PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of property and investment holding, real property development and provision of management services.

The principal activities of the subsidiaries are described in Note 5 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit after taxation	13,184,700	1,699,435
Minority interests	(5,654,777)	-
Net profit attributable to shareholders	7,529,923	1,699,435

DIVIDEND

The amount of dividend paid by the Company since 31 December 2001 was as follows:

	RM
In respect of the financial year ended 31 December 2001:	
Ordinary final dividend of 2% less 28% taxation paid on 25 September 2002	1,008,000

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2002 of 2% on 70,000,000 ordinary shares less 28% taxation amounting to a total dividend of RM1,008,000 (1.4 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2003.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off as bad debts or provided for as doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are as disclosed in Note 37 to the financial statements.

Company No. : 210915 – U

DIRECTORS

The directors who served since the date of last report are:

Dato' Ir Haji Harun bin Ahmad Saruji DPMP, AMP
Kamaldeen bin Abdul Kader
Tuan Haji Iskhak bin Bardan PMP, KMN
Dr. Nawawi bin Mat Awin
Dato' Hj Mohd Zaim bin Hj Abu Hasan DPMP, AMP, PPT
Dato' Azian bin Osman DPMP, AMP
Noor Asmah bt Mohd Nawawi
YM Raja Ahmad Aminollah bin Raja Abdullah PCP, PMP (retired by rotation on 26 June 2002)
Dato' Abd Wahab bin Maskan DPTJ (resigned on 4 April 2003)
Tuan Haji Megat Dziauddin bin Megat Mahmud (alternate director to Dato' Abd Wahab bin Maskan DPTJ) (resigned on 4 April 2003)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to 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 Note 28 to the financial statements or the fixed salary of a full time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with the 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 as disclosed in Notes 13, 14, 19 and 33 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 and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1 January 2002	Bought	Sold	31 De 2002
The Company				
Dato' Ir Haji Harun bin Ahmad Saruji DPMP, AMP	9,000	-	-	9,000
Tuan Haji Iskhak bin Bardan PMP, KMN	10,000	-	-	10,000

Company No. : 210915 – U

DIRECTORS' INTERESTS (CONT'D)

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

AUDITORS

Our auditors, Arthur Andersen & Co., retire and do not seek re-appointment. A resolution to appoint Ernst & Young will be proposed at the forthcoming Annual General Meeting.

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

DATO' IR HAJI HARUN BIN
AHMAD SARUJI DPMP, AMP

TUAN HAJI ISKHAK BIN
BARDAN PMP, KMN

Ipoh
Date:

Company No. : 210915 – U

PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, DATO' IR HAJI HARUN BIN AHMAD SARUJI DPMP, AMP and TUAN HAJI ISKHAK BIN BARDAN PMP, KMN, being two of the directors of PERAK CORPORATION BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 9 to 82 give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2002 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

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

DATO' IR HAJI HARUN BIN
AHMAD SARUJI DPMP, AMP

TUAN HAJI ISKHAK BIN
BARDAN PMP, KMN

Ipoh
Date:

STATUTORY DECLARATION

I, DATO' SAMSUDIN BIN HASHIM DPMP, PMP, AMP, the officer primarily responsible for the financial management of PERAK CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 9 to 82 are, to the best of my knowledge and belief, 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 DATO' SAMSUDIN BIN	)	
HASHIM DPMP, PMP, AMP at Ipoh in	)	
the State of Perak Darul Ridzuan	)	DATO' SAMSUDIN BIN
on	)	HASHIM DPMP, PMP, AMP

Before me:

Commissioner for Oaths

AUDITORS' REPORT

To the Shareholders of
PERAK CORPORATION BERHAD

We have audited the financial statements set out on pages 9 to 82. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:

  (i) the state of affairs of the Group and the Company as at 31 December 2002 and of their results and their cash flows for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co.
No. AF 0103
Chartered Accountants

Adrian Tsen Keng Yam
No. 1314/5/04 (J)
Partner of the Firm

Ipoh
Date:

Company No. : 210915 – U

PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET – 31 DECEMBER 2002

	Note	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	101,885,909	106,312,916
Land and development expenditure	4	123,271,699	131,676,801
Associated company	6	2,586,262	2,783,107
Other investments	7	4,647,500	4,647,500
Net goodwill arising on consolidation	8	29,429,619	31,535,903
Other intangible assets	9	28,249	41,143
Sinking fund account	10	1,768,600	3,350,483
		263,617,838	280,347,853
CURRENT ASSETS			
Development properties	4	123,961,340	87,045,256
Inventories	12	22,695,881	17,900,789
Trade receivables	13	104,340,017	106,980,225
Other receivables	14	113,177,827	114,867,649
Cash and bank balances	15	17,688,279	13,890,271
		381,863,344	340,684,190
CURRENT LIABILITIES			
Short term borrowings	16	111,547,624	107,569,680
Trade payables	18	16,292,427	16,595,669
Other payables	19	38,598,768	32,536,351
Taxation		8,234,464	6,393,734
		174,673,283	163,095,434
NET CURRENT ASSETS		207,190,061	177,588,756
		470,807,899	457,936,609

Company No. : 210915 – U

	Note	2002 RM	2001 RM
FINANCED BY:			
Share capital	20	70,000,000	70,000,000
Share premium		190,497,543	190,497,543
Retained profits		62,910,411	56,388,488
Shareholders' equity		323,407,954	316,886,031
Minority interests		62,855,592	57,200,814
		386,263,546	374,086,845
Redeemable preference shares	21	73,390,000	73,390,000
Long term borrowings	23	7,145,049	6,545,680
Retirement benefits	24	269,504	220,284
Deferred taxation	25	3,739,800	3,693,800
Non-current liabilities		84,544,353	83,849,764
		470,807,899	457,936,609

The accompanying notes are an integral part of this balance sheet.

Company No. : 210915 – U

PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 RM	2001 RM
Revenue	26	175,251,172	173,207,389
Cost of sales	27	(84,818,842)	(96,506,174)
Gross profit		90,432,330	76,701,215
Other operating income		1,811,222	2,395,271
Distribution costs		(28,541,881)	(3,703,423)
Administrative expenses		(21,543,788)	(19,613,879)
Other operating expenses		(11,074,925)	(32,950,708)
Gain on disposal of subsidiaries		-	8,857,566
Profit from operations	28	31,082,958	31,686,042
Finance costs	29	(7,524,913)	(3,201,118)
Share of loss of an associated company		(196,846)	(237,709)
Profit before taxation		23,361,199	28,247,215
Taxation	30	(10,176,499)	(6,548,889)
Profit after taxation		13,184,700	21,698,326
Minority interests		(5,654,777)	(3,581,075)
Net profit attributable to shareholders		7,529,923	18,117,251
Earnings per share (sen)			
Basic	31	10.8	25.9

The accompanying notes are an integral part of this statement.

Company No. : 210915 – U

PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2002

		Non Distributable	Distributable	
	Share capital RM	Share premium RM	Retained profits RM	Total RM
At 1 January 2001	70,000,000	190,497,543	40,427,637	300,925,180
Net profit for the year	-	-	18,117,251	18,117,251
Dividends paid in relation to redeemable preference shares of a sub-subsidiary [Note 32(b)]	-	-	(2,156,400)	(2,156,400)
At 31 December 2001	70,000,000	190,497,543	56,388,488	316,886,031
Net profit for the year	-	-	7,529,923	7,529,923
Dividends [Note 32(a)]	-	-	(1,008,000)	(1,008,000)
At 31 December 2002	70,000,000	190,497,543	62,910,411	323,407,954

The accompanying notes are an integral part of this statement.

Company No. : 210915 – U

PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,361,199	28,247,215
Adjustments for:		
Amortisation of goodwill arising on consolidation	2,164,637	2,227,190
Amortisation of intangible assets	26,234	34,012
Amortisation of reserve arising on consolidation	(58,353)	(58,352)
Attributable profits on development projects	(1,499,016)	(5,302,512)
Bad debts written off	-	81,699
Depreciation	5,209,527	5,964,909
Development expenditure written off	12,252	1,532,588
Dividend income	(147,920)	(203,384)
Gain on disposal of property, plant and equipment	(42,461)	(1,270,542)
Gain on disposal of subsidiaries	-	(8,857,566)
Impairment loss on project expenditure	-	293,299
Intangible assets written off	-	2,500
Interest expenses	2,284,216	3,085,848
Interest income	(912,847)	(949,218)
Inventories written down	80,461	-
Inventories written off	100,000	-
Property, plant and equipment written off	816,088	2,198
Provision for doubtful debts	120,508	11,939
Provision for doubtful debts written back	-	(71,677)
Provision for retirement benefits	66,155	81,641
Redeemable preference shares dividends	5,090,042	-
Share of loss of associated company	196,845	237,709
Operating profit before working capital changes	36,867,567	25,089,496
Increase in development properties	(33,565,995)	(16,359,589)
Decrease/(increase) in receivables	1,334,055	(11,646,320)
(Increase)/decrease in inventories	(4,975,553)	6,874,587
Increase in payables	4,017,148	3,026,788
Cash generated from operations	3,677,222	6,984,962
Taxes paid	(7,478,567)	(3,127,532)
Royalties paid	(2,205,496)	(3,111,761)
Retirement benefits paid	(36,294)	(7,150)
Net cash (used in)/generated from operating activities	(6,043,135)	738,519

	2002 RM	2001 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of advances from/(advances to) related companies	93,084	(70,000)
Dividends received	140,672	203,384
Interest received	912,847	949,218
Land and development expenditure	7,863,951	17,642,076
Net cash obtained from acquisition of a subsidiary	-	64,351
Payments for preliminary expense	-	(2,500)
Payments for trademarks	(13,340)	(45,326)
Proceeds from disposal of property, plant and equipment	45,799	1,943,900
Proceeds from disposal of subsidiaries	-	11,610,211
Purchase of port facilities (Note 4)	(547,687)	(9,564,869)
Purchase of property, plant and equipment [Note 3(b)]	(1,979,114)	(2,969,348)
Net cash generated from investing activities	6,516,212	19,761,097
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from ultimate holding corporation	2,780,751	1,683,211
Dividend paid	(1,008,000)	(1,008,000)
Drawdown of loan and financing facilities	4,000,000	-
Interest paid	(2,284,216)	(3,085,848)
Net increase/(decrease) in short term borrowings	1,174,777	(3,711,876)
Placement of deposits pledged	(694,236)	(1,386,545)
Repayment of advances to minority shareholders	(1,056,815)	(4,312,656)
Repayment of hire purchase and lease financing	(603,450)	(867,754)
Repayment of loan and financing facilities	(3,303,000)	(6,817,714)
Repayment to ultimate holding corporation	(946,145)	(842,429)
Withdrawal from sinking fund	1,581,883	1,520,087
Net cash used in financing activities	(358,451)	(18,829,524)
NET INCREASE IN CASH AND CASH EQUIVALENTS	114,626	1,670,092
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,896,577	5,226,485
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,011,203	6,896,577

	2002 RM	2001 RM
Cash and cash equivalents comprise		
Cash and bank balances	6,120,378	5,383,825
Deposits with licensed banks	11,567,901	8,506,446
Bank overdrafts	(6,284,295)	(3,295,149)
	11,403,984	10,595,122
Deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(4,392,781)	(3,698,545)
	7,011,203	6,896,577

The accompanying notes are an integral part of this statement.

