

Malaysia Pacific Land Berhad

12200-M



Unlocking our hidden
POTENTIAL in pursuit of
continuous **GROWTH**



Annual Report 2003

...we will continue our effort to improve the occupancy rate by focusing on our marketing strategies and approach.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of MALAYSIA PACIFIC LAND BERHAD (the "Company") will be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 23 December 2003 at 10.30 a.m. in order:

1. To receive and consider the audited financial statements together with the reports of the Directors and Auditors thereon for the year ended 30 June 2003.
2. To approve the payment of Directors' fees of RM90,103 to be divided amongst the Directors in such manner as the Directors may determine.
3. To re-elect Encik Chut Nyak Isham bin Nyak Ariff, YBhg Dato' Syed Md Amin bin Syed Jan Aljeffri, YBhg Dato' Teng Poh Foh and YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail, the retiring Directors.
4. To approve the following motion:
"THAT YABhg Tun Dato' Seri Abdul Hamid Omar, a Director who retires in compliance with Section 129 of the Companies Act, 1965, be and is hereby re-elected a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
5. To re-appoint Messrs Ling Kam Hoong & Co as Auditors of the Company and authorise the Directors to fix their remuneration.
6. As a special business, to consider and, if thought fit, pass the following ordinary motion:

Authority to Directors to Issue Shares

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. To consider any other business of which due notice shall have been given.

By Order of the Board

LIM YEW YOKE
Company Secretary

Kuala Lumpur
1 December 2003

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.
2. The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.
3. **Ordinary Motion on Authority To Directors To Issue Shares**
The Ordinary Motion, if passed, will give authority to the Directors of the Company to issue ordinary shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.28 (2) of the Listing Requirements of the Kuala Lumpur Stock Exchange)

1. Directors who are standing for re-election at the 31st Annual General Meeting of the Company

Pursuant to Article 85 of the Company's Articles of Association

Encik Chut Nyak Isham bin Nyak Ariff

Pursuant to Article 92 of the Company's Articles of Association

YBhg Dato' Syed Md Amin bin Syed Jan Aljeffri
YBhg Dato' Teng Poh Foh
YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail

Pursuant to Section 129 of the Companies Act, 1965

YABhg Tun Dato' Seri Abdul Hamid Omar

2. Details of attendance of Directors at Board Meetings

There were ten (10) Board meetings held during the financial year ended 30 June 2003. Details of attendance of the Directors are set out in the Corporate Governance Statement appearing on pages 14 and 15 of the Annual Report.

3. Date, Place and Time of 31st Annual General Meeting

The 31st Annual General Meeting of the Company will be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 23 December 2003 at 10.30 a.m.

4. Further details of individuals who are standing for election as Directors

No individual is seeking election as a Director at the 31st Annual General Meeting of the Company.

Corporate Information

BOARD OF DIRECTORS

YABhg Tun Dato' Seri Abdul Hamid Omar
(Chairman)

Encik Chut Nyak Isham bin Nyak Ariff

YAM Tengku Syarif Temenggung Perlis Syed
Amir Abidin Jamalullail

Encik Yusof bin Jusoh

YBhg Dato' Syed Md Amin bin Syed Jan
Aljeffri

YBhg Dato' Teng Poh Foh

Company Secretary

Ms Lim Yew Yoke

Registrar

Hong Leong Nominees
Sendirian Berhad
Level 5, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel: 03-2164 1818
Fax: 03-2164 3703

Registered Office

Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel: 03-2164 1818
Fax: 03-2164 2476

Auditors

Messrs Ling Kam Hoong & Co
Chartered Accountants
No. 6-1, Jalan 3/64A
Udarama Complex
Off Jalan Ipoh
50350 Kuala Lumpur
Tel: 03-4042 3288
Fax: 03-4042 0149

Board of Directors & Profile

YABhg Tun Dato' Seri Abdul Hamid Omar

Chairman/Independent
Non-Executive

Aged 74, YABhg Tun Dato' Seri Abdul Hamid Omar, a Malaysian, studied law in England, was called to the English Bar on 22 November 1955 and is a member of the Honourable Society of Lincolns Inn, London. He had served the Judicial and Legal Service of the Government of Malaysia from 1956 and carved out an illustrious career which culminated with his appointment as Lord President of the Supreme Court on 10 November 1988 until he retired in September 1994. He was then re-appointed for a further term of six months in accordance with the provisions of the Constitution as his services were still required by the nation. His wealth of knowledge and contributions to the legal profession earned him several State and Federal awards since 1966, the highest being the Federal award of Seri Setia Mahkota (SSM) which carries the title "Tun".

Tun Dato' Seri Abdul Hamid Omar is the Chairman of Malaysia Pacific Land Berhad ("MPL") and was appointed to the Board of MPL on 16 June 2003. He is also the Chairman of the Board Audit & Risk Management Committee and the Nominating & Remuneration Committee of MPL.

He is also the Chairman of Olympia Industries Berhad and Lien Hoe Corporation Berhad, both are public listed companies.

Tun Dato' Seri Abdul Hamid Omar has no family relationship with any other directors or major shareholders of MPL, has no conflict of interests with MPL and has no convictions for offences within the past 10 years.

YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail

Independent Non-Executive
Director

Aged 53, YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail, a Malaysian, obtained a Diploma in Automobile Engineering from Exeter College, United Kingdom. He has 10 years of working experience with Mercedes-Benz in spares, production and sales division in Cycle & Carriage Bhd. He is currently involved in the business of military purchases and education.

YAM Tengku Syed Amir was appointed to the Board of MPL on 24 February 2003. He is also a Member of the Board Audit & Risk Management Committee and the Nominating & Remuneration Committee of MPL.

He is currently the President of the Royal Selangor Polo Club, Vice-President of the Royal Malaysian Polo Association and also a Board Member of the Equine Council Malaysia. He was the past President of the Riding Club for the Disabled and Equestrian Association Malaysia.

YAM Tengku Syed Amir has no family relationship with any other directors or major shareholders of MPL, has no conflict of interests with MPL and has no convictions for offences within the past 10 years.

YBhg Dato' Syed Md Amin bin Syed Jan Aljefri

Independent Non-Executive
Director

Aged 56, YBhg Dato' Syed Md Amin bin Syed Jan Aljefri, a Malaysian, holds a Bachelor of Economics (Hons) Degree from University of Malaya, Malaysia. He is a Chartered Accountant by profession. He is a Fellow Member of the Malaysian Institute of Taxation, a Council Member of the Malaysian Institute of Accountants, and a Member of the Canadian Institute of Chartered Accountants, Malaysian Institute of Certified Public Accountants, Institute of Certified Public Accountants of Singapore and Financial Planning Association of Malaysia.

He started his career as a Financial Analyst in Esso Malaysia Berhad (1971 to 1973). He was a Chartered Accountant with Touche Ross & Co., British Columbia, Canada (1973 to 1976); Senior Accountant of Esso Malaysia Berhad (1977 to 1979); Staff Financial Analyst of Esso Eastern Inc. Texas, United States of America (1979 to 1980); and Operations Accounting Manager of Esso Production Malaysia Inc. in 1981. He is currently the Chairman of AljeffriDean, Chartered Accountants.

Dato' Syed was appointed to the Board of MPL on 21 January 2003. He is also a Member of the Board Audit & Risk Management Committee of MPL.

Currently, he sits on the Boards of Bina Darulaman Berhad, DRB-HICOM Berhad, Rumpun Hijau Capital Berhad, Kulim Technology Park Corporation Berhad, Tien Wah Press Holdings Berhad and Seloga Holdings Berhad, all are public companies. He is the President of the Malay Chamber of Commerce, Kuala Lumpur; Deputy President of the Malay Chamber of Commerce Malaysia; and Vice-President of the National Chamber of Commerce and Industry of Malaysia. He also serves as a Council Member of Malaysia-China Business Council; a Director of the Islamic University College of Malaysia; and a Member of the Asean Business Advisory Council.

Dato' Syed has no family relationship with any other directors or major shareholders of MPL, has no conflict of interests with MPL and has no convictions for offences within the past 10 years.

Encik Chut Nyak Isham bin Nyak Ariff

Non-Independent Non-Executive Director

Aged 58, Encik Chut Nyak Isham bin Nyak Ariff, a Malaysian, studied Building Construction at the Technical Institute, Kuala Lumpur from 1961 to 1963. He was the Chairman/Managing Director of Pembinaan Fiba Sdn Bhd, a building contractor from 1973 to 1985. Between 1985 and 1990, he was the Managing Director of Bedford Development Sdn Bhd, a property development company. He was the Executive Director of Hong Leong Properties Berhad between 1990 and 1992 and was the Group Managing Director of Hong Leong Properties Berhad from 1992 until his resignation on 12 October 1995. Prior to his appointment as the former Group Managing Director of MPL, he undertook a management buyout (MBO) of MPL. He has over 36 years of experience in the property and construction industry.

Encik Chut Nyak Isham was appointed to the Board of MPL on 3 July 1990.

Encik Chut Nyak Isham has no family relationship with any other directors or major shareholders of MPL, has no conflict of interests with MPL and has no convictions for offences within the past 10 years.

