

INFORMATION ON POS AD

1. HISTORY AND BUSINESS

Pos Ad was incorporated in Malaysia under the Act on 20 February 1986 as a private limited company under the name Mutiara Perkasa Sdn Bhd. It changed its name to Point-of-Sale Advertising Sdn Bhd on 20 March 1986 and subsequently to Pos Ad Sdn Bhd on 22 March 2002.

Pos Ad commenced its business in 1986 by the founder, Chew Keng Yong. Having signed up exclusive contracts with 104 supermarkets, the company ventured into the competitive advertising media business with the launch of the first Instore Media in Asia called SOUND ADS. This new medium is essentially like radio except it uses cassette tapes instead of broadcast transmission. Such tapes carry musical programme interspersed with advertising commercials and are aired over the PA systems in supermarkets reaching shoppers all over the country.

Having found widespread acceptance by the advertising fraternity, Chew Keng Yong and his team went on to launch new mediums like Shelfvision, Trolley Ads, Gondola Ads and many others. Today, the Pos Ad Group's businesses activities have expanded to include, among others:

- Provision of advertising media services undertaken by Pos Ad;
- Design and trading of gifts and premiums undertaken by Paragon Premiums Sdn Bhd;
- Sub-licensing of children animated television series and activities and sales of toys undertaken by Jump Licensing (M) Sdn Bhd;
- Provision of display services for merchandised products at supermarkets undertaken by Jump Retail Merchandising Sdn Bhd; and
- Product demo in supermarkets undertaken by Demo Power Sdn Bhd.

The network of stores has grown from 104 in 1986 to 418 supermarkets and hypermarkets as at the LPD.

Pos Ad has also grown in its staff force count to 223 as at the LPD. It has also opened branch operations and offices in Penang, Johor Bahru and Malacca.

The principal activity of Pos Ad is to provide advertising media services. The principal activities of its subsidiaries are disclosed in Section 5 of this Appendix.

2. SHARE CAPITAL

2.1 Authorised, Issued and Paid-up Share Capital

The authorised and issued and paid-up share capital of Pos Ad as at 31 March 2004 are as follows:

Type	No. of ordinary shares	Par value RM	Total RM
<i>Authorised</i>			
Ordinary shares	25,000,000	1.00	25,000,000
<i>Issued and fully paid-up</i>			
Ordinary shares	14,670,000	1.00	14,670,000

2.2 Changes in Issued and Paid-up Share Capital

The changes in the issued and paid-up share capital of Pos Ad since the date of its incorporation up to 31 March 2004 are as follows:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
20.02.1986	2	1.00	Subscriber shares	2.00
02.09.1986	24,998	1.00	Cash	25,000
26.09.1989	75,000	1.00	Bonus issue	100,000
29.07.2003	14,570,000	1.00	Capitalisation of amount due to shareholders	14,670,000

3. DIRECTORS AND THEIR INTERESTS

Based on the Register of Directors' Shareholdings as at 31 March 2004, the interest of the Directors of Pos Ad are as follows:

Name	-----No. of ordinary shares held -----			
	Direct	%	Indirect	%
Azmi Hashim	-	-	-	-
Chew Keng Yong	-	-	4,401,000 ⁽¹⁾	30.0
Lee Keen Pong	-	-	-	-
Ng Keng Ming	-	-	-	-
Loh Kam Chuin	-	-	-	-

Note:

⁽¹⁾ Deemed interest by virtue of his interest in Zencall Holdings Sdn Bhd pursuant to Section 6A of the Act.

4. SUBSTANTIAL SHAREHOLDERS

Based on the Register of Members of the Company as at 31 March 2004, the substantial shareholders (holding 5% or more of the issued and paid-up share capital) of Pos Ad and their respective shareholdings are as follows:

Shareholders	-----No. of ordinary shares held -----			
	Direct	%	Indirect	%
RCE	10,269,000	70.0	-	-
Zencall Holdings Sdn Bhd	4,401,000	30.0	-	-

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

The subsidiaries and associated companies of Pos Ad as at 31 March 2004 are as follows:

Name of company	Date and place of incorporation	Issued and paid-up capital RM (unless otherwise stated)	Effective equity interest %	Principal activities
<i>Subsidiaries</i>				
<i>Incorporated in Malaysia</i>				
Jump Retail Merchandising Sdn Bhd	01.06.1994 Malaysia	2	100.00	Providing goods arrangement services in supermarkets
Jump Licensing (M) Sdn Bhd	28.03.1995 Malaysia	145,000	100.00	Selling of licensed products
Paragon Premiums Sdn Bhd	30.09.1995 Malaysia	150,000	85.00	Designing and trading premiums
Demo Power Sdn Bhd	22.11.1990 Malaysia	10,000	100.00	Provision of advertising media services
Jump Licensing Pte Ltd	20.09.2000 Federal Territory of Labuan	USD100	100.00	Sub-licensing of children animated television series and activities and sales of toys
Jump Interactive Sdn Bhd	07.06.1999 Malaysia	2	100.00	Dormant
Jump Design Sdn Bhd	06.12.2000 Malaysia	2	100.00	Ceased business operations
<i>Incorporated overseas</i>				
Jump Licensing (S) Pte Ltd ⁽¹⁾	07.10.2002 Republic of Singapore	SGD100	99.00	Lease and sub-license rights of company products
<i>Associated company</i>				
<i>Incorporated in Malaysia</i>				
Near Field Studio Sdn Bhd	12.03.1996 Malaysia	280,000	30.00	Rental of studio and production of musical jingles

Note:

⁽¹⁾ Held indirectly through Jump Licensing Pte Ltd.

