

# Financial Statements

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# Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2002.

## Principal Activities

The principal activities of the Company are in the business of property letting and investment holding. The principal activities of the subsidiary and associated companies are set out in Notes 6 and 7 to the financial statements.

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

## Financial Results

	Group RM	Company RM
Loss after taxation	(9,497,641)	(3,976,402)
Minority interests	551,063	-
Loss attributable to shareholders	(8,946,578)	(3,976,402)
Retained profit brought forward	197,491,223	46,930,784
Profit available for distribution	188,544,645	42,954,382
Dividend	(2,463,167)	(2,463,167)
Retained profit carried forward	186,081,478	40,491,215

There were no material transfers to or from reserves or provisions during the year, other than as disclosed in the statement of changes in equity.

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## Dividends

During the year, the Company paid a final dividend of 3% net of tax, amounting to RM2,463,167 representing the dividend for the financial year ended 2001, as proposed in the Directors' Reports in respect of the previous year.

At the forthcoming Annual General Meeting, a final dividend of 3% net of tax, amounting to RM2,463,167 in respect of the current financial year ended 31 December 2002 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profit in the financial year ending 31 December 2003.

## Significant Events During The Financial Year

On 8 February 2002, PK Properties Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with a major shareholder of Nilai Landscape Sdn Bhd to acquire 200,000 ordinary shares of RM1.00 each, representing a 40% equity interest in Nilai Landscape Sdn Bhd, for a cash consideration of RM1,440,617. As a result, Nilai Landscape Sdn Bhd became a wholly-owned subsidiary of PK Properties Sdn Bhd.

On 16 December 2002, PK Fertilizers Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement for the acquisition of a piece of leasehold land and building in Lahad Datu, Sabah for a cash consideration of RM2,400,000. The acquisition will be completed upon the conversion of the land title from agricultural to industrial use. As at 31 December 2002, a 10% deposit of the purchase consideration had been paid to the vendor, as stated in Note 12 to the financial statements. The balance of the purchase consideration is stated as part of capital commitments in Note 30 to the financial statements. The Company intends to construct on the land, a building for use as a warehouse.

## Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Dr Gan Kong Seng	(Chairman)
Datuk Alladin Bin Hashim	
Dato' Gan Kong Hiok	
Mohamed Nizam Bin Tun Abdul Razak	
Loke Keng Hung	
Ahmad Bin Mohd Ali	
Tengku Shamsul Bahrin	
Ooi Soon Kiam	
Siew Yew Tuck	(Resigned on 30.6.02)

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than by virtue of warrants held, as disclosed below.

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, interests in shares and in warrants of the Company as stated below:

Name of Directors	Ordinary shares of RM1 each in the Company			As at 31.12.2002
	As at 1.1.2002	Bought During the year	Sold	
<b>Direct interest:</b>				
Dato' Dr Gan Kong Seng	1,821,000	-	-	1,821,000
Datuk Alladin Bin Hashim	13,000	-	-	13,000
Dato' Gan Kong Hiok	1,641,500	-	-	1,641,500
<b>Indirect interest:</b>				
Dato' Dr Gan Kong Seng	31,589,434	2,161,000	-	33,750,434
Datuk Alladin Bin Hashim	93,000	-	-	93,000
Dato' Gan Kong Hiok	17,305,382	-	-	17,305,382
Loke Keng Hung	8,723,882	-	-	8,723,882

Name of Directors	As at 1.1.2002	Number of Warrants Bought                  Sold During the year		As at 31.12.2002
<b>Direct interest:</b>				
Dato' Dr Gan Kong Seng	620,000	-	-	620,000
Datuk Alladin Bin Hashim	6,000	-	-	6,000
Dato' Gan Kong Hiok	417,000	-	-	417,000
<b>Indirect interest:</b>				
Dato' Dr Gan Kong Seng	11,411,978	-	-	11,411,978
Datuk Alladin bin Hashim	35,000	-	-	35,000
Dato' Gan Kong Hiok	8,377,294	-	-	8,377,294
Loke Keng Hung	5,775,294	-	-	5,775,294

Since the end of the previous financial year, other than as disclosed in Note 28 to the financial statements, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments and fees received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, as required to be disclosed by Section 169(8) of the Companies Act 1965.

### Other Statutory Information

- (a) Before the income statements and balance sheets of the Company and of the Group were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that 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 values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company and of the Group inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Company and of the Group misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company and of the Group which would render any amount stated in the financial statements misleading.

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- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Company or of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Company or of the Group which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent liability 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 Company or of the Group to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

## **Auditors**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

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

**DATO' DR GAN KONG SENG**  
Director

**DATO' GAN KONG HIOK**  
Director

**Nilai, Malaysia**  
**24 April 2003**

# Statement By Directors

Pursuant To Section 169 (15) Of The Companies Act 1965

We, DATO' DR GAN KONG SENG and DATO' GAN KONG HIOK, being two of the Directors of PK RESOURCES BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 38 to 75 are drawn up in accordance with applicable Approved Accounting Standards and the provision of the Companies Act 1965 so as to give a true and fair view of:

- (i) the financial position of the Company and of the Group as at 31 December 2002 and of the results of the business of the Company and of the Group for the year ended on that date; and
- (ii) the cash flows of the Company and of the Group for the year ended 31 December 2002.

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

DATO' DR GAN KONG SENG  
Director

DATO' GAN KONG HIOK  
Director

Nilai, Malaysia  
24 April 2003

# Statutory Declaration

Pursuant To Section 169 (16) Of The Companies Act 1965

I, PAUL YONG POW CHOY, being the Officer primarily responsible for the financial management of PK RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 38 to 75 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  
PAUL YONG POW CHOY at Petaling Jaya in  
Selangor Darul Ehsan on 24 April 2003.

PAUL YONG POW CHOY

Before me,

KARAM SINGH A/L SUDAGAR SINGH (PMC)  
Commissioner for Oaths

Kuala Lumpur

# Report Of the Auditors

To The Members Of PK Resources Berhad

We have audited the financial statements set out on pages 38 to 75. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been 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 financial position of the Group and of the Company as at 31 December 2002 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the Auditors' Report of Peladang Chemicals (S) Pte Ltd, the subsidiary company for which we have not acted as auditors, being financial statements which are included in the consolidated financial statements.

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

The Auditors' Reports on the financial statements of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Companies Act 1965.

In forming our opinion, we have considered the adequacy of the disclosures set out in Note 2 to the financial statements regarding the bases upon which the financial statements of the Group and of the Company have been prepared by application of the going concern concept. In view of the significance of these matters, we believe these disclosures should be brought to your attention. Our opinion is not qualified in these respects.

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

**Sukanta Kumar Dutt [1556/08/04(J)]**  
Partner

**Kuala Lumpur, Malaysia**  
24 April 2003

# Balance Sheets

AS At 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
PROPERTY, PLANT AND EQUIPMENT	4	267,458,454	279,992,118	6,153,309	5,141,432
LAND HELD FOR DEVELOPMENT	5	157,499,849	160,530,733	-	-
SUBSIDIARY COMPANIES	6	-	-	305,458,481	305,458,481
ASSOCIATED COMPANIES	7	6,735,177	7,313,139	8,334,679	8,334,679
GOODWILL ARISING ON CONSOLIDATION	8	1,051,126	1,120,668	-	-
<b>CURRENT ASSETS</b>					
Land and development expenditure	9	253,900,329	246,634,702	-	-
Inventories	10	115,576,949	112,286,712	-	-
Trade receivables	11	120,302,744	134,053,869	-	-
Other receivables	12	5,354,514	5,130,376	141,000	727,893
Amounts due from subsidiary companies	6	-	-	153,341,092	122,193,237
Amount due from associated company	7	533,266	531,196	-	-
Tax recoverable		20,798,882	15,210,022	5,543,929	3,413,928
Deposits with licensed banks	13	7,992,069	21,673,522	40,064	38,820
Cash and bank balances	14	13,222,143	26,707,253	458,559	174,749
		537,680,896	562,227,652	159,524,644	126,548,627
<b>CURRENT LIABILITIES</b>					
Trade payables	15	65,244,603	67,153,334	-	-
Other payables	16	97,580,737	111,222,911	54,729,678	65,214,355
Amounts due to subsidiary companies	6	-	-	67,729,257	14,402,374
Bank borrowings	17	105,117,342	113,391,069	12,962,605	5,377,348
Provision for taxation		472,200	2,235,967	-	-
		268,414,882	294,003,281	135,421,540	84,994,077
Net Current Assets		269,266,014	268,224,371	24,103,104	41,554,550
		702,010,620	717,181,029	344,049,573	360,489,142



		Group		Company	
	Note	2002 RM	2001 RM	2002 RM	2001 RM
<b>Financed By:</b>					
SHARE CAPITAL	18	114,035,500	114,035,500	114,035,500	114,035,500
RESERVES	19	322,359,262	332,844,082	158,629,210	165,068,779
SHAREHOLDERS' EQUITY		436,394,762	446,879,582	272,664,710	279,104,279
MINORITY INTERESTS		123,390,160	125,655,888	-	-
DEFERRED TAXATION	20	36,532,141	37,038,306	-	-
LONG TERM LIABILITIES	21	105,693,557	107,607,253	71,384,863	81,384,863
		702,010,620	717,181,029	344,049,573	360,489,142