Encik Yusof bin Jusoh

Non-Independent Non-Executive Director

Aged 52, Encik Yusof bin Jusoh, a Malaysian, graduated from University Malaya with a First Class Bachelor of Arts (Honours) degree in 1978. In 1979, Encik Yusof received the Prime Minister's Award for Best Student in Diploma in Management from INTAN, Malaysia. He obtained his Masters in Public Administration (MPA) degree in 1989 from Harvard University, USA. In 1992, he attended the Strategic Leadership Programme at University of Oxford. Prior to his appointment in MPL, he served in various Government Departments for 15 years. He was a Deputy Director General of the Public Service Department in 1979 before being chosen by the Government to represent the United Nations Education and Scientific and Cultural Organisation as Malaysia's Deputy Ambassador to UNESCO in 1981. He was also the Principal Director, International Division, Ministry of Trade and Industry in 1987 before being seconded to the Ministry of Education. He joined the Ministry of Finance in 1991 and opted for optional retirement in 1994 to join

the private sector. He has been the Chairman of Proven Resources Sdn Bhd, an investment holding company, since 1994.

Encik Yusof was appointed to the Board of MPL on 8 April 1996.

Encik Yusof has no family relationship with any other directors or major shareholders of MPL, has no conflict of interests with MPL and has no convictions for offences within the past 10 years.

YBhg Dato' Teng Poh Foh

Non-Independent Non-Executive Director

Aged 51, YBhg Dato' Teng Poh Foh, a Malaysian, obtained a post graduate degree in Management Studies from the Advanced Management Studies Centre, University of East London, UK. He attended the Owner, President Management Program (OPM) at the Harvard Graduate Business School, Boston, USA and the 3-month intensive course for General Management for Chief Executives/General Managers at the Royal Industrial Society, London, UK. He is a Member of the British Institute of Management and the Executive Council of American Institute of Management and also a Fellow of the Institute of Sales & Marketing (UK) and the Institute of Works Manager (UK).

Dato' Teng was appointed to the Board of MPL on 21 January 2003. He is also a Member of the Nominating & Remuneration Committee of MPL.

Dato' Teng was the Group Chief Executive and also the Equity Partner of Transmarco Group which pioneer the first luxury retail and sole distribution of branded products such as Les Must De Cartier Paris, Charles Jourdans, Givency Gentlemen, Piagets and Baume Merciers (1981 to 1985). He was the past Chairman of World Community Services, Rotary Club of Ampang (1985 to 1986); the past Chairman of Programme, Rotary Club of Ampang (1986 to 1987); the past Vice-Chairman, Rotary Club of Bukit Bintang (1992 to 1993); the past Vice-President of Malaysian French Business Organisation (1996 to 1997); the External Consultant to the Anglican Regional Management Centre, Chemsford, UK (1979 to 1990); the Honorary Adviser to Yow Chuan Plaza, Tenant's Association (1984 to 1992). On 3 September 1994, Dato' Teng was knighted by the King of Malaysia for outstanding performance in national services. He is currently the Chairman of the Tang/Teng's Clansman Association (since 1981 to present).

Dato' Teng acted as the Special Project Adviser and Equity Partner of Melewar Corporation Berhad between 1988 to 1992 and as the

Special Adviser who formed and led the Committee of Inspection for the unsecured creditors of the defunct Emporium & Supermarket Group in 1985. In 1992, Dato' Teng was appointed by the Central Bank of Malaysia as a Committee Member of Fund for Entrepreneur Rehabilitation Scheme – Housing Sector. He is the Executive Chairman of his holding company, J.V. (M) Sdn Bhd, which is involved in privatisation projects mainly in Utilities & Infrastructure projects as Project Developer and Promoter as well as Equity Partner; as investment holding for property development projects; and as Corporate Adviser and Equity Partner to other public listed companies in Malaysia as well as offshore companies intending to invest in Malaysia.

Dato' Teng has no family relationship with any other directors or major shareholders of MPL, has no conflict of interests with MPL and has no convictions for offences within the past 10 years.

Chairman's Statement



With our **focused strategies**
profitability, cash flow and

On behalf of fellow members of the Board, I am pleased to present the Annual Report and Financial Statements of the Malaysia Pacific Land Berhad Group (the "Group") for the financial year ended 30 June 2003.

Results

Although recovery of the Malaysian economy gained momentum in year 2002, the operating environment in the financial year ended 30 June 2003 remained difficult and challenging. The spillover effects of the economic crisis of the previous years lingered on, affecting the Group's performance. The Group recorded a pre-tax loss of RM20.2 million compared to a pre-tax profit of RM2.6 million in the previous year. The loss incurred was mainly due to the disposal of two parcels of land in Nusa Damai, Johor. Apart from that, the change in the accounting treatment of borrowing costs related to the financing of long term development projects as pronounced in MASB Standard 27 – Borrowing Costs also contributes to the loss incurred. The change of accounting treatment led to an interest charge in the income statement of RM7.9 million as compared to only RM650,000 in the previous corresponding period. Other factors that contribute to the loss include the low occupancy rate of office and shophots in Wisma MPL, Kuala Lumpur due to the current competitive market within the Golden Triangle and the present soft property market condition in Johor which reflects in the slowdown of property sales in Nusa Damai project.

The Group revenue for the financial year ended 30 June 2003 of RM37.8 million was significantly higher than RM24.5 million achieved in the previous year. The increase in revenue was mainly due to the sale of two parcels of land in Nusa Damai, Johor.

Group Operations

Property Development

Due to the weak sentiment in the overall property market, the Management is reviewing Nusa Damai's new layout plan to cater with the current market condition and targeted market groups. The new layout will increase the number of units, which



in place, we anticipate to improve our project's enhance our market position...

will give better development value. With our focused strategies in place, we anticipate to improve our project's profitability, cash flow and enhance our market position in Masai, Johor.

Due to the stiff competition in the vicinity of our development scheme, we adopt our strategies to continue to build and sell affordable and quality houses in Nusa Damai in order to achieve good sales.

Property Investment

The rental income had decreased compared to the previous financial year due to the persistently large over supply and unoccupied business and commercial space in the Klang Valley. In our efforts to increase the occupancy rate, the Management will embark on refurbishment and upgrading exercise on Wisma MPL. Apart from the exercise, we will continue our effort to improve the occupancy rate by focusing on our marketing strategies and approach.

Prospects

Following the measures set out in the government's stimulus package, we expect to see improvements in the residential property market sector. Competitively priced

residential products will continue to attract purchasers while commercial and industrial sales are likely to remain sluggish.

The Nusa Damai development project will continue to be the main contributor to the Group's results. We will be on the look out to take advantage of the opportunities that may arise when the property market improves. In the meanwhile, we will continue with the development of affordable and quality houses in Nusa Damai.

The Management is also aggressively searching for new viable business ventures that can enhance our Group's profitability and cash flow position.

Corporate Governance

In view of ensuring that the highest standards of corporate governance are being practiced throughout the Group, the Board fully supports the recommendations of the Code of Best Practices in Corporate Governance and steps are currently being carried out to evaluate the status of the Group's corporate governance procedures and the implementation of the Code of Best Practices where applicable.



Dividend

The Board of Directors does not recommend the payment of any dividend in respect of the financial year ended 30 June 2003.

Acknowledgement

On behalf of the Board, I wish to express our sincere appreciation and thanks to Encik Yusof bin Jusoh who relinquished office as Chairman on 21 January 2003 but remains as a Director; YBhg Dato' Syed Md Amin bin Syed Jan Aljeffri who relinquished office as Chairman (appointed on 21 January 2003 and relinquished office on 16 June 2003) but remains as a Director; and Encik Chut Nyak Isham bin Nyak Ariff who retired as Group Managing Director on 29 April 2003 but remains as a Director.

On behalf of the Board, I wish to express our sincere appreciation and thanks to the following Board members who had resigned from the Board: Encik Muthanna bin Abdullah on 24 February 2003, Encik Dion Sharil bin Chut Nyak Isham on 21 January 2003 and Encik Richard George Azlan bin Abas on 22 January 2003.

I also like to welcome YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail, YBhg Dato' Syed Md Amin bin Syed Jan Aljeffri and YBhg Dato' Teng Poh Foh to the Board.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere appreciation to our shareholders, valued customers, tenants, local government authorities, contractors, consultants, bankers and business associates who have rendered their full support to the Group. To my fellow Directors, I wish to thank them for their support throughout the year. To the management and staff, I express my sincere appreciation for their hard work, commitment, loyalty and dedication to the Group.

Tun Dato' Seri Abdul Hamid Omar
Chairman

18 November 2003

Board Audit & Risk Management Committee Report

Constitution

The Board Audit & Risk Management Committee (the "Committee") of Malaysia Pacific Land Berhad ("MPL" or the "Company") has been established since 5 April 1996.

Composition

YABhg Tun Dato' Seri Abdul Hamid Omar (Appointed w.e.f 16.6.2003)
(Chairman, Independent Non-Executive)

YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail
(Appointed w.e.f 16.6.2003)
(Independent Non-Executive Director)

YBhg Dato' Syed Md Amin bin Syed Jan Aljeffri (Appointed w.e.f 16.6.2003)
(Independent Non-Executive Director)

Encik Richard George Azlan bin Abas (Resigned w.e.f 22.1.2003)
(Chairman, Independent Non-Executive)

Encik Chut Nyak Isham bin Nyak Ariff (Resigned w.e.f 16.6.2003)
(Non-Independent Non-Executive Director)

Encik Muthanna bin Abdullah (Resigned w.e.f 24.2.2003)
(Independent Non-Executive Director)

Secretary

The Secretary to the Committee is Ms Lim Yew Yoke, who is the Company Secretary of MPL.

Terms Of Reference

- To nominate and recommend for the approval of the Board of Directors ("Board"), a person or persons as external auditor(s).

- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the Group's officers to the external auditors.
- To review the quarterly reports and annual financial statements of the Company and of the Group prior to the approval by the Board.
- To review the adequacy of the internal audit scope and plan, functions and resources of the internal audit functions.
- To review the report and findings of the internal audit department including any findings of internal investigations and the management's response thereto.
- To review the adequacy and integrity of internal control systems, including risk management and management information system.
- To review and monitor the business and financial risks facing the Group and to ensure that all high impact risks are adequately managed at various levels within the Group.
- To review any related party transactions that may arise within the Company or the Group.
- Other functions as may be agreed to by the Committee and the Board.

Authority

The Committee is authorised by the Board to review any activity of the Company and of the Group within its Terms of Reference. It is authorised to seek any information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

Meetings

The Committee meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. However, during the financial year ended 30 June 2003, in view of the changes to the composition of the Committee, only three (3) Committee's meetings were held during the said period and all the meetings were attended by all the Committee members. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The general manager, finance manager and external auditors are invited to attend Committee meetings.

Two (2) members of the Committee who, shall be independent and non-executive, shall constitute a quorum.

After each Committee's meeting, the Committee shall report and update the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate, make the necessary recommendations to the Board.

Activities

The Committee carried out its duties in accordance with its Terms of Reference.

The Committee reviewed the quarterly reports and annual financial statements of MPL Group. The Committee met with external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards. The Committee reviewed the internal auditor's audit findings and recommendations.

In addition, the Committee reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed and monitored the business and financial risks facing the Group as well as to ensure that all high impact risks are adequately managed at various levels within the Group.

The Committee reviewed and approved related party transactions carried out by the Group.

Encik Chut Nyak Isham bin Nyak Ariff, the former Group Managing Director of the Company, had resigned as Risk Manager on 29 April 2003.

In January 2003, the Board of Directors had appointed the Executive Committee to assist in managing the Group's risk. Since then, the Executive Committee has introduced and implemented additional risk management controls.

Internal Audit

During the financial year ended 30 June 2003, the internal audit department carried out its duties covering business audit, system and financial audit.

Further details on internal controls can be referred to in the Statement on Internal Control in this Annual Report.

Corporate Governance

The Board of Directors is committed in ensuring that corporate governance are observed and practised by Malaysia Pacific Land Berhad ("MPL") so that the affairs of the Group are conducted with integrity, full transparency and professionalism with the main objective of safeguarding the interest of shareholders.

The Board accepts the basic principles and requirements of the Malaysian Code on Corporate Governance (the "Code") and has taken appropriate actions to comply with the principles and requirements of the Code and the Best Practices set out in Part 2 of the Code.

A. DIRECTORS

I The Board

The Board of Directors ("Board") recognises the importance of practising high standards of corporate governance throughout the Group as a fundamental part of discharging its fiduciary responsibilities to protect and enhance shareholders' value and the financial performance of MPL. The Board has established terms of reference to assist in the discharge of its responsibilities.

II Board Balance

The Board comprises of six (6) Non-Executive Directors. Of the Non-Executive Directors, three (3) are independent. The profiles of the Directors of the Company are provided in this Annual Report.

The Board is of the view that the current Board composition fairly reflects the investment of the shareholders in the Company. No individual or group of individuals is allowed to dominate the Board's decision-making.

The Board had identified YABhg Tun Dato' Seri Abdul Hamid Omar, the Chairman of the Company, to whom concerns may be conveyed.

III Board Meetings

The Board held a total of ten (10) times during the financial year ended 30 June 2003 and the details of attendance are as follows:

Directors	Attendance
YABhg Tun Dato' Seri Abdul Hamid Omar (Chairman) (Appointed on 16.6.2003)	1/1
YBhg Dato' Syed Md Amin bin Syed Jan Aljeffri (Appointed as Chairman on 21.1.2003 and relinquished office as Chairman on 16.6.2003)	8/8
Encik Chut Nyak Isham bin Nyak Ariff (Retired as Group Managing Director on 29.4.2003)	10/10
YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail (Appointed on 24.2.2003)	3/4
Encik Yusof bin Jusoh (Relinquished office as Chairman on 21.1.2003)	10/10
YBhg Dato' Teng Poh Foh (Appointed on 21.1.2003)	8/8
Encik Richard George Azlan bin Abas (Resigned on 22.1.2003)	3/3

Directors	Attendance
Encik Muthanna bin Abdullah (Resigned on 24.2.2003)	4/6
Encik Dion Sharil bin Chut Nyak Isham (Resigned on 21.1.2003)	2/2

IV Conduct of Meetings

The Board ensures that any potential conflict of interest is avoided by requesting the Director(s) concerned to declare his/their interests and abstain from the decision-making process.

V Supply of and Access to Information and Advice

The Chairman encourages full discussion and deliberation of issues affecting the Group by all Board members. The Board and the Board Committees are provided with information on a timely manner. Board reports are circulated prior to meetings of the Board and the Board Committees.

The Board has access to the advice and services of the Company Secretary as well as to independent professional advice, including the internal auditors.

VI Appointment to the Board

The Company has established a Nominating & Remuneration Committee consisting of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, with Terms of Reference as approved by the Board. The members of the Nominating & Remuneration Committee are YABhg Tun Dato' Seri Abdul Hamid Omar, YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail and YBhg Dato' Teng Poh Foh.

The Company does not have a formal training programme for new Directors. However, the new Directors will be given briefing on the business of the Group and regulatory issues. Directors of the Company will also be updated from time to time of any new or changes to companies and securities legislations, rules and regulations.

VII Re-election of Directors

All Directors are required to submit themselves for re-election every three years.

B. DIRECTORS' REMUNERATION

The fees of Directors, including Non-Executive Directors are recommended by the Nominating & Remuneration Committee and endorsed by the Board for approval by shareholders of the Company at its Annual General Meeting.

The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman is a matter for the Board as a whole. The individuals concerned shall abstain from discussion of their own remuneration.

The aggregate remuneration of Directors for the financial year ended 30 June 2003 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Director	10,000	602,000	612,000
Non-Executive Directors	80,103	159,952	240,055

The number of Directors whose remuneration fall into the following bands is as follows:

Range Of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	7
50,001 - 150,000	-	1
150,001 - 650,000	1	-

C. ACCOUNTABILITY AND AUDIT

I Financial Reporting

In presenting the annual financial statements and quarterly reports to shareholders, investors and regulatory authorities, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Board Audit & Risk Management Committee assists the Board in ensuring the accuracy and adequacy of information submitted to the Board by reviewing and deliberating such information before recommending such information to the Board for approval prior to disclosure to the public.

II Board Audit & Risk Management Committee

The Board Audit & Risk Management Committee comprises of three (3) Independent Non-Executive Directors. Full particulars on the composition of the Board Audit & Risk Management Committee, its Terms of Reference and report of the Board Audit & Risk Management Committee are provided in this Annual Report.

III Internal Audit

The Company has an internal audit department as disclosed in the Board Audit & Risk Management Committee Report appearing in this Annual Report, which reports to the Board Audit & Risk Management Committee, the findings, its recommendation and the corrective actions taken by Management in the discharge of its duties and responsibilities. The internal audit department has the role of providing independent and objective reports on the Group's management, records, accounting policies and internal controls to the Board. The internal audit functions include the evaluation of the processes by which significant risks are identified, assessed and managed. Such audits also ensure instituted controls are appropriate, effectively applied and within acceptable risks exposures.

IV Internal Control

The Directors accept their responsibility for the Group's system of internal controls that covers financial, operational and compliance controls, as well as risk management. The internal control system is designed and maintained within each subsidiary's business, to ensure that the risks faced by the business in pursuit of its objectives are identified and managed at known acceptable levels. The key management personnel are responsible to monitor and manage, and provide regular reports to both the Boards of the subsidiary and the holding company to permit reasonable assessment of the state of financial health of the business activities. The internal audit department undertakes the internal audit functions within the Group. The Statement on Internal Control is set out in this Annual Report.

V Relationship with External Auditors

The appointment of external auditors is recommended by the Board Audit & Risk Management Committee which determines the remuneration of the external auditors.

The external auditors are invited, as and when required, to the Board Audit & Risk Management Committee's meetings to discuss, inter-alia, the audit planning memorandum, management letter and final financial statements of the Group. The external auditors are given access to books and records of the Group at all times.

VI Risk Management

The Board of Directors is aware and recognises the various types of risks, which the Group faces from time to time. The Board Audit & Risk Management Committee is constantly monitoring such risk factors and measures are taken to eliminate, control or manage such risks. Efforts are being made to establish proper risk management guidelines to identify, evaluate and manage the risks.

D. SHAREHOLDERS

I Dialogue between the Company and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders and quarterly financial reports and the various announcements made during the year, through which shareholders can have an overview of the Group's performance and operation.

II Annual General Meeting ("AGM")

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

E. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Listing Requirements of the Kuala Lumpur Stock Exchange require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that, in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2003, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

Statement on Internal Control

The Board of Directors of a public listed company is required to include in its annual report a "statement about the state of internal control of the listed issuer as a group". The Board is committed to maintaining both a sound system of internal control and a proper management of risks throughout the group's operations in order to protect its shareholders' value, employees, the environment, assets, markets, earnings and reputation.

The Board of Directors of the Company acknowledges its responsibility in maintaining a good internal control system covering not only financial controls but also operational and compliance controls as well as risk assessments.

The Board has entrusted the Board Audit & Risk Management Committee with the responsibility to oversee the implementation of the risk management framework of the Group with the objectives to:

- identify principal risks and ensuring the implementation of appropriate systems to manage these risks; and
- review the adequacy and the integrity of the Company's internal control system and management information system, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board, in concurrence with the Board Audit & Risk Management Committee, has appointed a Risk Manager to administer the risk management framework. The Risk Manager is responsible to:

- identify and evaluate the risks faced by the Company and its operating subsidiaries (the "Group");
- reporting to the Board Audit & Risk Management Committee on the risk management of the Group; and
- continually review and improve the Group's risk management processes and methodologies to ensure sensitivity and applicability to the market, business cycles and economic environment impacting the Group.