6. FINANCIAL SUMMARY

A summary of the results based on the consolidated audited financial statements of Pos Ad for the five (5) financial years ended 31 March 1999 to 2003 and the unaudited consolidated financial statements of Pos Ad for the nine (9) months ended 31 December 2003 are as follows:

	Financial year ended 31 March					Nine (9) months ended 31 December
	1999 ⁽¹⁾	2000 ⁽²⁾	2001 ⁽³⁾	2002 ⁽⁴⁾	2003 ⁽⁵⁾	2003 ⁽⁶⁾
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Revenue	17,499	19,854	21,035	23,942	25,290	24,728
Profit before taxation and exceptional items	3,930	3,618	3,179	1,919	1,736	3,310
Exceptional items	-	-	-	-	-	-
Income tax expense	(1)	(857)	(1,240)	(1,241)	(1,596)	(1,020)
Profit after taxation and before extraordinary items	3,929	2,761	1,939	678	140	2,290
Extraordinary items	-	-	-	-	-	-
Profit after taxation and extraordinary items	3,929	2,761	1,939	678	140	2,290
MI	(30)	(6)	(21)	33	19	(7)
Profit after taxation and MI	3,899	2,755	1,918	711	159	2,283
Number of ordinary shares in issue (000)	100	100	100	100	100	14,670
NTA (RM 000)	6,646	9,401	11,319	12,030	(2,382)	14,414
NTA per ordinary share (RM)	66.46	94.01	113.19	120.30	(23.82)	0.98
Net EPS (RM)	38.99	27.55	19.18	7.11	1.59	0.16
Dividend rate (%)	5,600% less 28% tax	-	-	-	4,631% tax exempt & 13,778% less 28% tax	-

Notes:

(1) Financial year ended 31 March 1999

Pos Ad recorded a revenue of RM17.499 million against RM17.535 million in 1998, a marginal decrease of 0.2%, while the results of the Pos Ad Group improved significantly from a loss of RM0.079 million to a profit before taxation and exceptional items of RM3.930 million due mainly to provision for diminution in value for investments in quoted shares amounting to RM3.707 million in 1998.

The improvement in profits was also attributable to Paragon Premiums Sdn Bhd ("PPSB"), Pos Ad's subsidiary involved in the premium design and supply business. PPSB turned around in 1999 with a profit before taxation of RM0.203 million against a loss before taxation of RM0.172 million in 1998.

(2) Financial year ended 31 March 2000

Pos Ad's revenue recorded an increase from RM17.499 million in 1999 to RM19.854 million in 2000. However, it recorded a decline in profit before taxation and exceptional items of RM0.312 million from RM3.930 million to RM3.618 million in 2000 due mainly to eroding profit margins and increase in operating overheads.

(3) **Financial year ended 31 March 2001**

Revenue for the year was RM21.035 million against RM19.854 million in 2000. The improvement was due to the growth in in-store advertising media products such as Shelfvision and AisleGuide at new hypermarkets in Malaysia. However, due to increasing market competition and increasing overhead costs, the profit margin of Pos Ad continued to decline. Profit before taxation and exceptional items for the year was RM3.179 million against RM3.618 million in the previous year.

During the year, Pos Ad also ventured in licensing and merchandising activities which recorded revenues of RM0.103 million and a loss of RM0.199 million.

(4) **Financial year ended 31 March 2002**

Pos Ad achieved revenues of RM23.942 million against RM21.035 million in the previous year, a growth of 13.8%. The advent of new hypermarkets in Malaysia continued to contribute positively towards Pos Ad's revenues. The licensing and merchandising segment which produces, distributes and sells "Tommy and Oscar" licensed products recorded revenues of RM1.250 million, an increase of RM1.150 million from the previous year. However, it recorded a higher loss of RM1.900 million against RM0.199 million in the previous year as high promotional expenditure was required to create brand awareness of these new cartoon characters.

(5) **Financial year ended 31 March 2003**

For the financial year 2003, Pos Ad recorded revenues of RM25.290 million against RM23.942 million in the previous year, an increase of 5.6%. The in-store advertising media continued to contribute positively towards the Pos Ad Group, bringing an improvement to the advertising media segment's revenues from RM18.731 million in 2002 to RM21.377 million in 2003 and an improvement in operational profits from RM3.920 million to RM4.776 million in 2003. In January 2003, Pos Ad launched an innovative new advertising medium called PrimeChannel which offers television advertising on supermarket shelves. As at 31 March 2003, PrimeChannel had contributed RM0.650 million in revenues towards Pos Ad's results.

However, the general trading, and licensing and merchandising segments recorded a decline in revenues from RM5.211 million to RM3.913 million and a loss of RM3.006 million against RM1.987 million loss in the previous year due to higher operating expenditure.

(6) **Financial period ended 31 December 2003**

For the nine (9) months under review, Pos Ad recorded revenues of RM24.728 million and a profit before taxation and exceptional items of RM3.310 million. PrimeChannel which made its debut in January 2003, contributed RM2.824 million in revenues to Pos Ad for the nine (9) months under review. PPSB contributed revenues of RM3.733 million against RM1.981 million for the nine (9)-month period ended 31 December 2002.

Profit before taxation and exceptional items of Pos Ad for the nine (9) months was RM3.310 million against RM2.710 million for the nine (9)-month period ended 31 December 2002, an improvement of RM0.600 million. The improvement was due to lower operating expenditure and improvement in PPSB's results which recorded a profit before taxation of RM0.070 million against loss of RM0.264 million for the nine (9)-month period ended 31 December 2002.

