At 29 February 2004	434	1,281	4,607	2,404	123	187	43	9,079
At 28 February 2003	1,597	1,697	6,090	3,888	62	190	41	13,566
Depreciation charge for 2003	1,794	628	2,312	1,687	97	4	-	6,522

35. SEGMENT INFORMATION

	Operation of supermarkets and departmental stores and bakeries and specialty retail stores		Investment holding		Factoring services		Eliminations		Consolidated	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
	(Restated)		**(Restated)**				**(Restated)**		**(Restated)**	
Revenue										
External sales	181,947	217,428	30	8	-	3	-	-	181,977	217,439
Inter-segment sales	-	22,323		-		-	-	(22,323)	-	-
Total revenue	181,947	239,751	30	8	-	3	-	(22,323)	181,977	217,439
Result										
Segment results	(18,137)	(23,815)	(18,568)	(76)	-	1,089	18,415	1,334	(18,290)	(21,468)
Gain on disposal of discontinued operations									-	652
Loss from operations									(18,290)	(20,816)
Finance cost									(117)	(2,055)
Share of results of associates									-	(1)
Taxation									(929)	1,826

Loss after taxation	(19,336)	(21,046)
Minority interests	677	1,016
Loss for the year	(18,660)	(20,030)

34. SEGMENT INFORMATION (CONTD.)

	Operation of supermarkets and departmental stores and bakeries and specialty retail stores		Investment holding		Factoring services		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	(Restated)		(Restated)						(Restated)	
Assets										
Segment assets	26,910	67,533	2,204	845	-	-			29,113	68,378
Investments in associates	-	-	-	-	-	-			-	-
Consolidated total assets									29,113	68,378
Liabilities										
Segment liabilities	81,142	101,358	381	92	-	-			81,523	101,450
Consolidated total liabilities									81,523	101,450
Other Information										
Capital expenditure	621	862	-	-	-	-			621	862
Depreciation	4,921	6,522	-	-	-	-			4,921	6,522
Amortisation	-	738	-	-	-	-			-	738

Impairment losses	-	580	-	-	-	-			-	580
Non-cash expenses other than depreciation, amortisation and impairment losses	12,000	1,430	-	-	-	102			12,000	1,532