The annexed notes form an integral part of these financial statements

# Income Statements

For The Year Ended 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Revenue	22	273,003,635	376,308,172	7,350,000	5,590,000
Cost of sales		(186,818,228)	(267,480,504)	-	-
Gross profit		86,185,407	108,827,668	7,350,000	5,590,000
Other operating income		4,676,121	4,194,363	2,770,738	10,985,369
Administration expenses		(49,442,939)	(56,972,811)	(1,031,110)	(679,989)
Selling and distribution expenses		(3,405,862)	(3,085,553)	-	-
Staff costs		(26,792,315)	(25,950,696)	-	-
Profit from operations	23	11,220,412	27,012,971	9,089,628	15,895,380
Finance costs	24	(20,576,965)	(16,849,036)	(13,066,030)	(10,533,441)
Share of loss of associated companies		(9,356,553)	10,163,935	(3,976,402)	5,361,939
(Loss)/Profit before taxation		(577,962)	(961,043)	-	-
(Loss)/Profit before taxation		(9,934,515)	9,202,892	(3,976,402)	5,361,939
Taxation	25	436,874	(6,160,837)	-	(1,665,000)
(Loss)/Profit after taxation		(9,497,641)	3,042,055	(3,976,402)	3,696,939
Minority interests		551,063	(747,942)	-	-
(Loss)/Profit attributable to shareholders		(8,946,578)	2,294,113	(3,976,402)	3,696,939
Net (loss)/earnings per share (sen)					
- basic and fully diluted	26	(7.85)	2.01		
Net dividends per share (sen)		2.16	2.16		

The annexed notes form an integral part of these financial statements

# Statement Of Changes In Equity

For The Year Ended 31 December 2002

GROUP	Note	Share Capital RM	Share Premium RM	Capital Reserve RM	Capital Redemption Reserve RM	Reserve on Consolidation RM	Exchange Reserve RM	Retained Profit RM	Total RM
At 1 January 2001									
- as previously reported		114,035,500	113,537,671	15,685,956	2,972,000	1,000,000	-	195,197,110	442,428,237
- prior year adjustment	27	-	-	-	-	-	-	2,463,167	2,463,167
- as restated		114,035,500	113,537,671	15,685,956	2,972,000	1,000,000	-	197,660,277	444,891,404
Premium on shares issued to non-participating minority interests		-	-	2,154,031	-	-	-	-	2,154,031
Net proceeds from issuance of replacement warrants		-	-	3,201	-	-	-	-	3,201
Profit attributable to shareholders		-	-	-	-	-	-	2,294,113	2,294,113
Dividend paid for the year ended 31 December 2000		-	-	-	-	-	-	(2,463,167)	(2,463,167)
At 31 December 2001		114,035,500	113,537,671	17,843,188	2,972,000	1,000,000	-	197,491,223	446,879,582

	Note	Share Capital RM	Share Premium RM	Capital Reserve RM	Capital Redemption Reserve RM	Reserve on Consolidation RM	Exchange Reserve RM	Retained Profit RM	Total RM
<b>GROUP</b>									
At 31 December 2001									
- as previously reported		114,035,500	113,537,671	17,843,188	2,972,000	1,000,000	-	195,028,056	444,416,415
- prior year adjustment	27	-	-	-	-	-	-	2,463,167	2,463,167
- as restated		114,035,500	113,537,671	17,843,188	2,972,000	1,000,000	-	197,491,223	446,879,582
Reserve arising on acquisition of additional equity in subsidiary company		-	-	-	-	372,223	-	-	372,223
Premium on shares issued to non-participating minority interests		-	-	208,035	-	-	-	-	208,035
Currency translation differences		-	-	-	-	-	344,667	-	344,667
Loss attributable to shareholders		-	-	-	-	-	-	(8,946,578)	(8,946,578)
Dividend paid for the year ended 31 December 2001		-	-	-	-	-	-	(2,463,167)	(2,463,167)
At 31 December 2002		114,035,500	113,537,671	18,051,223	2,972,000	1,372,223	344,667	186,081,478	436,394,762

The annexed notes form an integral part of these financial statements.

	Note	Share Capital RM	Share Premium RM	Capital Reserve RM	Capital Redemption Reserve RM	Retained Profit RM	Total RM
<b>COMPANY</b>							
At 1 January 2001							
- as previously reported		114,035,500	113,537,671	1,625,123	2,972,000	43,233,845	275,404,139
- prior year adjustment	27	-	-	-	-	2,463,167	2,463,167
- as restated		114,035,500	113,537,671	1,625,123	2,972,000	45,697,012	277,867,306
Profit attributable to shareholders		-	-	-	-	3,696,939	3,696,939
Dividend paid for the year ended 31 December 2000		-	-	-	-	(2,463,167)	(2,463,167)
Net proceeds from issuance of replacement warrants		-	-	3,201	-	-	3,201
At 31 December 2001		114,035,500	113,537,671	1,628,324	2,972,000	46,930,784	279,104,279

	Note	Share Capital RM	Share Premium RM	Capital Reserve RM	Capital Redemption Reserve RM	Retained Profit RM	Total RM
<b>COMPANY</b>							
At 31 December 2001							
- as previously reported		114,035,500	113,537,671	1,628,324	2,972,000	44,467,617	276,641,112
- prior year adjustment	27	-	-	-	-	2,463,167	2,463,167
- as restated		114,035,500	113,537,671	1,628,324	2,972,000	46,930,784	279,104,279
Loss attributable to shareholders		-	-	-	-	(3,976,402)	(3,976,402)
Dividend paid for the year ended 31 December 2001		-	-	-	-	(2,463,167)	(2,463,167)
At 31 December 2002							
		114,035,500	113,537,671	1,628,324	2,972,000	40,491,215	272,664,710

The annexed notes form an integral part of these financial statements.

# Cash Flow Statements

For The Year Ended 31 December 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before taxation	(9,934,515)	9,202,892	(3,976,402)	5,361,939
Adjustments for:				
Depreciation of property, plant and equipment	12,639,259	13,240,372	321,164	267,703
Property, plant and equipment written off	1,641,713	826,817	-	-
Dividend income	-	-	(6,750,000)	(5,500,000)
Interest income	(1,006,589)	(977,557)	(2,768,661)	(11,197,107)
Interest expense	20,576,965	16,849,036	13,066,030	10,533,441
Goodwill amortised	69,542	69,542	-	-
Gain on disposal of investment	-	(19,668)	-	-
Gain on disposal of property, plant and equipment	(193,335)	(149,978)	-	-
Impairment of land held for development	3,193,056	-	-	-
Allowance for doubtful debts	19,253	1,733,321	-	-
Loss retained in associated companies	577,962	961,043	-	-
Operating profit/(loss) before working capital changes	27,583,311	41,735,820	(107,869)	(534,024)
Changes in working capital:				
Land and development expenditure	(7,427,799)	76,006,580	-	-
Inventories	(3,290,237)	10,300,782	-	40,660,770
Receivables	13,507,734	21,938,689	586,893	46,134,642
Payables	1,170,880	14,571,661	5,862,231	(13,633,031)
Associated companies	(2,070)	2,953,604	-	-
Subsidiary companies	-	-	22,179,028	48,497,564
Cash generated from operations	31,541,819	167,507,136	28,520,283	121,125,921
Dividend received	-	-	4,860,000	3,960,000
Interest paid	(20,576,965)	(16,849,036)	(13,066,030)	(10,533,441)
Taxation paid	(7,421,918)	(14,208,136)	(240,001)	(1,688,158)
Net cash flows from operating activities	3,542,936	136,449,964	20,074,252	112,864,322

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	2,685,500	14,241,846	-	-
Purchase of property, plant and equipment	(4,239,473)	(22,722,383)	(1,333,041)	-
Purchase of additional shares in a subsidiary	(1,440,617)	-	-	-
Proceeds from partial disposal of interest in a subsidiary company	-	108,900	-	-
Interest received	1,006,589	977,557	2,768,661	11,197,107
Payment towards outstanding consideration on acquisition of subsidiary company in previous year	(16,346,908)	(59,820,195)	(16,346,908)	(59,820,195)
Net cash flows used in investing activities	(18,334,909)	(67,214,275)	(14,911,288)	(48,623,088)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares to minority interests	276,000	3,308,145	-	-
Proceeds from issue of replacement warrants to existing warrant holders	-	3,201	-	3,201
Dividend paid	(2,463,167)	(2,463,167)	(2,463,167)	(2,463,167)
Drawdown of term loans	35,009,000	1,893,664	-	-
Repayment of term loans	(6,422,696)	(58,615,137)	-	(58,615,137)
Share issue expenses	-	(185,416)	-	-
Bankers acceptances and revolving credits	(46,690,000)	9,404,000	-	-
Net cash flows used in financing activities	(20,290,863)	(46,654,710)	(2,463,167)	(61,075,103)



	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Net (decrease)/increase in cash and cash equivalents	(35,082,836)	22,580,979	2,699,797	3,166,131
Cash and cash equivalents/ (net working capital borrowings) at beginning of year	36,980,402	14,399,423	(5,163,779)	(8,329,910)
Cash and cash equivalents/ (net working capital borrowings) at end of year	1,897,566	36,980,402	(2,463,982)	(5,163,779)
Cash and cash equivalents/ (net working capital borrowings) consists of the following:				
Deposits, cash and bank balances	21,214,212	48,380,775	498,623	213,569
Bank overdrafts (Note 17)	(19,316,646)	(11,400,373)	(2,962,605)	(5,377,348)
	1,897,566	36,980,402	(2,463,982)	(5,163,779)

The effects of the purchase of additional shares in a subsidiary are as follows:

	RM
Share of net assets, at fair values	1,812,840
Reserve on consolidation	(372,223)
Purchase consideration	1,440,617

The annexed notes form an integral part of these financial statements

# Notes To The Financial Statements

31 December 2002

## 1. General

The Company is a public limited liability company which is incorporated and domiciled in Malaysia.

The registered office of the Company and the principal place at which business is carried on is located at Wisma BBN, PT 7454, Jalan BBN 1/1A, Putra Point Phase 1, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus.

The principal activities of the Company are in the business of property letting and investment holding. The principal activities of the subsidiary and associated companies are set out in Notes 6 and 7 to the financial statements.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 April 2003.