Previously, the former Group Managing Director was appointed as the Risk Manager but he retired on 29 April 2003. The Board has appointed several professional and prominent businessmen as Directors who have since contributed more efficient planning methods and stringent controls to the Company.

In January 2003, the Board of Directors had appointed the Executive Committee to assist in managing the Group's risk. Since then, the Executive Committee has introduced and implemented additional risk management controls.

The Board Audit & Risk Management Committee, also assisted by the internal audit department, provides oversight on the proper functioning of the risk management framework, as part of its function of monitoring compliance with the business objectives, policies, reporting standards and control procedures of the Group.

These on-going processes are reviewed regularly by the Board Audit & Risk Management Committee to ensure the effectiveness, adequacy and integrity of the internal control system in safeguarding the Group's assets and therefore shareholders' investment in the Group.

The controls built into the risk management framework are not expected to eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

We will be on the look out to take advantage of the opportunities that may arise when the property market improves.

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Directors' Report

The Directors have pleasure in presenting their annual report and the audited financial statements of the Group and of the Company for the year ended 30 June 2003.

PRINCIPAL ACTIVITIES

The Company is principally in the business of letting of investment properties and investment holding whilst the principal activities of the subsidiary companies are as stated in Note 5 to the financial statements. There has been no significant change in activity during the year.

FINANCIAL RESULTS

	<i>The Group</i> <i>RM'000</i>	<i>The Company</i> <i>RM'000</i>
(Loss)/Profit before taxation	(20,284)	6,498
Taxation	448	(1,939)
(Loss)/Profit after taxation	(19,836)	4,559
Retained profits brought forward	61,326	23,339
Retained profits carried forward	41,490	27,898

DIVIDEND

The Directors have decided not to recommend the payment of any dividend for the financial year ended 30 June 2003.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital and the Company has not issued any debenture during the financial year.

OPTIONS

No option has been granted to any person to take up unissued shares of the Company.

RESERVES AND PROVISIONS

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

DIRECTORATE

The Directors in office since the date of the last report are:-

YABhg Tun Dato' Seri Abdul Hamid Omar (Chairman) (Appointed on 16-6-2003)
 YBhg Dato' Syed Md Amin bin Syed Jan Aljeffri (Appointed as Director and Chairman on 21-1-2003 and relinquished office as Chairman on 16-6-2003)
 Encik Chut Nyak Isham bin Nyak Ariff (Retired as Group Managing Director on 29-4-2003)
 Encik Yusof bin Jusoh (Relinquished office as Chairman on 21-1-2003)
 YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail (Appointed on 24-2-2003)
 YBhg Dato' Thomas Teng Poh Foh (Appointed on 21-1-2003)
 Encik Muthanna bin Abdullah (Resigned on 24-2-2003)
 Encik Dion Sharil bin Chut Nyak Isham (Resigned on 21-1-2003)
 Encik Richard George Azlan bin Abas (Resigned on 22-1-2003)

In accordance with Article 85 of the Company's Articles of Association, Encik Chut Nyak Isham bin Nyak Ariff retires by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 92 of the Company's Articles of Association, YBhg Dato' Syed Md Amin bin Syed Jan Aljeffri, YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail and YBhg Thomas Teng Poh Foh retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129(2) of the Companies Act, 1965, YABhg Tun Dato' Seri Abdul Hamid Omar retires having attained the age over 70 years. The Board recommends that YABhg Tun Dato' Seri Abdul Hamid Omar be re-elected in accordance with Section 129(6) of the said Act.

DIRECTORS' INTERESTS

The holdings in the ordinary shares of RM1.00 each of the Company of those who were Directors as at 30 June 2003 are as follows:-

Interests of:-	Shareholdings in which Directors have direct interest/beneficial ownership			
	Number of ordinary shares of RM1.00 each			
	At 1-7-2002	Bought	Sold	At 30-6-2003
Encik Yusof bin Jusoh	17,065,000	30,000	4,200,000	12,895,000
Encik Chut Nyak Isham bin Nyak Ariff	29,309,000	73,000	6,980,000	22,402,000

DIRECTORS' BENEFITS

No Director of the Company has since the end of the previous financial year received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or as fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or its related corporation with the Director or with a firm of which the Director is a member, or with a corporation in which the Director has a substantial financial interest, except for Encik Chut Nyak Isham bin Nyak Ariff who may be deemed to derive a benefit by virtue of the provision of security services to the Company and its related Corporation.

There were no arrangements during and at the end of the financial year which had 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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and the Company were made out, the Directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (a) The Directors are not aware of any circumstances:-
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.
- (b) In the opinion of the Directors:-
 - (i) the results of the operations of the Group and the Company for the financial year ended 30 June 2003 are not likely to be substantially affected by any item, transaction or event of a material and unusual nature which has arisen in the interval between the end of the financial year and at the date of this report; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet its obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (a) There are no charges on the assets of the Group and the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (b) There are no contingent liabilities which have arisen since the end of the financial year.
- (c) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

AUDITORS

The auditors, Messrs Ling Kam Hoong & Co, have indicated their willingness to continue in office.

On behalf of the Board



Dato' Thomas Teng Poh Foh



Chut Nyak Isham bin Nyak Ariff

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) Directors
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19 August 2003

Balance Sheets

as at 30 June 2003

	Notes	The Group		The Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
PROPERTY, PLANT AND EQUIPMENT	3	2,097	2,899	2,030	2,811
INVESTMENT PROPERTIES	4	132,544	132,544	123,956	123,956
INVESTMENTS IN SUBSIDIARIES	5	-	-	8,350	8,350
DEVELOPMENT PROPERTIES	6	176,491	215,390	-	-
CURRENT ASSETS					
Development properties	6	40,997	28,231	-	-
Inventories	7	1,331	1,429	-	-
Trade receivables	8	12,083	9,300	915	1,097
Amount due from subsidiary companies	9	-	-	121,939	111,921
Other receivables, deposits and prepayments		289	268	36	51
Tax recoverable		6,447	6,455	465	608
Deposit with financial institution	10	6,500	-	6,500	-
Cash and bank balances	11	3,417	928	602	14
		71,064	46,611	130,457	113,691
CURRENT LIABILITIES					
Trade payables	12	7,178	10,721	148	347
Rental and utilities deposits		2,348	2,270	2,191	2,105
Amount due to subsidiary company	9	-	-	24,828	28,834
Other payables and provision	13	12,639	19,294	3,804	3,537
Bank borrowings	14	91,174	92,688	71,076	66,487
Provision for taxation		5,931	5,928	-	-
Short term loan	15	13,800	-	13,800	-
		133,070	130,901	115,847	101,310
NET CURRENT (LIABILITIES)/ASSETS		(62,006)	(84,290)	14,610	12,381
		249,126	266,543	148,946	147,498
FINANCED BY:-					
SHARE CAPITAL	16	99,000	99,000	99,000	99,000
ASSET REVALUATION RESERVE		17,950	17,950	17,349	17,349
RETAINED PROFITS	17	41,490	61,326	27,898	23,339
		158,440	178,276	144,247	139,688
LONG TERM AND DEFERRED LIABILITIES	18	90,686	88,267	4,699	7,810
		249,126	266,543	148,946	147,498

The notes on pages 29 to 48 form part of these financial statements.

Income Statements

for the year ended 30 June 2003

	Notes	The Group		The Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	19	37,836	24,588	13,569	6,803
Cost of sales/Direct costs		(47,446)	(20,127)	(4,639)	(5,150)
Gross (loss)/profit		(9,610)	4,461	8,930	1,653
Other operating income		528	389	5,805	6,254
Selling and marketing expenses		(1,103)	(96)	(281)	(75)
Administration expenses		(2,220)	(1,461)	(1,712)	(1,069)
Profit from operations		(12,405)	3,293	12,742	6,763
Finance costs		(7,879)	(650)	(6,244)	(6,447)
(Loss)/Profit before taxation	20	(20,284)	2,643	6,498	316
Taxation	21	448	(1,069)	(1,939)	(110)
(Loss)/Profit after taxation		(19,836)	1,574	4,559	206
(Loss)/Earnings per share	22	(20.04 sen)	1.59 sen		
Dividend per share		Nil	Nil		

The notes on pages 29 to 48 form part of these financial statements.

Statements of Changes in Equity

for the year ended 30 June 2003

	<i>Share Capital</i>	<i>*Assets Revaluation Reserve</i>	<i>Retained Profits</i>	<i>Total</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
The Group				
At 1 July 2001	99,000	22,276	59,752	181,028
Prior year adjustment (Note 28)	-	(4,326)	-	(4,326)
As restated	99,000	17,950	59,752	176,702
Net profit for the year	-	-	1,574	1,574
At 30 June 2002 (Restated)	99,000	17,950	61,326	178,276
Net loss for the year	-	-	(19,836)	(19,836)
At 30 June 2003	99,000	17,950	41,490	158,440
The Company				
At 1 July 2001	99,000	21,643	23,133	143,776
Prior year adjustment (Note 28)	-	(4,294)	-	(4,294)
As restated	99,000	17,349	23,133	139,482
Net profit for the year	-	-	206	206
At 30 June 2002 (Restated)	99,000	17,349	23,339	139,688
Net profit for the year	-	-	4,559	4,559
At 30 June 2003	99,000	17,349	27,898	144,247

*Non-distributable

The notes on pages 29 to 48 form part of these financial statements.

