

EKRAN BERHAD (224747-K)

Directors' Report and Audited Financial Statements  
30 June 2004

Company No: 224747-K

**Ekran Berhad**  
**(Incorporated in Malaysia)**

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**Directors' Report**

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The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2004.

**Principal activities**

The principal activities of the Company are investment holding and provision of management services to companies in the Group.

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

There have been no significant changes in the nature of the principal activities during the financial year.

**Results**

	<b>Group</b> RM'000	<b>Company</b> RM'000
Loss after taxation	(185,108)	(192,951)
Minority interests	503	-
	<hr/>	<hr/>
Net loss for the year	(184,605)	(192,951)
	=====	=====

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

**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.

**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:

Tan Sri Dato' Paduka (Dr) Ting Pek Khiing  
Peter Ling Ee Kong  
Dato' Stanley Isaacs  
Senator Datuk William Lau Kung Hui  
Dr Regina Noran Nuruddin  
Dato' Muhammad Shafee bin Md Abdullah  
Ting Sie Chuong  
Liew Chie Chung

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**Directors' Report**

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**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 (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in 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, other than any deemed benefit arising from the transactions as referred to in this report and in Notes 4, 5, 6, 7 and 28 to the 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 during the financial year were as follows:

	<b>Number of ordinary shares of RM1 each</b>		
	<b>At 1 July</b>		<b>At 30 June</b>
	<b>2003</b>	<b>Acquired</b>	<b>Sold</b>
			<b>2004</b>
Tan Sri Dato' Paduka (Dr)			
Ting Pek Khiing			
- direct interest	167,903,859	- (56,869,585)	111,034,274
- indirect interest	667,683	-	667,683
Dato' Stanley Isaacs			
- direct interest	60,000	- (60,000)	-
Ting Sie Chuong			
- direct interest	162,016	-	162,016
- indirect interest	168,117,526	- (56,869,585)	111,247,941
Liew Chie Chung			
- direct interest	3,000	-	3,000

By virtue of their interests in the shares in the Company Tan Sri Dato' Paduka (Dr) Ting Pek Khiing and Ting Sie Chuong are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than the above, the directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

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**Directors' Report**

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**Other statutory information**

The following statements are made subject to the matters discussed in Note 2(a) to the financial statements.

- (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 there were no known bad debts but that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values 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 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.

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**Directors' Report**

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**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 and subsequent events**

The significant and subsequent events are disclosed in Note 30 to the financial statements.

**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

TAN SRI DATO' PADUKA (DR) TING  
PEK KHIING

PETER LING EE KONG

Kuching, Malaysia  
Date:

Company No: 224747-K

**Ekrans Berhad**  
**(Incorporated in Malaysia)**

**Statement by Directors**  
**Pursuant to Section 169(15) of the Companies Act, 1965**

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We, TAN SRI DATO' PADUKA (DR) TING PEK KHIING and PETER LING EE KONG, being two of the directors of EKRAN BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 73 are drawn up in accordance with applicable 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 30 June 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

TAN SRI DATO' PADUKA (DR) TING  
PEK KHIING

PETER LING EE KONG

Kuching, Malaysia

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

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I, LIEW CHIE CHUNG, being the Director primarily responsible for the financial management of EKRAN BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 73 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 LIEW CHIE CHUNG  
at Kuching in the State of Sarawak  
on .

LIEW CHIE CHUNG

Before me,

Company No: 224747-K

**Report of the Auditors to the Members of Ekran Berhad  
(Incorporated in Malaysia)**

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We have been engaged to audit the financial statements set out on pages 10 to 73. These financial statements are the responsibility of the Company's directors.

We report as follows:

1. As disclosed in Note 19 to the financial statements, the advances to an associated company, Wembley Industries Holdings Berhad ("WIHB") and its subsidiary, amounting to RM98.9 million as at 30 June 2004, do not appear to be in compliance with the provisions of the Companies Act, 1965, in relation to advances to persons connected with a director of the Company. Although the relevant director has no direct interest in the associated company, the associated company is deemed to be a person connected to the director by virtue of the director's interests in shares in the Company. In addition, the recoverability of the advances is subject to the successful implementation of WIHB's debt restructuring scheme as disclosed in Note 19 to the financial statements, which in turn is subject, inter alia, to the Company subscribing for its full rights issue entitlement amounting to RM23.7 million.
2. As disclosed in Note 30(c) to the financial statements, the Company received a proposed offer from Tan Sri Dato' Paduka (Dr) Ting Pek Khiing ("Tan Sri Ting") in 2001 for a revised settlement for a sum of RM564.0 million out of the total RM712.9 million owing by Tan Sri Ting to the Company, i.e. a discount of RM148.9 million. In 2001 Tan Sri Ting had effected repayment of RM246.5 million, thus leaving a balance of RM466.4 million prior to consideration of the proposed discount. In our audit report for the previous financial year, we had opined that a provision for doubtful recovery of RM148.9 million should have been recognised in that financial year. A provision for doubtful recovery has been made in the current financial year for the RM148.9 million discount leaving a net balance of RM317.5 million in the financial statements. Had the provision been made in the appropriate financial year, the loss before taxation for the current financial year would have decreased by RM148.9 million with a corresponding increase in the reported loss for the comparative financial year. Further, in view of the uncertainty regarding the ability of Tan Sri Ting to fulfill his remaining obligations, we are unable to ascertain whether any further provision for doubtful recovery is required. The financial statements of the Group and of the Company do not include any further provision for doubtful recovery of the amount owing by Tan Sri Ting to the extent any such amount may not be finally recoverable.



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**Report of the Auditors to the Members of Ekran Berhad  
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3. As disclosed in Note 11(b) to the financial statements, included in the property, plant and equipment of the Group is a resort known as Samal Casino Resort (“Resort”) with a carrying value of RM37.1 million as at 30 June 2004. The Resort is situated in Kaputian, Island Garden City of Samal, Philippines. The Resort had ceased operations since 15 June 2000 and the Group is currently seeking a suitable buyer for the Resort. A valuation on the Resort assets was performed on 30 July 2004. However, the valuation report disclosed that the valuation exercise did not include an examination of the property nor did it consider additions or deductions that may have been made since the last appraisal dated 4 August 2001. As the Resort had ceased operations since 2000, and as the valuation amount is conditional, we are unable to ascertain as to whether the stated carrying value of the Resort as at 30 June 2004 is recoverable.
4. As mentioned in Note 14 to the financial statements, leasehold land held for development by a subsidiary, Langkasuka Marina Development Sdn. Bhd., with the carrying value of RM620 million as at 30 June 2003, relates to a reclamation and development project in Pulau Langkawi, Kedah. The development activity on the project had been suspended since previous years pending availability of funds, and the company is currently assessing the viability of the project. A valuation was performed on the above land on 26 June 2004 based on the Comparison Method. However, due to the significance of the asset to the financial statements as a whole and the uncertainty regarding its recoverability, we consider that it should be brought to your attention.
5. Included in the trade and other receivables of the Group and of the Company are amounts due from Mashyur Mutiara Sdn. Bhd. and Accruvest Hotel Management Sdn. Bhd. amounting to RM17.6 million and RM12.8 million respectively as at 30 June 2004. These companies are amongst the companies or hotel companies to be acquired by the Company as disclosed in Note 30 to the financial statements. At the date of this report, the amounts due from Mashyur Mutiara Sdn. Bhd. and Accruvest Hotel Management Sdn. Bhd. amounted to RM16.5 million and RM12.3 million respectively. No provision for doubtful recovery has been made in the financial statements on the balance of these amounts as the directors are of the opinion that these amounts are recoverable. However, in view of the relatively small amount of repayment by these companies to-date, we are unable to ascertain the recoverability of these debts.

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**Report of the Auditors to the Members of Ekran Berhad  
(Incorporated in Malaysia) (contd.)**

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6. Included in the financial statements of the Company are amounts due from its subsidiaries, namely Ekran Holdings (Philippines) Inc. and Ekran Project Management Sdn. Bhd. of RM132.5 million and RM239.6 million respectively as at 30 June 2004. Ekran Holdings (Philippines) Inc. is the owner of the Samal Casino Resort which is referred to in item 3 above. The financial statements as at 30 June 2004 of these companies reflected shareholders' deficits. The directors are of the opinion that no provision for doubtful recovery is required as the amounts are recoverable. However, we are unable to obtain sufficient appropriate audit evidence as to the recoverability of these debts.
7. As disclosed in Note 13 to the financial statements, the audited financial statements for the years ended 30 June 2004 and 2003 of a subsidiary, Sino Malaysia Art and Culture Co. Limited, have not been made available to us as at the date of this report. The Group has used the unaudited management financial statements of this subsidiary as at 30 June 2004 and 2003 in the preparation of the consolidated financial statements. The aggregate summary of the unaudited financial positions as at 30 June 2004 and 2003 and the results and cash flows of this subsidiary for the years then ended, included in the Group's consolidated financial statements, are disclosed in Note 13 to the financial statements. We have not been able to obtain sufficient appropriate audit evidence regarding the financial statements of this subsidiary that have been included in the consolidated financial statements.

In view of the significance of the matters discussed in the preceeding paragraphs, we are unable to form an opinion as to whether the financial statements have been prepared 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 :

- (a) the financial position of the Group and of the Company as at 30 June 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
- (b) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.

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**Report of the Auditors to the Members of Ekran Berhad  
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In our opinion, except for any adjustments that could arise in respect of the matters discussed above, that could affect the recorded amounts, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

Except for the financial statements of a subsidiary as discussed in item 7 above, for which no audited financial statements for the years ended 30 June 2004 and 2003 were available, 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.