## 2. Fundamental Accounting Concept

The balance sheet of the Company as at 31 December 2002 disclosed net current assets of RM24.1 million, including, inter alia RM153.3 million in respect of amounts due from subsidiaries. As a substantial extent of these balances had, in turn, been applied to the acquisition and development of properties by the subsidiaries, the Company's realisation of these balances is dependent upon the realisation of such property assets by the subsidiaries. The Directors are of the opinion that the financial statements of the Company are appropriate to be prepared on the going concern concept in view of its ability to generate cash flows from either the realisation or securitisation of sufficient assets, including those in subsidiaries.

The balance sheet of the Group as at 31 December 2002 disclosed net current assets of RM269,266,014, including, inter alia, the following:

	RM
Land and development expenditure	253,900,329
Unsold completed building units*	29,883,381
Commercial land*	40,895,353
Bank borrowings	105,117,342

\* included in inventories

The financial statements of the Group have also been prepared on the going concern concept based on the Group being able to generate sufficient cash flows to settle its liabilities and meet its obligations as and when they fall due. The Directors are of the opinion that the Group will be able to realise or securitise sufficient assets to raise cash, to meet its obligations.

### 3. Significant Accounting Policies

#### (a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared in compliance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

The Group and the Company have applied certain transitional provisions contained in IAS 16 (Revised) Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, by virtue of which revalued assets have continued to be stated on the basis of their previous valuations (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount) if the Company and the Group do not further revalue their property, plant and equipment.

During the year, the Company adopted Malaysian Accounting Standards Board (MASB) Standard No.19 "Events After The Balance Sheet Date". The effects of this change in accounting policy have been accounted for retrospectively, and are disclosed in Note 27.

#### (b) Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies for the year ended 31 December. All inter-company balances and transactions are eliminated on consolidation. The results of subsidiary companies acquired or disposed of during the year are accounted for in the consolidated financial statements using the acquisition method from the date of acquisition or to the date of disposal as appropriate. At the date of acquisition, the fair value of the subsidiary companies' net assets are determined and these values are reflected in the Group financial statements.

The net difference between the acquisition cost and fair values of the net assets acquired is reflected as goodwill or reserve on consolidation as appropriate. Goodwill is amortised to the consolidated income statement over the period of its estimated economic life, not exceeding 25 years.

#### (c) Subsidiary Companies

Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. The investments in subsidiary companies are stated in the financial statements of the Company at cost. Allowance for diminution in value of these investments are made when an impairment in value occurs. Dividends from subsidiary companies are included in the income statement of the Company when declared.

Minority interest is measured at inception at fair values of the identifiable assets and liabilities of the acquiree, and thereafter on the basis of amounts included in the consolidated financial statements.

### 3. Significant Accounting Policies (cont'd)

#### (d) Associated Companies

An associated company is defined as a company, not being a subsidiary company, in which the Group has a long term equity interest and in whose financial and operating policy decisions the Group exercises significant influence. The Group's share of the results and reserves of associated companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. The Group's share of post acquisition reserves of associated companies is added to the initial cost of these investments in the consolidated balance sheet.

Dividends from associated companies are only recognised in the income statement of the Company when declared.

#### (e) Property, Plant and Equipment, and Depreciation

All property, plant and equipment are initially stated at cost. Certain land and buildings were subsequently shown at valuation, based on external valuation, less subsequent depreciation. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Freehold land is not amortised. Depreciation on other property, plant and equipment is calculated on the straight line method to write off their cost or valuation over their estimated useful lives. The principal annual rates used are as follows:

Leasehold land	over the lease periods of 28 to 99 years
Club house	2%
Golf course	2%
Buildings	1 2/3 % to 20%
Plant and equipment, etc.	5% to 25%

Assets of a value below RM500 are written off in the year of purchase.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is taken to the income statements.

#### (f) Land and Development Expenditure

The cost of land held for development, related development costs common to the whole project, direct building costs and the attributable profit recognised to date are carried forward as land and development expenditure, which is stated net of progress billings.

Land and development expenditure are reflected as non-current assets unless significant development has been undertaken and is expected to be completed within the normal operating cycle, in which case such land and development expenditure are reflected as current assets.

**(g) Inventories**

Trading inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and comprises all incidentals incurred in bringing the inventories to their existing condition and location. Cost of finished goods includes material, direct labour and production overhead costs.

Inventories of unsold completed building units are stated at the lower of cost and net realisable value.

The cost of commercial land comprises land cost and development expenditure.

**(h) Deferred Taxation**

Provision for deferred taxation is made by the liability method in respect of material timing differences except to the extent that it can be demonstrated, with reasonable probability, that the timing differences will continue in the foreseeable future. No account is taken in respect of timing differences giving rise to a deferred tax asset.

**(i) Revenue Recognition**

Revenue from the sale of goods and services is recognised when the risk and rewards of the transactions are transferred.

Revenue from property development and other long term contracts is recognised on the percentage of completion method by reference to the percentage of actual construction work completed. Provision is made in full for anticipated losses, if any.

**(j) Foreign Currencies**

Transactions during the year denominated in foreign currencies are recorded in Ringgit Malaysia at rates ruling at the dates of transactions. All gains and losses arising on exchange are dealt with through the income statements.

Assets, liabilities and income statement items of the foreign subsidiary company are translated into Ringgit Malaysia at the approximate year end rate of exchange. Translation differences arising therefrom are taken to reserves.

The principal closing rates used in the translation of foreign currency amounts are as follows:

Foreign currency	2002 RM	2001 RM
1 US Dollar	3.80	3.80
1 Singapore Dollar	2.17	2.05

### 3. Significant Accounting Policies (cont'd)

#### (k) Cash and Cash Equivalents

The cash flow statements classify changes in cash and cash equivalents according to operating, investing and financing activities. For the purposes of the cash flow statements, cash and cash equivalents comprise cash in hand, short term deposits and balances with banks and financial institutions net of bank overdrafts, if any. The cash flow statements are prepared using the indirect method.

#### (l) Impairment of Assets

The carrying values of assets (other than deferred tax assets and financial assets, which are reviewed in accordance with their respective accounting policies) 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 net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual asset or, if this is not possible, for the cash-generating unit to which the asset belongs.

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 any available previously recognised revaluation surplus for the same asset.

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

#### (m) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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**(m) Financial Instruments (cont'd)**

**(i) Receivables**

Receivables are carried at anticipated realisable values. Bad debts are written off in the year in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at year end.

**(ii) Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

**(iii) Interest-Bearing Borrowings**

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

Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged out to the income statement as an expense in the period in which they are incurred.

**(iv) Equity Instruments**

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

#### 4. Property, Plant And Equipment

GROUP	Land and buildings RM	Plant and machinery RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Computer equipment RM	Total RM
<b>Cost/Valuation</b>							
At 1.1.2002	266,524,798	53,637,729	6,473,722	12,100,512	19,489,692	1,908,994	360,135,447
Additions	2,853,281	(785,951)	645,512	616,701	653,542	256,388	4,239,473
Disposals	-	(4,148,196)	(717,279)	(77,224)	-	-	(4,942,699)
Write offs	(9,045)	(2,379,909)	(139,018)	-	(2,865,303)	(2,750)	(5,396,025)
At 31.12.2002	269,369,034	46,323,673	6,262,937	12,639,989	17,277,931	2,162,632	354,036,196
<b>Accumulated Depreciation</b>							
At 1.1.2002	26,440,704	29,669,070	5,966,041	6,308,784	10,480,713	1,278,017	80,143,329
Charge for the year	4,452,619	4,193,141	439,469	1,141,848	1,979,106	433,076	12,639,259
Disposals	-	(1,696,333)	(723,956)	(30,245)	-	-	(2,450,534)
Write offs	-	(1,672,762)	(139,018)	-	(1,942,532)	-	(3,754,312)
At 31.12.2002	30,893,323	30,493,116	5,542,536	7,420,387	10,517,287	1,711,093	86,577,742
<b>Net Book Value</b>							
At 31.12.2002	238,475,711	15,830,557	720,401	5,219,602	6,760,644	451,539	267,458,454
At 31.12.2001	240,084,094	23,968,659	507,681	5,791,728	9,008,979	630,977	279,992,118
<b>Depreciation charge for 2001</b>							
	4,782,438	4,251,663	594,810	1,388,051	1,862,184	361,226	13,240,372



#### 4. Property, Plant And Equipment (con'd)

Land and buildings		Freehold land RM	Long leasehold land RM	Club house RM	Golf course RM	Buildings RM	Total RM
GROUP	Cost/Valuation						
	At 1.1.2002	49,804,334	30,447,307	20,146,905	16,744,515	149,381,737	266,524,798
	Additions	-	-	6,800	-	2,846,481	2,853,281
	Write offs	-	-	-	-	(9,045)	(9,045)
	At 31.12.2002	49,804,334	30,447,307	20,153,705	16,744,515	152,219,173	269,369,034
<b>Accumulated Depreciation</b>							
	At 1.1.2002	-	4,080,460	1,888,969	1,630,570	18,840,705	26,440,704
	Charge for the year	-	609,739	403,075	334,890	3,104,915	4,452,619
	At 31.12.2002	-	4,690,199	2,292,044	1,965,460	21,945,620	30,893,323
<b>Net Book Value</b>							
	At 31.12.2002	49,804,334	25,757,108	17,861,661	14,779,055	130,273,553	238,475,711
	At 31.12.2001	49,804,334	26,366,847	18,257,936	15,113,945	130,541,032	240,084,094
	Depreciation charge for 2001	-	528,174	402,685	334,890	3,516,689	4,782,438

#### 4. Property, Plant And Equipment (cont'd)

COMPANY	Long leasehold land RM	Buildings RM	Total RM
<b>At cost/valuation</b>			
At 1.1.2002	2,338,617	5,705,137	8,043,754
Additions	-	1,333,041	1,333,041
At 31.12.2002	2,338,617	7,038,178	9,376,795
<b>Accumulated Depreciation</b>			
At 1.1.2002	424,945	2,477,377	2,902,322
Charge for the year	39,637	281,527	321,164
At 31.12.2002	464,582	2,758,904	3,223,486
<b>Net Book Value</b>			
At 31.12.2002	1,874,035	4,279,274	6,153,309
At 31.12.2001	1,913,672	3,227,760	5,141,432
Depreciation charge for 2001	39,498	228,205	267,703

Land and buildings include long leasehold properties, a portion of which are stated at valuation. The analysis of net book value of long leasehold land and buildings between the valuation and cost portions is as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>At valuation</b>				
Long leasehold land				
- at 1991 valuation	9,411,976	9,551,829	1,874,035	1,913,672
- at 1993 valuation	5,004,667	5,060,875	-	-
Buildings - at 1991 valuation	2,999,551	3,227,761	2,999,555	3,227,760
	17,416,194	17,840,465	4,873,590	5,141,432
<b>At cost</b>				
Long leasehold land	9,142,069	10,589,567	-	-
Buildings	127,274,002	130,100,874	1,279,719	-
	136,416,071	140,690,441	1,279,719	-
	153,832,265	158,530,906	6,153,309	5,141,432

All other categories of property, plant and equipment are stated at cost less accumulated depreciation.

