

**KAANAPALI DEVELOPMENT CORP.
FINANCIAL STATEMENTS
DECEMBER 31, 2003
(UNAUDITED)**

Exhibit "M"

KAANAPALI DEVELOPMENT CORP.
BALANCE SHEET
December 31, 2003
(unaudited)

Assets

Cash and cash equivalents	\$ 18,667,914
Receivables	168,723
Property, net	54,268,212
Other assets	1,834,119
Investments in unconsolidated entities, at equity	<u>30,799,568</u>
	<u>\$ 105,738,536</u>

Liabilities and Stockholders' Equity

Accounts payable and accrued expenses	\$ 244,576
Other liabilities	<u>3,628,194</u>
	3,872,770
Commitments and contingencies	
Stockholder's Equity	<u>101,865,766</u>
	<u>\$ 105,738,536</u>

KAANAPALI DEVELOPMENT CORP.

Statement of Operations
Year ended December 31, 2003
(unaudited)

Revenues:

Sales	\$ 5,582,186
Interest income	<u>20,575</u>
	5,602,761

Expenses:

Selling, general and administrative	1,407,698
Depreciation and amortization	<u>86,198</u>
	<u>1,493,896</u>

Operating income 4,108,865

Equity in income from unconsolidated
investments 6,817,584

Net Income \$ 10,926,449

KAANAPALI DEVELOPMENT CORP.
Notes to Financial Statements

KDC's property, together with certain other property held by other entities affiliated with KDC and together with KDC, all collectively 100 % owned by Kaanapali Land, LLC ("Kaanapali Land"), is security for a \$70,000,000 promissory note owed to Kaanapali Land. The promissory note is held in the accounts of one of the affiliates of KDC and is therefore not included in the accompanying balance sheet of KDC. The note matures on October 31, 2011 and bears interest at 3.04%, compounded semi-annually.

KDC is part of a consolidated group for federal and state income taxes. Accordingly, the liability for income taxes is not reflected in the accompanying financial statements.

Property is stated at cost. Project costs associated with the acquisition, development and construction of real estate projects are capitalized and classified as Property, net.