There is no auditors' report in respect of the financial statements of a subsidiary as discussed in item 7 above. Other than as disclosed in Note 13 to the financial statements and as further discussed in items 3 to 5 above, the auditors' reports on the financial statements of the other subsidiaries were not subject to qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

**ERNST & YOUNG**  
AF: 0039  
Chartered Accountants

**CHIN MUI KHIONG PETER**  
No. 1881/03/06 (J)  
Partner

Kuching, Malaysia

**Ekran Berhad****Income Statements  
for the year ended 30 June 2004**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	3	90,275	158,796	-	-
Other operating income	4	3,449	785	3,445	367
Construction costs recognised as expenses		(80,602)	(137,973)	-	-
Staff costs	5	(3,381)	(5,099)	(2,362)	(3,724)
Depreciation		(7,939)	(8,299)	(537)	(572)
Other operating expenses	7	(178,866)	(21,385)	(193,152)	(8,622)
Loss from operations		(177,064)	(13,175)	(192,606)	(12,551)
Finance (costs)/income, net	8	(8,430)	(12,444)	(345)	1,616
Share of profits of associated companies		576	21	-	-
Loss before taxation		(184,918)	(25,598)	(192,951)	(10,935)
Taxation	9	(190)	(15)	-	-
Subsidiaries		(28)	(8)	-	-
Associates		(162)	(7)	-	-
Loss after taxation		(185,108)	(25,613)	(192,951)	(10,935)
Minority interests		503	2,196	-	-
Net loss for the year		(184,605)	(23,417)	(192,951)	(10,935)
Basic loss per share	10	(35) sen	(4) sen		

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

**Ekran Berhad****Balance Sheets as at 30 June 2004**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>					
Property, plant and equipment	11	111,658	137,997	16,279	16,816
Long term receivables	12	-	249,786	-	249,786
Investments	13	8,827	413	166,723	175,850
Leasehold land held for development	14	620,000	620,000	-	-
		<u>740,485</u>	<u>1,008,196</u>	<u>183,002</u>	<u>442,452</u>
<b>Current assets</b>					
Due from customers on contracts	15	-	1,250	-	-
Trade receivables	16	37,012	41,383	-	-
Other receivables	17	369,481	277,680	368,476	275,841
Due from subsidiaries	18	-	-	358,092	375,308
Due from an associated company	19	69,350	69,215	69,350	69,215
Cash and bank balances	20	6,359	11,445	5,221	10,009
		<u>482,202</u>	<u>400,973</u>	<u>801,139</u>	<u>730,373</u>
<b>Current liabilities</b>					
Borrowings	21	151,968	145,796	62,890	64,250
Due to customers on contracts	15	1,643	-	-	-
Trade payables	22	15,047	22,859	-	-
Other payables	23	96,368	99,229	158,845	151,668
Tax payable		35,871	37,380	35,869	37,370
Due to subsidiaries	18	-	-	4,104	4,106
		<u>300,897</u>	<u>305,264</u>	<u>261,708</u>	<u>257,394</u>
<b>Net current assets</b>		<u>181,305</u>	<u>95,709</u>	<u>539,431</u>	<u>472,979</u>
		<u>921,790</u>	<u>1,103,905</u>	<u>722,433</u>	<u>915,431</u>
		=====	=====	=====	=====

**Ekran Berhad**

**Balance Sheets as at 30 June 2004 (contd.)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
		RM'000	RM'000	RM'000	RM'000
<b>Financed by:</b>					
Share capital	24	525,969	525,969	525,969	525,969
Reserves		185,198	365,836	196,464	389,415
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Shareholders' equity		711,167	891,805	722,433	915,384
Minority interests		107,951	108,453	-	-
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		819,118	1,000,258	722,433	915,384
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Lease and hire purchase payables	25	-	47	-	47
Land premium payable	26	1,854	2,782	-	-
Deferred taxation	14	100,818	100,818	-	-
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Non-current liabilities		102,672	103,647	-	47
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		921,790	1,103,905	722,433	915,431
		<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

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

**Ekran Berhad**

**Consolidated Statement of Changes In Equity  
for the year ended 30 June 2004**

		← Reserves →			
		Non-distributable			
	Share capital RM'000	Share premium RM'000	Exchange fluctuation reserves RM'000	Accumulated losses RM'000	Total RM'000
At 1 July 2002	525,969	1,186,931	10,145	(814,666)	908,379
Net loss for the year	-	-	-	(23,417)	(23,417)
Currency translation differences representing net gain not recognised in the income statement	-	-	6,843	-	6,843
At 30 June 2003	525,969	1,186,931	16,988	(838,083)	891,805
Net loss for the year	-	-	-	(184,605)	(184,605)
Currency translation differences representing net gain not recognised in the income statement	-	-	3,967	-	3,967
At 30 June 2004	525,969	1,186,931	20,955	(1,022,688)	711,167
	=====	=====	=====	=====	=====

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

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**Ekran Berhad**

**Statement of Changes in Equity  
for the year ended 30 June 2004**

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		<b>← Reserves →</b>		
	<b>Share capital</b>	<b>Non-distributable Share premium</b>	<b>Accumulated losses</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000
At 1 July 2002	525,969	1,186,931	(786,581)	926,319
Net loss for the year	-	-	(10,935)	(10,935)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2003	525,969	1,186,931	(797,516)	915,384
Net loss for the year	-	-	(192,951)	(192,951)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2004	525,969	1,186,931	(990,467)	722,433
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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



**Ekran Berhad**

**Consolidated Cash Flow Statement  
for the year ended 30 June 2004**

	<b>2004</b> RM'000	<b>2003</b> RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(184,918)	(25,598)
Adjustment for:		
Bad debts recovered	(3,039)	-
Construction in progress written off	3,988	-
Depreciation	7,939	8,299
Dividend income	(52)	-
Gain on disposal of property, plant and equipment	(2)	(374)
Interest expense	9,974	13,932
Interest income	(1,544)	(1,488)
Loss on written off of prescribed input taxes	715	-
Property, plant and equipment written off	-	209
Provision for doubtful debts	148,929	634
Provision for impairment losses	17,548	1,345
Share of profits of associated companies	(576)	(21)
Operating loss before working capital changes	(1,038)	(3,062)
Decrease in receivables	17,774	27,554
(Increase)/decrease in due from customers for construction contracts	(1,095)	6,167
Increase in due from associated companies	(136)	(187)
Decrease in payables	(19,443)	(30,853)
Cash used in operations	(3,938)	(381)
Interest paid	(632)	(3,239)
Tax paid	(1,541)	(3,007)
Net cash used in operating activities	(6,111)	(6,627)
<b>Cash flows from investing activities</b>		
Dividend received	52	-
Additional investment in associate	(8,000)	-
Interest received	234	1,488
Payment of land premium	(927)	(927)
Purchase of property, plant and equipment	(1,246)	(1,482)
Proceeds from disposal of property, plant and equipment	147	2,889
Net cash (used in)/generated from investing activities	(9,740)	1,968

**Ekran Berhad**

**Consolidated Cash Flow Statement  
for the year ended 30 June 2004 (contd.)**

	<b>2004</b> RM'000	<b>2003</b> RM'000
<b>Cash flows from financing activities</b>		
Repayment of short term borrowings	(709)	(2,400)
Repayment of lease and hire purchase payables	(1,634)	(633)
Net cash used in financing activities	(2,343)	(3,033)
 <b>Net decrease in cash and cash equivalents</b>	 (18,194)	 (7,692)
<b>Cash and cash equivalents at beginning of year</b>	(47,152)	(46,303)
<b>Effect of exchange rate changes</b>	3,967	6,843
<b>Cash and cash equivalents at end of year (Note 20)</b>	(61,379)	(47,152)
	=====	=====

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

**Ekran Berhad**

**Cash Flow Statement  
for the year ended 30 June 2004**

	<b>2004</b> RM'000	<b>2003</b> RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(192,951)	(10,935)
Adjustment for:		
Bad debts recovered	(3,039)	-
Depreciation	537	572
Dividend income	(52)	-
Gain on disposal of property, plant and equipment	(2)	-
Interest expense	9,973	13,932
Interest income	(9,628)	(15,548)
Provision for diminution in value of investments	17,128	2,814
Provision for doubtful debts	174,215	2,561
Provision for impairment losses	-	1,345
Operating loss before working capital changes	(3,819)	(5,259)
Decrease in receivables	20,666	6,096
Increase in due from associated companies	(136)	(187)
Net changes in amount due to/from subsidiaries	(8,072)	12,087
Decrease in other payables	(1,238)	(908)
Cash generated from operations	7,401	11,829
Interest paid	(631)	(3,237)
Tax paid	(1,500)	(3,000)
Net cash generated from operating activities	5,270	5,592
<b>Cash flows from investing activities</b>		
Additional investment in associate	(8,000)	-
Purchase of property, plant and equipment	-	(1)
Proceeds from disposal of property, plant and equipment	2	-
Dividend received	52	-
Interest received	222	212
Net cash (used in)/generated from investing activities	(7,724)	211

**Ekran Berhad**

**Cash Flow Statement  
for the year ended 30 June 2004 (contd.)**

	<b>2004</b> RM'000	<b>2003</b> RM'000
<b>Cash flows from financing activities</b>		
Repayment of short term borrowings	(709)	(2,400)
Repayment of hire purchase payables	(1,625)	(200)
	<hr/>	<hr/>
Net cash used in financing activities	(2,334)	(2,600)
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(4,788)	3,203
<b>Cash and cash equivalents at beginning of year</b>	400	(2,803)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year (Note 20)</b>	(4,388)	400
	<hr/> <hr/>	<hr/> <hr/>

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

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**1. Corporate information**

The principal activities of the Company are investment holding and provision of management services to companies in the Group.

The principal activities of the subsidiaries are described in Note 13.

There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 9, Wisma Ting Pek Khiing, No. 1, Jalan Padungan, 93100 Kuching, Sarawak.

The number of employees in the Group and in the Company at the end of the financial year were 208 (2003: 167) and 31 (2003: 36) respectively.

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

**2. 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 and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

As at 30 June 2004, the financial statements of the Group and of the Company reflect accumulated losses of RM1,022,688,000 and RM990,467,000 respectively. In addition, the Group and the Company have defaulted in certain repayments obligations, as disclosed in Note 21 and certain financial institutions have initiated legal actions against the Group.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**2. Significant accounting policies (contd.)**

**(a) Basis of preparation (contd.)**

As disclosed in Note 30(b), part of the proceeds to be received from Tan Sri Dato' Paduka (Dr) Ting Pek Khiing ("Tan Sri Ting") are to be used to finance the subscription of Wembley Industries Holdings Berhad's ("WIHB") proposed rights issue and additional repayment of bank borrowings and creditors. Should the repayment from Tan Sri Ting not be forthcoming or should the repayment from Tan Sri Ting be based on his proposed offer of revised settlement, of which the Company is to receive a balance of RM87.6 million in cash, the Company may not be able to finance its subscription of WIHB's rights issues or repayment of its bank borrowings and creditors. As such, the successful implementation of WIHB's restructuring scheme, which is conditional upon the Company demonstrating that it has sufficient financial resources to subscribe for its entitlement under WIHB's proposed rights issue may be in doubt. Consequently, the recoverability of advances due from WIHB of RM98.8 million which is subject to the successful implementation of WIHB's restructuring scheme, may be in doubt. Hence, the ability of the Group and of the Company to continue as going concerns are dependent on their abilities to achieve profitable operations, positive cash flows, continued support from the financial institutions and the cash repayment by Tan Sri Ting as disclosed in Note 30. The financial statements of the Group and of the Company have been prepared on a going concern basis in anticipation that Tan Sri Ting will make good his repayment of RM466 million of which RM228 million is to be paid in cash, and that the Group and the Company will continue to obtain the support from their financial institutions and creditors.