Company No. : 210915 – U

PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

BALANCE SHEET – 31 DECEMBER 2002

	Note	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	11,187,295	11,374,749
Subsidiaries	5	18,004,833	17,104,833
Associated company	6	3,992,793	3,992,793
Other investments	7	4,647,500	4,647,500
Due from subsidiaries	11	210,190,861	211,770,287
		248,023,282	248,890,162
CURRENT ASSETS			
Development properties	4	20,264,893	18,448,867
Other receivables	14	104,432,077	105,366,273
Cash and bank balances	15	282,045	345,100
		124,979,015	124,160,240
CURRENT LIABILITIES			
Short term borrowings	16	100,244,459	100,369,599
Other payables	19	1,932,896	2,176,265
Taxation		646,607	909,218
		102,823,962	103,455,082
NET CURRENT ASSETS		22,155,053	20,705,158
		270,178,335	269,595,320
FINANCED BY:			
Share capital	20	70,000,000	70,000,000
Share premium		190,497,543	190,497,543
Retained profits		8,371,786	7,680,351
Shareholders' equity		268,869,329	268,177,894
Due to a subsidiary	22	1,283,358	1,381,540
Long term borrowings	23	25,648	35,886
		1,309,006	1,417,426
		270,178,335	269,595,320

The accompanying notes are an integral part of this balance sheet.

Company No. : 210915 – U

PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 RM	2001 RM
Revenue	26	5,615,913	3,919,377
Cost of sales	27	(1,481,318)	-
Gross profit		4,134,595	3,919,377
Other operating income		856,654	930,155
Administrative expenses		(931,815)	(933,071)
Other operating expenses		(1,068,462)	(1,026,136)
Profit from operations	28	2,990,972	2,890,325
Finance costs	29	(787,907)	(891,108)
Profit before taxation		2,203,065	1,999,217
Taxation	30	(503,630)	(932,300)
Net profit for the year		1,699,435	1,066,917

The accompanying notes are an integral part of this statement.

Company No. : 210915 – U

PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2002

		Non Distributable	Distributable	
	Share capital RM	Share premium RM	Retained profits RM	Total RM
At 1 January 2001	70,000,000	190,497,543	6,613,434	267,110,977
Net profit for the year	-	-	1,066,917	1,066,917
At 31 December 2001	70,000,000	190,497,543	7,680,351	268,177,894
Net profit for the year	-	-	1,699,435	1,699,435
Dividend [Note 32(a)]	-	-	(1,008,000)	(1,008,000)
At 31 December 2002	70,000,000	190,497,543	8,371,786	268,869,329

The accompanying notes are an integral part of this statement.

Company No. : 210915 – U

PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,203,065	1,999,217
Adjustments for:		
Depreciation	197,323	181,935
Dividend income	(1,642,364)	(1,597,828)
Interest expenses	787,907	891,108
Interest income	(837,692)	(918,155)
Provision for doubtful debts	-	334,182
Operating profit before working capital changes	708,239	890,459
Increase in development properties	(1,816,026)	(8,749,093)
Decrease in receivables	514,396	8,007,319
(Decrease)/increase in payables	(341,551)	435,588
Cash (used in)/generated from operations	(934,942)	584,273
Taxes paid	(766,241)	(567,344)
Net cash (used in)/generated from operating activities	(1,701,183)	16,929
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of advances from/(advances to) related companies	93,084	(70,000)
Dividends received	1,642,364	1,597,828
Interest received	9,228	6,536
Purchase of property, plant and equipment [Note 3(b)]	(9,869)	(81,021)
Purchase of shares in a subsidiary	-	(2)
Net cash generated from investing activities	1,734,807	1,453,341

	2002 RM	2001 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from ultimate holding corporation	2,780,751	1,683,211
Dividend paid	(1,008,000)	(1,008,000)
Interest paid	(787,907)	(891,108)
Net decrease in short term borrowings	(111,223)	(233,545)
Repayment of hire purchase financing	(24,155)	(17,339)
Repayment to ultimate holding corporation	(946,145)	(842,429)
Net cash used in financing activities	(96,679)	(1,309,210)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(63,055)	161,060
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	345,100	184,040
CASH AND CASH EQUIVALENTS AT END OF YEAR	282,045	345,100

The accompanying notes are an integral part of this statement.

PERAK CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2002

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company consist of property and investment holding, real property development and provision of management services. The principal activities of the subsidiaries are described in Note 5.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Kuala Lumpur Stock Exchange. The registered office and principal place of business of the Company is located at 7th Floor, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak.

The holding and ultimate holding corporation of the Company is Perbadanan Kemajuan Negeri Perak, a body corporate established under Perak Enactment No. 3 of 1967.

The number of employees in the Group and in the Company at the end of the financial year were 1,201 (2001 : 1,089) and 8 (2001 : 8) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 April 2003.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and 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.

During the financial year, the Group adopted prospectively MASB 24 – Financial Instruments: Disclosure and Presentation whereby the Redeemable Preference Shares ("RPS") [Note 35(b)], are now classified as a financial liability and the preference dividends due and to be declared on the RPS are classified as financial costs. Accordingly, the annual dividend obligation is accrued for in full by reference to each RPS holders' cost of funds obtainable on a 3 or 6 months basis plus 1.25% for the current financial period and the treatment of the total cumulative gross dividends which were previously deferred have been and shall be amortised over the remaining term of the RPS. As at 31 December 2002, the RPS are classified as long term liabilities which were previously shown as part of minority interests.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) 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) Dividend income

Dividend income from quoted investments and subsidiaries is recognised when the shareholder's right to receive payment is established.

(ii) Development properties

Revenue from sale of development properties is accounted for under the percentage of completion method, where the outcome of the projects can be reliably estimated. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs. All anticipated losses are fully provided for.

In the previous year, the percentage of completion of a subsidiary was determined by reference to the proportionate sales value of development properties sold attributable to the percentage of development work certified during that financial year. The effect of this change in the accounting estimates does not have a material impact on the Group's results.

Profit from joint development project of a subsidiary is recognised based on guaranteed amount received during the year.

(iii) Hotel related operations

Revenue from hotel related operations comprising rental of hotel rooms, sale of food and beverage and other related income are recognised on an accrual basis.

(iv) Management fees

Management fees in respect of the management services provided by the Company are recognised on receivable basis.

(v) Mobilisation fees

Mobilisation fees are recognised on receivable basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Revenue Recognition (Cont'd)

(vi) Port services

Revenue from port services and provision of container services are measured at the fair value of the consideration receivable and are recognised in the income statement on rendered basis. Revenue from LBT O&M is recognised in the income statement on an accrual basis.

(vii) Proceeds from bus fare collection and provision of charter services

Proceeds received from bus fare collections and provision of charter services are recognised when services are rendered.

(viii) Rental income

Rental income is recognised on a receivable basis.

(ix) Sale of goods

Revenue relating to sale of goods is recognised net of discounts and rebates when transfer of risks and rewards have been completed.

(x) Sale of land

Revenue relating to sale of port development land is recognised on a percentage of completion basis. Revenue relating to sale of vacant land represents the proportionate sales value of land sold attributable to the percentage of sales value received during the financial year. In sale of land where the subsidiary has insignificant risk of ownership, revenue is recognised in full.

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

The difference between the cost of an acquisition over 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 balance sheet as goodwill or reserve arising on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Basis of Consolidation (cont'd)

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

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

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

(d) Associated Company

The Group treats as an associated company that company in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investment in an associated company is accounted for in the consolidated financial statements by the equity method of accounting based on the management financial statements of the associated company.

The Group's share of post-acquisition profits less losses of the associated company is included in the consolidated income statement and the Group's interest in the associated company is stated at cost less the Group's share of post acquisition accumulated losses and reserves.

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

The difference between the purchase consideration and the fair value of net assets acquired is reflected as goodwill or reserve on acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Goodwill/Reserve Arising on Consolidation

Goodwill/reserve arising on consolidation represents the difference between the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiaries or associated company at the date of acquisition.

Goodwill/reserve arising on consolidation is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r). Goodwill/reserve arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill/reserve arising on the acquisition of the associated company is included within the carrying amount of investment in the associated company.

Goodwill/reserve arising on consolidation is amortised or credited to the income statement on a straight-line basis over a period of not more than 20 years.

(f) Investments in Subsidiaries and Associated Company

Investments in subsidiaries and associated company are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(g) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences, whether realised or unrealised, are taken to the income statement.

The principal exchange rate for every unit of foreign currency ruling at the balance sheet date used is as follows:

	2002 RM	2001 RM
United States Dollar	3.80	3.80

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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(r).

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective lease which ranges from 30 to 99 years as follows:

Long term leasehold land	over 51 – 99 years
Short term leasehold land and buildings	over 30 years

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

Buildings	2% – 5%
Plant and machinery	10% – 20%
Other assets	
Equipment, furniture and fittings	5% – 25%
Motor vehicles	10% – 25%
Linen and tableware	20% – 25%
Refurbishment and renovations	10 years

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Land and Development Expenditure

(i) Land held for development

Land held for development consists of land held for future development and where no significant development has been undertaken and are stated at cost. Cost includes cost of land and attributable development expenditure. Such assets are transferred to development properties when significant development work has been undertaken and are expected to be completed within the normal operating cycle.

(ii) Development of port facilities and properties

Land is stated at the lower of cost and net realisable value. Development expenditure comprises cost of land and all direct expenses relating to the development of port facilities and properties.

The principal annual rates of depreciation are:

Leasehold portland	over 99 years
Port structure	over 50 years
Port equipment	over 10 – 20 years

All expenditure incurred, associated with development of port facilities inclusive of interest cost, are capitalised in accordance with Note 2(s)(v) and amortised over the estimated useful life.

Amortisation of the port structure is based on the revenue method where the cost is amortised based on the total actual revenue in the year over total expected revenue to be generated from the port operations during the period of its estimated useful life.

(iii) Development of tourism projects

Development expenditure represents tourism projects related expenditure undertaken by a subsidiary and is stated at cost. Ultimate recovery of such expenditure is dependent on the successful implementation of the projects. Should the directors consider the implementation to be no longer successful, the accumulated expenditure applicable will be charged to income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Development Properties

Land and development expenditure whereby significant development work has been undertaken and is expected to be completed within the normal operating cycle are classified as development properties. Development properties are stated at cost plus profits less losses and applicable progress billings. Cost includes cost of land, all direct building cost, and other related development expenditure, including interest expenses incurred during the period of active development.