The net book value of long leasehold land and buildings stated at valuation, had they been carried at cost less depreciation, would have been:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Long leasehold land	3,537,854	3,614,194	1,813,814	1,847,669
Buildings	1,270,271	1,460,135	1,270,271	1,460,135
	4,808,125	5,074,329	3,084,085	3,307,804

The valuation of long leasehold land and buildings in 1991 and 1993 were based on independent professional valuations carried out on the open market basis. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment, adopted by the Malaysian Accounting Standards Board, these assets have continued to be stated on the basis of their 1991 and 1993 valuations.

Included in property, plant and equipment of the Group are land and buildings of subsidiary companies, with an aggregate net book value of RM89,102,760 (2001: RM89,418,771) which are charged to financial institutions for financial facilities extended to those subsidiary companies.

## 5. Land Held For Development

	Group	
	2002 RM	2001 RM
Freehold land, at cost	157,499,849	160,530,733

## 6. Subsidiary Companies

	Company	
	2002 RM	2001 RM
Unquoted shares, at cost	305,458,481	305,458,481

The amounts due to subsidiary companies, which primarily arose from payments on the Company's behalf, are unsecured, interest-free and have no fixed terms of repayments.

The amounts due from subsidiary companies which arose primarily in respect of financing the acquisition of property and related development by subsidiary companies are unsecured, bore interest during the year at the rate of 9.0% (2001: 9.0%) per annum, and have no fixed terms of repayment.

## 6. Subsidiary Companies (cont'd)

The subsidiary companies are:

Company	Principal Activities	Country of Incorporation	Effective Equity Interest	
			2002 %	2001 %
Serba Kimia Sdn. Bhd.	Manufacturing and merchandising chemicals and chemical products	Malaysia	100	100
Peladang Chemicals (S) Pte. Ltd.*	Dormant	Singapore	100	100
PK Properties Sdn. Bhd.	Property development	Malaysia	100	100
N.S. Township Development Sdn. Bhd.	Property development	Malaysia	70	70
Advance Point (M) Sdn. Bhd.	Hotelling and property development	Malaysia	70	70
BBN Development Sdn. Bhd.	Property development	Malaysia	75.38	75.38
BBN Properties Sdn. Bhd.	Dormant	Malaysia	75.38	75.38
Romila Jaya Sdn. Bhd.	Quarry operations	Malaysia	91.05	91.05
Advance Point Management Sdn. Bhd.	Provision of management services for condominiums	Malaysia	70	70
Nilai Landscape Sdn. Bhd.	Nursery and landscaping	Malaysia	100	60
Nilai Springs Bhd.	Operation and management of golf and country club	Malaysia	75.38	75.38
PK Hotels & Leisure Sdn. Bhd.	Hotelling	Malaysia	100	100
PK Education Sdn. Bhd.	Provision of educational services	Malaysia	70	70
Arus Ikhlas Sdn. Bhd.	Property development	Malaysia	70	70

Company	Principal Activities	Country of Incorporation	Effective Equity Interest	
			2002 %	2001 %
Nilai Hills Sdn. Bhd.	Dormant	Malaysia	100	100
PK Academy Sdn. Bhd.	Dormant	Malaysia	70	70
Awan Cermat Sdn. Bhd.	Dormant	Malaysia	91.05	91.05
Healthcom Sdn. Bhd.	Dormant	Malaysia	75.38	75.38
PK Fertilizers Sdn. Bhd.	Manufacturing and merchandising of fertilizers	Malaysia	100	100
PK Healthcare Services Sdn. Bhd.	Dormant	Malaysia	100	100
Ekspres Nilai Sdn. Bhd.	Dormant	Malaysia	75.38	75.38
Nostalgia Asal Sdn. Bhd.	Dormant	Malaysia	75.38	75.38

\* Audited by a member firm of Ernst & Young International

## 7. Associated Companies

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unquoted shares, at cost	9,423,679	9,423,679	8,334,679	8,334,679
Share of loss	(2,688,502)	(2,110,540)	-	-
	<u>6,735,177</u>	<u>7,313,139</u>	<u>8,334,679</u>	<u>8,334,679</u>
Amount due from associated company included under current assets	533,266	531,196	-	-

The Group's investment in the associated companies is represented by the Group's share in their net tangible assets.

## 7. Associated Companies (cont'd)

The associated companies are:

Company	Principal Activities	Country of Incorporation	Equity Interest	
			2002 %	2001 %
Asiaprise Sdn Bhd	Operation of a specialised cancer treatment centre	Malaysia	30	30
Golden Plateau Sdn. Bhd.	Dormant	Malaysia	50	50

The amount due from the associated company is unsecured, interest-free, and has no fixed terms of repayment.

## 8. Goodwill Arising On Consolidation

	Group	
	2002 RM	2001 RM
At cost	1,738,546	1,738,546
Less: Accumulated amortisation	(687,420)	(617,878)
At 31 December	1,051,126	1,120,668

## 9. Land And Development Expenditure

Freehold land, at cost	183,283,059	189,260,733
Development expenditure, at cost	473,747,307	446,605,123
	657,030,366	635,865,856
Attributable profit to date	293,987,914	295,973,402
	951,018,280	931,839,258
Less: Progress billings	(697,117,951)	(685,204,556)
	253,900,329	246,634,702

## 10. Inventories

### At Cost

Trading inventories	42,422,466	39,614,515
Unsold completed building units	29,883,381	30,757,084
Commercial land	40,895,353	39,830,847
Work in progress	284,746	176,408
Hotel supplies and consumables	1,132,892	1,063,146
Consumables	293,972	256,746
Nursery inventories	664,139	587,966
	<hr/>	<hr/>
	115,576,949	112,286,712

## 11. Trade Receivables

	Group	
	2002 RM	2001 RM
Trade receivables	124,057,518	137,861,718
Less: Allowance for doubtful debts	(3,754,774)	(3,807,849)
	<hr/>	<hr/>
	120,302,744	134,053,869

Included in trade receivables of the Group are balances totalling RM58,859,226 (2001: RM71,100,414) from three entities, of which RM9,734,792 (2001: RM 21,975,979) are amounts due from two companies in which certain directors have financial interests. In determining the extent of provision for doubtful debts, the Directors have given due consideration to the current economic conditions and other information available to assess the likelihood of bad debts arising. Although uncertainty generally exists with regard to the recovery of debts under the current economic conditions, the Directors are of the opinion that the provision made for doubtful debts is adequate. It is not possible, however, for the provision to anticipate any possible future deterioration in credit conditions in respect of debtor parties.

In the prior year financial statements, the balance due from companies in which certain directors have a financial interest was stated as RM71,100,414. In the current year financial statements, this amount has been restated to RM21,975,979 to exclude a balance incorrectly included therein.

The Group's normal trade credit term ranges from 21 working days to 90 days. Other credit terms are assessed on a case-by-case basis.

## 12. Other Receivables

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Deposits	1,847,031	1,830,973	141,000	727,893
Prepayments	1,135,426	1,243,797	-	-
Sundry receivables	2,372,057	2,079,949	-	-
Less: Allowance for doubtful debts	-	(24,343)	-	-
	<u>5,354,514</u>	<u>5,130,376</u>	<u>141,000</u>	<u>727,893</u>

Included in deposits of the Group is an amount of RM 240,000 (2001: Nil) representing a deposit paid towards the acquisition of a piece of leasehold land and building in Lahad Datu, Sabah. The balance of the purchase consideration is included within capital commitments in Note 30 to the financial statement.

## 13. Deposits With A Licensed Bank

The weighted average interest rate during the financial year and the average maturity of deposits with licensed bank as at 31 December 2002 were as follows:

	Weighted Average Interest Rate	Average Maturity Days
Fixed deposits	3.3	117
Repo	2.5	19

## 14. Cash And Bank Balances

Included in cash and bank balances of the Group are amounts totalling RM7,243,538 (2001: RM10,057,541) placed in trust for purchasers of residential houses and condominiums in accordance with Housing Developers (Control and Licensing) Act 1966.

Included in other payables under Note 16 are amounts of RM212,110 (2001: RM328,910) in respect of share application monies received for shares in a subsidiary company which are held in trust on behalf of the applicants. These application monies have been placed in trust as at 31 December 2002.

## 15. Trade Payables

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



## 16. Other Payables

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Balance of consideration on acquisition of subsidiary company (Note 21)	48,195,045	64,541,953	48,195,045	64,541,953
Sundry payables	11,745,092	7,741,005	5,762,199	-
Deposits	7,794,495	13,156,521	-	-
Accruals	8,956,404	7,678,587	752,434	652,002
Provisions	15,938,342	9,728,772	20,000	20,400
Deferred Income	4,739,249	8,047,163	-	-
Amounts held in trust	212,110	328,910	-	-
	<b>97,580,737</b>	<b>111,222,911</b>	<b>54,729,678</b>	<b>65,214,355</b>

Details of amounts held in trust are disclosed in Note 14.