**(b) Basis of consolidation**

**(i) Subsidiaries**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**2. Significant accounting policies (contd.)**

**(b) Basis of consolidation (contd.)**

**(i) Subsidiaries (contd.)**

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

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

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

**(ii) Associated companies**

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policies decisions of the entities.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**2. Significant accounting policies (contd.)**

**(b) Basis of consolidation (contd.)**

**(ii) Associated companies (contd.)**

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

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

**(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 or associate 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 2(o). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the respective carrying amounts of these investments.

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

Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.



**2. Significant accounting policies (contd.)**

**(c) Goodwill (contd.)**

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

**(d) Investments in subsidiaries and associated companies**

The Company's investments in subsidiaries and associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

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

**(e) Property, plant and equipment and depreciation**

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 2(o).

Freehold land is not depreciated. Leasehold land and building are depreciated over the period of the respective leases which range from 10 to 50 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant, machinery and equipment	10% - 20%
Furniture, fittings, office equipment and renovation	2% - 40%
Motor vehicles	10% - 20%

New planting and replanting expenditure incurred prior to maturity of rootstock including land clearing, drains and irrigation, seedlings, fertilisation, labour and other directly attributable costs of plantation are capitalised under plantation development expenditure and amortised over the useful lives of the rootstocks upon harvest.

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 statement.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**2. Significant accounting policies (contd.)**

**(f) Leasehold land held for development**

Leasehold land held for development consists of leasehold reclamation land with a lease period of 99 years, held for future development and where no significant development has been undertaken, and is stated at cost. Cost includes cost of land and attributable development expenditure. Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

**(g) Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

**(h) Cash and cash equivalents**

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

**2. Significant accounting policies (contd.)**

**(i) 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 2(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.

**(j) 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.

**2. Significant accounting policies (contd.)**

**(k) Income tax**

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between 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.

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 recognised 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.

**(l) Employee benefits**

**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

**(ii) Defined contribution plans**

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**2. Significant accounting policies (contd.)**

**(m) Revenue recognition**

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

**(i) Development properties and construction contracts**

Revenue from sale of development properties and from construction contracts are accounted for by the stage of completion method as described in Note 2(g).

**(ii) Sale of palm kernel**

Revenue relating to sale of palm kernel is recognised net of discount upon the transfer of risks and rewards.

**(iii) Rental income**

Rental income is recognised on an accrual basis.

**(n) Foreign currencies**

**(i) Foreign currency transactions**

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All other exchange differences are taken to the income statement.

**(ii) Foreign entities**

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**2. Significant accounting policies (contd.)**

**(n) Foreign currencies (contd.)**

**(ii) Foreign entities (contd.)**

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

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

	<b>2004</b>	<b>2003</b>
	RM	RM
United States Dollars	3.80	3.80
Philippines Peso ("P")	0.07	0.07
China, Yuan Renminbi ("RMB")	0.46	0.46

**(o) Impairment of assets**

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

An impairment loss is recognised as an expense in the income statement immediately, unless the assets is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognized revaluation surplus for the same asset.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**2. Significant accounting policies (contd.)**

**(p) 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 and 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 in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

**(i) Other non-current investments**

Non-current investments other than investments in subsidiaries, associated companies and long term receivables are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

**(ii) Receivables**

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

**(iii) Payables**

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

**(iv) Interest-bearing borrowings**

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. Interest incurred on borrowings is charged to the income statement as expense as and when incurred.

Interest incurred on borrowings relating to the construction of property, plant and equipment is capitalised until the assets are ready for their intended use. Borrowing costs relating to development properties are capitalised during the period of active development until they are ready for their intended purpose.

**(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.

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****3. Revenue**

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Sale of palm kernel	4,308	2,896
Construction and property development	84,392	153,800
Rental income from property	1,575	2,100
	<u>90,275</u>	<u>158,796</u>
	=====	=====

**4. Other operating income**

Included in other operating income are:

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Dividend income	52	-	52	-
Rental income				
- a company in which Tan Sri Ting has substantial financial interest	246	290	231	246
- associated company	121	121	121	121
Gain on disposal of property, plant and equipment	2	374	2	-
Bad debts recovered	3,039	-	3,039	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

**5. Staff costs**

Wages and salaries	2,845	3,243	1,914	1,979
Bonus	173	171	173	169
Termination benefits	-	1,296	-	1,296
Other staff related expenses	363	389	275	280
	<u>3,381</u>	<u>5,099</u>	<u>2,362</u>	<u>3,724</u>
	=====	=====	=====	=====

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,266,720 (2003: RM1,362,720) and RM1,048,320 (2003: RM1,048,320) respectively.

The estimated monetary value of other benefits not included in the above received by the directors of the Group and the Company was RM57,800 (2003: RM57,800).



**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

**6. Directors' remuneration**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	RM'000	RM'000	RM'000	RM'000
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	1,180	1,180	976	976
Fees	96	96	96	96
Bonus	87	87	72	72
Benefits-in-kind	58	58	58	58
	<u>1,421</u>	<u>1,421</u>	<u>1,202</u>	<u>1,202</u>
	=====	=====	=====	=====
Non-Executive:				
Fees	80	72	80	72
	<u>80</u>	<u>72</u>	<u>80</u>	<u>72</u>
	=====	=====	=====	=====

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

	<b>Number of Directors</b>	
	<b>2004</b>	<b>2003</b>
Executive directors:		
RM200,001 - RM250,000	2	2
RM450,001 - RM500,000	2	2
Non-Executive directors:		
Below RM50,000	3	3

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****7. Other operating expenses**

Included in other operating expenses are the following:

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- current year	56	56	25	25
- overprovision in prior year	-	(5)	-	-
- other services	12	95	8	95
Non-executive directors' fees (Note 6)	80	72	80	72
Construction in progress written off	3,988	-	-	-
Property, plant and equipment written off	-	209	-	-
Rental of office premises	317	381	-	-
Rental of equipment	38	371	-	-
Provision for doubtful debts				
- associated companies	-	446	-	446
- subsidiaries	-	-	25,286	1,927
- Tan Sri Ting	148,929	-	148,929	-
- others	-	188	-	188
Impairment of investments				
- associated companies	-	-	-	2,814
- subsidiaries	-	-	17,128	-
Provision for impairment losses on property, plant and equipment	17,548	1,345	-	1,345
	=====	=====	=====	=====

**8. Finance (costs)/income, net**

Interest income	1,544	1,488	9,628	15,548
Interest expense	(9,974)	(13,932)	(9,973)	(13,932)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	(8,430)	(12,444)	(345)	1,616
	=====	=====	=====	=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****9. Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax:				
Current year's provision	162	15	-	-
Taxation underprovided in prior years	28	-	-	-
	<u>190</u>	<u>15</u>	<u>-</u>	<u>-</u>
	====	====	====	====

There is no tax charge for the year for the Company as the Company is in a tax loss position.

Income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to 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:

	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Loss before taxation	(184,918)	(25,598)
	=====	=====
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	(51,777)	(7,167)
Expenses not deductible for tax purposes	50,766	2,785
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(939)
Deferred tax assets not recognised during the year	1,688	5,336
Effect of utilisation of previously unrecognised tax losses	(515)	-
Underprovided in prior years	28	-
	<u>190</u>	<u>15</u>
Tax expense for the year	=====	=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****9. Taxation (contd.)**

	<b>2004</b> RM'000	<b>2003</b> RM'000
<b>Company</b>		
Loss before taxation	(192,951)	(10,935)
	=====	=====
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	(54,026)	(3,061)
Expenses not deductible for tax purposes	53,381	1,811
Deferred tax assets not recognised during the year	645	1,250
	=====	=====
Tax expense for the year	-	-
	=====	=====

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

	<b>Group</b>		<b>Company</b>	
	<b>2004</b> RM'000	<b>2003</b> RM'000	<b>2004</b> RM'000	<b>2003</b> RM'000
Depreciation in excess of capital allowance	-	-	-	(1,326)
Unutilised business losses	146,973	143,087	56,400	53,380
Unutilised capital allowances	4,030	3,705	1,509	1,633
Provision for doubtful debts	41,001	41,001	-	-
	=====	=====	=====	=====
	192,004	187,793	57,909	53,687
	=====	=====	=====	=====

The above deferred tax assets have not been recognised as it is not probable that future taxable profit will be available against which the above timing differences can be utilised.

**10. Basic loss per share**

The basic loss per share is calculated by dividing the Group loss for the year of RM184,605,000 (2003: RM23,417,000) by the weighted average number of shares in issue during the financial year of RM525,969,000 (2003: RM525,969,000).

There are no shares in issuance which have a dilutive effect to the loss per share of the Group.

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****11. Property, plant and equipment**

<b>Group</b>	<b>*Land, building and plantation RM'000</b>	<b>Plant, machinery and equipment RM'000</b>	<b>Furniture, fittings, office equipment and renovation RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>					
At 1 July 2003	226,537	2,483	18,418	3,549	250,987
Additions	1,120	114	12	-	1,246
Disposal	(146)	-	-	(4)	(150)
Exchange differences	(3,283)		(1,579)	-	(4,862)
At 30 June 2004	224,228	2,597	16,851	3,545	247,221
<b>Accumulated depreciation and impairment losses</b>					
At 1 July 2003	94,880	2,015	12,926	3,169	112,990
Depreciation charge for the year	5,648	273	1,804	214	7,939
Disposal	-	-	-	(4)	(4)
Exchange differences	(1,556)	-	(1,354)	-	(2,910)
Impairment loss	17,548	-	-	-	17,548
At 30 June 2004	116,520	2,288	13,376	3,379	135,563
<b>Net book value</b>					
At 30 June 2004	107,708	309	3,475	166	111,658
At 30 June 2003	131,657	468	5,492	380	137,997
<b>Depreciation charge for 2003</b>	5,507	313	2,236	243	8,299