Development properties of a subsidiary also include cost of land and other related expenditure incurred in a joint development project.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis except that in certain subsidiaries, it is determined on a first-in, first-out basis. Cost of finished goods and work-in-progress includes, where appropriate, direct materials, direct labour and an appropriate portion of production overheads. Cost of raw materials, sundry supplies and food and beverage comprise the purchase price and cost of bringing the inventories to location. The impact of adopting different accounting policies as stated above does not have a material impact on the Group's results.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution, where relevant.

(l) Deferred Taxation

The tax expense for the year is based on the profit for the year, as adjusted for tax purposes, together with a charge or credit for deferred taxation.

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases

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

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 Company'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 charged to 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(h).

(n) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits with licensed financial institutions, but do not include deposits with licensed financial institutions which have been pledged for guarantee and other bank facilities granted to the Group and the Company as collaterals, and net of outstanding bank overdrafts.

(o) 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 (CONT'D)

(p) Retirement Benefits

A subsidiary operates an unfunded defined benefit scheme under a Collective Agreement with the National Union of Hotel, Bar and Restaurant Workers, Peninsular Malaysia. The retirement benefits in respect of eligible employees as set out in the Collective Agreement will be provided for in the financial statements upon ten years prior to the respective employee's retirement age.

The subsidiary has done its own computation to determine the provision needed in respect of the scheme and an actuarial valuation has not been carried out during the year.

Subsequent to the financial year, the subsidiary has engaged an actuary to determine the cost of retirement benefits on actuarial valuations using the Actuarial Cost Method for the subsidiary. The effects of this change in accounting policy of approximately RM400,000 will be reflected in the Group's and subsidiary's financial statements in the coming year, following the adoption of MASB 29. As permitted, the Group will recognise the amount as an expense on a straight line basis over up to 5 years from the date of adoption.

(q) Other Intangible Assets

The Group's other intangible assets represent cost incurred in the registration of trademarks which are amortised over a period of three years.

(r) Impairment of Assets

At each balance sheet date, the Group reviews the carrying values of its assets, other than inventories, assets arising from construction contracts and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. 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. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to 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 and an associated company are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(ii) Marketable Securities

Marketable securities are carried at lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement. On disposal of marketable securities, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(iii) Receivables

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.

(iv) Payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Financial Instruments (cont'd)

(v) Interest-Bearing Borrowings

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

Borrowings are reported at their face values. Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until:

(i) port construction is completed and ready for use; and

(ii) properties under development are brought to their saleable position.

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

(vi) Equity Instruments

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

Preference shares are classified as equity when the shares are non-redeemable and dividends are discretionary at the option of the issuer. Preference shares are classified as liability if the shares are redeemable on a specific date or at the option of the shareholders and dividends thereon are recognised in the income statement as interest expense.

(t) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

(u) Intersegment Transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length transactions. These transfers are eliminated on consolidation.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM	Plant and machinery RM	Other assets** RM	Total RM
Cost				
At 1 January 2002	102,478,069	4,060,621	29,780,517	136,319,207
Additions	66,296	101,105	1,940,713	2,108,114
Disposals	-	-	(136,413)	(136,413)
Transfer to development properties	(1,927,259)	-	-	(1,927,259)
Write-offs	-	(775,648)	(2,532,068)	(3,307,716)
At 31 December 2002	100,617,106	3,386,078	29,052,749	133,055,933
Accumulated Depreciation				
At 1 January 2002	8,872,508	3,382,814	17,750,969	30,006,291
Charge for the year	1,300,593	171,126	2,458,130	3,929,849
Disposals	-	-	(133,075)	(133,075)
Transfer to development properties	(141,413)	-	-	(141,413)
Write-offs	-	(771,308)	(1,720,320)	(2,491,628)
At 31 December 2002	10,031,688	2,782,632	18,355,704	31,170,024
Net Book Value				
At 31 December 2002	90,585,418	603,446	10,697,045	101,885,909
At 31 December 2001	93,605,561	677,807	12,029,548	106,312,916
Depreciation charge for 2001	1,304,138	1,018,068	2,571,807	4,894,013

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Land and buildings

Group	Freehold land RM	Long term leasehold land RM	Short term leasehold land and building RM	Buildings RM	Capital work-in-progress RM	Total RM
Cost						
At 1 January 2002	24,922,500	28,804,000	203,915	45,630,000	2,917,654	102,478,069
Additions	-	-	-	-	66,296	66,296
Transfer to development properties	-	(1,527,259)	-	-	(400,000)	(1,927,259)
Transfers	-	-	-	2,583,950	(2,583,950)	-
At 31 December 2002	24,922,500	27,276,741	203,915	48,213,950	-	100,617,106
Accumulated Depreciation						
At 1 January 2002	-	2,084,948	95,160	6,692,400	-	8,872,508
Charge for the year	-	329,517	6,797	964,279	-	1,300,593
Transfer to development properties	-	(141,413)	-	-	-	(141,413)
At 31 December 2002	-	2,273,052	101,957	7,656,679	-	10,031,688
Net Book Value						
At 31 December 2002	24,922,500	25,003,689	101,958	40,557,271	-	90,585,418
At 31 December 2001	24,922,500	26,719,052	108,755	38,937,600	2,917,654	93,605,561
Depreciation charge for 2001	-	344,569	6,798	952,771	-	1,304,138

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

** Other assets

Group	Equipment, furniture and fittings RM	Motor vehicles RM	Linen and tableware RM	Refurbishment and renovations RM	Total RM
Cost					
At 1 January 2002	26,024,644	3,056,702	267,386	431,785	29,780,517
Additions	1,724,319	216,394	-	-	1,940,713
Disposals	(17,087)	(119,326)	-	-	(136,413)
Write-offs	(2,264,682)	-	(267,386)	-	(2,532,068)
At 31 December 2002	25,467,194	3,153,770	-	431,785	29,052,749
Accumulated Depreciation					
At 1 January 2002	15,591,340	1,805,886	267,386	86,357	17,750,969
Charge for the year	1,958,177	456,775	-	43,178	2,458,130
Disposals	(13,751)	(119,324)	-	-	(133,075)
Write-offs	(1,452,934)	-	(267,386)	-	(1,720,320)
At 31 December 2002	16,082,832	2,143,337	-	129,535	18,355,704
Net Book Value					
At 31 December 2002	9,384,362	1,010,433	-	302,250	10,697,045
At 31 December 2001	10,433,304	1,250,816	-	345,428	12,029,548
Depreciation charge for 2001	2,075,267	453,361	-	43,179	2,571,807

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Long term leasehold land and building RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost				
At 1 January 2002	11,934,000	41,268	231,841	12,207,109
Additions	-	9,869	-	9,869
At 31 December 2002	11,934,000	51,137	231,841	12,216,978
Accumulated Depreciation				
At 1 January 2002	710,358	29,148	92,854	832,360
Charge for the year	142,073	8,884	46,366	197,323
At 31 December 2002	852,431	38,032	139,220	1,029,683
Net Book Value				
At 31 December 2002	11,081,569	13,105	92,621	11,187,295
At 31 December 2001	11,223,642	12,120	138,987	11,374,749
Depreciation charge for 2001	142,072	10,609	29,254	181,935

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

	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Plant and machinery	74,900	276,622	-	-
Other assets				
Equipment, furniture and fittings	299,220	816,740	-	-
Motor vehicles	765,569	883,114	92,621	69,637
	1,139,689	1,976,476	92,621	69,637

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) During the year, the property, plant and equipment of the Group and the Company were acquired by means of:

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Cash payments	1,979,114	2,969,348	9,869	81,021
Hire purchase and lease financing	129,000	628,470	-	45,000
	2,108,114	3,597,818	9,869	126,021

(c) The net book values of property, plant and equipment of the Group pledged to financial institutions for banking facilities granted to the subsidiaries as referred to Notes 16 and 23 are as follows:

	Group	
	2002	**2001**
	RM	**RM**
Short term leasehold land and buildings	101,958	108,755
Long term leasehold land and buildings	51,739,166	54,833,010
	51,841,124	54,941,765

(d) Included in the property, plant and equipment of the Group and the Company are the following costs of fully depreciated assets which are still in use:

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Plant and machinery	5,248,215	4,815,031	-	-
Other assets				
Equipment, furniture and fittings	4,916,059	6,347,288	29,305	-
Motor vehicles	585,065	320,735	106,000	-
	10,749,339	11,483,054	135,305	-

4. LAND AND DEVELOPMENT EXPENDITURE/DEVELOPMENT PROPERTIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Land, at cost*				
At 1 January	107,877,065	102,644,392	18,448,867	9,699,774
Add : Transfer from property, plant and equipment	1,785,846	-	-	-
Add : Additions	20,070,178	18,494,260	3,297,344	8,749,093
Less : Disposal of a subsidiary	-	(11,659,710)	-	-
Less : Transfer to development expenditure	(1,785,846)	-	-	-
Less : Disposals	(5,359,318)	(1,601,877)	(1,481,318)	-
At 31 December	122,587,925	107,877,065	20,264,893	18,448,867
Add : Development expenditure, at cost**	146,994,927	131,606,461	-	-
Add : Development of port facilities***	76,881,860	77,423,011	-	-
	346,464,712	316,906,537	20,264,893	18,448,867
Less : Non-current portion, classified as land and development expenditure	(123,271,699)	(131,676,801)	-	-
	223,193,013	185,229,736	20,264,893	18,448,867
Add : Guaranteed profits	12,032,227	10,532,227	-	-
Add : Attributable profits	89,466,838	79,368,016	-	-
	324,692,078	275,129,979	20,264,893	18,448,867
Less : Foreseeable losses	(728,853)	(309,534)	-	-
Less : Proceeds received by a subsidiary	(15,685,899)	(11,332,227)	-	-
Less : Progress billings^	(184,315,986)	(176,442,962)	-	-
Current portion classified as development properties	123,961,340	87,045,256	20,264,893	18,448,867

4. LAND AND DEVELOPMENT EXPENDITURE/DEVELOPMENT PROPERTIES (CONT'D)

* Certain of the land titles costing RM22,795,799 (2001 : RM9,745,167) have yet to be issued to certain subsidiaries.

Included in freehold land of the Group is an amount of RM6,356,944 (2001: RM Nil) being pledged to a bank for banking facilities granted to a subsidiary as referred to in Notes 16 and Note 23 respectively.

** Included in development expenditure of the Group in the previous year was an amount of RM120,000 being management fee payable to Halim Rasip Holdings Sdn. Bhd., a former corporate shareholder of a subsidiary.