Cash Flow Statements

for the year ended 30 June 2003

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(20,284)	2,643	6,498	316
Adjustments for:-				
Gain on disposal of plant and equipment	-	(98)	-	(98)
Depreciation of property, plant and equipment	817	882	795	811
Interest expense	7,858	520	6,231	6,444
Interest income	(170)	(171)	(5,704)	(6,138)
Bad and doubtful debts	338	46	278	25
Dividend received	-	-	(5,937)	-
Provision for liquidated ascertained damages	762	-	-	-
Foreseeable loss on development properties	554	-	-	-
	10,159	1,179	(4,337)	1,044
Operating (loss)/profit before working capital changes	(10,125)	3,822	2,161	1,360
(Increase)/Decrease in working capital:-				
Receivables	(3,142)	460	(81)	452
Payables	(10,960)	9,999	68	814
Rental and utilities deposits	78	43	86	58
Inventories	98	441	-	-
Subsidiaries' balances	-	-	(14,024)	(3,269)
Development properties	(13,320)	(5,251)	-	-
Cash (used in)/generated from operations	(37,371)	9,514	(11,790)	(585)
Interest paid	(7,858)	(520)	(6,231)	(6,444)
Interest received	170	171	5,704	6,138
Net tax (paid)/refund	(258)	465	(258)	335
Net cash (used in)/generated from operating activities	(45,317)	9,630	(12,575)	(556)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of plant and equipment	-	98	-	98
Purchase of property, plant and equipment	(15)	(118)	(14)	(115)
Expenditure on development properties	38,899	(7,976)	-	-
Deposits pledged with licensed bank	-	84	-	-
Net cash generated from/(used in) investing activities	38,884	(7,912)	(14)	(17)

Cash Flow Statements

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short term loan	13,800	-	13,800	-
Proceeds from revolving credit	-	25,704	-	25,704
Net repayment of term loans	(21,299)	(28,371)	(21,223)	(25,125)
Dividend received	-	-	4,275	-
Net cash (used in)/generated from financing activities	(7,499)	(2,667)	(3,148)	579
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(13,932)	(949)	(15,737)	6
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(41,621)	(40,672)	(22,533)	(22,539)
CASH AND CASH EQUIVALENTS AT END OF YEAR	(55,553)	(41,621)	(38,270)	(22,533)
CASH AND CASH EQUIVALENTS COMPRISE:-				
Cash and bank balances	3,417	928	602	14
Bank overdrafts	(65,470)	(42,549)	(45,372)	(22,547)
Short term deposit	6,500	-	6,500	-
	(55,553)	(41,621)	(38,270)	(22,533)

The notes on pages 29 to 48 form part of these financial statements.

Notes to the Financial Statements

1. PRINCIPAL ACTIVITIES

The Company is principally in the business of letting of investment properties and investment holding whilst the principal activities of the subsidiary companies are as stated in Note 5 to the financial statements.

2. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia under the historical cost convention modified to include the revaluation of investment properties unless otherwise indicated in this summary of significant accounting policies.

(b) Fundamental accounting concept

For the financial year ended 30 June 2003, the Group reported a net loss after taxation of RM19,836,000 and as at that date, the current liabilities of the Group exceeded current assets by RM62,006,000.

The financial statements of the Group have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future and having adequate funds to meet their obligations as and when they fall due. The validity of the going concern assumption depends on the continued support from the shareholders, bankers and creditors of the Group, the restructuring of the bank borrowings of the Group and the successful implementation of the Proposed Rights Issue as disclosed in Note 29(b) to the financial statements on a timely basis and on achieving profitable operations and positive cash flows thereafter.

The financial statements do not include any adjustments relating to the recoverability and classification of the recorded amounts of asset and the classification of the liabilities that may be necessary if the going concern assumption is no longer applicable. The assumption is premised on future events, the outcome of which is inherently uncertain.

(c) Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and its wholly-owned subsidiary companies made up to the year ended 30 June 2003 (See Note 5).

All significant inter-company transactions and balances have been eliminated on consolidation.

Where a subsidiary is acquired during the year, its results are included in the consolidated income statement from its date of acquisition. The excess of the cost of investment acquired over the net assets of the property development subsidiary at acquisition has been allocated to the cost of development properties being its fair value at date of acquisition of the subsidiary.

(d) Property, plant and equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of items of property, plant and equipment, is computed on the straight-line basis over the estimated useful lives of the assets. The principal annual rates used are:-

Building service plant and equipment	5 - 10%
Furniture, fittings and office equipment	10 - 20%
Motor vehicles	20%

2. ACCOUNTING POLICIES (CONT'D)

(e) Investment properties

Investment properties of the Group comprise shoplots, land and buildings which are held for their investment potential and rental business. Investment properties are not depreciated as they are considered long term investments.

It is the policy of the Group to revalue its investment properties every five years or such shorter period as may be considered appropriate, based upon the advice of professional valuers and appraisers. In addition, the directors will appraise the properties at open market values annually based on appropriate information. Surplus or deficit arising on the revaluation are credited or debited direct to Asset Revaluation Reserve at the discretion of the directors. Deficit in the revaluation account is taken direct to the income statement.

(f) Investments in subsidiaries

Investments in subsidiaries are stated at cost and are only written down when the directors consider there is a permanent diminution in the value of the investments.

Subsidiary companies are defined as a company in which the Company has a long term interest of more than 50% or companies in which the Company exercise control over the financial and operating policies of the subsidiary companies.

(g) Development properties

Property development projects consist of freehold land and related development expenditure incurred, and portion of profit attributable to the development work performed to-date, less applicable progress billings and provision for foreseeable losses, if any.

Development expenditure comprise construction and other related development cost including administration overheads and borrowing costs attributable to the project.

The Group classified as current asset that portion of property development projects where significant development work has been done and is expected to complete within the normal operating cycle of two to three years.

(h) Inventories

Inventories of completed properties are valued at the lower of cost and net realisable value. Cost is determined by specific identification method and comprises the relevant cost of land, development expenditure and related interest costs incurred during the development period.

(i) Deferred tax liabilities and assets

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit or part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

2. ACCOUNTING POLICIES (CONT'D)

(i) Deferred tax liabilities and assets (Cont'd)

In prior years, deferred tax was provided for at the applicable current tax rates for all material differences where it was reasonably probable that such timing differences will crystallise in the foreseeable future. In addition, deferred tax benefits were recognised only when there was reasonable assurance of their realisation. This change in accounting policy has been accounted for retrospectively and the effects are dealt with as a prior year adjustment as stated in Note 28.

(j) Borrowing costs

Interest costs on borrowings to finance the development properties are capitalised during the period in which activities related to the development are being undertaken. Capitalisation of borrowing costs ceases when development of the property is completed and active development is interrupted.

(k) Provisions

Provisions 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 can be made of the amount of the obligation.

(l) Trade receivables

Trade receivables are recognised and carried at original amount billed less any allowance for any uncollectible amounts. An estimation of doubtful debts is made when collection of the full amounts is no longer probable. Bad debts are written off as incurred.

(m) Revenue recognition

Dividend

Dividend income is recognised when the right to receive payment is established.

Rental

Rental income is recognised over the rental period of properties.

Development properties

Revenue from sale of development properties is recognised based on the percentage of completion method. The stage of completion is determined based on the proportion of total costs incurred up to the balance sheet date over the estimated total costs of the development. Where foreseeable losses on development projects are anticipated, full provision for these losses is made in the financial statement.

Interest income

Interest income is recognised on a time proportion basis taking into account the effective yield on the asset.

2. ACCOUNTING POLICIES (CONT'D)

(n) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its 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.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(o) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

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 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 set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdrafts, deposits and other short-term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(q) Segmental information

Segment information is presented in respect of the Group's business segment as the Group operates solely within Malaysia.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively. Unallocated items mainly comprise finance cost and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that is expected to be used for more than one period.

3. PROPERTY, PLANT AND EQUIPMENT

	<i>Building Service Plant & Equipment</i> RM'000	<i>Furniture, Fittings & Equipment</i> RM'000	<i>Motor Vehicles</i> RM'000	<i>Total</i> RM'000
The Group				
Net book value				
At 1 July 2002	1,388	1,466	45	2,899
Additions	-	15	-	15
Depreciation charges	(508)	(298)	(11)	(817)
Net book value At 30 June 2003	880	1,183	34	2,097
At 30-6-2002				
Cost	9,184	4,864	223	14,271
Accumulated depreciation	(7,796)	(3,398)	(178)	(11,372)
Net book value	1,388	1,466	45	2,899
At 30-6-2003				
Cost	9,184	4,879	223	14,286
Accumulated depreciation	(8,304)	(3,696)	(189)	(12,189)
Net book value	880	1,183	34	2,097
The Company				
Net book value				
At 1 July 2002	1,359	1,407	45	2,811
Additions	-	14	-	14
Depreciation charges	(502)	(282)	(11)	(795)
Net book value At 30 June 2003	857	1,139	34	2,030
At 30-6-2002				
Cost	8,796	4,541	120	13,457
Accumulated depreciation	(7,437)	(3,134)	(75)	(10,646)
Net book value	1,359	1,407	45	2,811
At 30-6-2003				
Cost	8,796	4,555	120	13,471
Accumulated depreciation	(7,939)	(3,416)	(86)	(11,441)
Net book value	857	1,139	34	2,030

4. INVESTMENT PROPERTIES

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Freehold land and buildings				
- at cost	30,991	30,991	23,270	23,270
- at valuation	101,553	101,553	100,686	100,686
	132,544	132,544	123,956	123,956

The investment properties have been pledged to financial institutions for credit facilities granted to the Company as stated in Note 14.