## 17. Bank Borrowings

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>Unsecured:</b>				
Bankers' acceptances	50,378,000	60,059,000	-	-
Bank overdrafts	14,271,178	6,941,537	2,962,605	5,377,348
<b>Secured:</b>				
Bank overdrafts	5,045,468	4,458,836	-	-
Revolving credits	-	37,009,000	-	-
Current portion of long term loan (Note 21)	35,422,696	4,922,696	10,000,000	-
	<b>105,117,342</b>	<b>113,391,069</b>	<b>12,962,605</b>	<b>5,377,348</b>

Interest on the bank borrowings during the year ranged from 3.5% to 10.6% (2001: 7.3% to 10.6%) per annum.

The bank overdrafts were secured by a fixed charge over certain landed properties of a subsidiary company as stated in Note 4.

The security over the long term loan is disclosed in Note 21.

## 18. Share Capital

	Group/Company	
	2002	2001
	RM	RM
<b>Authorised:</b>		
250,000,000 ordinary shares of RM1 each	250,000,000	250,000,000
<b>Issued and fully paid up:</b>		
114,035,500 ordinary shares of RM1 each	114,035,500	114,035,500

On 29 May 1995, the Company issued RM150 million of bonds with 39 millions detachable warrants upon obtaining the approvals from the relevant authorities. The detachable warrants ("Existing Warrants") were offered for sale to the then entitled shareholders at an offer price of 82 sen per warrant.

The bonds expired on 28 May 2000 and were subsequently converted into a term loan. The outstanding balance of the term loan is disclosed in Note 21.

On 27 August 1999, the Company extended the expiry period of all Existing Warrants from 28 November 1999 to 28 May 2005 ("Existing Extended Warrants"). Subsequently, the Company, vide its prospectus dated 20 November 2000, offered 38,994,500 Replacement Warrants to the then Existing Extended Warrant holders, on the basis of one (1) Replacement Warrant for every one (1) Existing Extended Warrant held. The Replacement Warrants have the same expiry date as the Existing Extended Warrants of 28 May 2005.

A total number of 36,645,850 Replacement Warrants were issued to replace the Existing Extended Warrants.

As at 31 December 2002, none of the 36,645,850 Replacement Warrants and 2,348,650 Existing Extended Warrants had been exercised, details as follows:

Warrants	Options Expiry date	Exercise price	Number of warrants
Existing Extended Warrants (Existing 1995/2005 warrants)	28 May 2005	RM6.30	2,348,650
Replacement Warrants (2000/2005 warrants)	28 May 2005	RM2.22	36,645,850
			<u>38,994,500</u>

## 19. Reserves

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Total reserves at 31 December are analysed as follows:				
Distributable:				
Retained profit	186,081,478	197,491,223	40,491,215	46,930,784
Non-distributable:				
Share premium	113,537,671	113,537,671	113,537,671	113,537,671
Capital reserve	18,051,223	17,843,188	1,628,324	1,628,324
Capital redemption reserve	2,972,000	2,972,000	2,972,000	2,972,000
Reserve on consolidation	1,372,223	1,000,000	-	-
Exchange reserve	344,667	-	-	-
	136,277,784	135,352,859	118,137,995	118,137,995
	322,359,262	332,844,082	158,629,210	165,068,779

Movements in reserves are shown in the respective statements of changes in equity.

Based on estimated tax credits and the tax exempt account balance available as at balance sheet date, subject to the agreement of the Inland Revenue Board, the entire retained profits of the Company are available for distribution by way of dividends without incurring additional tax liability.

The nature and purpose of each category of reserve are as follows:

(a) Share Premium

This amount arises from premium from the issue of ordinary shares above par value.

(b) Capital Reserve

Capital reserve of the Group amounting to RM16,422,899 (2001: RM16,218,065) arises from premium on shares issued to non-participating minority interests in a subsidiary company.

Capital reserve of RM1,628,324 (2001: RM1,625,123) in the Group and Company, arises from proceeds from the issue of replacement warrants less related expenses.

(c) Capital redemption reserve

This amount arises from the nominal value of shares repurchased and cancelled. The amount was transferred from retained profits under Section 67A of the Companies Act 1965.

(d) Foreign Exchange Reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of a foreign subsidiary.

(e) Reserve on consolidation

The reserve on consolidation arises from the acquisition of equity shareholding in subsidiaries at amounts lower than the fair values of their respective net assets at acquisition.

## 20. Deferred Taxation

	Group	
	2002 RM	2001 RM
At 1 January	37,038,306	36,965,357
Transfer (to)/from income statement	(506,165)	72,949
At 31 December	36,532,141	37,038,306

The provision of deferred taxation arises mainly from fair value adjustment on landed properties upon the acquisition of subsidiary companies.

Deferred taxation is not provided for on the surplus arising from the revaluation of freehold land and investment properties as it is not the intention of the directors to dispose of these properties.

The following taxation effects have, in accordance with the accounting policies, not been accounted for:

	2002 RM	2001 RM
Arising from :		
Tax losses	21,140,000	23,489,000
Unabsorbed capital allowances	12,339,000	11,490,000
Others	(9,765,000)	(8,939,000)

The tax losses and unabsorbed capital allowances are subject to the agreement of the Inland Revenue Board.

## 21. Long Term Liabilities

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Balance of consideration on acquisition of subsidiary company	(a) 48,195,045	64,541,953	48,195,045	64,541,953
Term loans	(b) 141,116,253	112,529,949	81,384,863	81,384,863
	189,311,298	177,071,902	129,579,908	145,926,816
Less: Current portion of:				
- balance of consideration on acquisition of subsidiary company (Note 16)	(48,195,045)	(64,541,953)	(48,195,045)	(64,541,953)
- term loans (Note 17)	(35,422,696)	(4,922,696)	(10,000,000)	-
	105,693,557	107,607,253	71,384,863	81,384,863

(a) The balance of consideration on acquisition of a subsidiary company represents the remaining 45% of the consideration for the acquisition of the 70% equity interest in Arus Ikhlas Sdn Bhd ("AISB"). The outstanding balance was payable to the vendor of AISB on or before the expiry of the 36 month period from the date of completion of the acquisition, i.e. by December 2001. Until that date, the amount owing was non-interest bearing. However, interest at 10% per annum is chargeable on the balance outstanding after the 36 month period until full settlement of the balance, as disclosed in Note 24.

**(b) Term Loans**

**Company**

The term loan is secured by a fixed charge over certain parcels of land under development of several subsidiary companies, and bore interest during the year at rates of 7.26% to 9.65% per annum (2001: 7.31% to 10.15%). The term loan is repayable in six semi-annual instalments, the first to commence on 30 June 2003.

**Subsidiary Company**

Term loans comprise two loans which are secured by fixed and floating charges on certain freehold and long leasehold land and buildings of certain subsidiary companies. Interest was charged during the year at 6.11% to 8.50% (2001: 8.05% to 8.30%) per annum.

The term loans are repayable as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Financial year ending:				
31 December 2002	-	4,922,696	-	-
31 December 2003	35,422,696	17,100,000	10,000,000	10,000,000
31 December 2004	50,109,000	37,100,000	30,000,000	30,000,000
31 December 2005	48,484,863	48,484,863	41,384,863	41,384,863
31 December 2006	7,099,694	4,922,390	-	-
	141,116,253	112,529,949	81,384,863	81,384,863

## 22. Revenue

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sales of fertilizers	122,285,652	109,004,667	-	-
Sales of industrial lands, houses and shoplots	63,866,100	185,161,991	-	-
Sales of agrochemical products	18,877,152	15,703,570	-	-
Sales of food, beverage and room rentals	19,657,620	19,772,067	-	-
Education	26,481,862	24,204,904	-	-
Dividend income	-	-	6,750,000	5,500,000
Others	21,835,249	22,460,973	600,000	90,000
	273,003,635	376,308,172	7,350,000	5,590,000

Sales of industrial lands, houses and shoplots represent a proportion of contract revenue determined by reference to the stage of completion of industrial land, houses and shoplots sold, and net of discounts.

## 23. Profit From Operations

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
After charging:				
Directors' remuneration				
- Fees	416,471	436,978	122,500	37,498
- Emoluments	1,814,156	3,789,758	60,000	57,000
- Benefits-in-kind	32,400	36,113	-	-
Auditors' remuneration	142,300	142,300	20,000	20,000
Depreciation of property, plant and equipment	12,639,259	13,240,372	321,164	267,703
Property, plant and equipment written off	1,641,713	826,817	-	-
Impairment of land held for development	3,193,056	-	-	-
Hire of plant and machinery	-	479,892	-	-
Allowance for doubtful debts	19,253	1,733,321	-	-
Rental of premises	1,498,244	2,422,802	-	85,104
Staff costs	26,790,152	25,950,696	-	-
Goodwill amortised	69,542	69,542	-	-
Interest expense				
- subsidiary company	-	-	413,327	211,737

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
After crediting:				
Dividend income				
- subsidiary company	-	-	(6,750,000)	(5,500,000)
Interest income				
- subsidiary companies	-	-	(2,768,661)	(11,163,145)
- others	(1,006,589)	(977,557)	-	(33,962)
Gain on disposal of property, plant and equipment	(193,335)	(149,978)	-	-
Rental income				
- subsidiary companies	-	-	(600,000)	(90,000)
- others	(1,098,795)	(748,271)	-	-
Gain on disposal of investment	-	(19,668)	-	-

The numbers of employees in the Group and in the Company at the end of the financial year were 913 (2001: 944) and nil (2001: nil) respectively.