*** The development of port facilities comprises the following:

Group	Long term leasehold portland RM	Port structure RM	Port equipment RM	Total RM
Cost				
At 1 January 2002	14,127,134	63,747,066	6,183,038	84,057,238
Additions	140,315	294,269	303,943	738,527
At 31 December 2002	14,267,449	64,041,335	6,486,981	84,795,765
Accumulated Depreciation				
At 1 January 2002	817,430	1,880,688	3,936,109	6,634,227
Charge for the year	143,059	491,933	644,686	1,279,678
At 31 December 2002	960,489	2,372,621	4,580,795	7,913,905
Net Book Value				
At 31 December 2002	13,306,960	61,668,714	1,906,186	76,881,860
At 31 December 2001	13,309,704	61,866,378	2,246,929	77,423,011
Depreciation charge for 2001	141,095	141,991	565,065	848,151

(a) The long term leasehold portland of the Group is charged to bank as security for the redeemable preference shares issued by a sub-subsidiary to the syndicated lenders [Note 35(b)].

4. LAND AND DEVELOPMENT EXPENDITURE/DEVELOPMENT PROPERTIES (CONT'D)

(b) During the year, the port facilities of the Group were acquired by means of:

	Group 2002 RM	Group 2001 RM
Cash payments	547,687	9,564,869
Hire purchase financing	190,840	400,000
	738,527	9,964,869

(c) Included in port facilities of the Group are motor vehicles held under hire purchase arrangements at net book value of RM649,697 (2001 : RM463,667).

^ Included in progress billings are amounts received and receivable as follows:

	Group 2002 RM	Group 2001 RM
Amounts received	136,184,423	123,142,167
Amounts receivable (Note 13)	48,131,563	53,300,795
	184,315,986	176,442,962

5. SUBSIDIARIES

	Company 2002 RM	Company 2001 RM
Unquoted shares, at cost		
Ordinary shares	12,904,833	12,004,833
Preference shares	5,100,000	5,100,000
	18,004,833	17,104,833

5. SUBSIDIARIES (CONT'D)

(a) Details of subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Company	Paid-up Capital RM	Effective Interest 2002 %	Effective Interest 2001 %	Principal Activities
Anakku Holdings Sdn. Bhd. [Note 36(e) and 37(a)]	11,352,326	100	100	Investment holding
Magni D'Corp Sdn. Bhd.	500,000	100	100	Property investment
PCB Development Sdn. Bhd. [Note 36(f)]	1,000,000	100	100	Investment holding and real property development
Premium Meridian Sdn. Bhd.	2	100	100	Property development
Taipan Merit Sdn. Bhd.	50,000	100	100	Investment holding
Trans Bid Sdn. Bhd.	1,000	51	51	Distribution, operation and management of the water supply services
Held by Anakku Holdings Sdn. Bhd.				
Anakku Baby Products Sdn. Bhd.	4,000,000	100	100	Trading of children's wear and related products
Anakku LSR Baby Products Sdn. Bhd.	2,500,000	100	100	Trading of children's wear and related products
Weltex Knitwear Industries Sdn. Bhd.	2,000,000	100	100	Manufacture and trading of children's wear and related products
Generasi Arif (M) Sdn. Bhd.	500,000	100	100	Trading of children's wear and related products
Anakku Baby Connection Sdn. Bhd.	100,000	100	100	Trading of children's wear and related products and entering into franchise agreements and to act as managers or consultants as in the business operations of the franchisees

5. SUBSIDIARIES (CONT'D)

Name of Company	Paid-up Capital RM	Effective Interest 2002 %	Effective Interest 2001 %	Principal Activities
Held by PCB Development Sdn. Bhd.				
PCB Trading & Manufacturing Sdn. Bhd.	5,000	100	100	Trading and manufacture of building materials
PCB Transportation Travel & Tours Sdn. Bhd.	200,002	100	100	Provision of transport and travel services
Held by Taipan Merit Sdn. Bhd.				
Lumut Maritime Terminal Sdn. Bhd.*	9,800,000 200,000 redeemable preference shares	50 plus 1 share	50 plus 1 share	Development of an integrated privatised project encompassing an industrial park and multipurpose port facilities and operation and management of a deep water bulk terminal and facility
Cash Hotel Sdn. Bhd.	42,800,000 51,000 preference shares	61.16	61.16	Hotelier, restaurateur and property developer
Held by Lumut Maritime Terminal Sdn Bhd				
LMT Capital Sdn. Bhd.*	10 7,339 redeemable preference shares	100	100	Issuance and redemption of Redeemable Preference Shares in accordance with debts restructuring scheme [Note 35(b)]
Held by Cash Hotel Sdn. Bhd.				
Silveritage Corporation Sdn. Bhd.	5,000,000	100	100	Development of tourism project
Held by Silveritage Corporation Sdn. Bhd.				
Cash Complex Sdn. Bhd.	1,840,000	50.48	50.48	Investment holding

* Audited by firms of auditors other than Arthur Andersen & Co.

5. SUBSIDIARIES (CONT'D)

The directors are of the opinion that the fair values of the subsidiaries is not less than their carrying values as at 31 December 2002. The Company and its ultimate holding corporation will continue to assist in the development of the projects undertaken by the respective subsidiaries as and when required.

6. ASSOCIATED COMPANY

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Unquoted shares, at cost	3,992,793	3,992,793	3,992,793	3,992,793
Share of post acquisition losses	(1,406,531)	(1,209,686)	-	-
	2,586,262	2,783,107	3,992,793	3,992,793

Represented by:

	Group 2002 RM	Group 2001 RM
Share of net tangible assets	2,586,262	2,783,107

The associated company, which is incorporated in Malaysia, is:

Name of Company	Paid-up Capital RM	Effective Interest 2002 %	Effective Interest 2001 %	Principal Activities
Konsortium LPB Sdn. Bhd.	26,784,047	20	20	To construct, operate and manage the operation of the privatised project West Coast Highway for a 30 years concession period

7. OTHER INVESTMENTS

	Group and Company	
	2002	**2001**
	RM	**RM**
At cost:		
Quoted shares in Malaysia	4,622,500	4,622,500
Unquoted shares in Malaysia	25,000	25,000
	4,647,500	4,647,500
Market value of quoted shares	2,755,010	4,252,700

The directors are of the opinion that the investment in quoted shares shall be held for long term in view of the current depressed market conditions with no intention of disposal below cost. Provision for diminution shall only be provided for any permanent diminution in value.

8. NET GOODWILL ARISING ON CONSOLIDATION

	Group	
	2002	**2001**
	RM	**RM**
At 1 January		
Goodwill arising on consolidation	43,292,735	45,794,879
Reserve arising on consolidation	(1,167,059)	(1,167,059)
	42,125,676	44,627,820
Less: Realisation of goodwill	-	(2,502,144)
At 31 December	42,125,676	42,125,676
Cumulative amortisation of goodwill	(12,987,822)	(11,386,167)
Cumulative recognition of reserve	291,765	233,412
Less: Write back of amortisation of goodwill	-	562,982
	29,429,619	31,535,903

9. OTHER INTANGIBLE ASSETS

	Group	
	2002	**2001**
	RM	**RM**
At cost:		
Preliminary expenses	-	2,500
Trademarks	223,162	209,822
	223,162	212,322
Less : Accumulated amortisation	(194,913)	(168,679)
Write-offs	-	(2,500)
	28,249	41,143

10. SINKING FUND ACCOUNT

The sinking fund account of a subsidiary has been restructured in accordance with the Settlement Agreement dated 24 December 1999. Thereafter, funds shall be deposited by the subsidiary which shall be utilised progressively for the redemption of the Redeemable Preference Shares ("RPS") issued by the sub-subsidiary to the syndicated lenders and the payment of the Final Settlement Sum over the tenure of the RPS according to the terms and conditions of the agreement [Note 35(b)].

11. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and not repayable or due within the next twelve months.

12. INVENTORIES

	Group	
	2002	**2001**
	RM	**RM**
At cost:		
Raw materials	415,232	288,432
Work-in-progress	623,734	335,840
Finished goods	21,454,295	17,103,274
Sundry supplies	31,278	123,323
Food and beverage	113,870	49,920
	22,638,409	17,900,789
At net realisable value:		
Finished goods	57,472	-
	22,695,881	17,900,789

The cost of inventories of the Group recognised as an expense during the financial year in the Group amounted to RM55,579,317 (2001 : RM56,513,737).

13. TRADE RECEIVABLES

	Group 2002 RM	Group 2001 RM
Trade receivables	56,898,980	54,272,448
Progress billings receivables (Note 4)	48,131,563	53,300,795
	105,030,543	107,573,243
Less : Provision for doubtful debts	(690,526)	(593,018)
	104,340,017	106,980,225

Included in trade receivables are:

	Group 2002 RM	Group 2001 RM
Due from ultimate holding corporation	727,500	727,500
Due from fellow subsidiaries	18,984,990	19,611,910
Due from companies in which certain directors of certain subsidiaries have or deemed to have substantial interests	4,290,515	3,610,292
Due from a former corporate shareholder of a subsidiary	88,793	85,822
Due from a corporate shareholder of a subsidiary	6,800	-
Due from a related party	5,542,954	-

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

Included in trade receivables of a subsidiary are amounts of RM6,894,572 (2001 : RM1,129,971) payable by means of contra for works performed as negotiated by the subsidiary.

The Group' normal trade credit term ranges from 30 to 60 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.

14. OTHER RECEIVABLES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Due from ultimate holding corporation				
- trade	-	2,244,465	-	2,244,465
- non-trade	78,085,910	77,677,989	78,081,804	77,650,470
Due from subsidiaries				
- non-trade	-	-	2,631,198	2,989,922
Due from fellow subsidiaries				
– non-trade	23,286,421	22,801,888	23,286,421	22,801,888
Earnest deposits	662,598	50,000	-	-
Deposits	1,489,522	1,405,856	250	250
Tax refundable	167,818	1,115,595	-	-
Project expenditure	293,299	293,299	-	-
Prepayments	6,316,738	7,446,252	29,670	1,629
Share application monies [Note 36(b)]	350,000	350,000	-	-
Sundry receivables	2,841,820	1,775,604	736,916	11,831
	113,494,126	115,160,948	104,766,259	105,700,455
Less : Impairment loss on project expenditure	(293,299)	(293,299)	-	-
Less : Provision for doubtful debts	(23,000)	-	(334,182)	(334,182)
	113,177,827	114,867,649	104,432,077	105,366,273

The amounts due from ultimate holding corporation of the Group and the Company are unsecured, interest free and have no fixed terms of repayment.

Included in the amounts due from fellow subsidiaries of the Group and the Company is an advance together with accrued interest of RM8,307,763 (2001 : RM7,730,183) which is unsecured, bears interest rates of between 7.0% to 7.5% (2001 : 7.3% to 7.5%) per annum, and has no fixed term of repayment.