Details of independent professional valuations of properties of the Group are as follows:-

Freehold land and buildings

	<i>Group</i>
	<i>RM'000</i>
Revaluation adopted in the financial statements:-	
- The Company - 1989 valuation	100,686
- The subsidiary - 1990 valuation	867
	101,553

The investment properties were revalued by the directors based on valuation reports prepared on the open market value basis.

In accordance with the Group's accounting policy (Note 2(e)), the directors had re-estimated the valuation of the Group's and the Company's freehold investment properties at RM147,400,000 and RM132,500,000 respectively based on the advice by independent professional valuers on its open market value at 30 June 2000 under the Investment Method of valuation. However, the directors have decided not to take up in the financial statements the surplus of RM14,856,000 and RM8,544,000 for the Group and the Company respectively at the date of valuation.

5. INVESTMENTS IN SUBSIDIARIES

	<i>The Company</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Unquoted shares in subsidiaries - at cost	8,350	8,350

The subsidiaries, all of which are incorporated in Malaysia, are as follows:-

<i>Name of Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>
	<i>2003</i>	<i>2002</i>	
	<i>%</i>	<i>%</i>	
Asa Enterprises Sdn Bhd	100	100	Letting of investment property
Bedford PJ Complex Sdn Bhd	100	100	Dormant
Creative Ascent Sdn Bhd and its subsidiary:-			Investment holding, project management and property co-development
Bandar Baru Masai Sdn Bhd	100	100	Property development

The financial year end of all the subsidiaries are co-terminous with that of the Company.

6. DEVELOPMENT PROPERTIES

<i>The Group</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
At cost:		
Freehold land	56,172	57,586
Premium on acquisition of Bandar Baru Masai Sdn Bhd allocated to land cost	55,691	56,104
	111,863	113,690
Development expenditure	152,229	145,954
	264,092	259,644
Portion of (loss)/profit attributed to development work performed to date	(10,662)	3,384
	253,430	263,028
Less:		
Progress billings rendered	(35,388)	(19,282)
Foreseeable loss	(554)	-
	217,488	243,746
Transfer to inventories	-	(125)
	217,488	243,621
Non-current portion	(176,491)	(215,390)
	40,997	28,231
Current portion		

6. DEVELOPMENT PROPERTIES (CONT'D)

Development expenditure includes:-

	2003	2002
	RM'000	RM'000
Interest capitalised	5,303	14,415
Directors' remuneration - other than fee	416	564

The development properties of the property development subsidiary have been charged to a financial institution for credit facilities granted to the subsidiary as stated in Note 14.

7. INVENTORIES

	2003	2002
	RM'000	RM'000
The Group		
Inventories consist of the following:-		
Completed industrial lots, residential houses and shop offices - at cost	1,331	1,429

The inventories have been pledged to financial institution as security for credit facilities granted to the Group as stated in Note 14.

8. TRADE RECEIVABLES

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Accrued billings	6,820	1,303	-	-
Trade receivables	6,128	8,546	1,641	1,567
Allowance for doubtful debts	(865)	(549)	(726)	(470)
	12,083	9,300	915	1,097

The Group's normal trade credit terms ranges from 14 to 30 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.

During the year, bad debts amounting to RM22,678 (2002: RM14,442) had been written off against allowance for doubtful debts for the Group.

9. AMOUNT DUE FROM/(TO) SUBSIDIARIES

The Company

These are unsecured advances with no fixed term of repayment and attract/bear interest ranging from 1% to 6% (2002: 1% to 6%) per annum.

10. DEPOSIT WITH FINANCIAL INSTITUTION

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Short term deposit with licensed bank	6,500	-	6,500	-

11. CASH AND BANK BALANCES

The Group

Included in cash and bank balances of the Group are interest bearing balances of RM2,223,866 (2002: RM142,369) held under Housing Development Accounts pursuant to Section 7A of the Housing Developers Act 1966.

12. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 90 days.

13. OTHER PAYABLES AND PROVISION

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Other payables and accruals	6,639	5,070	3,804	3,537
Deposits from purchasers	4,064	13,050	-	-
Provision for liquidated ascertained damages	1,936	1,174	-	-
	12,639	19,294	3,804	3,537
Provision for liquidated ascertained damages				
At 1 July	1,174	1,174	-	-
Addition provision during the year	762	-	-	-
As at 30 June	1,936	1,174	-	-

Provision for liquidated ascertained damages is in respect of projects undertaken by the property development subsidiary. The provision is recognised for expected liquidated ascertained damages claims based on the sale and purchase agreements.

14. BANK BORROWINGS

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Revolving credit				
- secured	25,704	25,704	25,704	25,704
Term loans (Note 18)				
- secured	-	24,435	-	18,236
Bank overdrafts				
- secured	65,078	40,874	44,980	20,872
- unsecured	392	1,675	392	1,675
	91,174	92,688	71,076	66,487

The revolving credit, term loans and bank overdrafts are secured by way of a fixed charge over the freehold land and investment properties and a debenture creating fixed and floating charge over all assets of the Company and a subsidiary company.

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

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Weighted average effective interest rate:				
- Revolving credit	7.5	7.8	7.5	7.8
- Term loans	8.0	8.4	8.0	8.4
- Bank overdrafts	8.0	8.4	8.0	8.4

15. SHORT TERM LOAN

This represents a short term loan from Spektrum Semangat Sdn Bhd, a company connected to Top Lander Offshore Inc, a substantial shareholder of the Company.

The unsecured short term loan bears interest at 8% per annum and is for a tenure of 12 months and shall not exceed 15 months from the date of the loan agreement dated 29 April 2003.

16. SHARE CAPITAL

	<i>2003</i>		<i>2002</i>	
	<i>No of shares</i>	<i>RM'000</i>	<i>No of shares</i>	<i>RM'000</i>
	<i>'000</i>		<i>'000</i>	
Ordinary shares of RM1.00 each				
Authorised:-				
At beginning of year/At end of year	500,000	500,000	500,000	500,000
Issued and fully paid up:-				
At beginning of year/At end of year	99,000	99,000	99,000	99,000

17. RETAINED PROFITS

	2003 RM'000	2002 RM'000
Profits retained by:-		
The Company	27,898	23,339
The subsidiaries	13,592	37,987
	41,490	61,326

Subject to agreement with the Inland Revenue Board:-

- (i) The Company has tax exempt account available for future distribution as tax exempt dividends estimated at approximately RM7,482,000 (2002: RM7,482,000); and
- (ii) The Company has tax credit under Section 108 of the Income Tax Act 1967 to frank approximately RM18,144,000 (2002: RM18,144,000) as dividends out of the Company's retained profits as at 30 June 2003. Retained profits not covered by tax credit amounted to approximately RM9,754,000 (2002: RM5,195,000) including amounts distributable as tax exempt dividends as stated in (i) above.

18. LONG TERM AND DEFERRED LIABILITIES

	<i>The Group</i>		<i>The Company</i>	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Term loans - secured	78,123	74,987	-	2,987
Deferred tax liabilities	12,563	13,280	4,699	4,823
	90,686	88,267	4,699	7,810

Term loans

The contracted terms and security arrangements of the term loans are detailed in Note 14 to the financial statements.

The term loans are repayable as follows:-

	<i>The Group</i>		<i>The Company</i>	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current liabilities				
Not later than one year (Note 14)	-	24,435	-	18,236

18. LONG TERM AND DEFERRED LIABILITIES (CONT'D)

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Long term liabilities				
Between one to two years	16,080	36,996	-	996
Between two to five years	62,043	37,991	-	1,991
	78,123	74,987	-	2,987
	78,123	99,422	-	21,223
Deferred tax liabilities				
Balance at 1 July (restated)	13,280	12,289	4,823	4,930
Transfer from/(to) income statement				
- current year	(713)	984	(120)	(114)
- prior year	(4)	7	(4)	7
Balance at 30 June	12,563	13,280	4,699	4,823
Deferred tax liabilities comprise the tax effects of:				
Excess of capital allowances over depreciation	405	529	405	529
Temporary differences arising from interest capitalised into development properties	7,832	8,425	-	-
Revaluation surplus	4,326	4,326	4,294	4,294
	12,563	13,280	4,699	4,823

As at balance sheet date, the Group has deferred tax assets not recognised in the financial statements as follows:-

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Tax effects of:-				
Unabsorbed tax losses	2,893	497	-	-
Unutilised capital allowances	742	739	-	-
Foreseeable losses	155	-	-	-
Provision for liquidated ascertained damages	542	329	-	-
	4,332	1,565	-	-

Deferred tax assets have not been recognised in respect of these items as these may not be used to offset taxable profits of other subsidiaries within the Group.

19. REVENUE

Revenue of the Group and of the Company consists of the following:-

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Gross dividends from subsidiaries	-	-	5,937	-
Rental income	8,293	7,373	7,632	6,803
Proportionate sales value of property development projects	29,543	17,215	-	-
	37,836	24,588	13,569	6,803

20. (LOSS)/PROFIT BEFORE TAXATION

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
This is arrived at after charging:-				
Office rental	-	63	-	63
* Interest expenses				
- bank overdraft	3,921	494	3,170	1,831
- term loans	3,486	-	459	3,846
- revolving credit	236	-	2,138	455
- subsidiary company	-	-	277	286
- others	215	26	187	26
Depreciation of property, plant and equipment	817	882	795	811
Directors' remuneration				
- fees	90	90	90	91
- other emoluments	541	257	541	257
Auditors' remuneration	47	47	22	22
Bad and doubtful debts	338	46	278	25
Liquidated ascertained damages	762	-	-	-
Foreseeable losses	554	-	-	-
And crediting:-				
Gross dividend from subsidiary	-	-	5,937	-
Gain on disposal of property, plant and equipment	-	98	-	98
Interest income				
- subsidiary companies	-	-	5,671	6,138
- others	170	171	33	-
Sundry rental receipts	-	4	-	-

* Interest on borrowings of the Company recovered from the subsidiaries and charged to development expenditure (Note 6) has been eliminated on Group consolidation.