AUDITED FINANCIAL STATEMENTS OF POS AD FOR THE FINANCIAL YEAR ENDED 31 MARCH 2003 TOGETHER WITH THE AUDITORS' REPORT THEREON

Company No: 151112 - A

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REPORT OF THE AUDITORS TO THE MEMBERS OF

POS AD SDN. BHD.
(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of March 31, 2003 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of March 31, 2003 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and

(Forward)


**Deloitte
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Tohmatsu**

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

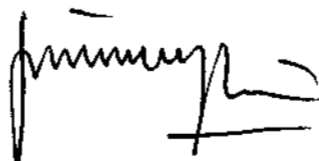
We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory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

Our auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

Without qualifying our opinion, we draw attention to Note 2 to the Financial Statements. As of March 31, 2003, the Group reported a capital deficiency of RM2,382,400 and net current liabilities of RM6,577,789 as a result of losses sustained by certain subsidiary companies in the current and prior years. However, the financial statements of the Group have been drawn up on the basis of accounting principles applicable to a going-concern which presumes that the Group will be able to continue its operations in the foreseeable future by virtue of profitable future operations, continued financial support from its holding company and creditors and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business. Should these assumptions be negated, the going-concern basis which is currently being used in the preparation of the financial statements of the Group can no longer be relied upon and adjustments may be required to write down assets, make accrual of additional liabilities and reclassify long-term assets as current.



DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants



LAI CAN YIEW
2179/09/03 (J)
Partner

July 23, 2003

POS AD SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

		The Group		The Company	
	Note	2003 RM	2002 RM	2003 RM	2002 RM
Revenue	4	25,290,159	23,941,962	18,255,187	15,982,958
Other operating income	6	345,365	893,740	283,893	505,443
Changes in inventories		(23,666)	115,888	-	-
Directors' remuneration	5	(2,058,948)	(1,639,896)	(1,583,316)	(1,365,633)
Staff costs		(6,478,128)	(5,930,402)	(2,997,677)	(2,863,857)
Depreciation of property, plant and equipment	10	(957,511)	(921,976)	(650,436)	(663,472)
Other operating expenses	6	<u>(14,381,203)</u>	<u>(14,535,525)</u>	<u>(8,468,849)</u>	<u>(7,402,750)</u>
Profit from operations		1,736,068	1,923,791	4,838,802	4,192,689
Finance costs	7	(50,142)	(68,242)	(50,142)	(68,242)
Income from other investments	8	50,338	63,270	47,941	250,960
Share in results of associated company		<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit before tax		1,736,262	1,918,819	4,836,601	4,375,407
Income tax expense	9	<u>(1,595,972)</u>	<u>(1,240,788)</u>	<u>(1,540,972)</u>	<u>(1,240,788)</u>
Profit after tax		140,290	678,031	3,295,629	3,134,619
Minority interest		<u>18,608</u>	<u>32,963</u>	<u>-</u>	<u>-</u>
Net profit for the year		<u>158,898</u>	<u>710,994</u>	<u>3,295,629</u>	<u>3,134,619</u>

The accompanying Notes form an integral part of the Financial Statements.

POS AD SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS
AS OF MARCH 31, 2003

	Note	The Group		The Company	
		2003 RM	2002 RM	2003 RM	2002 RM
ASSETS					
Property, plant and equipment	10	4,303,010	5,077,962	3,765,845	4,313,079
Investment in subsidiary companies	11	-	-	428,786	428,786
Investment in associated companies	12	-	-	39,000	39,000
Goodwill on consolidation	13	-	-	-	-
Current Assets					
Inventories	14	89,089	115,888	-	-
Trade receivables	15	6,229,103	6,397,762	4,132,777	4,152,105
Other receivables and prepaid expenses	15	3,656,609	2,493,843	2,667,629	1,482,932
Amount owing by subsidiary companies	16	-	-	8,285,787	7,568,175
Amount owing by related parties	16	386,659	406,892	-	-
Fixed deposits with licensed banks		2,736,062	1,575,728	2,736,062	1,575,728
Cash and bank balances		903,494	1,754,044	77,715	769,950
		<u>14,001,016</u>	<u>12,744,157</u>	<u>17,899,970</u>	<u>15,548,890</u>
Current Liabilities					
Trade payables	17	2,181,195	3,424,740	1,120,370	2,514,528
Other payables and accrued expenses	17	3,132,706	1,442,515	942,475	915,868
Amount owing to holding company	16	13,230	-	13,230	-
Amount owing to associated company	12	6,203	-	-	-
Hire-purchase payables	18	73,715	206,287	73,715	206,287
Borrowings	19	375,254	126,406	375,254	126,406
Dividend payable		14,571,429	-	14,571,429	-
Tax liabilities		225,073	263,353	212,073	263,353
		<u>20,578,805</u>	<u>5,463,301</u>	<u>17,308,546</u>	<u>4,026,442</u>

(Forward)

	Note	The Group		The Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Net Current (Liabilities)/ Assets		(6,577,789)	7,280,856	591,424	11,522,448
Long-term and Deferred Liabilities					
Hire-purchase payables - non-current portion	18	-	71,173	-	71,173
Borrowings - non-current portion	19	-	221,285	-	221,285
Deferred tax liabilities	20	90,000	-	90,000	-
		(90,000)	(292,458)	(90,000)	(292,458)
Minority interests		(17,621)	(36,229)	-	-
Net (Liabilities)/Assets		<u>(2,382,400)</u>	<u>12,030,131</u>	<u>4,735,055</u>	<u>16,010,855</u>
Represented by:					
Issued capital	21	100,000	100,000	100,000	100,000
(Accumulated loss)/Unappropriated profit	22	<u>(2,482,400)</u>	<u>11,930,131</u>	<u>4,635,055</u>	<u>15,910,855</u>
(Capital Deficiency)/ Shareholders' Equity		<u>(2,382,400)</u>	<u>12,030,131</u>	<u>4,735,055</u>	<u>16,010,855</u>

The accompanying Notes form an integral part of the Financial Statements.