The earnest deposits of the Group relates to deposits paid by a subsidiary for the purchase of a piece of land where the beneficial interest is in the process of being transferred to the said subsidiary by the ultimate holding corporation.

Included in the prepayments of the Group is an amount of RM5,615,026 (2001 : RM5,615,026) being interest prepaid to syndicated lenders in connection with the restructuring scheme as disclosed in Note 35(b) which shall be utilised for the redemption of the RPS.

14. OTHER RECEIVABLES (CONT'D)

Included in sundry receivables of the Group are amounts due from companies in which certain directors of certain subsidiaries have or deemed to have substantial interests of RM23,724 (2001 : RM23,724). The amounts are unsecured, interest free and have no fixed terms of repayment.

The amounts due from subsidiaries of the Company are unsecured, interest free and have no fixed terms of repayment.

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

15. CASH AND BANK BALANCES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Cash on hand and at banks	6,120,378	5,383,825	282,045	295,100
Deposits with licensed banks	11,567,901	8,506,446	-	50,000
	17,688,279	13,890,271	282,045	345,100

Included in the deposits with licensed banks of the Group are amounts of RM4,392,781 (2001 : RM3,698,545) pledged for guarantees and other bank facilities granted to certain subsidiaries as referred to in Notes 16 and 23.

The average interest rates of the deposits with licensed banks during the financial year range between 2.29% to 4% and the maturities of the deposits as at 31 December 2002 were between 2 days to 365 days.

16. SHORT TERM BORROWINGS

	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Secured:				
Bank overdrafts	6,284,295	3,292,506	-	-
Bankers acceptance	1,286,000	-	-	-
Term loans, due within 12 months (Note 23)	3,303,000	3,303,000	-	-
Hire purchase and lease payables (Note 17)	440,103	626,082	10,233	24,150
	11,313,398	7,221,588	10,233	24,150
Unsecured:				
Bank overdraft	-	2,643	-	-
Revolving credits	100,234,226	100,345,449	100,234,226	100,345,449
	100,234,226	100,348,092	100,234,226	100,345,449
Total	111,547,624	107,569,680	100,244,459	100,369,599

The short term borrowings of the Group are secured by:

(a) long term leasehold land and buildings of certain subsidiaries as referred to in Note 3;
(b) freehold land of a subsidiary as referred to in Note 4;
(c) deposits with licensed banks of certain subsidiaries as referred to in Note 15;
(d) fixed and floating charge over properties and assets of certain subsidiaries as referred to in Note 3; and
(e) corporate guarantees from the Company.

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

	Group %	Company %
Bank overdrafts	7.90 – 8.40	-
Bankers acceptance	3.12	-
Revolving credits	5.00 – 5.50	5.00 – 5.50
Term loans	6.70 – 8.80	-

17. HIRE PURCHASE AND LEASE PAYABLES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Future minimum payments are as follows:				
Payable within one year	545,457	794,112	13,262	35,457
Payable between one and five years	951,461	1,072,281	29,458	42,725
	1,496,918	1,866,393	42,720	78,182
Less : Finance charges	(300,766)	(386,631)	(6,839)	(18,146)
	1,196,152	1,479,762	35,881	60,036
Representing hire purchase and lease liabilities:				
Due within twelve months (Note 16)	440,103	626,082	10,233	24,150
Due after 12 months (Note 23)	756,049	853,680	25,648	35,886
	1,196,152	1,479,762	35,881	60,036

The hire purchase and lease payables bear interest rates of between 4.1% to 11.0% (2001 : 4.6% to 11.0%) per annum.

18. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 7 to 90 days.

19. OTHER PAYABLES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Due to ultimate holding corporation	145,063	315,182	-	-
Due to fellow subsidiaries	636,346	328,990	402,356	-
Due to directors	-	2,000	-	-
Deposits received	504,056	1,409,057	491,685	1,398,181
Dividend payable in relation to redeemable preference shares of a sub-subsidiary [Note 35(b)]	4,033,227	-	-	-
Accruals for development expenditure	8,940,416	5,970,416	-	-
Advances from purchasers	1,461,933	1,224,167	-	-
Advances received on contracts for tender	289,596	335,144	-	-
Accruals	10,643,270	16,025,033	498,634	467,015
Retirement benefits (Note 24)	11,066	30,425	-	-
Sales tax payables	63,086	66,111	-	-
Sundry payables	11,870,709	6,829,826	540,221	311,069
	38,598,768	32,536,351	1,932,896	2,176,265

19. OTHER PAYABLES (CONT'D)

Included in sundry payables are:

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Due to a former corporate shareholder of a subsidiary	3,255,992	3,193,492	312,442	252,442
Due to companies in which certain directors of certain subsidiaries have substantial interests	41,303	10,792	-	-
Amount due arising from the acquisition of certain properties in a subsidiary, Lumut Maritime Terminal Sdn. Bhd.*	1,011,161	1,000,000	-	-

* The amount will be classified as Class B preference shares of the subsidiary when approval from the relevant authorities is obtained.

20. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2002	2001	2002	2001
			RM	RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	70,000,000	70,000,000	70,000,000	70,000,000

21. REDEEMABLE PREFERENCE SHARES

	Group	
	2002	2001
	RM	RM
Redeemable preference share capital of RM1 each	7,339	7,339
Share premium account	73,382,661	73,382,661
	73,390,000	73,390,000

21. REDEEMABLE PREFERENCE SHARES (CONT'D)

The Redeemable Preference Shares ("RPS") consists of 7,339 RPS of RM1 each issued at a premium of RM9,999 each by a sub-subsidiary to the syndicated lenders in connection with the debt restructuring scheme [Note 35(b)].

22. DUE TO A SUBSIDIARY

The amount due to a subsidiary is non-trade in nature, unsecured, interest free and not repayable or due within the next twelve months.

23. LONG TERM BORROWINGS

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Term loans, secured				
- term loan*	4,000,000	-	-	-
- repayable by 11 half yearly instalments commencing May 2000	5,000,000	8,000,000	-	-
- repayable by 60 equal monthly instalments commencing May 2000	692,000	995,000	-	-
	9,692,000	8,995,000	-	-
Due within 12 months (Note 16)	(3,303,000)	(3,303,000)	-	-
Due after 12 months	6,389,000	5,692,000	-	-
Hire purchase and lease payables due after 12 months (Note 17)	756,049	853,680	25,648	35,886
	7,145,049	6,545,680	25,648	35,886
Maturity of borrowings (excluding hire purchase and lease):				
Within one year	3,303,000	3,303,000		
Between one and two years	2,303,000	3,303,000		
Between two and five years	4,086,000	2,389,000		
	9,692,000	8,995,000		

23. LONG TERM BORROWINGS (CONT'D)

* The term loan of the Group are expected to be repaid over two to five years by way of redemption proceeds from disposal of development properties of a subsidiary.

The term loans are secured by:

(a) leasehold land and buildings of certain subsidiaries as referred to in Note 3;
(b) freehold land of a subsidiary as referred to in Note 4;
(c) deposits with licensed banks of certain subsidiaries as referred to in Note 15;
(d) fixed and floating charge over the properties and assets of certain subsidiaries as referred to in Note 3; and
(e) corporate guarantee from the Company.

The term loans bear interest rates of between 6.7% to 8.8% (2001 : 6.4% to 8.9%) per annum.

24. RETIREMENT BENEFITS

	Group	
	2002	**2001**
	RM	**RM**
At 1 January	250,709	176,218
Charge to income statement	66,155	81,641
Utilised during the year	(36,294)	(7,150)
At 31 December	280,570	250,709
At 31 December		
Current (Note 19)	11,066	30,425
Non-current:		
More than one year and less than five years	125,736	98,499
Five years or more	143,768	121,785
	269,504	220,284
	280,570	250,709

25. DEFERRED TAXATION

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
At 1 January	3,693,800	2,470,000	-	14,000
Transfer from/(to) income statement	46,000	1,223,800	-	(14,000)
At 31 December	3,739,800	3,693,800	-	-

25. DEFERRED TAXATION (CONT'D)

As at 31 December 2002, the estimated potential taxation benefit of timing differences not dealt with in the financial statements of the Group are as follows:

	Group	
	2002	**2001**
	RM	**RM**
Unabsorbed capital allowance	2,603,000	3,161,000
Unutilised tax losses	1,252,000	1,555,000
Unutilised tax credits	4,944,000	4,944,000
	8,799,000	9,660,000

26. REVENUE

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Dividend income (gross)				
Subsidiaries	-	-	1,494,444	1,394,444
Quoted shares in Malaysia	147,920	203,384	147,920	203,384
Development properties				
Sale of development properties	4,820,467	17,726,893	-	-
Profit from joint development project	1,500,000	2,797,801	-	-
Hotel related operations	13,557,708	13,427,896	-	-
Management fees	-	-	150,000	298,000
Mobilisation fees	-	480,000	-	-
Port services	25,496,538	9,822,216	-	-
Proceeds received from bus fare collections and provision of charter services	59,683	67,916	-	-
Project management fees	29,751	-	-	-
Rental income	2,342,657	2,341,175	2,023,549	2,023,549
Sale of goods	104,954,077	103,858,492	-	-
Sale of land	22,342,371	22,481,616	1,800,000	-
	175,251,172	173,207,389	5,615,913	3,919,377

27. COST OF SALES

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Cost of development properties	4,821,451	15,222,182	-	-
Cost of good sold	60,586,951	63,808,813	-	-
Cost of land sold	7,563,515	14,522,655	1,481,318	-
Cost of services	11,846,925	2,952,524	-	-
	84,818,842	96,506,174	1,481,318	-

28. PROFIT FROM OPERATIONS

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

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Amortisation of goodwill arising on consolidation	2,164,637	2,227,190	-	-
Amortisation of intangible assets	26,234	34,012	-	-
Auditors' remuneration				
Statutory audit	133,600	138,900	15,000	15,000
Other services	-	33,462	-	2,000
Bad debts written off	-	81,699	-	-
Directors' remuneration*				
Directors of the Company:				
Fees	160,000	106,000	150,000	96,000
Other emoluments	146,000	-	-	-
Other directors:				
Fees				
- current year	68,000	117,040	-	-
- overprovision in prior year	(6,500)	-	-	-
Other emoluments	952,412	1,602,223	-	-
Depreciation**	5,209,527	5,964,909	197,323	181,935
Development expenditure written off	12,252	1,532,588	-	-
Impairment loss on project expenditure	-	293,299	-	-

28. PROFIT FROM OPERATIONS (CONT'D)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Intangible assets written off	-	2,500	-	-
Inventories written down	80,461	-	-	-
Inventories written off	100,000	-	-	-
Lease rental	-	33,405	-	-
Management fees	12,220	-	-	-
Property, plant and equipment written off	816,088	2,198	-	-
Provision for doubtful debts	120,508	11,939	-	334,182
Provision for retirement benefits	66,155	81,641	-	-
Royalties	2,336,413	2,007,351	-	-
Rental of port equipment	3,541,484	-	-	-
Rental of premises	5,341,484	5,110,847	325,160	125,160
Staff costs	18,473,487	17,446,022	699,072	692,254
Amortisation of reserve arising on consolidation	(58,353)	(58,352)	-	-
Gain on foreign exchange - realised	(7,077)	-	-	-
Provision for doubtful debts written back	-	(71,677)	-	-
Gain on disposal of property, plant and equipment	(42,461)	(1,270,542)	-	-
Interest income	(912,847)	(949,218)	(837,692)	(918,155)
Rental income	(304,556)	(24,000)	-	-

* The estimated monetary value of other benefits not included in the above received by the directors of the Group and the Company are:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Directors of the Company	8,900	18,575	-	-
Directors of subsidiaries	13,700	15,000	3,800	10,200
	22,600	33,575	3,800	10,200

28. PROFIT FROM OPERATIONS (CONT'D)

** A portion of these expenses is charged to land and development expenditure whereby profits attributable to the percentage of completion of each individual project have been recognised in the income statement (Note 4).