21. TAXATION

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Provision for taxation based on profit for the year	333	78	2,108	217
Deferred taxation	(713)	984	(120)	(114)
Current year tax expense	(380)	1,062	1,988	103
(Over)/Under provision of prior years'				
- taxation	(64)	-	(45)	-
- deferred taxation	(4)	7	(4)	7
Total tax expense	(448)	1,069	1,939	110

A reconciliation of income tax expenses on (loss)/profit before taxation with the applicable statutory income tax rate is as follows:-

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
(Loss)/Profit before taxation	(20,284)	2,643	6,498	316
Income tax at average applicable tax rate	(5,680)	740	1,819	88
Tax effect in respect of:-				
Depreciation on non-qualifying property, plant and equipment	-	1	-	1
Non-allowable expenses	2,533	315	169	14
Deferred tax assets not recognised in the financial statements	2,767	6	-	-
Current year tax expense	(380)	1,062	1,988	103
Prior year (over)/under provision	(68)	7	(49)	7
Total tax expense	(448)	1,069	1,939	110

Subject to agreement with the Inland Revenue Board, the Group has unabsorbed tax losses of RM10,331,000 (2002: RM1,775,000) and unabsorbed capital allowances of RM2,649,000 (2002: RM2,640,000) to be carried forward for offset against future business taxable income.

22. (LOSS)/EARNINGS PER SHARE

The (loss)/earnings per share is calculated on the Group (loss)/profit of (RM19,836,000) (2002: RM1,574,000) divided by 99,000,000 (2002: 99,000,000) ordinary shares in issue and ranking for dividend during the year.

23. CONTINGENT LIABILITIES (SECURED)

These are contingent liabilities in respect of:-

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Guarantee given for credit facilities granted to the subsidiary - secured by the Company's undertaking for registration of a legal charge over the Company's investment properties	-	-	123,500	120,000

24. SEGMENT REPORTING**(a) Business segment**

The Group's operations comprise the following business segments:-

- (i) Property development - Development of residential and commercial properties
- (ii) Investment properties - Letting of investment properties

	<i>Property Development</i>	<i>Investment Properties</i>	<i>Elimination</i>	<i>Consolidation</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
2003				
Revenue				
External sales	29,543	8,293	-	37,836
Results				
Segment results (external)	(13,175)	777		(12,398)
Unallocated corporate expenses				(7)
Operating loss				(12,405)
Finance cost				(7,879)
Taxation				(20,284)
Loss after taxation				448
				(19,836)

24. SEGMENT REPORTING (CONT'D)

	<i>Property Development</i>	<i>Investment Properties</i>	<i>Elimination</i>	<i>Consolidation</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Other information				
Segment assets	232,797	142,937		375,734
Unallocated corporate assets				6,462
Consolidated total assets				382,196
Segment liabilities	113,585	91,350		204,935
Unallocated corporate liabilities				18,821
Consolidated total liabilities				223,756
Capital expenditure	1	14		15
Depreciation	23	795		817
Non-cash expenses other than depreciation	1,376	278		1,654
2002				
Revenue				
External sales	17,215	7,373	-	24,588
Results				
Segment results (external)	2,563	866	-	3,429
Unallocated corporate expenses				(136)
Operating profit				3,293
Finance costs				(650)
Taxation				2,643
				(1,069)
Profit after taxation				1,574
Other information				
Segment assets	254,210	136,763		390,973
Unallocated corporate asset				6,471
Consolidated total assets				397,444

24. SEGMENT REPORTING (CONT'D)

	<i>Property Development</i>	<i>Investment Properties</i>	<i>Elimination</i>	<i>Consolidation</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
2002				
Segment liabilities	123,889	75,743		199,632
Unallocated corporate liabilities				19,536
Consolidated total liabilities				219,168
Capital expenditure	3	115		118
Depreciation	63	819		882
Non-cash expenses other than depreciation		46		46

(b) Geographical segment

No disclosure on geographical segment is provided as the Group operates solely within Malaysia.

25. RELATED PARTIES**Identity of related parties**

The Company has controlling related party relationships with its direct subsidiary companies. The Group also has related party relationships with the following companies:-

Related parties	Relationship
Guardian Security Consultants Sdn Bhd	Company in which a Director has interest
Top Lander Offshore Inc	A substantial shareholder of the Company
Spektrum Semangat Sdn Bhd	A company connected to Top Lander Offshore Inc.

Related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:-

	<i>The Group</i>		<i>The Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Service fee receivable from Asa Enterprises Sdn Bhd	-	-	210	210
Security fee payable to Guardian Security Consultants Sdn Bhd	273	282	273	282
Interest payable to Spektrum Semangat Sdn Bhd	184	-	184	-

The directors are of the opinion that the transactions have been entered into the normal course of business and have been established on a negotiated basis.

26. FINANCIAL INSTRUMENTS

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 business whilst managing its interest rate, credit, liquidity and cash flow risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(a) Credit risk

Credit risks are minimised and monitored as trade receivables mainly arises from development properties projects which are supported by the end-financiers and from rental of investment properties.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market rates. Interest rate exposure arises from the Group's borrowings. Currently, the borrowings are through bank loans and overdrafts and third party loan which are continually monitored to ensure that the Group will benefit most from the operating environment.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) Fair value of financial instruments

The Directors consider the carrying amounts of financial assets and liabilities of the Group as at financial year end to approximate their fair values.

27. EMPLOYEES' INFORMATION

	2003 RM	2002 RM
Staff costs	1,180,639	1,208,541

The number of employees of the Group (excluding directors) at the end of the year was 41 (2002: 39).

28. PRIOR YEAR ADJUSTMENT

During the year, the Group changed its accounting policy with respect to the provision for deferred tax to comply with MASB 25 Income Taxes. The new accounting policy has the effect of decreasing the revaluation surplus of the Group and of the Company by RM4,326,000 and RM4,294,000 respectively with a corresponding increase in deferred tax liabilities of the Group and of the Company by the same amount. Accordingly, the revaluation surplus and the deferred tax liabilities have been restated to account for the cumulative effects of the change for the financial year ended 30 June 2002 of RM4,326,000 and RM4,294,000 for the Group and for the Company respectively.

28. PRIOR YEAR ADJUSTMENT (CONT'D)

This change in accounting policy has been accounted for retrospectively as follows:-

	<i>As Previously Reported</i>	<i>Effect of Change in Policy</i>	<i>As Restated</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
The Group			
As at 30 June 2001			
Assets revaluation reserve	22,276	(4,326)	17,950
Deferred tax liabilities	7,963	4,326	12,289
As at 30 June 2002			
Assets revaluation reserve	22,276	(4,326)	17,950
Deferred tax liabilities	8,954	4,326	13,280
The Company			
As at 30 June 2001			
Assets revaluation reserve	21,643	(4,294)	17,349
Deferred tax liabilities	636	4,294	4,930
As at 30 June 2002			
Assets revaluation reserve	21,643	(4,294)	17,349
Deferred tax liabilities	529	4,294	4,823

29. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- (a) On 4 July 2003, the Company acquired the entire issued and paid up share capital of Business Tempo Sdn Bhd ("BTSB"), a company incorporated on 14 October 2002, for cash consideration of RM2.00. BTSB's principal activity is provision of property management services.
- (b) On 29 July 2003, the Company ("MPL") proposed a renounceable two-call rights issue of 55,000,000 ordinary shares of RM1.00 each ("Rights Shares") with 27,500,000 free warrants ("Warrants") attached on the basis of 5 Rights Shares with 2.5 free Warrants attached for every 9 existing shares held at an issue price of RM1.00 per Rights Shares, payable in two calls of which a first call of RM0.54 shall be payable in cash ("First Call") whilst the Second call of RM0.46 ("Second Call") shall be payable from the retained profits of MPL to raise RM29.7 million ("Proposed Rights Issue"). The Warrants will be issued free to the shareholders who subscribe for the Rights Shares under the Proposal Rights Issue and are exercisable into new MPL shares. The proposal is pending the approval of the relevant authorities and the shareholders of the Company.

30. GENERAL

The Company incorporated in Malaysia, is a public limited liability company that is domiciled in Malaysia.

The principal place of business of the Company is 21st Floor, Wisma MPL, Jalan Raja Chulan, 50200 Kuala Lumpur.

31. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 19 August 2003.

Statement by Directors

We, Dato' Thomas Teng Poh Foh and Chut Nyak Isham bin Nyak Ariff, being the Directors of MALAYSIA PACIFIC LAND BERHAD, state that in the opinion of the Directors, the financial statements set out on pages 24 to 48 are drawn up in compliance with applicable approved Accounting Standards in Malaysia and so as to give a true and fair view of the state of affairs of the Group and the Company at 30 June 2003 and of the results of the business of the Group and of the Company and the cash flows of the Group and of the Company for the year ended on that date.