POS AD SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2003**

	Note	Issued Capital RM	Distributable Reserve- Unappropriated Profit/ (Accumulated Loss) RM	Total RM
The Group				
Balance as of April 1, 2001		100,000	11,219,137	11,319,137
Net profit for the year		-	710,994	710,994
Balance as of March 31, 2002		100,000	11,930,131	12,030,131
Net profit for the year		-	158,898	158,898
Dividend	23	-	(14,571,429)	(14,571,429)
Balance as of March 31, 2003		100,000	(2,482,400)	(2,382,400)
The Company				
Balance as of April 1, 2001		100,000	12,776,236	12,876,236
Net profit for the year		-	3,134,619	3,134,619
Balance as of March 31, 2002		100,000	15,910,855	16,010,855
Net profit for the year		-	3,295,629	3,295,629
Dividend	23	-	(14,571,429)	(14,571,429)
Balance as of March 31, 2003		100,000	4,635,055	4,735,055

The accompanying Notes form an integral part of the Financial Statements.

POS AD SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

The Group	Note	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,736,262	1,918,819
Adjustments:			
Depreciation of property, plant and equipment		957,511	921,976
Finance costs		50,142	68,242
Allowance for doubtful debts		10,000	-
Property, plant and equipment written off		6,083	27,605
Allowance for obsolete inventories		3,133	-
Share in results of associated company		2	-
Bad debts written off		-	100,715
Goodwill written off		-	7,550
Gain on disposal of property, plant and equipment		(220,100)	(213,766)
Interest income		(50,338)	(63,270)
Allowance for doubtful debts no longer required		(2,364)	(8,986)
Operating Profit Before Working Capital Changes		2,490,331	2,758,885
(Increase)/Decrease in:			
Inventories		23,666	(115,888)
Trade receivables		161,023	321,099
Other receivables and prepaid expenses		(1,162,766)	626,162
Amount owing by holding company		-	10,098
Amount owing by related parties		20,233	(406,892)
Increase/(Decrease) in:			
Trade payables		(1,243,545)	(583,986)
Other payables and accrued expenses		1,690,191	54,948
Amount owing to holding company		13,230	-
Amount owing to associated company		6,203	-
Cash Generated From Operations		1,998,566	2,664,426
Income tax paid		(1,544,252)	(1,373,613)
Net Cash From Operating Activities		454,314	1,290,813

(Forward)

	Note	2003 RM	2002 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(196,244)	(1,120,618)
Investment in associated company		(2)	-
Proceeds from disposal of property, plant and equipment		227,702	260,394
Interest received		50,338	63,270
Repayment of advances		-	2,500,846
Acquisition of shares from minority shareholders		-	(4,000)
Net Cash From Investing Activities		<u>81,794</u>	<u>1,699,892</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loan		(347,691)	(120,573)
Repayment of hire-purchase payables		(203,745)	(223,716)
Interest paid		<u>(50,142)</u>	<u>(68,242)</u>
Net Cash Used In Financing Activities		<u>(601,578)</u>	<u>(412,531)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(65,470)	2,578,174
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>3,329,772</u>	<u>751,598</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	<u>3,264,302</u>	<u>3,329,772</u>

Note: During the current financial year, the Group acquired property, plant and equipment with an aggregate cost of RM196,244 (2002 : RM1,414,618) of which RM Nil (2002 : RM375,522) was acquired under hire-purchase arrangements. Cash payments for the acquisition of property, plant and equipment amounted to RM196,244 (2002 : RM1,120,618).

The Company	Note	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,836,601	4,375,407
Adjustments for:			
Depreciation of property, plant and equipment		650,436	663,472
Finance costs		50,142	68,242
Property, plant and equipment written off		732	16,620
Gain on disposal of property, plant and equipment		(190,000)	(208,273)
Interest income		(47,941)	(250,960)
Allowance for doubtful debts no longer required		-	(8,986)
Operating Profit Before Working Capital Changes		5,299,970	4,655,522
(Increase)/Decrease in:			
Trade receivables		19,328	(16,738)
Other receivables and prepaid expenses		(1,184,697)	467,446
Amount owing by subsidiary companies		(717,612)	(3,546,028)
Amount owing by holding company		-	10,098
Increase/(Decrease) in:			
Trade payables		(1,394,158)	186,326
Other payables and accrued expenses		26,607	23,009
Cash Generated From Operations		2,049,438	1,779,635
Income tax paid		(1,502,252)	(1,373,613)
Net Cash From Operating Activities		547,186	406,022
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(103,934)	(548,747)
Proceeds from disposal of property, plant and equipment		190,000	208,393
Interest received		47,941	250,960
Repayment of advances		13,230	2,500,846
Acquisition of subsidiary companies		-	(4,002)
Net Cash From Investing Activities		147,237	2,407,450
(Forward)			

	Note	2003 RM	2002 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loans		(347,691)	(120,573)
Repayment of hire-purchase payables		(203,745)	(223,716)
Interest paid		<u>(50,142)</u>	<u>(68,242)</u>
Net Cash Used In Financing Activities		<u>(601,578)</u>	<u>(412,531)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		92,845	2,400,941
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>2,345,678</u>	<u>(55,263)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	<u>2,438,523</u>	<u>2,345,678</u>

Note : During the current financial year, the Company acquired property, plant and equipment with an aggregate cost of RM103,934 (2002 : RM842,747) of which RM Nil (2002: RM373,233) was acquired under hire-purchase arrangements. Cash payments for the acquisition of property, plant and equipment amounted to RM103,934 (2002 : RM548,747).

The accompanying Notes form an integral part of the Financial Statements.

POS AD SDN. BHD.
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company's principal activity is providing advertising media services.

The principal activities of the subsidiary companies are as disclosed in Note 11.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The total number of employees of the Group and of the Company at year-end were 194 (2002: 121) and 77 (2002: 71) respectively.

The registered office of the Company is located at 1st Floor, Lot 271, Jalan Dua, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur.

The principal place of business of the Company is located at 509, 5th Floor, Block A, Phileo Damansara 2, 15, Jalan 16/11, 46350 Petaling Jaya.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on July 23, 2003.