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****11. Property, plant and equipment (contd.)**

|-----\* Land, Building And Plantation-----|

<b>Group</b>	<b>Plantation</b>	<b>Building</b>	<b>Freehold</b>	<b>Long term</b>	<b>Short term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>land</b>	<b>leasehold</b>	<b>leasehold</b>	
<b>Cost</b>			<b>RM'000</b>	<b>land</b>	<b>land</b>	<b>RM'000</b>
				<b>RM'000</b>	<b>RM'000</b>	
At 1 July 2003	29,020	149,426	13,143	26,488	8,460	226,537
Additions	1,120	-	-	-	-	1,120
Disposal	(146)	-	-	-	-	(146)
Exchange differences	(3,283)	-	-	-	-	(3,283)
At 30 June 2004	26,711	149,426	13,143	26,488	8,460	224,228
<b>Accumulated depreciation and impairment losses</b>						
At 1 July 2003	647	89,489	3,662	316	766	94,880
Depreciation charge for the year	2,452	2,855	-	157	184	5,648
Exchange differences	(1,556)	-	-	-	-	(1,556)
Impairment loss	17,548	-	-	-	-	17,548
At 30 June 2004	19,091	92,344	3,662	473	950	116,520
<b>Net book value</b>						
At 30 June 2004	7,620	57,082	9,481	26,015	7,510	107,708
At 30 June 2003	28,373	59,937	9,481	26,172	7,694	131,657
<b>Depreciation charge for 2003</b>	373	4,792	-	158	184	5,507

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****11. Property, plant and equipment (contd.)**

<b>Company</b>	<b>*Land and building RM'000</b>	<b>Furniture, fittings, office equipment and renovation RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 July 2003	20,904	2,090	2,788	25,782
Disposal	-	-	(4)	(4)
At 30 June 2004	20,904	2,090	2,784	25,778
<b>Accumulated depreciation and impairment losses</b>				
At 1 July 2003	4,903	1,575	2,488	8,966
Depreciation charge for the year	155	204	178	537
Disposal	-	-	(4)	(4)
At 30 June 2004	5,058	1,779	2,662	9,499
<b>Net book value</b>				
At 30 June 2004	15,846	311	122	16,279
At 30 June 2003	16,001	515	300	16,816
<b>Depreciation charge for 2003</b>	155	211	206	572

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****11. Property, plant and equipment (contd.)**

----* Land and Building ----			
Company	Building RM'000	Freehold land RM'000	Total RM'000
<b>Cost</b>			
At 1 July 2003/30 June 2004	7,761	13,143	20,904
	-----	-----	-----
<b>Accumulated depreciation and impairment losses</b>			
At 1 July 2003	2,600	2,303	4,903
Depreciation charge for the year	155	-	155
	-----	-----	-----
At 30 June 2004	2,755	2,303	5,058
	-----	-----	-----
<b>Net book value</b>			
At 30 June 2004	5,006	10,840	15,846
	=====	=====	=====
At 30 June 2003	5,161	10,840	16,001
	=====	=====	=====
<b>Depreciation charge for 2003</b>	155	-	155
	=====	=====	=====

The land and building of the Group and the Company with the following net book value are charged to secure short term borrowings:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Freehold land	10,840	10,840	10,840	10,840
Short term leasehold land	7,510	7,694	-	-
Buildings	14,793	16,973	5,006	5,161
	-----	-----	-----	-----
	33,143	35,507	15,846	16,001
	=====	=====	=====	=====



**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**11. Property, plant and equipment (contd.)**

Included in the property, plant and equipment are:

- (a) A subsidiary has rights to certain pieces of leasehold land with a net book value of RM-Nil (2003: RM17,500,432), after full provision made for the impairment loss in current financial statements. These land are located in the district of Qiongsan and Wanling, Hainan, People's Republic of China. The local authorities in Hainan, have given notice to the subsidiary that the rights to its leasehold land have been revoked as the subsidiary had failed to develop the land as stipulated under the local legislation. The management of the subsidiary communicated to the local authorities in previous years that they will develop the leasehold land in the district of Qiongsan and required an extension of time to develop the leasehold land in the district of Wanling, Hainan.

The subsidiary was granted an extension of time up to 31 December 2002 to develop the leasehold land in the district of Wanling, subject to the payment of vacant land fees of RM638,415. However, no notice for payment of vacant land fees has been imposed and no extension of time has been communicated to the subsidiary for the leasehold land in the district of Qiongsan, as the local authorities are still awaiting for the development plan to be submitted. The Directors of the Company are in the process of negotiating for a further extension of time for these leasehold land with the local authorities before the submission of the development plan and payment of the vacant land fees are made.

In view of these uncertainties, the management has provided full impairment loss on the rights of the said leasehold land.

- (b) A resort belonging to a subsidiary known as the Samal Casino Resort ("Resort") has a net book value of RM37,070,777 (2003: RM42,443,600). The Resort is situated in Kaputian, Island Garden City of Samal, Philippines. In view of security concerns in that region, the Resort has ceased operations since 15 June 2000. The Company is currently seeking a suitable buyer for the Resort.

On 30 July 2004, certain property, plant and equipment of the Resort has been revalued by Alfanso T. Nonato, Vice President of Asian Appraisal and also a licensed real estate appraiser in Philippines. The subject of this appraisal is the Company's interest (Lessee's Interest) on the land of 2,500,000 sq.m. it occupies and those replaceable property, plant and equipment utilized in carrying out the business, comprising of buildings, other land improvements, machinery and equipment, kitchen equipment, casino gaming equipment, floating equipment, transportation equipment and furniture and office equipment, located within the adjoining Barangays San Isidro, Libertad and San Remigio, Kaputian Island Garden City of Sama, Davao Del Norte, as contained in the previous appraisal report dated 19 July 1999 without personal examination was made on this property at this time and no consideration has been given to any addition or deduction that may have been made to the property since the last appraisal. Accordingly, the valuation on the leasehold land was made based on the Capitalization Approach with the Lessee's interest or leasehold value of RM6,500,000 in fee simple, free and clear and the replaceable property, plant and equipment were valued based on Cost Approach and Market Data Approach with the fair market value of RM57,600,000, respectively.

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****11. Property, plant and equipment (contd.)**

- (c) Plantation development expenditure incurred and capitalised during the year are as follows:

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Equipment rental	361,672	631,482
Interest expense	239,282	629,634
Staff costs	150,331	196,425
	=====	=====

- (d) Motor vehicles held under hire purchase are as follows:

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Net Book Value</b>		
2004	59	59
	=====	=====
2003	189	147
	=====	=====

- (e) Title to the long term leasehold land for the oil palm plantation of a subsidiary is registered under the name of the Company.
- (f) Titles to the short term leasehold land and buildings for a subsidiary have yet to be registered in the name of the subsidiary.

**12. Long term receivables**

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount receivable from a director, Tan Sri Ting		
- Injection of assets	229,893	229,893
- Cash settlement	236,561	236,561
	-----	-----
	466,454	466,454
Less : Receivable within 12 months included in sundry receivables (Note 17)	(466,454)	(216,668)
	-----	-----
	-	249,786
	=====	=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****13. Investments**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	RM'000	RM'000	RM'000	RM'000
Investment in subsidiaries:				
Unquoted shares, at cost	-	-	186,797	186,797
Less: Accumulated impairment losses	-	-	(31,625)	(14,497)
	<u>-</u>	<u>-</u>	<u>155,172</u>	<u>172,300</u>
Investment in associated companies:				
Quoted shares, at cost *	265,370	265,370	265,370	265,370
Less: Accumulated impairment losses	(260,628)	(260,628)	(262,762)	(262,762)
	<u>4,742</u>	<u>4,742</u>	<u>2,608</u>	<u>2,608</u>
Unquoted shares**	9,623	1,622	9,623	1,622
Less: Accumulated impairment losses	(680)	(680)	(680)	(680)
Group's share of accumulated losses and reserves in associated companies	(4,858)	(5,271)	-	-
	<u>8,827</u>	<u>413</u>	<u>11,551</u>	<u>3,550</u>
Other investment:				
Unquoted shares, at cost	105,500	105,500	105,500	105,500
Less: Accumulated impairment losses	(105,500)	(105,500)	(105,500)	(105,500)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand total	<u>8,827</u>	<u>413</u>	<u>166,723</u>	<u>175,850</u>
Market value of quoted shares	<u>2,608</u>	<u>2,608</u>	<u>2,608</u>	<u>2,608</u>

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****13. Investments (contd.)**

		<b>Group and Company</b>	
		<b>2004</b>	<b>2003</b>
		RM'000	RM'000
*	Represented by:		
	Group's share of net tangible assets	63,495	63,495
	Goodwill on acquisition	201,875	201,875
		<u>265,370</u>	<u>265,370</u>
		=====	=====
**	Represented by:		
	Group's share of net tangible assets	4,222	1,622
	Goodwill on acquisition	5,401	-
		<u>9,623</u>	<u>1,622</u>
		=====	=====

The unquoted shares are stated after return on capital reduction of RM41,044,000 in 2001.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interests held (%)		Principal activities
		2004	2003	
Ekran Project Management Sdn. Bhd. *	Malaysia	100	100	Property construction works and letting of properties
Ekran Logging Sdn. Bhd. @	Malaysia	100	100	Logging and sale of timber products
Ekran Timber & Sawmill Sdn. Bhd. @	Malaysia	100	100	Timber logging and sawmilling
Ekran Plantations Sdn. Bhd. @	Malaysia	100	100	Oil palm plantation
Langkasuka Marina Development Sdn. Bhd. **	Malaysia	60	60	Property development

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****13. Investments (contd.)**

Name of subsidiaries	Country of incorporation	Equity interests held (%)		Principal activities
		2004	2003	
Maya Mewah (M) Sdn. Bhd. @	Malaysia	100	100	Dormant - intended for provision of rental services
Interstate Budget Resort Management Sdn. Bhd.	Malaysia	100	100	Dormant - intended for management of budget hotels
Bakun Management Sdn. Bhd.	Malaysia	100	100	Management of construction of Bakun Hydro-Electric Dam - ceased operations
Saeaga Airlines Sdn. Bhd. @	Malaysia	100	100	Provision of air transportation and related activities - ceased operations
Ekran Holdings (Philippines) Inc. #	Republic of Philippines	100	100	Investment holdings
Ekran Services Inc. #	Republic of Philippines	100	100	Resort business and casino operations - ceased operations
Sino Malaysia Art and Culture Co. Limited ^	The People's Republic of China	70	70	Property development

\* The Auditors' Report of Ekran Project Management Sdn. Bhd. contains an uncertainty on the going concern of the Company as the Company is in net current liabilities and shareholder's deficit position, and a qualification on the recoverability of amount due from Langkasuka Marina Development Sdn. Bhd. of RM215.2 million.

@ The Auditors' Report of the above companies contains an uncertainty on the going concern of the companies as these companies are in net current liabilities and shareholder's deficit position.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

**13. Investments (contd.)**

\*\* The Auditors' Report of Ekran Holdings (Philippines) Inc. contains an uncertainty on the going concern of the Company as the Company is in net current liabilities and shareholder's deficit position, and a qualification on the carrying value of Samal Casino Resort of RM42.4 million.