On behalf of the Board


Dato' Thomas Teng Poh Foh


Chut Nyak Isham bin Nyak Ariff

)
)
)
) Directors
)
)

19 August 2003

Statutory Declaration

pursuant to Sub-section (16) of Section 169 of the Companies Act 1965

I, Teo Tee Way, the Officer primarily responsible for the financial management of MALAYSIA PACIFIC LAND BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 24 to 48 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed Teo Tee Way
at Kuala Lumpur in the Federal
Territory on 19 August 2003

)
)
)
)
) 

Before me



Report of the Auditors

to the members of Malaysia Pacific Land Berhad

We have audited the financial statements set out on pages 24 to 48 of MALAYSIA PACIFIC LAND BERHAD. The preparation of the financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements which have been prepared under the historical cost convention, as modified by the revaluation of certain freehold land and buildings, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company at 30 June 2003 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements 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 audit 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.

Without qualifying our opinion, we draw attention to Note 2(b) of the financial statements. The Group has reported a net loss of RM19,836,000 for the year ended 30 June 2003 and as at that date, the current liabilities of the Group exceeded the current assets by RM62,006,000. The validity of the going concern assumption depends on the continued support from the shareholders, bankers and creditors of the Group, the restructuring of bank borrowings of the Group and the successful implementation of the Proposed Rights Issue as stated in Note 29(b) on a timely basis and on achieving profitable operations and positive cash flows thereafter. Accordingly, the financial statements do not include any adjustments relating to amounts and classification of assets and liabilities that might be necessary should the going concern assumption is no longer applicable.



LING KAM HOONG & CO
AF: 0106
CHARTERED ACCOUNTANTS, MALAYSIA



LING KAM HOONG
161/5/04 (J/PH)

Kuala Lumpur

19 August 2003

Other Information

1. Properties Held by The Group as at 30 June 2003

<i>Tenure</i>	<i>Location</i>	<i>Approximate Land Area/ Net Lettable Area*</i>	<i>Approximate Age of Building (Years)</i>	<i>Net Book Value (RM'000)</i>	<i>Date of Acquisition/ *Date of Revaluation</i>
Freehold	18 level office tower and a 4 level retail podium at Jalan Raja Chulan 50250 Kuala Lumpur	332,359 sq. ft.*	28	132,544	*30/06/1990
Freehold	Development land in the Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim	875.94 acres	-	217,488	30/08/1995

2. Analysis of Shareholdings as at 10 November 2003

Share Capital

Authorised Share Capital	:	RM500,000,000
Issued & Paid-up Share Capital	:	RM99,000,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights		
- On show of hands	:	1 vote
- On a poll	:	1 vote for each share held

Distribution Schedule of Shareholders

<i>Size of Holdings</i>	<i>No. of Shareholders</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Less than 100	6	0.16	136	0.00
100 - 1,000	2,084	55.60	2,078,514	2.10
1,001 - 10,000	1,360	36.29	5,519,450	5.57
10,001 - 100,000	263	7.02	7,836,700	7.92
100,001 - less than 5% of issued shares	31	0.83	16,552,200	16.72
5% and above of issued shares	4	0.10	67,013,000	67.69
	3,748	100.00	99,000,000	100.00

Thirty Largest Shareholders

<i>Names of Shareholders</i>	<i>No. of Shares</i>	<i>%</i>
1. HLG Nominee (Asing) Sdn Bhd - Top Lander Offshore Inc.	21,780,000	22.00
2. HLG Nominee (Asing) Sdn Bhd - HLL Overseas Limited	16,747,000	16.92
3. HLB Nominees (Tempatan) Sdn Bhd - Chut Nyak Isham bin Nyak Ariff	15,770,000	15.93
4. HLG Nominee (Tempatan) Sdn Bhd - Yusof bin Jusoh	12,716,000	12.84
5. HLG Nominee (Tempatan) Sdn Bhd - Chut Nyak Isham bin Nyak Ariff	4,540,000	4.59
6. Chut Nyak Isham bin Nyak Ariff	1,592,000	1.61
7. HDM Nominees (Tempatan) Sdn Bhd - Chut Nyak Isham bin Nyak Ariff	1,010,000	1.02
8. Hong Leong Fund Management Sdn Bhd - Hong Leong Assurance Berhad (Non-Life)	1,000,000	1.01
9. Hong Leong Fund Management Sdn Bhd - Hong Leong Assurance Berhad (Life)	975,000	0.98
10. Gan Neap Kai	927,600	0.94
11. HDM Nominees (Tempatan) Sdn Bhd - Ho Ngan Yin	871,000	0.88
12. RHB Capital Nominees (Tempatan) Sdn Bhd - Poh Soon Sim	640,700	0.65
13. K-Elite Sdn Bhd	631,000	0.64
14. Citicorp Nominees (Tempatan) Sdn Bhd - Wong Chong Che	567,100	0.57
15. Chiong Kiau	302,000	0.30
16. PAB Nominee (Tempatan) Sdn Bhd - Taiping Securities Sdn Bhd	300,000	0.30
17. Citicorp Nominees (Tempatan) Sdn Bhd - Ta Kin Yan	290,000	0.29
18. Chee Sau Foong	262,400	0.26
19. RHB Capital Nominees (Tempatan) Sdn Bhd - Lee Ah Peng	234,000	0.24
20. Suleiman bin Babjan	227,000	0.23

Thirty Largest Shareholders (Cont'd)

<i>Names of Shareholders</i>	<i>No. of Shares</i>	<i>%</i>
21. RHB Capital Nominees (Tempatan) Sdn Bhd - Lee Teck Yuen	220,000	0.22
22. JF Apex Nominees (Tempatan) Sdn Bhd - Hon Kwong Yew	213,000	0.22
23. Ong Wan Chin	196,400	0.20
24. Cimsec Nominees (Tempatan) Sdn Bhd - Tan Jing Nam	193,000	0.19
25. Yeng Fook Joon	187,000	0.19
26. Aishah binti Mohd Jelani	182,000	0.18
27. RHB Capital Nominees (Tempatan) Sdn Bhd - Ta Kin Yan	176,000	0.18
28. HDM Nominees (Tempatan) Sdn Bhd - Chiong Moi	167,000	0.17
29. Mohd Ariffin bin Mohd Yusuf	164,000	0.17
30. Au Yong Mun Yue	150,000	0.15
	83,231,200	84.07

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 10 November 2003 are as follows:-

<i>Names of Shareholders</i>	<i>Direct Interest</i>		<i>Deemed Interest</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Chut Nyak Isham bin Nyak Ariff	22,402,000	22.63	-	-
Top Lander Offshore Inc.	21,780,000	22.00	-	-
Yusof bin Jusoh	12,895,000	13.02	-	-
HLL Overseas Limited	16,747,000	16.92	-	-
Hong Leong Properties Berhad	-	-	16,747,000	16.92*A
Guoco Assets Sdn Bhd	-	-	18,722,000	18.91*B
Guoco Group Limited	-	-	18,722,000	18.91*C
Guoline Overseas Limited	-	-	18,722,000	18.91*D
Guoline Capital Assets Limited	-	-	18,722,000	18.91*D
Hong Leong Company (Malaysia) Berhad	-	-	18,722,000	18.91*E
HL Holdings Sdn Bhd	-	-	18,722,000	18.91*F
Tan Sri Quek Leng Chan	-	-	18,722,000	18.91*F
Kwek Leng Beng	-	-	18,722,000	18.91*F
Kwek Holdings Pte Ltd	-	-	18,722,000	18.91*F
Hong Realty (Private) Limited	-	-	18,722,000	18.91*F
Hong Leong Investment Holdings Pte Ltd	-	-	18,722,000	18.91*F
Davos Investment Holdings Private Limited	-	-	18,722,000	18.91*F
Kwek Leng Kee	-	-	18,722,000	18.91*F
Quiek Leng Chye	100,000	0.01	18,722,000	18.91*F

* A Deemed interest through HLL Overseas Limited

* B Deemed interest through Hong Leong Properties Berhad and an associated company

* C Deemed interest through Guoco Assets Sdn Bhd

* D Deemed interest through Guoco Group Limited

* E Deemed interest through HLL Overseas Limited and a subsidiary company

* F Deemed interest through Hong Leong Company (Malaysia) Berhad

3. Directors' Interests

Subsequent to the financial year end, there is no change to the Directors' interests as at 10 November 2003 in the ordinary shares of the Company as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965.

4. Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 20, Part A, Appendix 9C of the Listing Requirements of the Kuala Lumpur Stock Exchange.

Form of Proxy

Malaysia Pacific Land Berhad

12200-M
(Incorporated in Malaysia)

I/We _____

of _____

being a member of Malaysia Pacific Land Berhad, hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirty-First Annual General Meeting of the Company to be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 23 December 2003 at 10.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X":

RESOLUTIONS	FOR	AGAINST
1. To receive the audited Financial Statements and Reports		
2. To approve the payment of Directors' fees		
3. To re-elect the following as Directors pursuant to the Company's Articles of Association:- (a) Encik Chut Nyak Isham bin Nyak Ariff (b) YBhg Dato' Syed Md Amin bin Syed Jan Aljeffri (c) YBhg Dato' Teng Poh Foh (d) YAM Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail	(a) (b) (c) (d)	(a) (b) (c) (d)
4. To re-elect YABhg Tun Dato' Seri Abdul Hamid Omar as a Director pursuant to Section 129 of the Companies Act, 1965		
5. To re-appoint Messrs Ling Kam Hoong & Co as Auditors and authorise the Directors to fix their remuneration		
6. As a special business, to approve the ordinary motion on authority to Directors to issue shares		

Dated this _____ day of _____ 2003

Number of shares held

Signature of member

NOTES:

1. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. Pursuant to paragraph 7.22 of the Listing Requirements of the Kuala Lumpur Stock Exchange, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.