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

The financial statements have also been prepared on the basis of accounting principles applicable to a going-concern notwithstanding the Group's capital deficiency position of RM2,382,400 and net current liabilities of RM6,577,789 as of March 31, 2003. This going-concern basis presumes that the Group will be able to continue its operations in the foreseeable future by virtue of profitable future operations, continued financial support from its holding company and creditors and, consequently, the realisation of assets and the settlement of liabilities will occur in the ordinary course of business.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

Revenue

Revenue of the Company is recognised upon billing and when services are rendered.

Revenue of the Group is recognised upon delivery of goods or trading items, rendering of services and the derivation of royalty income on sub-licensing.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates or, where settlement of assets and liabilities has not been made at the end of the financial year, at the approximate exchange rates prevailing at that date. All foreign exchange gains and losses are taken up in the income statements.

Income Tax

The tax effects of transactions are generally recognised, using the “liability” method, when such transactions enter into the determination of net income regardless of when they are recognised for tax purposes except when there is reasonable evidence that such timing differences are not expected to reverse in the foreseeable future. However, where timing differences give rise to net deferred tax assets, the tax effects are recognised generally on actual realisation.

Impairment of Assets

The carrying amount of property, plant and equipment, investment in subsidiary companies, investment in associated companies and goodwill on consolidation are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the income statements.

Reversal of impairment losses recognised in prior years is recorded where there is an indication that the impairment losses recognised for an asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the assets that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset in prior years. The reversal is recognised in the income statements immediately.

Property, Plant and Equipment

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

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Depreciation of property, plant and equipment is computed on the straight-line method at the rates based on the estimated useful lives of the assets.

The annual depreciation rates are as follows:

Freehold building	2%
Office equipment	20% - 33 1/3%
Shelves, furniture and fittings	20%
Motor vehicles	10% - 33 1/3%
Office renovation	20%
Mascot costumes	50%

Property, Plant and Equipment Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to the end of the financial year.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as applicable.

All significant intercompany transactions and balances are eliminated on consolidation.

Subsidiary Companies

Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from activities. The financial statements of subsidiary companies are included in the consolidated financial statements from the date control effectively commences until the date that control effectively ceases.

Investment in subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost less any impairment losses.

Associated Company

An associated company is a non-subsidiary company in which the Group holds not less than 20% of the equity voting rights as long-term investment and in which the Group is in a position to exercise significant influence in its management.

The Group's investment in associated company is accounted for under the equity method of accounting based on the latest audited and/or management financial statements of the associated company made up to the end of the financial year. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet.

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the relevant associated company except where unrecognized losses provide evidence of an impairment of the asset transferred.

Goodwill on Consolidation

Goodwill arising on consolidation represents the excess of the purchase consideration over the share of the fair values of the identifiable net assets of a subsidiary company at the date of acquisition. Goodwill on consolidation is amortised on a systematic basis following an assessment of the remaining weighted average economic useful life of the acquired assets of the respective subsidiary company, subject to a maximum of 10 years unless in the opinion of the directors, there has been an impairment in value, in which case, the remaining balance is written off.

Inventories

Inventories are valued at the lower cost (determined principally on the weighted average method) and net realisable value. The cost of inventories comprises the original cost of purchase plus the cost of bringing the inventories to their present location. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of the resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

Research and Development Costs

Research costs are recognised as expenses in the period in which they are incurred.

Expenditure on development is charged to the income statements in the year in which it is incurred except where a clearly defined project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activities. Such development costs are recognised as an intangible assets and amortised on a straight line method over the life of the project from the date of commencement of commercial operations. As of March 31, 2003, no development cost is carried in the balance sheet.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. REVENUE

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Advertising media services	21,377,359	18,731,059	18,255,187	15,982,958
General trading	2,780,686	3,958,827	-	-
Licensing and merchandising	1,132,114	1,252,076	-	-
	<u>25,290,159</u>	<u>23,941,962</u>	<u>18,255,187</u>	<u>15,982,958</u>

5. DIRECTORS' REMUNERATION

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Executive directors:				
Other emoluments	2,049,948	1,629,762	1,574,316	1,355,499
Non-executive directors:				
Fees	9,000	10,134	9,000	10,134
	<u>2,058,948</u>	<u>1,639,896</u>	<u>1,583,316</u>	<u>1,365,633</u>

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company amounted to RM61,100 (2002 : RM39,383) and RM51,300 (2002 : RM39,383), respectively.

6. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Gain on disposal of property, plant and equipment	220,100	213,766	190,000	208,273
Rental income on premises from:				
Subsidiary companies	-	-	54,000	87,600
Third party	67,800	17,550	-	-
Realised gain on foreign exchange	6,617	11,112	-	-
Allowance for doubtful debts no longer required	2,364	8,986	-	8,986

(Forward)

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Management fee receivable from subsidiary companies	-	-	26,400	72,000
Advertising charges	(2,161,166)	(1,984,485)	(2,161,166)	(1,984,485)
Agency commission	(2,149,081)	(1,916,126)	(2,149,081)	(1,903,414)
Ex-factory and tooling costs	(1,828,403)	(3,159,493)	-	-
Research and development expenses	(223,748)	(124,336)	(223,748)	(124,336)
Management fee payable to holding company	(105,780)	(79,380)	(79,380)	(79,380)
Rental of premises	(102,106)	(81,053)	(22,094)	(21,310)
Audit fees:				
Current year	(26,000)	(22,200)	(12,000)	(12,000)
Overprovision in prior year	240	-	240	-
Allowance for doubtful debts	(10,000)	-	-	-
Property, plant and equipment written off	(6,083)	(27,605)	(732)	(16,620)
Allowance for obsolete inventories	(3,133)	-	-	-
Realised loss on foreign exchange	(2,124)	(8,000)	(1,422)	(1,261)
Bad debts written off	-	(100,715)	-	-
Goodwill written off	-	(7,550)	-	-

7. FINANCE COSTS

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Interest on:				
Term loan	23,384	38,295	23,384	38,295
Hire-purchase	20,439	23,042	20,439	23,042
Bank overdraft	6,319	6,905	6,319	6,905
	<u>50,142</u>	<u>68,242</u>	<u>50,142</u>	<u>68,242</u>