# The Auditors' Report of the above companies contains an uncertainty on the going concern of the companies as these companies are in net current liabilities and shareholder's deficit position, and a qualification on the carrying value of Samal Casino Resort of RM37.1 million.

^ The audited financial statements for the years ended 30 June 2004 and 2003 of the subsidiary are currently not available. An aggregate summary of the unaudited financial position as at 30 June 2004 and 2003, and the financial results and cashflows for the year then ended of the subsidiary, used in the preparation of the consolidated financial statements, is set out below:

	<b>2004</b>	<b>2003</b>
	RM'000	RM'000
<b>Balance sheet</b>		
Non-current assets	10	21,499
Current assets	1	1
Current liabilities		
- due to ultimate holding company	(3,391)	(3,382)
- others	(622)	(620)
	<u>(4,013)</u>	<u>(4,002)</u>
Net (liabilities)/assets	(4,002)	17,498
	=====	=====
Shareholders' (deficits)/funds	(4,002)	17,498
	=====	=====
<b>Income statement</b>		
Loss before taxation	(21,546)	(22)
Taxation	-	-
	<u>(21,546)</u>	<u>(22)</u>
Net loss for the year	(21,546)	(22)
	=====	=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****13. Investments (contd.)**

	<b>2004</b>	<b>2003</b>
	RM'000	RM'000
<b>Cash flow statement</b>		
Loss before taxation and working capital changes	(21,546)	(22)
Adjustment for:		
- Depreciation	10	22
- Provision for impairment loss on property, plant and equipment	17,548	-
- Write off of construction-in-progress	3,988	-
	<u>          </u>	<u>          </u>
Net change in cash and cash equivalents	-	-
	=====	=====

Details of the associates, all of which are incorporated in Malaysia, are as follows:

<b>Name of associates</b>	<b>Equity interest held (%)</b>		<b>Principal activities</b>
	<b>2004</b>	<b>2003</b>	
Wembley Industries Holdings Berhad	32.82	32.82	Investment holding
Bakun Hydro-Electric Corporation Sdn. Bhd.	42.67	42.67	Development of the Bakun Project and production of electricity - ceased operations
Site Capital Sdn. Bhd.	30.00	-	Investment holding

Shares of Wembley Industries Holdings Berhad ("WIHB") with a carrying value of RM2,607,935 (2003: RM2,282,500) were pledged for banking facilities granted to the Company as disclosed in Note 21.

The Group has extended an unsecured corporate guarantee in respect of WIHB's credit facilities amounting to RM125,000,000 (2003: RM125,000,000).

Other investment represents the Company's investment in Skylark Jaya Sdn. Bhd. ("Skylark"). Although the Company holds 100% equity interest in Skylark, Skylark has not been consolidated as a subsidiary of the Company as the Company does not have any control over Skylark and has intention to dispose of the entire equity interest in Skylark.

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****14. Leasehold land held for development**

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Leasehold reclamation land	360,065	360,065
Development expenditure	259,935	259,935
	<u>620,000</u>	<u>620,000</u>
	=====	=====

The leasehold land held for development involves reclamation and development of land into commercial and residential properties in Pulau Langkawi, Kedah. The development covers an area of 2,059 acres, including the reclamation and development of approximately 1,000 acres of land. The leasehold land has a tenure of expired 95 years lease and be divided into ten (10) blocks. Upon completion, around 50% of the land will be reclaimed and earmarked for development into a commercial centre, international marina services centre, a golf course, public parks, harbour and traders' town, marine resort and leisure park, private villas, public beach, as well as an institutional and entertainment centre.

The development on the project is currently stalled and the Company is assessing the viability of the project. The leasehold reclamation land and development expenditure in Langkasuka Marina Development Sdn. Bhd. were valued by D.B. Das Gupta, a partner with Stocker Roberts Gupta and also a member of the Institutions of Surveyors, Malaysia, on 2 February 2001 and 26 June 2004 respectively. Both valuations were based on Comparison Method with the same open market value of RM620 million. The Comparison Method entails comparing the subject property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenorial interest and restrictions if any, availability of infrastructure, vacant possession and other characteristics. Market value which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after property marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The deferred taxation in relation to this revaluation is RM100,818,402 (2003: RM100,818,402).



**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

**15. Due (to)/from customers on contracts**

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	RM'000	RM'000
Construction contract costs incurred to date	275,525	195,912
Attributable profits	9,530	9,686
Less: Provision for foreseeable losses	-	(3,988)
	<u>285,055</u>	<u>201,610</u>
Less: Progress billings	(286,698)	(200,360)
	<u>(1,643)</u>	<u>1,250</u>
	=====	=====
Advances received on contracts, included within other payables	1,996	5,000
Retention sum on contracts, included within trade receivables	-	1,238
Contract costs recognised as expenses	80,602	137,973
	<u>80,602</u>	<u>137,973</u>
	=====	=====

The costs incurred to date on construction contracts include the following charges made during the financial year:

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	RM'000	RM'000
Staff costs	203	242
	<u>203</u>	<u>242</u>
	=====	=====

**16. Trade receivables**

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	RM'000	RM'000
Trade receivables	78,160	82,531
Less: Provision for doubtful debts	(41,148)	(41,148)
	<u>37,012</u>	<u>41,383</u>
	=====	=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****16. Trade receivables (contd.)**

Included in trade receivables and provision for doubtful debts of the Group are amounts due from companies in which a director, Tan Sri Ting, has substantial financial interest as follows:

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Langkawi Airport Hotel Sdn. Bhd.	66,210	66,211
Mashyur Mutiara Sdn. Bhd.	3,005	2,991
	<u>69,215</u>	<u>69,202</u>
Less: Provision for doubtful debts		
- Langkawi Airport Hotel Sdn. Bhd.	(41,000)	(41,000)
	<u>28,215</u>	<u>28,202</u>
	=====	=====

The Company has entered into an agreement to acquire 99.99% equity interest via subscription of shares in Langkawi Airport Hotel Sdn. Bhd. ("LAH"), a company in which Tan Sri Ting has substantial financial interest. The takeover of LAH by the Company is a settlement for the construction cost owing to a subsidiary of the Company.

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than amounts due from companies in which a director, Tan Sri Ting, has substantial financial interest as disclosed above.

**17. Other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Prepayments	585	889	4	4
Sundry receivables	597,604	356,570	597,180	355,616
Less: Provision for doubtful debts	(228,708)	(79,779)	(228,708)	(79,779)
	<u>369,481</u>	<u>277,680</u>	<u>368,476</u>	<u>275,841</u>
	=====	=====	=====	=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****17. Other receivables (contd.)**

Included in prepayments is rental prepayment of RM581,502 (2003: RM672,888). The rental prepayment relates to the 50 years operating lease entered into between the Company and the Philippine Tourism Authority for certain parcel of land, situated in Kaputian, Island Garden City of Samal, Davao Del Norte. The Company is in the process of preparing the deed of assignment of the contract of sub-lease to a subsidiary, Ekran Services, Inc.

Included in sundry receivables are:

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Due from Tan Sri Ting				
(Note 12)	466,454	216,668	466,454	216,668
- Provision for doubtful debts (148,929)	(148,929)	-	(148,929)	-
Amount due from companies in which Tan Sri Ting has substantial financial interest:				
Accruvest Hotel Management Sdn. Bhd.	12,761	12,780	12,708	12,743
- Provision for doubtful debts	(4,700)	(4,700)	(4,700)	(4,700)
Mashyur Mutiara Sdn. Bhd.	17,616	14,418	14,612	14,418
Aquabeat Langkawi Sdn. Bhd.	1,189	1,189	1,189	1,189
- Provision for doubtful debts	(1,189)	(1,189)	(1,189)	(1,189)
Langkasuka Resort Sdn. Bhd.	2,226	3,310	2,226	3,310
Langkawi Airport Hotel Sdn. Bhd.	14,447	10,133	14,447	10,133
Others	613	613	613	613
- Provision for doubtful debts	(369)	(369)	(369)	(369)
Proceeds receivable on the disposal of certain property, plant and equipment	15,028	16,897	15,028	16,897
Proceeds receivable on the shortfall in value of Langkasuka Marina Development Sdn. Bhd.	69,556	69,400	69,556	69,400
- Provision for doubtful debts	(69,556)	(69,400)	(69,556)	(69,400)
	=====	=====	=====	=====

The amount due from companies in which Tan Sri Ting has substantial financial interest are unsecured, interest-free and have no fixed terms of repayment, except for amount due from Mashyur Mutiara Sdn. Bhd. and Langkawi Airport Hotel Sdn. Bhd. which bear interest at 10% and 8% (2003: 10% and 8%) respectively per annum.

No further provision for doubtful recovery has been made in the financial statements in respect of amounts due from Mashyur Mutiara Sdn. Bhd. and Accruvest Hotel Management Sdn. Bhd. as the directors are of the opinion that these amounts are recoverable.

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****17. Other receivables (contd.)**

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than amounts due from Tan Sri Ting and companies in which Tan Sri Ting has substantial financial interest as disclosed above.

**18. Due from/(to) subsidiaries**

	<b>Company</b>	
	<b>2004</b>	<b>2003</b>
	RM'000	RM'000
Due from subsidiaries	622,546	614,476
Less: Provision for doubtful debts	(264,454)	(239,168)
	<u>358,092</u>	<u>375,308</u>
	=====	=====
Due to subsidiaries	(4,104)	(4,106)
	<u>=====</u>	<u>=====</u>

Included in the amounts due from subsidiaries is an amount due from Ekran Project Management Sdn. Bhd. of RM239.6 million (2003: RM232.7 million). The directors are of the opinion that no provision for doubtful recovery is required as the amount is recoverable. Ekran Project Management Sdn. Bhd. has an amount of RM215.2 million (2003: RM215.2 million) receivable from its fellow subsidiary, Langkasuka Marina Development Sdn. Bhd. which has a leasehold land valued at RM620 million as disclosed in Note 14.

The amount due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for amounts due from Ekran Project Management Sdn. Bhd. and Ekran Plantations Sdn. Bhd. which bear interest at 2.0% (2003 : 3.5%) per annum.

**19. Due from an associated company**

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	RM'000	RM'000
Due from an associated company		
Wembley Industries Holdings Berhad	99,013	98,878
Less : Provision for doubtful debts	(29,663)	(29,663)
	<u>69,350</u>	<u>69,215</u>
	=====	=====

The amount due from WIHB consists of advances given to the associated company and its subsidiary for development expenditure and working capital purposes. The advances given were from internally generated funds amounting to RM31.8 million (2003: RM31.8 million) and proceeds from the Rights Issue amounting to RM67.0 million in 1997. The amount due from the associated company bears interest at 8% (2003: 8%), is unsecured and has no fixed terms of repayment.