#### 24. Finance Costs

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Interest expense:				
- Overdraft	1,234,137	1,075,512	413,780	630,907
- Term loan	9,106,696	12,318,645	6,789,978	9,828,800
- Bankers acceptance	2,068,729	973,746	-	-
- Revolving credit	2,713,083	2,406,919	-	-
- Hire purchase	-	-	-	-
Interest on balance of consideration on acquisition of subsidiary	5,417,000	-	5,417,000	-
Others	37,320	74,214	445,272	73,734
	20,576,965	16,849,036	13,066,030	10,533,441

## 25. Taxation

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Based on profit for the year:				
Current taxation				
- Malaysian taxation	1,626,920	5,951,888	-	1,665,000
- tax credit	(1,897,000)	-	-	-
Deferred taxation	(506,165)	72,949	-	-
	(776,245)	6,024,837	-	1,665,000
Underprovision in previous year	339,371	136,000	-	-
	(436,874)	6,160,837	-	1,665,000

The Company has available tax deductible expenses against dividend income received from a subsidiary company. As a result, the tax deducted at source in respect of the dividend declared by the subsidiary company is recoverable from the Inland Revenue Board, and has been recognised as a tax credit in the Group financial statements.

## 26. Net (Loss)/ Earnings Per Share

The calculation of net (loss)/ earnings per share is based on the consolidated (loss)/ profit after taxation and minority interest of RM8,946,578 (2001: RM2,294,113) and the number of ordinary shares in issue during the year of 114,035,500 (2001: 114,035,500).

## 27. Prior Year Adjustment

During the year, the Company changed its accounting policy with respect to the recognition of dividends declared or proposed by the Company, in compliance with the new Malaysian Accounting Standards Board (MASB) Standard No. 19, "Events After the Balance Sheet Date", upon its adoption.

In prior years, the Company had accounted for such dividends declared or proposed by the Company after the balance sheet date as an accrued liability at the balance sheet date.

The Company has changed this policy to recognise those dividends only after they have been declared and approved by the shareholders at the annual general meeting of the Company. This change in policy has been accounted for retrospectively.

Comparative information has been restated to conform with the changed accounting policy. This change in accounting policy has the effect of increasing the retained profit of the Group and of the Company for the years ended 31 December 2001 and 31 December 2000 by RM2,463,167 and reducing the dividend accrual as of those dates by the same amount.

The effects of this change on the Company's financial statements are also disclosed in the statement of changes in equity.



## 28. Related Party Transactions

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Rental paid to a company in which certain directors have financial interests				
- G.O. Construction Sdn. Bhd.	135,446	281,101	-	-
Purchases of engineering services from a company in which a director of a subsidiary company is deemed to have financial interests				
- Premier Synthesis Sdn. Bhd.	-	12,125,066	-	-
Sales of fertilizers to a substantial shareholder of PK Resources Bhd				
- FELDA	(1,297,737)	(9,176,720)	-	-
Interest income from subsidiary companies	-	-	(2,768,661)	(11,163,145)
Rental income from subsidiary company	-	-	(600,000)	(90,000)

The Directors of the Company are of the opinion that the above transactions were in the normal course of business and had been established under terms mutually agreed between the companies. There are no practicable means to identify the outstanding balances at the balance sheet date to the above transactions.

## 29. Contingent Liabilities (Unsecured)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Corporate guarantee for facilities granted to a subsidiary company	-	-	124,450,000	59,950,000
Bank guarantee issued in favour of third parties	1,203,000	-	-	-
	1,203,000	-	124,450,000	59,950,000

## 30. Capital Commitments

	Group	
	2002 RM	2001 RM
Approved and not contracted for	4,990,000	-

### 31. Segment Information

	Fertilizers and Agrochemical Products		Property Development	Hotelling	Education	Unallocated Amounts	Elimination	Total
	RM	RM	RM	RM	RM	RM	RM	RM
<b>2002</b>								
<b>Revenue</b>								
Group total sales	141,162,804	63,866,100	19,657,620	26,481,862	22,435,249	(600,000)	273,003,635	
Inter-segment sales	-	-	-	-	(600,000)	600,000	-	
External sales	141,162,804	63,866,100	19,657,620	26,481,862	21,835,249	-	273,003,635	
<b>Results</b>								
Segment result - external	4,246,430	5,262,444	(5,664,408)	5,556,544	802,813	-	10,203,823	
Finance cost	(2,554,534)	(5,454,186)	(359,314)	(2,316,718)	(13,159,422)	3,267,209	(20,576,965)	
Interest income	81,473	698,090	6,400	693,542	2,804,293	(3,267,209)	1,016,589	
Share of results of Associates	-	(17,562)	-	-	(560,400)	-	(577,962)	
Profit/(loss) before taxation	1,773,369	488,786	(6,017,322)	3,933,368	(10,112,716)	-	(9,934,515)	
Taxation							436,874	
Loss after taxation							(9,497,641)	
Minority interests							551,063	
Loss for the year							(8,946,578)	
<b>Other information</b>								
Segment assets	94,400,009	560,468,753	104,713,935	118,829,564	85,278,064	-	963,690,325	
Associates	-	848,933	-	-	5,886,244	-	6,735,177	
Total assets	94,400,009	561,317,686	104,713,935	118,829,564	91,164,308	-	970,425,502	
Segment liabilities	72,101,586	127,664,583	18,219,509	44,631,495	148,023,407	-	410,640,580	
Capital expenditure	319,529	342,274	292,599	1,188,929	2,096,142	-	4,239,473	
Depreciation	715,446	700,976	4,765,895	3,465,905	2,991,037	-	12,639,259	
Impairment loss	-	3,193,056	-	-	-	-	3,193,056	
Other non-cash expenses	2,525,019	2,775,422	2,028,629	2,352,982	13,203,383	-	22,885,435	

### 31. Segment Information (cont'd)

	Fertilizers and Agrochemical Products					Property Development		Hotelling		Education		Unallocated Amounts		Elimination		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>2001</b>																	
<b>Revenue</b>																	
Group total sales	124,708,237	185,161,991	19,772,067	24,204,904	22,460,973	-	-	-	-	-	-	-	-	-	-	-	376,308,172
Inter-segment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External sales	124,708,237	185,161,991	19,772,067	24,204,904	22,460,973	-	-	-	-	-	-	-	-	-	-	-	376,308,172
<b>Results</b>																	
Segment result - external	2,441,005	21,950,790	(3,931,622)	5,748,552	(2,095,397)	-	-	-	-	-	-	-	-	-	-	-	24,113,328
Finance cost	(1,086,112)	(17,388,970)	(1,184,714)	(2,489,845)	(10,990,893)	16,291,498	16,291,498	16,291,498	16,291,498	16,291,498	16,291,498	16,291,498	16,291,498	16,291,498	16,291,498	16,291,498	(16,849,036)
Interest income	12,506	5,646,419	6,904	361,461	11,241,765	977,557	977,557	977,557	977,557	977,557	977,557	977,557	977,557	977,557	977,557	977,557	977,557
Share of results of Associates	-	25,823	-	-	935,220	-	-	-	-	-	-	-	-	-	-	-	961,043
Profit/(loss) before taxation	1,367,399	10,234,062	(5,109,432)	3,620,168	(909,305)	-	-	-	-	-	-	-	-	-	-	-	9,202,892
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,160,837)
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,042,055
Minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(747,942)
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,294,113
<b>Other information</b>																	
Segment assets	105,428,292	605,902,702	85,930,826	133,149,252	73,460,099	-	-	-	-	-	-	-	-	-	-	-	1,003,871,171
Associates	-	866,495	-	-	6,446,644	-	-	-	-	-	-	-	-	-	-	-	7,313,139
Total assets	105,428,292	606,769,197	85,930,826	133,149,252	79,906,743	-	-	-	-	-	-	-	-	-	-	-	1,011,184,310
Segment liabilities	73,534,133	138,389,955	17,610,312	46,878,467	162,235,973	-	-	-	-	-	-	-	-	-	-	-	438,648,840
Capital expenditure	11,514,600	604,630	3,503,555	6,875,059	224,539	-	-	-	-	-	-	-	-	-	-	-	22,722,383
Depreciation	717,492	710,280	5,242,585	3,511,702	3,058,313	-	-	-	-	-	-	-	-	-	-	-	13,240,372
Other non-cash expenses	1,247,879	3,167,150	533,301	2,505,274	12,986,155	-	-	-	-	-	-	-	-	-	-	-	20,439,759

No analysis by geographical location is provided as the Group operates primarily in Malaysia.

## 32. Significant Events During The Financial Year

On 8 February 2002, PK Properties Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with a major shareholder of Nilai Landscape Sdn Bhd to acquire 200,000 ordinary shares of RM1.00 each, representing a 40% equity interest in Nilai Landscape Sdn Bhd, for a cash consideration of RM1,440,617. As a result, Nilai Landscape Sdn Bhd became a wholly-owned subsidiary of PK Properties Sdn Bhd.

On 16 December 2002, PK Fertilizers Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement for the acquisition of a piece of leasehold land and building in Lahad Datu, Sabah for a cash consideration of RM2,400,000. The acquisition will be completed upon the conversion of the land title from agricultural to industrial use. As at 31 December 2002, a 10% deposit of the purchase consideration had been paid to the vendor, as stated in Note 12 to the financial statements. The balance of the purchase consideration is stated as part of capital commitments in Note 30 to the financial statements. The Company intends to construct on the land, a building for use as a warehouse.

## 33. Financial Instruments

### (a) Financial Risk Management Objectives and Policies

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

### (b) Interest Rate Risk

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

### (c) Liquidity Risk

The Group manages its operating cash flows and the availability of funding in order to meet all refinancing, repayment and funding needs. As part of its overall liquidity management, the Group maintains cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain an adequate amount of banking facilities.

### (d) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

### (e) Fair Values

The carrying amounts of financial assets and liabilities of the Group as at 31 December 2002 approximate their fair value.

### 34. Comparative Figures

Comparatives adjusted to conform with changes in presentation resulting from changes in accounting policy are explained in Note 27.