8. INCOME FROM OTHER INVESTMENTS

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Interest income from:				
Fixed deposits	50,338	60,660	47,941	60,660
Advances to holding company	-	2,610	-	2,610
Advances to subsidiary companies	-	-	-	187,690
	<u>50,338</u>	<u>63,270</u>	<u>47,941</u>	<u>250,960</u>

9. INCOME TAX EXPENSE

Income tax expense consists of:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Estimated current tax payable	1,505,972	1,240,788	1,450,972	1,240,788
Deferred tax (Note 20)	<u>90,000</u>	<u>-</u>	<u>90,000</u>	<u>-</u>
	<u>1,595,972</u>	<u>1,240,788</u>	<u>1,540,972</u>	<u>1,240,788</u>

The effective tax rates of the Group in 2003 and 2002 are higher than the statutory tax rate due mainly to losses of certain subsidiary companies which for tax purposes cannot be offset with profits of other companies within the Group.

The effective tax rates of the Company in 2003 and 2002 are higher than the statutory tax rate due mainly to certain expenses which are not deductible for tax purposes.

As of March 31, 2003, the Group and the Company have tax exempt income amounting to approximately RM121,000 (2002: RM4,773,000) and RM Nil (2002: RM4,651,000) respectively arising from chargeable income on which income tax has been waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999. These tax exempt income accounts, subject to approval by the tax authorities, are available for distribution of tax exempt dividends without attracting any further tax liabilities.

10. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost	Freehold building RM	Office equipment RM	Shelves, furniture and fittings RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Office renovation RM	Mascot costumes RM	Total RM
At beginning of year	2,639,194	1,595,523	336,752	1,489,640	751,911	778,334	90,385	7,681,739
Additions	-	49,673	14,730	5,070	-	126,771	-	196,244
Disposals	-	(9,679)	-	(481,187)	-	-	-	(490,866)
Write-off	-	(29,791)	-	-	-	-	-	(29,791)
At end of year	2,639,194	1,605,726	351,482	1,013,523	751,911	905,105	90,385	7,357,326
Accumulated depreciation								
At beginning of year	136,357	973,945	160,826	889,169	123,958	293,162	26,360	2,603,777
Charge for the year	52,784	359,534	63,549	187,578	123,994	159,560	10,512	957,511
Disposals	-	-	-	(483,264)	-	-	-	(483,264)
Write-off	-	(23,708)	-	-	-	-	-	(23,708)
At end of year	189,141	1,309,771	224,375	593,483	247,952	452,722	36,872	3,054,316
Net book value								
At March 31, 2003	2,450,053	295,955	127,107	420,040	503,959	452,383	53,513	4,303,010
At March 31, 2002	2,502,837	621,578	175,926	600,471	627,953	485,172	64,025	5,077,962

The Company

Cost	Freehold building RM	Office equipment RM	Shelves, furniture and fittings RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Office renovation RM	Total RM
At beginning of year	2,639,194	1,021,562	296,502	1,132,737	751,911	433,158	6,275,064
Additions	-	86,184	12,680	5,070	-	-	103,934
Disposals	-	-	-	(385,583)	-	-	(385,583)
Write-off	-	(13,181)	-	-	-	-	(13,181)
At end of year	<u>2,639,194</u>	<u>1,094,565</u>	<u>309,182</u>	<u>752,224</u>	<u>751,911</u>	<u>433,158</u>	<u>5,980,234</u>

Accumulated depreciation

At beginning of year	136,357	651,367	142,907	701,353	123,958	206,043	1,961,985
Charge for the year	52,784	186,460	56,577	145,277	123,994	85,344	650,436
Disposals	-	-	-	(385,583)	-	-	(385,583)
Write-off	-	(12,449)	-	-	-	-	(12,449)
At end of year	<u>189,141</u>	<u>825,378</u>	<u>199,484</u>	<u>461,047</u>	<u>247,952</u>	<u>291,387</u>	<u>2,214,389</u>

Net book value

At March 31, 2003	<u>2,450,053</u>	<u>269,187</u>	<u>109,698</u>	<u>291,177</u>	<u>503,959</u>	<u>141,771</u>	<u>3,765,845</u>
At March 31, 2002	<u>2,502,837</u>	<u>370,195</u>	<u>153,595</u>	<u>431,384</u>	<u>627,953</u>	<u>227,115</u>	<u>4,313,079</u>

Freehold building of the Company with carrying amount of RM2,450,053 (2002 : RM2,502,837) has been charged as security for a term loan and an overdraft facility granted to the Company as disclosed in Note 19.

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets, which are still in use, with a cost of approximately RM756,911 (2002 : RM1,009,400) and RM756,911 (2002 : RM736,300).

11. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2003	2002
	RM	RM
Unquoted shares - At cost	428,786	428,786

The details of the subsidiary companies, all incorporated in Malaysia, are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2003 %	2002 %	
Jump Retail Merchandising Sdn. Bhd. (formerly known as Dukasa Corporation Sdn. Bhd)	100	100	General trading
Jump Licensing (M) Sdn. Bhd. (formerly known as Jump Licensing and Merchandising Sdn. Bhd.)	100	100	Selling of licensed products and sub-licensing activities
Paragon Premiums Sdn. Bhd.	85	85	Design and trading premiums
Demo Power Sdn. Bhd.	100	100	Provision of advertising media services
Jump Licensing Pte. Ltd. (formerly known as Jump Licensing and Merchandising Pte. Ltd.) (Incorporated under the Federal Territory of Labuan)	100	100	Selling toys and sub-licensing activities
Jump Interactive Sdn. Bhd.	100	100	Dormant
Jump Design Sdn Bhd	100	100	Ceased operations in design and selling of toys in 2002

In 2002, the Company acquired the remaining 40% equity interest in Jump Licensing (M) Sdn. Bhd. (formerly known as Jump Licensing and Merchandising Sdn. Bhd.), a company incorporated in Malaysia, for a purchase consideration of RM4,000. Consequently, Jump Licensing (M) Sdn. Bhd. (formerly known as Jump Licensing and Merchandising Sdn. Bhd.) became a wholly-owned subsidiary of the Company.