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****19. Due from an associated company (contd.)**

Despite the possible non-compliance with Section 133A of the Companies Act, 1965, the Company decided to make advances to WIHB and its subsidiary to continue a critical part of the Plaza Rakyat Project undertaken by the subsidiary of WIHB. The advances made to WIHB and its subsidiary are required by virtue of WIHB's proposed restructuring of debts to be repaid via the issue of irredeemable convertible unsecured loan stocks. The Securities Commission ("SC") has on 27 January 2003 given conditional approval for WIHB's proposed debts restructuring exercise. Amongst the conditions imposed by the SC is for the merchant bankers to give a written confirmation that the Company has sufficient financial resources to subscribe for its entitlement in WIHB's Proposed Rights Issue of RM23.7 million. The restructuring exercise is, however, still subject to obtaining the approvals of the shareholders of WIHB, its lenders and creditors and other relevant authorities.

The ability of Company to subscribe for its entitlement of RM23.7 million is dependent on recovery of amount due from a director as described in Note 30 or on its ability to otherwise secure sufficient funds for this purpose.

**20. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	1,261	2,974	123	2,446
Deposits with:				
- licensed banks	847	1,728	847	820
- other financial institution	4,251	6,743	4,251	6,743
	<u>6,359</u>	<u>11,445</u>	<u>5,221</u>	<u>10,009</u>
Cash and bank balances				
Less: Bank overdrafts				
(Note 21)	(67,738)	(58,597)	(9,609)	(9,609)
	<u>(61,379)</u>	<u>(47,152)</u>	<u>(4,388)</u>	<u>400</u>
Cash and cash equivalents	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****20. Cash and cash equivalents (contd.)**

Included in deposits with licensed banks of the Group and the Company are amounts of RM847,000 (2003: RM820,000) pledged to banks for bank guarantees issued.

Deposits with other financial institution of the Group and the Company amounting to RM4,251,000 (2003: RM6,743,000) are pledged to banks as collateral for performance bonds and advance payment bonds issued for projects purposes.

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

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	%	%	%	%
Licensed banks	2.9	3.0	3.2	3.4
Other financial institution	2.9	2.7	2.9	2.7

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

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	Days	Days	Days	Days
Licensed banks	366	205	366	365
Other financial institution	366	365	366	365

Other financial institution is an insurance company in Malaysia.

**21. Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	RM'000	RM'000	RM'000	RM'000
<b>Short Term Borrowings</b>				
Revolving credits:				
- Secured	42,502	42,852	30,474	30,823
- Unsecured	21,837	23,796	2,916	3,276
Term loans:				
- Secured	8,500	8,500	8,500	8,500
Bank overdrafts:				
- Secured	27,191	21,769	-	-
- Unsecured	40,547	36,828	9,609	9,609
Hire purchase and lease payables (Note 25)	11,391	12,051	11,391	12,042
	<u>151,968</u>	<u>145,796</u>	<u>62,890</u>	<u>64,250</u>
	=====	=====	=====	=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****21. Borrowings (contd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	RM'000	RM'000	RM'000	RM'000
<b>Long Term Borrowings</b>				
Hire purchase and lease payables (Note 25)	-	47	-	47
	=====	=====	=====	=====
<b>Total Borrowings</b>				
Revolving credits	64,339	66,648	33,390	34,099
Term loans	8,500	8,500	8,500	8,500
Bank overdrafts (Note 20)	67,738	58,597	9,609	9,609
Hire purchase and lease payables (Note 25)	11,391	12,098	11,391	12,089
	=====	=====	=====	=====
	151,968	145,843	62,890	64,297
	=====	=====	=====	=====
Maturity of borrowings (excluding hire purchase) :				
Within one year	140,577	127,245	51,499	45,708
More than 1 year and less than 2 years	-	2,000	-	2,000
More than 2 years and less than 5 years	-	4,500	-	4,500
	=====	=====	=====	=====
	140,577	133,745	51,499	52,208
	=====	=====	=====	=====

The weighted average effective interest rates during the financial year for borrowings, excluding hire purchase and lease payables, were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	%	%	%	%
Revolving credits	8.5	9.2	8.5	9.2
Term loans	9.0	9.2	9.0	9.2
Bank overdrafts	8.5	8.9	8.5	8.9

The secured revolving credits, term loans and bank overdrafts of the Group are secured by fixed charges over assets of a subsidiary.

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****21. Borrowings (contd.)**

The secured term loans of the Company are also secured by a first legal charge over the freehold land and building of the Company and pledging of the WIHB's shares. The Group has defaulted in its loans repayment and certain financial institutions have initiated legal actions against the Group. The Group is in discussion with the lenders to defer the settlement of certain of the above short term borrowings.

**22. Trade payables**

Included in the trade payables of the Group is an amount of RM403,993 (2003: RM403,993) due to companies in which Tan Sri Ting has substantial financial interest.

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

**23. Other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	RM'000	RM'000	RM'000	RM'000
Accruals	14,819	12,331	14,819	12,331
Sundry payables	81,549	86,898	144,026	139,337
	<u>96,368</u>	<u>99,229</u>	<u>158,845</u>	<u>151,668</u>
	=====	=====	=====	=====

Included in sundry payables are:

Due to companies in which  
Tan Sri Ting has substantial  
financial interest:

- PWE Industries Sdn. Bhd.	6,240	6,264	6,240	6,264
- Others	3,675	3,403	986	986
Due to creditors *	36,583	36,583	36,583	36,583
Provision for directors' fees	347	328	347	328
Accrued interest	10,399	17,856	9,111	5,512
Assessment, land premium and other charges payable for the land used for development (Note 26)	1,854	1,854	-	-
Bank overdrafts and term loans taken by a subsidiary, pending the approval of the financial institutions for the transfer to the Company	-	-	99,477	93,881
	=====	=====	=====	=====



**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****23. Other payables (contd.)**

The amounts due to companies in which Tan Sri Ting has substantial financial interest are unsecured, interest-free and have no fixed terms of repayment.

\* These amounts relates to amounts previously due to Langkawi Exhibition Hall Sdn. Bhd. ("LEHSB") which LEHSB has subsequently authorised the Company to pay directly to Commerce International Merchant Bankers Berhad, CIMB Securities Sdn. Bhd., PB Securities Sdn. Bhd., Utama Merchant Bank Berhad and SBB Securities Sdn. Bhd. (collectively known as "the Creditors") via a second settlement agreement dated 28 December 2001 between Tan Sri Ting, the Company and the Creditors.

**24. Share capital**

	<b>Number of Ordinary Shares of RM1 each</b>		<b>Amount</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
			<b>RM'000</b>	<b>RM'000</b>
Authorised	2,500,000	2,500,000	2,500,000	2,500,000
	=====	=====	=====	=====
Issued and fully paid	525,969	525,969	525,969	525,969
	=====	=====	=====	=====

**25. Hire purchase and lease payables**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Minimum lease payments:</b>				
Not later than 1 year	11,408	12,073	11,408	12,063
Later than 1 year and not later than 2 years	-	62	-	62
	=====	=====	=====	=====
	11,408	12,135	11,408	12,125
Less: Finance charges	(17)	(37)	(17)	(36)
	=====	=====	=====	=====
	11,391	12,098	11,391	12,089
	=====	=====	=====	=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****25. Hire purchase and lease payables (contd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	RM'000	RM'000	RM'000	RM'000
<b>Present value of finance lease liabilities:</b>				
Due within 12 months included in short term borrowings (Note 21)	11,391	12,051	11,391	12,042
Due after 12 months (Note 21)	-	47	-	47
	<u>11,391</u>	<u>12,098</u>	<u>11,391</u>	<u>12,089</u>
	=====	=====	=====	=====

The hire purchase and lease liabilities bore interest at the balance sheet date of between 5.90% to 6.50% (2003: 5.90% to 6.50%) per annum.

**26. Land premium payable**

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	RM'000	RM'000
Land premium payable by 9 equal annual instalments commencing 1 January 1999	3,708	4,636
Amount due within the next twelve months included in other payables (Note 23)	(1,854)	(1,854)
	<u>1,854</u>	<u>2,782</u>
	=====	=====
<b>Maturity of repayments:</b>		
Within one year	1,854	1,854
Between one to two years	927	927
Between two to five years	927	1,855
	<u>3,708</u>	<u>4,636</u>
	=====	=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****27. Commitment**

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unsecured:</b>		
Approved and contracted for:		
Design of golf course	3,800	3,800
	=====	=====

**28. Significant related party transactions**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Transactions with companies in which Tan Sri Ting has substantial financial interest:				
- Rental expense paid to				
- Utacom Sdn. Bhd.	245	309	-	-
- Yu Lan Plaza Sdn. Bhd.	72	72	-	-
- Rental income from PWE Industries Berhad	(45)	(60)	(45)	(60)
- Rental income from Accruvest Hotel Management Sdn. Bhd.	(15)	(15)	-	-
- Rental income from Mashyur Mutiara Sdn. Bhd.	(186)	-	(186)	-
- Interest income from Mashyur Mutiara Sdn. Bhd.	(1,307)	(1,249)	(1,307)	(1,249)
Transactions with associated company, Wembley Industries Holdings Berhad:				
- Rental income	(121)	(121)	(121)	(121)
- Advance for working capital	-	66	-	66
Transactions with related companies:				
- Interest income from subsidiaries	-	-	(8,096)	(14,086)
	=====	=====	=====	=====

The directors are of the opinion that all the 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.

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****29. Contingent liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	RM'000	RM'000	RM'000	RM'000
<b>Unsecured:</b>				
Corporate guarantees for credit facilities of:				
- subsidiaries	-	-	89,167	81,542
- associated company	125,000	125,000	125,000	125,000
	<u>125,000</u>	<u>125,000</u>	<u>214,167</u>	<u>206,542</u>
	=====	=====	=====	=====

**30. Significant and subsequent events**

- (a) The Company entered into a Sale and Purchase Agreement with Aset Nusantara Sdn. Bhd. ("Nusantara") on 30 March 2001 for the acquisition of the following hotel companies for purchase consideration of RM200.0 million ("Proposed Hotel-Co Acquisitions"):
- (i) the entire issued and paid-up share capital of Accruvest Hotel Management Sdn. Bhd. comprising 93,707,000 ordinary shares of RM1.00 each for a purchase consideration of RM35.0 million;
  - (ii) the entire issued and paid-up share capital of Home and Hotel Holding Sdn. Bhd. comprising 56,629,000 ordinary shares of RM1.00 each for a purchase consideration of RM65.0 million;
  - (iii) the entire issued and paid-up share capital of Mashyur Mutiara Sdn. Bhd. comprising 75,441,000 ordinary shares of RM1.00 each for a purchase consideration of RM75.0 million; and
  - (iv) the entire issued and paid-up share capital of Vital Orient Sdn. Bhd. comprising 57,925,000 ordinary shares of RM1.00 each for a purchase consideration of RM25.0 million;

The purchase consideration of RM200.0 million will be satisfied by the absolute assignment to Nusantara by the Company of the debt of RM200.0 million ("Assigned Debt") owing by Tan Sri Ting to the Company.