In addition, an amount of RM15,844,796 was reclassified from inventories to land and development expenditure, to more appropriately reflect the intention to retain certain lands for development rather than such lands being considered as available for sale. As a result, the changes to comparatives were as follows.

	Group	
	2002 RM	2001 RM
	As previously stated	As restated
<b>BALANCE SHEET</b>		
Arising from reclassification		
- Land and development expenditure	230,789,906	246,634,702
- Inventories	128,131,508	112,286,712

# Analysis Of Shareholdings

AS At 24 April 2003

## Directors' Share & Warrantholdings

Name of Directors	Direct	%	Indirect	%
<b>Directors' Shareholdings</b>				
<b>No. of ordinary shares of RM1.00 each</b>				
Dato' Dr Gan Kong Seng	1,821,000	1.60	35,750,434	31.35
Dato' Gan Kong Hiok	1,641,500	1.44	17,305,382	15.18
Loke Keng Hung	-	-	8,723,882	7.65
Datuk Alladin Hashim	13,000	0.01	93,000	0.08
Mohamed Nizam Bin Tun Abdul Razak	-	-	-	-
Ahmad Bin Mohd Ali	5,000	0.00	-	-
Tengku Shamsul Bahrin	-	-	-	-
Ooi Soon Kiam	-	-	-	-
<b>Directors' Warantholdings</b>				
<b>No. of warrants A</b>				
Dato' Dr Gan Kong Seng	-	-	-	-
Dato' Gan Kong Hiok	-	-	-	-
Loke Keng Hung	-	-	-	-
Datuk Alladin Hashim	-	-	35,000	1.49
Mohamed Nizam Bin Tun Abdul Razak	-	-	-	-
Ahmad Bin Mohd Ali	-	-	-	-
Tengku Shamsul Bahrin	-	-	-	-
Ooi Soon Kiam	-	-	-	-
<b>No. of warrants B</b>				
Dato' Dr Gan Kong Seng	620,000	1.69	11,411,978	31.14
Dato' Gan Kong Hiok	417,000	1.14	8,377,294	22.86
Loke Keng Hung	-	-	5,775,294	15.76
Datuk Alladin Hashim	6,000	0.02	-	-
Mohamed Nizam Bin Tun Abdul Razak	-	-	-	-
Ahmad Bin Mohd Ali	-	-	-	-
Tengku Shamsul Bahrin	-	-	-	-
Ooi Soon Kiam	-	-	-	-

## Shareholders Information As At 24.4.2003

Types of shares	: Ordinary shares of RM1.00 each
Votings rights	: One vote per shareholder on a show of hands One vote per ordinary share on a poll
No. of shareholders	: 2,719

### Distribution of Shareholdings

Size of holdings	No. of holders	Total holdings	% of Shares
1 - 999	144	64,051	0.06
1,000 - 10,000	2,311	6,099,593	5.35
10,001 - 100,000	220	5,914,000	5.19
100,001 - 5,701,774	38	36,947,485	32.40
5,701,775 - above	6	65,010,371	57.01
<b>Total</b>	<b>2,719</b>	<b>114,035,500</b>	<b>100.00</b>

### List of Top 30 Shareholders

Name	No. of Shares	%
1 AMMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Ragan Jaya Sdn Bhd	23,684,934	20.77
2 TCL Nominees (Tempatan) Sdn Bhd Qualifier: Perbadanan Kemajuan Negeri, Negeri Sembilan	11,602,000	10.17
3 Minister of Finance Qualifier: Akaun Jaminan Pinjaman Kerajaan Persekutuan	10,070,000	8.83
4 Lembaga Kemajuan Tanah Persekutuan (FELDA)	7,292,437	6.39
5 Akarmas Sdn Bhd	6,361,000	5.58
6 AMMB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged Securities Account for Pristine Acres Sdn Bhd	6,000,000	5.26
7 Esprijuta Sdn. Bhd.	4,593,294	4.03
8 Esprijuta Sdn. Bhd.	3,533,588	3.10
9 Employees Provident Fund Board	3,117,000	2.73
10 Imapro Sdn Bhd	3,000,000	2.63
11 Ragan Jaya Sdn Bhd	2,350,000	2.06
12 Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Dato' Gan Kong Hiok	1,900,000	1.67
13 Permodalan Nasional Berhad	1,772,000	1.55
14 Siew Yan Fook @ Siew Yeow Fook	1,764,000	1.55
15 Dato' Dr Gan Kong Seng	1,521,000	1.33
16 Chan Kam Seng	1,455,000	1.28
17 Ten Ah Man	1,340,000	1.18
18 Dato' Lee Pit Chern	1,278,000	1.12
19 Low Mun Chong	1,250,000	1.10
20 Menteri Besar Negeri Sembilan Incorporation	961,000	0.84

### List of Top 30 Shareholders (cont'd)

Name	No. of Shares	%
21 Gan Eng Hong	900,000	0.79
22 Gan Fei Fen	813,000	0.71
23 Pertubuhan Peladang Kebangsaan	619,437	0.54
24 Bukit Maju Developments Bhd	600,000	0.53
25 Mary Foo @ Foo Liang Cheng	348,166	0.31
26 Southern Investment Bank Berhad Qualifier: Employee's Provident Fund	340,000	0.30
27 Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: Amanah Harta Tanah PNB	310,000	0.27
28 Ng Kim Teng	300,000	0.26
29 Ng Kim Ling	300,000	0.26
30 Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Dato' Dr Gan Kong Seng	300,000	0.26
	99,675,856	87.41

### Substantial Shareholders List As At 24.4.2003

	Direct	No. of shares held		%
		%	Indirect	
1. Ragan Jaya Sdn Bhd	26,034,934	22.83	-	-
2. Perbadanan Kemajuan Negeri, Negeri Sembilan (PKNNS)	21,682,000	19.01	-	-
3. Esprijuta Sdn Bhd	8,626,882	7.57	-	-
4. FELDA	7,292,437	6.39	-	-
5. Pristine Acres Sdn Bhd	6,857,500	6.01	-	-
6. Akarmas Sdn Bhd	6,361,000	5.58	-	-
7. Dato' Dr Gan Kong Seng	1,821,000	1.60	35,750,434 <sup>1</sup>	31.35
8. Dato' Gan Kong Hiok	1,641,500	1.44	17,305,382 <sup>2</sup>	15.18
9. Gan Eng Hong	900,000	0.79	35,029,934 <sup>3</sup>	30.72
10. Gan Fei Fen	813,000	0.71	35,116,934 <sup>4</sup>	30.79
11. Siew Yeow Fook	1,325,000	1.16	8,975,048 <sup>5</sup>	7.87
12. Loke Keng Hung	-	-	8,723,882 <sup>6</sup>	7.65
<b>Total</b>	<b>83,355,253</b>	<b>73.10</b>		

#### Notes to interest in shares:

- Indirect shareholding includes the shares held by Ragan Jaya Sdn Bhd, Akarmas Sdn Bhd, his brother, Dato' Gan Kong Hiok and his children, Mr Gan Eng Hong and Ms Gan Fei Fen.
- Indirect shareholding includes the shares held by Pristine Acres Sdn Bhd, Esprijuta Sdn Bhd and his brother, Dato' Dr Gan Kong Seng.
- Indirect shareholding includes the shares held by Ragan Jaya Sdn Bhd, Akarmas Sdn Bhd, his father, Dato' Dr Gan Kong Seng and his sister, Ms Gan Fei Fen.
- Indirect shareholding includes the shares held by Ragan Jaya Sdn Bhd, Akarmas Sdn Bhd, his father, Dato' Dr Gan Kong Seng and his brother, Mr Gan Eng Hong.
- Indirect shareholding includes the shares held by Esprijuta Sdn Bhd and his wife, Mdm Foo Liang Cheng
- Indirect shareholding includes the shares held by Esprijuta Sdn Bhd and his wife, Mdm Wong Lee Chan.



## Warrantheolders Information As At 24.4.2003

Types of securities	: Warrant A
Votings rights	: One vote per warrantholder on a show of hands One vote per warrant on a poll
No. of warrantholders	: 594

### Distribution of Warrantheoldings

Size of holdings	No. of holders	Total holdings	% of Shares
1 - 999	142	70,140	2.99
1,000 - 10,000	415	1,211,510	51.58
10,001 - 100,000	36	765,000	32.57
100,001 - 117,431	-	-	-
117,432 - above	1	302,000	12.86
Total	594	2,348,650	100.00

### List of Top 30 Warrantheolders A

Name	No. of Shares	%
1 Menteri Besar Negeri Sembilan Incorporation	302,000	12.86
2 Wong Ah Yeh @ Ah Yew	89,000	3.79
3 Tan Whang Kwee	56,000	2.38
4 Botly Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Ching Yeek Ming	46,000	1.96
5 Lau Ser Chai	31,000	1.32
6 Affin-UOB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tan Cheng Suy	27,000	1.15
7 Song Kim Hwa	25,000	1.06
8 Low Ah Thong	23,000	0.98
9 Luo Bingkai	23,000	0.98
10 Lee Moey Chin	22,000	0.94
11 RHB Capital Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Gan Chin Yap	21,000	0.89
12 Tee Bee Choo	21,000	0.89
13 Chua Sim Hong	20,000	0.85
14 Hoo Kai Choon @ Hoo Thau Huat	20,000	0.85
15 Hamidah Binti Ibrahim	19,000	0.81
16 Lim Kim Nam	18,000	0.77
17 Ng Soh Eng	18,000	0.77
18 Yow Poh Chee	17,000	0.72
19 Moh Tuang Mooi	17,000	0.72
20 Moh Toong Luan	16,000	0.68
21 Tee Bee Hock	16,000	0.68
22 Phang Yok Kom	16,000	0.68
23 Hamidah Binti Ibrahim	16,000	0.68
24 Lim Kim Chin @ Lim Su Cheng	16,000	0.68
25 Foo Ah Chun	15,000	0.64
26 Chong Yong Kwee	15,000	0.64
27 Krishnan Moorthy A/L Manickam	15,000	0.64
28 Ooi Choi Kiat	15,000	0.64
29 Lew Yoke Kuen	15,000	0.64
30 Chai Bee Cheah	15,000	0.64
	985,000	41.94