Also, during 2002, the Company acquired 2 ordinary shares of RM1 each representing the entire issued and paid-up share capital of Jump Design Sdn. Bhd., for a cash consideration of RM2.

The effect of the acquisition on the financial results of the Group in 2002 was as follows:

Post-acquisition results of Jump Design Sdn. Bhd. were as follows:

	2002 RM
Revenue	658,012
Other operating expenses	<u>(728,121)</u>
Loss before tax	(70,109)
Income tax expense	<u>-</u>
Decrease in Group's profit attributable to shareholders	<u>(70,109)</u>

The effect of this acquisition on the financial position of the Group as of March 31, 2002 was as follows:

	2002 RM
Net liabilities acquired as at date of acquisition:	
Current liabilities	(3,550)
Cash and bank balances	2
Goodwill on consolidation	<u>3,550</u>
Net liabilities acquired	2
Less: Cash and bank balances	<u>(2)</u>
Cash flow on acquisition, net of cash acquired	<u>-</u>

12. INVESTMENT IN ASSOCIATED COMPANIES

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Unquoted shares - At cost	39,002	39,000	39,000	39,000
Share of post-acquisition results	(39,002)	(39,000)	-	-
	<u>-</u>	<u>-</u>	<u>39,000</u>	<u>39,000</u>

The associated companies of the Group are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2003	2002	
		%	%	
Near Field Studio Sdn. Bhd.	Malaysia	30	30	Rental of studio and production of musical jingles
* Jump Licensing (S) Pte. Ltd. ^	Republic of Singapore	50	-	Selling toys and sub-licensing activities

* Held indirectly through Jump Licensing Pte. Ltd. (formerly known as Jump Licensing and Merchandising Pte. Ltd.).

^ The financial statements of this associated company during the year were audited by a member firm of Deloitte Touche Tohmatsu.

The Group's share of losses in the associated companies has been recognised to the carrying cost of the investment. The cumulative and current year's unrecognised share of losses in excess of carrying amount amounted to RM41,286 (2002 : RM6,807) and RM34,479 (2002 : RM4,387) respectively.

Amount owing to associated company arose mainly from expenses paid on behalf which is unsecured, interest free and has no fixed terms of repayment.

13. **GOODWILL ON CONSOLIDATION**

	The Group	
	2003	2002
	RM	RM
Goodwill arising from acquisition of a subsidiary company/additional shares in subsidiary company	-	7,550
Less: Goodwill written off during the year	-	(7,550)
	<u>-</u>	<u>-</u>

14. **INVENTORIES**

	The Group	
	2003	2002
	RM	RM
Trading merchandise-at cost	92,222	115,888
Less: Allowance for obsolete inventories	(3,133)	-
	<u>89,089</u>	<u>115,888</u>

15. **TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES**

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Trade receivables	6,239,103	6,397,762	4,132,777	4,152,105
Less: Allowance for doubtful debts	(10,000)	-	-	-
	<u>6,229,103</u>	<u>6,397,762</u>	<u>4,132,777</u>	<u>4,152,105</u>

Trade receivables of the Group represents amounts outstanding for provision of advertising media services, sales of licensed products and general trading and, royalty income on sub-licensing services.

The credit period granted by the Group ranges from 14 to 70 days (2002: 14 to 70 days).

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Other receivables	2,481,377	1,396,899	2,173,668	1,115,658
Refundable deposits	47,365	355,760	-	-
Prepaid expenses	1,127,867	741,184	493,961	367,274
	<u>3,656,609</u>	<u>2,493,843</u>	<u>2,667,629</u>	<u>1,482,932</u>

16. **HOLDING COMPANY AND RELATED PARTY TRANSACTIONS**

The Company is a subsidiary of Rediffusion Berhad, a company incorporated in Malaysia and listed on the Kuala Lumpur Stock Exchange.

The amount owing by subsidiary companies arose mainly from advances, interest charged, management fees and payment on behalf. The amount is interest free and has no fixed terms of repayment.

The amount owing by related parties arose mainly from expenses paid on behalf which is unsecured, interest free and has no fixed terms of repayment.

The amount owing to holding company arose mainly from advances, interest charged, management fees and payment on behalf. The amount is interest free and has no fixed terms of repayment.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company are as follows:

Name of related parties	Relationship
Arab-Malaysian Corporation Berhad	Substantial shareholder of the holding company
MCM (Labuan) Incorporated	A wholly-owned subsidiary of Arab-Malaysian Corporation Berhad

During the financial year, significant related party transactions are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Holding company				
Management fee	105,780	79,380	79,380	79,380
Interest income	-	2,610	-	2,610

	The Company	
	2003	2002
	RM	RM
Subsidiary companies		
Rental receivable	54,000	87,600
Management fees	26,400	72,000
Interest income on advances	-	187,690
Administrative expenses charged to subsidiary companies	-	135,600

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

17. **TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES**

Trade payables comprise amounts outstanding for trade purchases.

The credit period granted to the Group ranges from 30 to 45 days (2002: 30 to 45 days).