The shareholders of the Company approved the Proposed Hotel-Co Acquisitions on 28 September 2001. On 16 April 2003, the Company, entered into a supplemental agreement with Nusantara to extend the fulfilment of the conditions precedent of the agreement to 16 April 2003. The sale and purchase agreement for the Proposed Hotel-Co Acquisitions has since been completed in accordance with the said agreement on 16 April 2003 ("Completion Date").

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**30. Significant and subsequent events (contd.)**

As provided in the supplemental agreement dated 16 April 2003, the beneficial ownership of the shares in the hotel companies is deemed to pass from Nusantara to the Company on the Completion Date. However, the transfer documents of the hotel companies shall remain with the stakeholder until Tan Sri Ting meets the conditions of the security for the Assigned Debt.

(b) In addition, the shareholders of the Company, at the Extraordinary General Meeting held on 28 September 2001, approved the following Proposed Utilisation and Utilisation for Ratification, Proposed Settlement and Proposed LMD Acquisition.

(i) The Proposed Revised Utilisation comprises the Proposed Utilisation and Utilisation for Ratification as set out in (ii) and (iii) below.

(ii) Proposed Utilisation

Proposed utilisation of the cash received and to be received by the Company from Tan Sri Ting amounting to RM357,644,000 from the proceeds of the settlement of the Aggregate Amount under the Proposed Settlement ("Proposed Utilisation"):

	RM'000
<ul style="list-style-type: none"> <li>To finance the subscription of new shares pursuant to the proposed rights issue of Wembley Industries Holdings Berhad ("WIHB") as announced by WIHB on 14 December 1999</li> </ul>	47,417
<ul style="list-style-type: none"> <li>For repayment of bank borrowings</li> </ul>	157,355
<ul style="list-style-type: none"> <li>Payment to specific creditors</li> </ul>	99,681
<ul style="list-style-type: none"> <li>Additional working capital for the Company and its subsidiaries</li> </ul>	50,191
<ul style="list-style-type: none"> <li>Expenses of the Proposed Settlement, the Proposed LMD Acquisition, the Proposed Hotel-Co Acquisitions and the Proposed Utilisation</li> </ul>	3,000
	<hr/> 357,644 =====

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**30. Significant and subsequent events (contd.)**

Due to the changes in certain events, such as WIHB's new debt restructuring proposal dated 31 July 2002 which now only requires a cash flow of RM23.7 million for the Company to subscribe for WIHB's rights issue and Tan Sri Ting's revised proposed settlement which now involves a cash repayment of RM178.8 million of which only RM87.6 million is still outstanding as disclosed in Note 30(c), the above proposed utilisation may be revised.

(iii) Utilisation for Ratification

Utilisation of the amount of RM1,052,778,000 from the proceeds raised from the rights issue and the bond issue undertaken by the Company in 1997 totalling RM1,765,716,730 was approved by the Securities Commission on 21 January 1997 and 4 February 1997 respectively and by the shareholders of the Company at an Extraordinary General Meeting on 10 March 1997 ("Utilisation for Ratification") as follows:

	RM'000
<ul style="list-style-type: none"> <li>Repayment of borrowings of RM264.648 million raised to acquire 47,417,000 ordinary shares of RM1.00 each in WIHB and the estimated outstanding interest of RM8.352 million in relation to such borrowings</li> </ul>	243,166
<ul style="list-style-type: none"> <li>Financing the subscription of shares in Bakun Hydro-Electric Corporation Sdn. Bhd. utilising RM660 million from the proceeds of the rights issue and RM300 million from the bond issue implemented in 1997</li> </ul>	42,667
<ul style="list-style-type: none"> <li>Working capital requirements</li> </ul>	173,507
<ul style="list-style-type: none"> <li>Repayment of other bank borrowings</li> </ul>	278,970
<ul style="list-style-type: none"> <li>Settlement of expenses for the Rights Issue and the Bond Issue implemented in 1997</li> </ul>	23,157
<ul style="list-style-type: none"> <li>Advances made to WIHB</li> </ul>	67,405
<ul style="list-style-type: none"> <li>Buy-back of the bonds</li> </ul>	223,906
	1,052,778
	=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****30. Significant and subsequent events (contd.)**

- (c) The Settlement Agreements comprise the following:

The proposed settlement of the amount of RM712,939,000 owing to the Company by Tan Sri Ting by way of cash amounting to RM357,644,000 and payment-in-kind amounting to RM355,295,000 for Proposed LMD Acquisition (as defined below) and the Proposed Hotel-Co Acquisitions ("Proposed Settlement"). The details of the proposed settlement of RM712,939,000 and the amounts settled by Tan Sri Ting are as follows:

	RM'000
(i) The direct cash payment of RM50,000,000 by Tan Sri Ting which was received by the Company on 16 February 2001	50,000
(ii) The direct cash payment by Kuala Lumpur City Corporation Berhad ("KLCCB") of RM41,190,312 to the Company pursuant to Tan Sri Ting's sale of 49% equity interest in Amal Bakti Sdn. Bhd. which in turn holds 99.99% equity interest in Upen Securities Sdn. Bhd. to KLCCB which was received by the Company on 14 March 2001	41,190
(iii) The direct cash payment of RM37,632,000 by Tan Sri Ting on or before 31 March 2002	37,632
(iv) The set-off of the purchase consideration of RM155,295,000 in respect of the acquisition of 60% of the issued and paid-up share capital in Langkasuka Marina Development Sdn. Bhd. ("LMD") by the Company from Jutaa Meriang Sdn. Bhd. comprising sixty (60) ordinary shares of RM1.00 each representing 60% equity interest in LMD for a purchase consideration of RM155,295,000 ("Proposed LMD Acquisition") against the Aggregate Amount, which was effected on 22 June 1998	155,295
(v) The injection of assets with a value equivalent to RM200,000,000 into the Company vide the Proposed Hotel-Co Acquisitions	200,000

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

**30. Significant and subsequent events (contd.)**

- (vi) The cash payment of RM228,821,687 by Tan Sri Ting at the times and in the following manner:

<b>Instalment</b>	<b>Date of payment</b>	<b>Amount RM</b>	<b>RM'000</b>
1 <sup>st</sup>	31.12.2001	10,000,000	
2 <sup>nd</sup>	31.03.2002	19,892,880	
3 <sup>rd</sup>	30.06.2002	19,892,880	
4 <sup>th</sup>	30.09.2002	19,892,880	
5 <sup>th</sup>	31.12.2002	19,892,880	
6 <sup>th</sup>	31.03.2003	19,892,880	
7 <sup>th</sup>	30.06.2003	19,892,880	
8 <sup>th</sup>	30.09.2003	19,892,880	
9 <sup>th</sup>	31.12.2003	19,892,880	
10 <sup>th</sup>	31.03.2004	19,892,880	
11 <sup>th</sup>	30.06.2004	19,892,880	
12 <sup>th</sup>	30.09.2004	19,892,887	
			228,822
			<hr/> 712,939
Less: Amount settled as at 30 June 2004			
- Notes 30(c)(i), 30(c)(ii) and 30(c)(iv)			(246,485)
			<hr/>
Total amount outstanding as at 30 June 2004			466,454
			=====



**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**30. Significant and subsequent events (contd.)**

The Settlement Agreements do not impute any interest charges on the amounts owed by Tan Sri Ting to the Company.

In the previous financial year, in view of the tight financial position faced by Tan Sri Ting, the Board approved the requests made by Tan Sri Ting to either extend the date of cash repayment or replace with alternative settlement plan, for the cash settlements as follows:

<b>Cash Settlements Due For Repayment</b>	<b>Status</b>
(i) Direct cash payment of RM37,632,000	Initially due on 31 March 2002. Repayment was extended to 30 September 2002 and 30 June 2003 respectively
(ii) 3rd cash instalment of RM19,892,880	Initially due on 30 June 2002. Repayment was extended to 31 December 2002 and 30 June 2003 respectively
(iii) 4th cash instalment of RM19,892,880	Initially due on 30 September 2002 and proposed to be extended to 30 June 2003
(iv) 5th cash instalment of RM19,892,880	Initially due on 31 December 2002 and proposed to be extended to 30 June 2003
(v) 6th cash instalment of RM19,892,880	Initially due on 31 March 2003 and proposed to be extended to 30 June 2003
(vi) 7th cash instalment of RM19,892,880	Due on 30 June 2003
(vii) 8th cash instalment of RM19,892,880	Due on 30 September 2003
(viii) 9th cash instalment of RM19,892,880	Due on 31 December 2003
(ix) 10th cash instalment of RM19,892,880	Due on 31 March 2004
(x) 11th cash instalment of RM19,892,880	Due on 30 June 2004

The 1st and 2nd cash instalments of RM29,892,880 will be repaid by injection of assets as disclosed in Note 30(d)(i). While the above extension of time for the cash repayments and alternative settlement plan are subject to the approval of the shareholders, there is no further extension of time proposed.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

**30. Significant and subsequent events (contd.)**

On 1 July 2003, the Company announced to the Bursa Malaysia Securities Berhad that Tan Sri Ting is offering a proposed revised settlement. The proposed offer of revised settlement is as follows:

	RM'000
(i) The injection of assets with a value equivalent to RM200,000,000 into the Company vide the Proposed Hotel-Co Acquisitions, as disclosed in Note 30(a)	200,000
(ii) The injection of assets with a value equivalent to RM29,892,880 into the Company, as disclosed in Note 30(d)(i)	29,893
(iii) Cash repayment to the Company	87,632
	<hr/> 317,525 =====

The proposed offer of revised settlement from Tan Sri Ting totalling RM317.525 million is to be completed within 14 days from the date of approval from the shareholders of the Company for the said proposed offer of revised settlement. Tan Sri Ting has todate paid to the Company a total sum of RM246.485 million. With the proposed offer of revised settlement, Tan Sri Ting would be making a total final payment sum of RM564.01 million out of the amount of RM712.939 million owing to the Company. The proposed final settlement sum of RM564.01 million represents a discount of 21% from the total amount due.