29. FINANCE COSTS

Included in finance costs are:

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Redeemable preference shares dividends	5,090,042	-	-	-
Interest expenses	2,284,216	3,085,848	787,907	891,108
Agency fee	10,000	10,000	-	-

30. TAXATION

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Current year's provision	9,559,690	5,071,181	901,000	946,300
Taxation under/(over) provided in respect of prior years	570,809	253,908	(397,370)	-
	10,130,499	5,325,089	503,630	946,300
Transfer to/(from) deferred taxation	46,000	1,223,800	-	(14,000)
	10,176,499	6,548,889	503,630	932,300

The effective tax rate of the Group is higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries as no group relief is available.

The effective tax rate on the Company's profit is higher than the statutory tax rate principally due to certain expenses being disallowed for tax purposes.

Subject to the agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and sufficient balance in the tax exempt account to frank the payment of dividends out of its entire retained profits as at 31 December 2002.

31. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

Group	**2002**	**2001**
Net profit attributable to shareholders (RM)	7,529,923	18,117,251
Weighted average number of shares	70,000,000	70,000,000
Basic earnings per share (sen)	10.8	25.9

32. DIVIDEND

		Amount		**Dividend per share**	
		2002	**2001**	**2002**	**2001**
		RM	**RM**	**Sen**	**Sen**
(a)	Final ordinary dividend of 2% less 28% taxation	1,008,000	-	1.4	-

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2002 of 2% on 70,000,000 ordinary shares less 28% taxation amounting to a total dividend of RM1,008,000 (1.4 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2003.

(b) In the previous year, a sub-subsidiary LMT Capital Sdn. Bhd. ("LMTC") paid a total dividend of RM5,990,000 less 28% taxation amounting to RM4,312,800 on 7,339 Redeemable Preference Shares ("RPS") of RM1 each for the financial year ended 31 December 2000 to its RPS holder [see Note 35(b)] as approved by LMTC's shareholder at the second Annual General Meeting of LMTC.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions of the Group and the Company for the year are as follows:

Name of company	Nature	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Transactions with the ultimate holding corporation					
Perbadanan Kemajuan Negeri Perak	Advances received	2,780,751	1,683,211	2,780,751	1,683,211
	Disbursements	108,716	87,701	76,914	38,467
	Management fee expense	176,000	300,000	176,000	300,000
	Project expenditure	1,424,000	1,505,950	1,424,000	1,505,950
	Rental payable	325,160	125,160	325,160	125,160
	Project income	(68,745)	(34,447)	-	-
	Rental income	(2,023,549)	(2,023,549)	(2,023,549)	(2,023,549)
	Repayment of advances	(946,145)	(842,429)	(946,145)	(842,429)
Transactions with subsidiaries					
Anakku Holdings Sdn. Bhd.	Gross dividend income received	-	-	(694,444)	(694,944)
Magni D'Corp Sdn. Bhd.	Gross dividend income received	-	-	(100,000)	-
	Management fee income	-	-	(18,000)	(18,000)
Premium Meridian Sdn. Bhd.	Advances paid	-	-	(50,000)	(9,438,527)
Cash Hotel Sdn. Bhd.	Interest income	-	-	-	(94,702)
PCB Development Sdn. Bhd.	Accounting fees	-	-	(12,000)	(12,000)
	Disbursements	-	-	(31,447)	(24,215)
	Interest income	-	-	(250,884)	(277,615)
	Gross dividend income received	-	-	(700,000)	(700,000)
	Management fee income	-	-	(132,000)	(280,000)
	Repayment of advances	-	-	1,665,948	7,399,394

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33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Name of company	Nature	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Transactions with fellow subsidiaries (subsidiaries of the ultimate holding corporation)					
Cherry Blossom Sdn. Bhd.	Interest income	(577,580)	(530,927)	(577,580)	(530,927)
	Advances paid	-	70,000	-	70,000
	Repayment of advances	(93,084)	(230,000)	(93,084)	-

Transactions with related parties

A corporate shareholder of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., and a company in which certain directors of the subsidiary, Amin bin Halim Rasip and Harun bin Halim Rasip, have substantial interests

Name of company	Nature	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Integrax Bhd	Management fee expense	250,000	-	-	-

A former corporate shareholder of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., and a company in which certain directors of the subsidiary, Amin bin Halim Rasip and Harun bin Halim Rasip, have substantial interests

Name of company	Nature	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Halim Rasip Holdings Sdn. Bhd.	Management fee expense	162,903	120,000	-	-
	Advances received	60,000	1,510,000	-	-

A company in which a director, Johari bin Maarof, of a former subsidiary, Consobiz Ventures Sdn. Bhd., has substantial interest

Name of company	Nature	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
JM Permata Sdn. Bhd.	Sales	-	(19,087)	-	-

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Name of company	Nature	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Transactions with related parties (cont'd)					
Companies in which certain directors, Amin bin Halim Rasip and Harun bin Halim Rasip, of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., have substantial interests					
Perak Freight Services Sdn. Bhd	Port revenue	(2,536,283)	(1,417,794)	-	-
Perak Haulage Sdn. Bhd.	Port services payable	475,219	119,603	-	-
Lekir Bulk Terminal Sdn. Bhd.	Port services receivable	(8,345,901)	-	-	-
Radical Rancak Sdn. Bhd.	Port services receivable	(2,096,050)	-	-	-

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

Account balances with significant related parties of the Group and the Company at year end are as follows:

	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Account balances with the ultimate holding corporation				
Perbadanan Kemajuan Negeri Perak				
Receivables	78,813,410	80,649,954	78,081,804	79,894,935
Payables	(145,063)	(315,182)	-	-

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Account balances with subsidiaries				
Receivables:				
Anakku Holdings Sdn. Bhd.	-	-	2,266,639	2,626,639
PCB Development Sdn. Bhd.	-	-	106,381,588	108,047,536
Premium Meridian Sdn. Bhd.	-	-	9,488,527	9,438,527
Taipan Merit Sdn. Bhd.	-	-	94,320,746	94,284,224
Trans Bid Sdn. Bhd.	-	-	18,860	17,584
Silveritage Corporation Sdn. Bhd.	-	-	11,517	11,517
Payables:				
Magni D' Corp Sdn. Bhd.	-	-	(1,283,358)	(1,381,540)
Account balances with fellow subsidiaries (subsidiaries of the ultimate holding corporation)				
Receivables:				
Brand Equity Sdn. Bhd.	2,360,955	2,330,787	-	-
Cherry Blossom Sdn. Bhd.	8,214,716	7,730,183	8,214,716	7,730,183
Kuda Sejati Sdn. Bhd.	14,779,784	14,779,784	14,779,784	14,779,784
Perak Industrial Resources Sdn. Bhd.	16,915,956	17,573,044	291,921	291,921
Payables:				
Cherry Blossom Sdn. Bhd.	(233,990)	(233,990)	-	-
Maju Bangun Sdn. Bhd.	-	(95,000)	-	-
Teliti Permai Sdn. Bhd.	(402,356)	-	(402,356)	-

Account balances with related parties

A corporate shareholder of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., and a company in which certain directors of the subsidiary, Amin bin Halim Rasip and Harun bin Halim Rasip, have substantial interests

	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Receivables:				
Integrax Bhd	6,800	-	-	-

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM

Account balances with related parties (cont'd)

A former corporate shareholder of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., and a company in which certain directors of the subsidiary, Amin bin Halim Rasip and Harun bin Halim Rasip, have substantial interests

	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Halim Rasip Holdings Sdn. Bhd.				
Receivables	88,793	85,822	-	-
Payables	(3,255,992)	(3,193,442)	(312,442)	(252,442)

Companies in which certain directors, Amin bin Halim Rasip and Harun bin Halim Rasip, of a subsidiary, Lumut Maritime Terminal Sdn. Bhd., have substantial interests

	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Perak Freight Services Sdn. Bhd.				
Receivables	4,290,515	3,610,292	-	-
Payables	(41,303)	(10,792)	-	-
Lekir Bulk Terminal Sdn. Bhd.				
Receivables	5,542,954	-	-	-

A company in which certain directors, Dato' Ismail Mokthar bin Mohd Noor, DPMP, PMP, AMP and Noraihan binti Abdul Rahman, of a subsidiary, Cash Hotel Sdn. Bhd., have substantial interests

	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Receivables:				
Silveritage Worldwide Management Sdn. Bhd.	23,724	23,724	-	-

34. CAPITAL COMMITMENTS

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Approved and contracted for:				
Property, plant and equipment	468,000	-	-	-
Authorised but not contracted for:				
Land and buildings	1,256,000	8,400,000	-	-
Property, plant and equipment	7,668,000	7,304,000	50,000	100,000
	8,924,000	15,704,000	50,000	100,000
	9,392,000	15,704,000	50,000	100,000

35. CONTINGENT LIABILITIES

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
(a) Unsecured:				
Guarantees given to banks in respect of facilities granted to subsidiaries	6,200,963	5,017,141	6,200,963	5,017,141

35. CONTINGENT LIABILITIES (CONT'D)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Secured:				
Performance guarantee given to a third party: - on behalf of a subsidiary which was disposed of in previous year*	260,936	873,530	260,936	873,530
Guarantees given to banks in respect of facilities granted to subsidiaries disposed of in previous year*	12,324,129	15,536,783	1,198,000	2,702,569
Guarantees given to banks in respect of financial assistance provided by a subsidiary to a third party	5,000,000	3,312,000	-	-
	23,786,028	24,739,454	7,659,899	8,593,240

* These relate to corporate guarantees given in the previous years by the Company and a subsidiary of the Company to financial institutions on behalf of former subsidiaries, Consobiz Ventures Sdn. Bhd. and B.T. Engineering Sdn. Bhd., for banking facilities granted. These are currently in the process of being released by the respective financial institutions.