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Other payables	2,594,047	824,842	711,078	628,940
Accrued expenses	538,659	617,673	231,397	286,928
	<u>3,132,706</u>	<u>1,442,515</u>	<u>942,475</u>	<u>915,868</u>

18. HIRE-PURCHASE PAYABLES

	The Group and The Company	
	2003	2002
	RM	RM
Total outstanding	80,933	305,117
Less: Interest-in-suspense	<u>(7,218)</u>	<u>(27,657)</u>
Principal outstanding	73,715	277,460
Less: Amount due within one year (shown under current liabilities)	<u>(73,715)</u>	<u>(206,287)</u>
Non-current portion	<u>-</u>	<u>71,173</u>

The non-current portion as of March 31, 2003 is payable as follows:

	The Group and The Company	
	2003	2002
	RM	RM
Financial year ending March 31, 2004	<u>-</u>	<u>71,173</u>

The interest rates implicit in these hire-purchase payables of the Group and of the Company ranges from 9.14% to 10.23% (2002 : 9.14% to 10.23%) per annum.

19. BORROWINGS

	The Group and The Company	
	2003	2002
	RM	RM
Bank overdraft	375,254	-
Term loan	<u>-</u>	<u>347,691</u>
	375,254	347,691
Less: Amount due within one year (shown under current liabilities)	<u>(375,254)</u>	<u>(126,406)</u>
Non-current portion	<u>-</u>	<u>221,285</u>

The non-current portion is repayable as follows:

	The Group	
	2003	2002
	RM	RM
Financial years ending March 31,		
2004	-	144,007
2005	-	77,278
	<u>-</u>	<u>221,285</u>

The Company has term loan and overdraft facilities of RM1,260,700 (2002 : RM1,260,700) with a bank which are secured by way of first legal charge over the freehold building of the Company as mentioned in Note 10, a corporate guarantee by the holding company and a personal guarantee by a director of the Company. The term loan and overdraft facilities bear interest at rates ranging from 8.15% to 9.50% (2002 : 8.15% to 9.50%) per annum.

20. DEFERRED TAX LIABILITIES

	The Group and The Company	
	2003	2002
	RM	RM
At beginning of year	-	-
Transfer from income statement (Note 9)	<u>90,000</u>	<u>-</u>
At end of year	<u>90,000</u>	<u>-</u>

The deferred tax liability is in respect of the tax effects of timing differences between tax capital allowance and book depreciation of property, plant and equipment.

21. SHARE CAPITAL

Share capital is represented by:

	The Company	
	2003	2002
	RM	RM
Authorised:		
100,000 ordinary shares of RM1 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
100,000 ordinary shares of RM1 each	<u>100,000</u>	<u>100,000</u>

22. UNAPPROPRIATED PROFIT

Distributable reserves are those available for distribution by way of dividends. Taking into consideration the amount in the tax exempt income account as mentioned in Note 9 and based on the estimated tax credit available and the prevailing tax rate applicable to dividends, the Company is able to frank the payment of cash dividends out of its entire unappropriated profit as of March 31, 2003 without incurring additional liability.

23. DIVIDEND

	The Group and the Company	
	2003	2002
	RM	RM
Interim dividend:		
- 4,631% (tax exempt) in 2003; Nil in 2002	4,651,349	-
- 13,778% (less 28% tax) in 2003; Nil in 2002	<u>9,920,080</u>	<u>-</u>
	<u>14,571,429</u>	<u>-</u>

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Fixed deposits with licensed banks	2,736,062	1,575,728	2,736,062	1,575,728
Cash and bank balances	903,494	1,754,044	77,715	769,950
Bank overdraft (Note 19)	<u>(375,254)</u>	<u>-</u>	<u>(375,254)</u>	<u>-</u>
	<u>3,264,302</u>	<u>3,329,772</u>	<u>2,438,523</u>	<u>2,345,678</u>

25. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

(i) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing borrowings. The interest rates of the Group's borrowings are disclosed in Note 19.

(ii) Credit risk

The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history.

(iii) Liquidity risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

(iv) Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The Group's and the Company's principal financial assets are fixed deposits, cash and bank balances, trade and other receivables, amount owing by related parties and amount owing by subsidiary companies.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual agreement.

Significant financial liabilities include trade and other payables, hire-purchase payables, borrowings, amount owing to holding company and amount owing to associated company.

Borrowings are recorded at the proceeds received. Finance charges, including premium payable on settlement, are accounted for on an accrual basis.

Equity instruments are recorded at the proceeds received net of direct issue costs.

Fair Values

The related party balances as disclosed in Note 16 are substantially without definite term and as such, it is not practical to determine the fair values of those balances with sufficient reliability.

Other than disclosed above, the fair values of the financial assets and financial liabilities reported in the balance sheet approximate the carrying value because of the immediate or short maturity of these instruments.

Company No: 151112 - A

POS AD SDN. BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **POS AD SDN. BHD.** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of March 31, 2003 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

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



CHEW KENG YONG



LEE KEEN PONG

Kuala Lumpur,

23 JUL 2003

**DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR
THE FINANCIAL MANAGEMENT OF THE COMPANY**


I, **CHEW KENG YONG**, the director primarily responsible for the financial management of **POS AD SDN. BHD.**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity, 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.



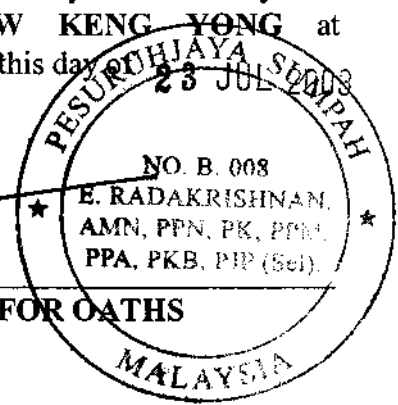
CHEW KENG YONG

Subscribed and solemnly declared by the
abovenamed **CHEW KENG YONG** at
~~KUALA LUMPUR~~ this day **23 JUL 2003**
Petaling Jaya

Before me,



COMMISSIONER FOR OATHS


The seal is circular with the text "PESURUHJAYA SEMPANG" around the top and "MALAYSIA" around the bottom. In the center, it reads: "NO. B. 008", "E. RADAKRISHNAM.", "AMN, PPN, PK, PPM.", "PPA, PKB, PIP (Sel).", and "23 JUL 2003".