The proposed offer of revised settlement is subject to the approval of the shareholders. The Board of Directors with the exception of Tan Sri Ting and his son, Ting Sie Chuong, are deliberating and are seeking advice from its legal adviser and independent adviser on Tan Sri Ting's offer. The Board of Directors will be making an appropriate recommendation to the shareholders of the Company upon obtaining the advice of the Company's advisers as well as that of an independent adviser for minority shareholders.

In October 2003 while the advisers were working on the revised settlement proposal, Tan Sri Ting informed the Board that there might be a variation to his previous settlement proposal as he is looking into the possibility of a new proposal which involves injection of assets by a third party. Tan Sri Ting shall present the new proposal to the Board once negotiations with the party concerned are finalised. For this reason, the advisers were then advised by the Company to put on hold the preparation of the circular to shareholders.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**30. Significant and subsequent events (contd.)**

Todate, the Board has not received any firm proposal from Tan Sri Ting regarding the payment on the above proposed revised settlement and as such, the Board has not been able to seek the advice of the Company's advisers in order to make a recommendation to the shareholders. In this regard, Tan Sri Ting has on 19 April 2004 written to the Board of Directors that he is still negotiating with a third party with a view to a global and comprehensive settlement of his outstanding debt with the Company and accordingly requested a little more time to complete his negotiation.

(d) On 3 May 2002, the Company announced the following:

(i) Proposed Acquisition

The Company entered into two sale and purchase agreements on 30 April 2002, for the acquisition of:

- (a) the entire equity interest in Langkasuka Resort Sdn. Bhd. ("LR") representing 8 existing ordinary shares of RM1.00 each for a cash consideration of RM11,600,000; and
- (b) the entire equity interest in Aquabeat Langkawi Sdn. Bhd. ("AL") representing 400 ordinary shares of RM1.00 each for a cash consideration of RM400.

(ii) Proposed Capitalisation

The Company entered into an agreement with LAH on 26 April 2002, for the capitalisation and issuance of 4,999,998 new ordinary shares of RM1.00 each in LAH at an issue price of RM1.00 each directly to the Company.

The capitalisation of 4,999,998 shares is proposed to settle an amount of RM4,999,998 owing by LAH to a subsidiary of the Company. Upon completion of the Proposed Capitalisation, the Company shall own 99.99% equity interest in LAH.

The above proposed acquisition and capitalisation are subject to the approvals of the shareholders and relevant authorities.

(e) On 13 June 2003, the Company entered into a share sale agreement with Cambridge Capital Sdn. Bhd. to acquire 3,000,000 ordinary shares of RM1.00 each representing 30% equity interest in Site Capital Sdn. Bhd. for a cash consideration of RM8 million. The acquisition was completed during the financial year.

**Ekran Berhad**

**Notes to the Financial Statements - 30 June 2004**

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**31. Financial instruments**

**(a) Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

**(b) Interest rate risk**

The Group's primary interest rate risk relates to interest-bearing debts; the Group had no substantial long term interest bearing assets as at 30 June 2004.

The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been placed in fixed deposits which yield better returns than cash at bank.

The debt obligations pertaining to term loans, revolving credits, bank overdrafts and hire purchases are disclosed in Note 21. The Company does not hedge interest rate risk but ensures that it had obtained borrowings at competitive interest rates under the most favourable terms and conditions.

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

**(c) Foreign currency risk**

The Group does not have significant foreign currency exposure to any effects of foreign currency exchange rate fluctuations as at 30 June 2004.

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

**(d) 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. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

**(e) 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 management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than as disclosed in Notes 16 and 17.

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****31. Financial instruments (contd.)****(f) Fair values**

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:

	<b>Group</b>		<b>Company</b>	
	<b>Carrying Amount RM'000</b>	<b>Fair Value RM'000</b>	<b>Carrying Amount RM'000</b>	<b>Fair Value RM'000</b>
<b>Financial Assets</b>				
At 30 June 2004:				
Amounts due from subsidiaries, associated company and related companies	64,522	*	466,979	*
At 30 June 2003:				
Amounts due from subsidiaries, associated company and related companies	64,387	*	480,671	*
<b>Financial Liabilities</b>				
At 30 June 2004:				
Amounts due to subsidiaries and related companies	9,915	*	11,330	*
Term loans	8,500	8,500	8,500	8,500
Hire purchase and lease payables	11,391	11,391	11,391	11,391
At 30 June 2003:				
Amounts due to subsidiaries and related companies	9,667	*	11,356	*
Term loans	8,500	8,500	8,500	8,500
Hire purchase and lease payables	12,098	12,098	12,089	12,089

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****31. Financial instruments (contd.)****(f) Fair value (contd.)**

- \* It is not practical to estimate the fair values of amounts due to/from subsidiaries, associated company and related companies due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The nominal/notional amount and net fair value of financial instruments not recognised in the balance sheet as at 30 June 2004 are:

	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Contingent liabilities					
At 30 June 2003	29	125,000	#	206,542	#
		=====	=====	=====	=====
At 30 June 2004	29	125,000	#	214,167	#
		=====	=====	=====	=====

- # It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

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 fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****32. Segment information****30 June 2004****(a) Business Segments:**

The Group is organised on a worldwide basis into investment holding and project management, trading and extraction of timber, construction and property development, oil palm plantation, air transportation and related aerial business and gaming.

	<b>Investment holding and project management RM'000</b>	<b>Trading and extraction of timber RM'000</b>	<b>Construction and property development RM'000</b>	<b>Oil palm plantation RM'000</b>	<b>Air transportation and related aerial business RM'000</b>	<b>Gaming RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>								
External sales	-	-	85,967	4,308	-	-	-	90,275
Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue								90,275 =====
<b>Result</b>								
Profit/(loss) from operations	(192,631)	(7)	(21,985)	1,552	(19)	(10,360)	46,386	(177,064)
Finance costs, net	(345)	-	(7,445)	(401)	-	-	(239)	(8,430)
Share of results of associated companies	576	-	-	-	-	-	-	576
Taxation	(32)	-	(1)	-	-	-	(157)	(190)
Loss after taxation								(185,108)
Minority interests								503
Net loss for the year								(184,605) =====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****32. Segment information (contd.)****30 June 2004****(a) Business Segments: (contd.)**

	<b>Investment holding and project management RM'000</b>	<b>Trading and extraction of timber RM'000</b>	<b>Construction and property development RM'000</b>	<b>Oil palm plantation RM'000</b>	<b>Air transportation and related aerial business RM'000</b>	<b>Gaming RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Assets</b>								
Segment assets	977,600	6	532,850	40,408	38	37,847	(374,888)	1,213,861
Investment in equity method of associated companies	11,551	-	-	-	-	-	(2,725)	8,826
Consolidated total assets								1,222,687
								=====
<b>Liabilities</b>								
Segment liabilities	221,752	431	37,891	5,641	30	1,134	-	266,879
Unallocated corporate liabilities								136,690
Consolidated total liabilities								403,569
								=====
<b>Other information</b>								
Capital expenditure	-	-	12	1,473	-	-	(239)	1,246
Depreciation	537	-	3,132	889	8	3,373	-	7,939
Impairment losses	-	-	17,548	-	-	-	-	17,548
Non-cash expenses other than depreciation and impairment losses	191,342	-	3,988	-	-	-	-	195,330



**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****32. Segment information (contd.)****30 June 2003****(a) Business Segments:**

The Group is organised on a worldwide basis into investment holding and project management, trading and extraction of timber, construction and property development, oil palm plantation, air transportation and related aerial business and gaming.

	<b>Investment holding and project management RM'000</b>	<b>Trading and extraction of timber RM'000</b>	<b>Construction and property development RM'000</b>	<b>Oil palm plantation RM'000</b>	<b>Air transportation and related aerial business RM'000</b>	<b>Gaming RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>								
External sales	-	-	155,900	2,896	-	-	-	158,796
Inter-segment sales	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>155,900</u>	<u>2,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,796</u>
Total revenue	-		155,900	2,896	-	-	-	158,796
								=====
<b>Result</b>								
Profit/(loss) from operations	(12,184)	(4)	8,125	(103)	(17)	(13,060)	4,068	(13,175)
Finance costs, net	1,616	-	(12,934)	(500)	-	-	(626)	(12,444)
Share of results of associated companies	21	-	-	-	-	-	-	21
Taxation	-	-	-	-	-	-	-	(15)
								<u>21</u>
Loss after taxation								(25,613)
Minority interests								2,196
								<u>2,196</u>
Net loss for the year								(23,417)
								=====

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****32. Segment information (contd.)****30 June 2003****(a) Business Segments: (contd.)**

	<b>Investment holding and project management RM'000</b>	<b>Trading and extraction of timber RM'000</b>	<b>Construction and property development RM'000</b>	<b>Oil palm plantation RM'000</b>	<b>Air transportation and related aerial business RM'000</b>	<b>Gaming RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Assets</b>								
Segment assets	1,174,289	6	564,169	39,207	46	44,085	(413,046)	1,408,756
Investment in equity method of associated companies	3,551	-	-	-	-	-	(3,138)	413
Consolidated total assets								1,409,169 =====
<b>Liabilities</b>								
Segment liabilities	220,935	26,945	680,253	41,939	21,757	133,737	(854,853)	270,713
Unallocated corporate liabilities	-	-	-	-	-	-	-	138,198
Consolidated total liabilities								408,911 =====
<b>Other information</b>								
Capital expenditure	1	-	11	1,470	-	-	-	1,482
Depreciation	572	-	3,185	657	-	8	3,877	8,299
Impairment losses	1,345	-	-	-	-	-	-	1,345
Non-cash expenses other than depreciation and impairment losses	5,373	-	-	-	209	-	537	6,119

**Ekran Berhad****Notes to the Financial Statements - 30 June 2004****32. Segment information (contd.)****(b) Geographical Segments:**

The Group's major business segments are managed and operated in Malaysia, its home country. The Group's areas of operation are principally construction and investment holding.

Other geographical segments include Philippines and The People's Republic of China which operates as resort and casino operator and property development respectively, none of which are of a sufficient size to be reported separately.

	<b>Malaysia</b>		<b>Others</b>		<b>Eliminations</b>		<b>Consolidated</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue from external customers	90,275	158,796	-	-	-	-	90,275	158,796
Segment assets	1,550,891	1,756,218	37,858	65,584	(374,888)	(413,046)	1,213,861	1,408,756
Capital expenditure	1,485	1,482	-	-	(239)	-	1,246	1,482