35. CONTINGENT LIABILITIES (CONT'D)

(b) In accordance to the Settlement Agreement dated 24 December 1999 between Lumut Maritime Terminal Sdn. Bhd. ("LMT"), a subsidiary incorporated in Malaysia and the financial institutional creditors ("the lenders") to restructure its syndicated loan, in the event that the Redeemable Preference Shares ("RPS") issued to the lenders are not fully redeemed by LMT Capital Sdn. Bhd. ("LMTC") within six years or there occurs a default by LMTC, the RPS holders have a put option to redeem the RPS from LMT ("Put Option I") and thereafter by a put option on the Company as one of the shareholders of LMT on a several and proportionate basis ("Put Option II").

The Put Option I on LMT is fully secured as follows:

(i) a first legal charge on both portland which includes the land held for development and industrial land as disclosed in Note 4;
(ii) a fixed and floating charge over all the assets and undertakings of LMT, both present and future;
(iii) an assignment of the relevant insurance policies;
(iv) assignment of port revenues less port operating expenses and proceeds of industrial land sales less development cost.

The holders of the RPS are not entitled to any voting rights and shall rank in priority to the ordinary shares of LMTC in respect of payment or distribution by LMTC.

In the event at any time the total issue price of all RPS (which have not been redeemed) plus the Cumulative Dividend attributable thereto (hereinafter referred to as the "Amount Outstanding") is less than RM30,000,000 and the total value of the assets of LMT is at least three times the value of the Amount Outstanding, the Put Option II on the Company shall lapse and the RPS holders shall not have any rights or claims against the Company and other shareholders of LMT under this Put Option II.

The RPS carry a cumulative and annual dividend obligation with a provision for a minimum annual dividend of 2% per annum for the first three years and 3.5% for the subsequent three years. Dividends are determined by reference to each RPS holders' effective cost of funds obtainable on a 3 or 6 months basis plus 1.25%. The total cumulative gross dividend to the RPS holders as at 31 December 2002 amounted to approximately RM12,877,495 (2001 : RM18,492,521), after deducting the proposed RPS dividend described below.

35. CONTINGENT LIABILITIES (CONT'D)

At the forthcoming Annual General Meeting of LMTC, an annual RPS dividend in respect of the current financial year ended 31 December 2002 of RM5,601,702 (2001 : RM1,467,800) less 28% taxation amounting to RM4,033,227 (2001 : RM1,056,816) will be proposed for the approval of LMTC's shareholders.

The total value of RPS which has not been redeemed as at 31 December 2002 is RM73,390,000 (2001 : RM73,390,000). Refer to Note 36(d)(v).

(c) A subsidiary of the Company has received a writ of summons from a contractor amounting to approximately RM1.49 million together with interest in respect of earthworks carried out. The directors of the subsidiary have obtained legal advice that the claim is misdirected since the subsidiary has made the required settlement in respect of the earthworks completed to-date totalling RM1.21 million to a nominated third party in accordance with the said contract and such claim by the contractor should be dealt with the nominated third party.

Subsequent to the financial year end, the contractor acknowledged his acceptance to withdraw the said writ of summons against the subsidiary upon the required settlement being carried out by the nominated third party. The directors of the subsidiary are of the opinion that no provision is required.

36. SIGNIFICANT EVENTS

(a) On 15 January 1996, Cash Hotel Sdn. Bhd. ("CHSB"), a 61.16% subsidiary incorporated in Malaysia, entered into an agreement with Keris Properties Sdn. Bhd. ("KP") to jointly develop the land held by the CHSB by way of mixed development of condominiums and offices blocks. Due to economic circumstances, the proposed development project has been deferred. Subsequently, CHSB has agreed to vary certain terms and conditions pertaining to the agreement. As at todate, the variations have yet to be finalised.

(b) On 3 April 2000, PCB Development Sdn. Bhd., a subsidiary of the Company entered into a Shareholders Agreement with Cherry Blossom Sdn. Bhd., a subsidiary company of Perbadanan Kemajuan Negeri Perak ("PKNP"), and a third party for the purpose of subscribing 35% of the equity interest in PCB Communications Sdn. Bhd. ("PCB Communication"), a company incorporated in Malaysia. PCB Communication has an authorised share capital of RM1 million with the main objective of setting up a factory for the manufacturing, fabrication, integration and trading of specialised products and components of base material composite and metal and for the supply and integration of telecommunication and IT services. As at todate, the above proposed subscription has yet to be finalised.

36. SIGNIFICANT EVENTS (CONT'D)

(c) In the previous financial year, Magni D'Corp Sdn. Bhd. ("Magni D'Corp"), a wholly owned subsidiary incorporated in Malaysia, disposed off its entire rights and interests in a Joint Venture Agreement entered into on 26 September 1997 with Intellview Sdn. Bhd. (''ISB") for the purpose of developing a piece of land, owned by the ultimate holding corporation, Perbadanan Kemajuan Negeri Perak ("PKNP") measuring approximately 31.5 acres forming part of the land described as Lot 3650, Mukim Hulu Kinta, Daerah Kinta to ISB. The total consideration of the disposal is a cash consideration of RM50,000 and 1.5 acres of the developed land ("Magni D'Corp's land") forming part of the land described above to be alloted to the subsidiary.

On 5 March 2002, Magni D'Corp entered into an agreement with PKNP and ISB in relation to the above disposal. ISB shall cause to be carried out on the Magni D'Corp's land, all earthworks including leveling and filling and construction of roads and drains and all other necessary main infrastructure at no costs and expense. In addition, ISB has an option to purchase the Magni D'Corp's land for RM165,000 which ISB has exercised on the same date.

(d) On 21 September 2001, Taipan Merit Sdn. Bhd. ("TM"), a wholly owned subsidiary of the Company, entered into a Shareholders Agreement ("SHA-LMTSB") with Halim Rasip Holdings Sdn. Bhd. ("HRH") to govern the relationship between the shareholders in respect of Lumut Maritime Terminal Sdn. Bhd. ("LMT"), a subsidiary incorporated in Malaysia, and to waive its pre-emptive rights as provided under the Shareholders Agreement dated 12 August 1992 and varied by Addendum No. 1 of 2 September 1993 and to reject any mandatory offer from HRH to acquire all the remaining ordinary and redeemable preference shares of LMT, not already owned by the Company, as a consequence of the Sale and Purchase Agreement ("IPCO-SPA") entered into between IPCO International Ltd. and HRH on 6 December 2000.

On 21 September 2001, TM also entered into a conditional Addendum No. 1 to the SHA-LMTSB which inter-alia provided for:

(i) the provision of a waiver by TM of its pre-emptive rights under the SHA-LMTSB in respect of the acquisition by Integrax Berhad ("ITB") (formerly known as Ganz Technologies Berhad) of HRH's interest in LMT in accordance with a Sale and Purchase Agreement dated 5 April 2001 between HRH and ITB.

(ii) the rejection of any mandatory offer required from ITB to acquire TM's interest in LMT.

(iii) the substitution of ITB for HRH as party to the SHA-LMTSB with the same rights as HRH.

36. SIGNIFICANT EVENTS (CONT'D)

(iv) the granting of a call option by ITB to TM in respect of a proportion of the LMT Capital Sdn. Bhd. redeemable preference shares ("LMTC-RPS") to be acquired by ITB from Danaharta Urus Sdn. Bhd. under a Sale and Purchase Agreement dated 28 December 2001 equivalent to the proportion of ordinary shares in LMT held by TM vis-à-vis ITB at a price equivalent to the issued value of such LMTC-RPS plus any cumulative and annual dividend at a rate of 8.25% per annum accruing and unpaid on such LMTC-RPS.

(v) the agreement of ITB to extend for another period of six (6) years, the duration of the LMTC-RPS acquired by ITB totalling RM39.22 million which represents 53.44% of the total LMTC-RPS issued, upon expiry of the current term of the LMTC-RPS on 24 December 2005 to 24 December 2011 upon the same terms. Refer to Note 35(b).

(vi) the provision of the right to ITB to require settlement of the LMTC-RPS acquired by ITB in the form of ordinary shares of RM1.00 each in LMT equivalent to the issued value of such LMTC-RPS unredeemed plus any cumulative and ordinary dividend at a rate of 8.25% per annum accruing and unpaid on such LMTC-RPS upon such settlement obligation becoming due under the terms of the LMTC-RPS and the Settlement Agreement dated 24 December 1999 as detailed in Note 35(b).

On 20 February 2002, the IPCO-SPA was completed and the Shareholder Agreement dated 12 August 1992 and Addendum No. 1 of 2 September 1993 was substituted by the SHA-LMTSB.

The acquisition by ITB of HRH's interests in LMT was completed on 9 September 2002. Accordingly, the Addendum No. 1 to the SHA-LMTSB has become unconditional.

(e) On 31 January 2002, the Company entered into a Heads of Agreement with Audrey International (M) Bhd. ("AIMB") for the proposed disposal of the entire interest in the issued and paid up capital of its wholly owned subsidiary, Anakku Holdings Sdn. Bhd. ("AHSB")("the Proposed Disposal") for a total consideration of RM50 million.

On 22 April 2002, the Company entered into a Sale and Purchase Agreement with AIMB in respect of the Proposed Disposal. The total consideration of RM50 million for the Proposed Disposal shall be satisfied by way of cash payment of RM30 million and the balance of RM20 million by way of the issue 11,666,667 new ordinary shares of RM1.00 each of AIMB ("AIMB Shares") at an issue price of approximately RM1.72 per share which was arrived at on a willing buyer willing seller basis ("consideration shares").

36. SIGNIFICANT EVENTS (CONT'D)

The Proposed Disposal was approved conditionally by the Securities Commission ("SC") on 23 August 2002 where, inter-alia, a moratorium has been imposed on the 50% of the consideration shares whereby PCB will not be allowed to sell, transfer or assign these shares for at least one (1) year from the date of the listing of and quotation for the consideration shares. Thereafter, PCB will be allowed to sell, transfer or assign only up to a maximum of one-third (1/3) of them per annum.

The Proposed Disposal was approved by the shareholders of the Company at an Extraordinary General Meeting held on 27 November 2002 and was completed subsequent to the end of the financial year as detailed in Note 37(a).

(f) During the financial year, the issued and paid up share capital of PCB Development Sdn. Bhd., a wholly owned subsidiary incorporated in Malaysia, was increased from RM100,000 to RM1,000,000 by the issuance of 900,000 ordinary shares of RM1 each at par to the Company, in satisfaction of part of the indebtedness due by the subsidiary to the Company to the extent of RM900,000.