Types of Securities : Warrant B  
 Votings Rights : One vote per warrant holder on a show of hands  
 One vote per warrant on a poll  
 No. of Warrantholders : 745

#### Distribution of Warrantholdings

Size of holdings	No. of holders	Total holdings	% of Shares
1 - 999	75	37,000	0.10
1,000 - 10,000	546	1,960,955	5.35
10,001 - 100,000	108	3,025,999	8.26
100,001 - 1,832,291	10	4,198,812	11.46
1,832,292 - above	6	27,423,084	74.83
<b>Total</b>	<b>745</b>	<b>36,645,850</b>	<b>100.00</b>

#### List of Top 30 Warrantholders B

Name	No. of Shares	%
1 AMMB Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Ragan Jaya Sdn Bhd	10,444,978	28.50
2 Esprijuta Sdn Bhd	5,757,294	15.71
3 TCL Nominees (Tempatan) Sdn Bhd Qualifier: Perbadanan Kemajuan Negeri, Negeri Sembilan	3,884,000	10.60
4 Minister of Finance Qualifier: Akaun Jaminan Pinjaman Kerajaan Persekutuan	3,000,000	8.19
5 Lembaga Kemajuan Tanah PERsekutuan (FELDA)	2,336,812	6.38
6 Alliancegroup Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Dato' Gan Kong Hiok	2,000,000	5.46
7 Pertubuhan Peladang Kebangsaan	1,215,812	3.32
8 Dato' Lee Pit Chern	748,000	2.04
9 Dato' Dr Gan Kong Seng	620,000	1.69
10 Dato' Gan Kong Hiok	417,000	1.14
11 Gan Eng Hong	300,000	0.82
12 Gan Fei Fen	250,000	0.68
13 Ten Ah Man	236,000	0.64
14 Lim Kee Siku	140,000	0.38
15 Khoo Kay Leong	138,000	0.38
16 Kenanga Nominees (Asing) Sdn Bhd Qualifier: Ricardo Company Ltd	134,000	0.37
17 Ng Kim Teng	100,000	0.27
18 Ng Kim Ling	100,000	0.27
19 Law Ah Leong	90,000	0.25
20 Wong Ah Yew @ Ah Yew	78,000	0.21
21 Siew Yan Fook @ Siew Yeow Fook	67,000	0.18
22 Chu Eng Hock	66,000	0.18
23 Daniel Koh Seng Yong	65,000	0.18
24 TCL Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tai Yueh Nghoh	60,000	0.16
25 HLG Nominee (Tempatan) Sdn Bhd Qualifier: HLG Credit Sdn Bhd for Ten Ah Man	60,000	0.16
26 Yong Kee Chong	60,000	0.16
27 Ong Yoke Teck	55,000	0.15
28 Wilfred Koh Seng Han	55,000	0.15
29 Yong Kuen Yeok	55,000	0.15
30 Am Finance Berhad Qualifier: Pledged Securities Account for Wee Mung King	55,000	0.15
	<b>32,587,896</b>	<b>88.93</b>

# List Of Properties

Owned By The Group

	Description/Location	Tenure	Expiry of Lease	Unit/ Acreage	Approx. age of building	Net book value as at 31.12.02
1.	Land & Building (Warehousing/factory) PTD 65604, Mukim Plentong, District of Johor Bahru. Lot. 293	Leasehold	Year 2044	20 acres	8	10,332,150
2.	Land & Building (Warehousing/factory) PTD 9035, Mukim Plentong, District of Johor Bahru. Lot. 117	Leasehold	Year 2020	5.7 acres	17	6,153,310
3.	Industrial Land, Mukim Labu and Setul, District of Seremban.	Leasehold	Year 2092	47.37 acres	-	2,967,394
4.	Mixed development of commercial and residential in Mukim Labu and Setul, District of Seremban					
	a) For sale	Freehold	-	595.75 acres	-	253,900,329
	b) For development and future sale.	Freehold	-	1,737.21 acres	-	157,499,849
5.	Land & Building (Hotel) PT 4590, Jalan Penghulu Cantik 70100 Seremban Negeri Sembilan	Leasehold	Year 2092	14.76 acres	9	42,807,569
6.	Condominium Development PT 4591, Jalan Penghulu Cantik 70100 Seremban Negeri Sembilan	Leasehold	Year 2092	18 units	7	2,170,112
7.	Golf Course land and Clubhouse PT 4770 71800 Bandar Baru Nilai Negeri Sembilan	Freehold	-	240.7 acres	6	48,647,266
8.	Building (Hotel) PT 7182, Jalan BBN 1/2E Putra Point Phase 1, 71800 Bandar Baru Nilai Negeri Sembilan	-	-	-	6	*8,195,462

	Description/Location	Tenure	Expiry of Lease	Unit/Acreage	Approx. age of building	Net book value as at 31.12.02
9.	Bungalow Land PT 5296 & 5297 Jalan Penghulu Cantik Taman Tasik Seremban 70100 Seremban Negeri Sembilan	Leasehold	Year 2095	6 acres	-	2,390,784
10.	Quarry Land, Mukim Labu, 10th Mile Seremban - KL Highway 71907 Labu Negeri Sembilan	Leasehold	Year 2054	60 acres	-	5,048,413
11.	PK Bungalow, H.S (D) 1695, PT 978, Mukim Tras, 49000 Raub Pahang	Leasehold	Year 2080	1.1 acres	21	1,704,612
12.	Building PT 10844, Desa Cempaka 71800 Bandar Baru Nilai Negeri Sembilan	-	-	1 unit	5	*1,494,155
13.	Building PT 6367, Jalan BBN 3/1 71800 Bandar Baru Nilai Negeri Sembilan	-	-	1 unit	5	*3,915,788
14.	Land & Building (Warehouse) Lot 1863, Mukim Sungai Karang, 25720 Kuantan Pahang	Leasehold	Year 2020	15 acres	5	3,166,002
15.	Land & Building (College) PT 13106, 71800 Bandar Baru Nilai Negeri Sembilan	Freehold	-	104.61 acres	5	116,010,932
16.	Building PT 7454, Jalan BBN 1/1A, Putra Point Phase 1, 71800 Bandar Baru Nilai Negeri Sembilan.	-	-	-	5	*1,298,513

\* The net book values of these properties do not include the value of the pieces of land where they occupy. The value at these pieces of land is included in item 4(a).

# Proxy Form



**PK Resources Berhad**

(Company No: 17654 P)  
(Incorporated in Malaysia)

I/We \_\_\_\_\_  
(PLEASE USE BLOCK LETTERS)

of \_\_\_\_\_

being a member/members of PK RESOURCES BERHAD, hereby appoint \_\_\_\_\_

of \_\_\_\_\_

to be my proxy/proxies to attend and to vote for me/us on my/our behalf at the Twenty-ninth Annual General Meeting of the Company to be held at Nilai Springs Golf & Country Club, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus, on Thursday, 26 June 2003 at 11.30 a.m..

My/Our proxy/proxies is/are to vote as indicated below:

Ordinary Resolutions	For	Against
1. To receive and adopt the Audited Accounts for the year ended 31 December 2002 and the Reports of the Directors and Auditors therein.		
2. To approve payment of a first and final dividend of 3% per RM1.00 ordinary share less 28% tax in respect of the year ended 31 December 2002.		
3. To re-elect Dato' Dr Gan Kong Seng who retire pursuant to Article 77 of the Company's Articles of Association.		
4. To re-elect Encik Ahmad Bin Mohd Ali who retire pursuant to Article 77 of the Company's Articles of Association.		
5. To re-elect Encik Mohamed Nizam Bin Tun Abdul Razak who retire pursuant to Article 77 of the Company's Articles of Association.		
6. To approve an increase in non-executive directors' fees.		
7. To approve payment of directors' fees.		
8. To re-appoint Messrs. Ernst & Young as auditors and authorise the Directors to fix their remuneration.		
<b>Special Business</b>		
9. To authorise the Directors to issue shares under Section 132D, Companies Act, 1965.		
10. To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
11. <b>Special Resolution</b> Alteration of Articles of Association.		

Please indicate with an "X" in the appropriate spaces where you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.

\_\_\_\_\_

Date Signature No. of Shares Held

Notes:

1. Appointment Of Proxy
  - (a) A Member of the Company entitled to attend and vote is entitled to appoint one or more proxies to vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149 (1) of the Companies Act, 1965 shall not apply to the Company.
  - (b) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
  - (c) The instrument appointing a proxy shall be deposited at the Registered Office at Wisma BBN, PT 7454, Jalan BBN 1/1A, Putra Point Phase 1, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.
2. Proposed increase in non-executive Directors' Fees  
It is proposed that the fees payable to the non-executive Directors be increased from RM5,000 to RM25,000 per Director for the financial year ended 31 December 2002. Arising from the above, the total fees payable to non-executive Directors for the financial year ended 31 December 2002 were RM100,000.
3. Explanatory Note On Special Business:
  - 3.1. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965  
The proposed Resolution 9, if passed, will give the Directors authority to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.
  - 3.2. Alteration of Articles of Association  
The Proposed Special Resolution, if passed, will allow the Directors' to convene Board Meeting and/or Board Committee's Meeting via tele-conferencing if required.

FOLD THIS FLAP FOR SEALING

Affix  
Stamp

The Company Secretary

**PK RESOURCES BERHAD** (17654 P)

Wisma BBN  
PT 7454, Jalan BBN 1/1A  
Putra Point Phase 1  
Bandar Baru Nilai  
71800 Nilai  
Negeri Sembilan Darul Khusus

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