The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(g) On 17 September 2002, the Company entered into a Call Option Settlement Agreement with a director ("the option holder") of a subsidiary, AHSB, whereby the option holder granted a waiver to waive all rights in respect of exercising the call option to purchase up to 49% of the equity interest in AHSB's subsidiaries, per the Call Option Agreement dated 8 January 1997 and subsequent extensions of the Agreement, for a premium sum of RM4,599,076, out of the cash proceeds of the disposal of AHSB as detailed under Note 36(e).

(h) On 4 October 2002, Konsortium LPB Sdn. Bhd. ("KLPB"), an associated company, was informed by Economic Planning Unit of the Prime Minister's Department of its decision for KLPB to proceed with the construction of the West Coast expressway based on the following:

(i) The Selangor stretch will be privatised on a "Build-Operate-Transfer" basis with the land acquisition cost of up to RM250 million to be borne by the Government of Malaysia ("Government"); and

(ii) For the Perak stretch, the project cost shall be borne by the Government on a deferred payment basis subject to the finalisation of the actual cost between the Government and KLPB.

On 8 October 2002, the Company and the other shareholders of KLPB signed a Supplemental Agreement cum Deed of Adherence to the Shareholders Agreement to effect amendments to certain clauses in the said Shareholders Agreement.

36. SIGNIFICANT EVENTS (CONT'D)

(i) On 27 November 2002, the Company proposed to undertake the followings:

(i) Proposed private placement of 10 million new ordinary shares of RM1.00 each representing approximately 14.29% of the existing issued and paid up share capital of the Company at an issue price to be determined later ("Proposed Private Placement") to address the public shareholding spread of the Company to comply with the KLSE Listing Requirements;

(ii) Proposed bonus issue of 20 million new shares on the basis of one new share for every four existing shares held in the Company after the Proposed Private Placement at a date to be determined later ("Proposed Bonus Issue"); and

(iii) Proposed transfer of the listing of and quotation for the entire issued and paid up share capital of the Company from the Second Board to the Main Board of the KLSE upon completion of the Proposed Private Placement. (collectively referred to as "the Proposals")

The applications to the relevant authorities in respect of the Proposals and the Proposed Private Placement respectively had been made on 17 December 2002.

37. SUBSEQUENT EVENTS

(a) The AIMB shares in respect of Note 36(e) above, which were issued to the Company as part of the total consideration, were granted listing on 24 January 2003. On 11 February 2003, the Proposed Disposal was completed and AHSB ceased to be a wholly owned subsidiary of the Company and AIMB became an associated company of the Company.

(b) The Foreign Investment Committee via its letter dated 5 March 2003 approved the Proposed Private Placement and the conditional approval of the Proposals as detailed under Note 36(i) was obtained vide the SC letter dated 10 March 2003. The Company shall seek the approval of its shareholders at an Extraordinary General Meeting to be held.

38. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments. No geographical segment analysis is prepared as the Group's business activities are predominantly located in Malaysia.

The Group is organised into five major business segments:

(i) Manufacturing and consumer products – manufacture and trading of children's wear and related products.

(ii) Hotel and tourism – operation of hotels and development of tourism projects;

(iii) Infrastructure – development of an integrated privatised project encompassing an industrial park and multipurpose port facilities, operation and management of water supply services, and the operation and management of a deep water bulk terminal and facility;

(iv) Township development – the township development of real property; and

(v) Management services and others – provision of management services and other business segments which include property investment and distribution, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated terms.

38. SEGMENTAL INFORMATION

2002	Manufacturing and consumer products RM	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Consolidated RM
REVENUE AND EXPENSES							
Revenue							
External revenue	104,885,124	18,230,488	31,402,768	16,761,323	3,971,469	-	175,251,172
Inter-segment revenue	-	-	-	1,350	1,644,444	(1,645,794)	-
Total revenue	104,885,124	18,230,488	31,402,768	16,762,673	5,615,913	(1,645,794)	175,251,172
Result							
Segment results	7,881,240	1,780,144	18,734,532	3,441,494	2,871,565	(3,626,017)	31,082,958
Unallocated corporate expenses							-
Profit from operations							31,082,958
Finance costs	(370,007)	(535,090)	(5,119,664)	(963,129)	(787,907)	250,884	(7,524,913)
Share of results of associated companies							(196,846)
Taxation	(3,358,133)	-	(5,494,301)	(780,098)	(543,967)	-	(10,176,499)
Profit after taxation							13,184,700

38. SEGMENTAL INFORMATION (CONT'D)

2001	Manufacturing and consumer products RM	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Consolidated RM
REVENUE AND EXPENSES							
Revenue							
External revenue	103,830,079	16,543,323	21,367,525	29,239,529	2,226,933	-	173,207,389
Inter-segment revenue	-	-	-	-	1,692,444	(1,692,444)	-
Total revenue	103,830,079	16,543,323	21,367,525	29,239,529	3,919,377	(1,692,444)	173,207,389
Result							
Segment results	7,635,904	985,073	9,088,767	6,247,224	2,544,165	5,184,909	31,686,042
Unallocated corporate expenses							-
Profit from operations							31,686,042
Finance costs	(1,151,461)	(852,557)	(18,209)	(668,475)	(891,108)	380,692	(3,201,118)
Share of results of associated companies							(237,709)
Taxation	(1,237,074)	-	(3,015,275)	(1,720,100)	(940,440)	364,000	(6,548,889)
Profit after taxation							21,698,326

38. SEGMENTAL INFORMATION (CONT'D)

2002	Manufacturing and consumer products RM	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Consolidated RM
ASSETS AND LIABILITIES							
Segment assets	58,524,169	65,926,355	173,657,756	162,266,941	464,779,770	(282,260,071)	642,894,920
Investment in equity method of associates	-	-	-	-	3,992,793	(1,406,531)	2,586,262
Unallocated corporate assets							-
Consolidated total assets							645,481,182
Segment liabilities	(23,540,767)	(14,439,256)	(85,074,927)	(140,115,435)	(198,178,404)	214,105,417	(247,243,372)
Unallocated corporate liabilities							(74,829,856)
Consolidated total liabilities							322,073,228
OTHER INFORMATION							
Capital expenditure	1,523,703	224,843	277,404	72,295	9,869		2,108,114
Depreciation	2,067,644	1,373,000	1,372,366	199,194	197,323		5,209,527
Amortisation	26,234	(25,289)	-	-	-	2,131,573	2,132,518
Non-cash expenses other than depreciation and amortisation							
- others	1,044,572	107,981	450	-	-	-	1,153,003

38. SEGMENTAL INFORMATION (CONT'D)

2001	Manufacturing and consumer products RM	Hotel and tourism RM	Infrastructure RM	Township development RM	Management services and others RM	Eliminations RM	Consolidated RM
ASSETS AND LIABILITIES							
Segment assets	53,094,592	63,905,293	164,937,244	152,812,120	464,764,517	(281,264,830)	618,248,936
Investment in equity method of associates					3,992,793	(1,209,686)	2,783,107
Unallocated corporate assets							-
Consolidated total assets							621,032,043
Segment liabilities	(20,329,854)	(13,714,248)	(13,546,006)	(133,427,314)	(198,642,991)	216,192,749	(163,467,664)
Unallocated corporate liabilities							(140,678,347)
Consolidated total liabilities							(304,146,011)
OTHER INFORMATION							
Capital expenditure	2,927,457	397,764	9,994,714	116,731	126,021	-	13,562,687
Depreciation	3,046,316	1,436,465	1,144,121	156,072	181,935	-	5,964,909
Amortisation	34,012	(25,289)	-	-	-	2,194,127	2,202,850
Non-cash expenses other than depreciation and amortisation							
- gain on disposal of subsidiaries	(37,432)	-	-	-	-	(8,820,134)	(8,857,566)
- others	(1,231,237)	1,627,534	-	3,710	668,364	(334,182)	734,189

39. CURRENCY

All amounts are stated in Ringgit Malaysia.

40. COMPARATIVE FIGURES

Following the adoption of MASB 24 – Financial Instruments: Disclosure and Presentation, the presentation and classification of certain items in the financial statements of a subsidiary have been amended. Accordingly, comparative figures for those items have been reclassified to ensure comparability with the current financial year.

The following items have been reclassified and amended to conform with the current year's adoption of MASB 24:

	As restated RM	As previously stated RM
Consolidated balance sheet		
Minority interests	57,200,814	130,590,814
Redeemable preference shares	73,390,000	-

In addition, the following balance sheet comparative figures have also been reclassified to conform with current year's presentation.

	As restated RM	As previously stated RM
Group		
Other receivables	114,867,649	133,316,516
Development properties	87,045,256	68,596,389
Company		
Other receivables	105,366,273	123,815,140
Development properties	18,448,867	-

41. 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 to not engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2002. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

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

(c) Foreign Exchange Risk

The Group's sales transactions are mainly in Malaysian Ringgit, which are not exposed to foreign exchange risk. Only a small number of transactions in a subsidiary are in United States Dollar where the exchange rate is pegged and hence is not exposed to any foreign exchange rate fluctuation.

Similarly on the subsidiary's imports, the transactions are also United States Dollar dominated and hence not subjected to foreign exchange rate fluctuation.

(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. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

41. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit Risk

The Group's credit policy and guidelines assess, evaluate and monitor credit risk of trade receivables. Credit risk is controlled via credit worthiness checking, credit limits, credit term setting and approval and credit risk exception reporting. Trade receivables are monitored on an ongoing basis as well as case by case basis, especially for the land customers.

The Group does not have any significant credit risk exposure to any individual customer or groups of customers. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets and liabilities in the balance sheets.

(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 the Company are represented as follows:

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial Assets				
Unquoted investment	25,000	*	25,000	*
Quoted investment	4,622,500	**	4,622,500	**
Due from related corporations and other related parties	131,037,607	***	313,856,102	***
Sinking fund account	1,768,600	^	-	-
	137,453,707		318,503,602	

41. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Values (cont'd)

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial Liabilities				
Redeemable preference shares	73,390,000	#	-	-
Due to related corporations and other related parties	4,078,704	***	1,998,156	***
Long term borrowings	7,145,049	@	25,648	@
	84,613,753		2,023,804	

* it is not practical to estimate the fair value of the unquoted investment because of the lack of quoted market price and the inability to estimate the fair value without incurring excessive costs. However, the Group and the Company believe that the carrying amount represents the recoverable value.

** the fair value of the quoted share is disclosed in Note 7, which is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

*** it is not practical to estimate the fair values of amounts due from/to related corporations, associates and other related parties 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 carrying amount of this financial asset with floating rate approximates the fair value intrinsically.

\# it is not practical to estimate the fair value of this financial liability due principally to the principal terms of this financial liability as disclosed in Note 35(b).

41. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Values (cont'd)

@ it is not practical to estimate the fair values of long term borrowings due to the inability to reliably estimate the discounted rates without incurring excessive costs and lack of fixed repayment term in certain borrowings . However, the Group and the Company believe that the carrying amount approximates the fair values intrinsically.

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.