



Financial Statements

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Directors' Report



The Directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2003.

Principal Activities

The principal activities of the Company are in the business of property letting and investment holding. The principal activities of the subsidiaries and associates 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.

Results

	GROUP RM	COMPANY RM
Loss after taxation	(14,026,650)	(5,071,621)
Minority interests	1,948,649	-
Loss attributable to shareholders	(12,078,001)	(5,071,621)
Retained profit brought forward (as restated for Group only)	188,689,642	40,491,215
Profit available for distribution	176,611,641	35,419,594
Dividend	(2,463,167)	(2,463,167)
Retained profit carried forward	174,148,474	32,956,427

There were no material transfers to or from reserves or provisions during the year, other than as disclosed in the statements 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 2002, as proposed in the Directors' Report 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 financial year ended 31 December 2003 will be proposed for shareholders' approval. The financial statements for the 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 2004.



Directors' Report (Contd.)

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:

Tan Sri Dato' Dr Gan Kong Seng (Chairman)
Datuk Alladin bin Hashim
Dato' Gan Kong Hiok
Loke Keng Hung
Mohamed Nizam bin Tun Abdul Razak
Ahmad Bin Mohd. Ali
YM Tengku Shamsul Bahrin
Ooi Soon Kiam
Gan Eng Hong (appointed on 26 August 2003)

Directors' Benefits

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 1.1.2003	Bought During the year	Sold	As at 31.12.2003
Direct interest:				
Tan Sri 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
Gan Eng Hong	900,000	-	-	900,000
Indirect interest:				
Tan Sri Dato' Dr Gan Kong Seng	33,750,434	2,000,000	-	35,750,434
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
Gan Eng Hong	33,029,934	2,000,000	-	35,029,934

Directors' Report (Contd.)



Directors' Benefits (Contd.)

Name of Directors	As at	Number of Warrants		As at
	1.1.2003	Bought During the year	Sold	31.12.2003
Direct interest:				
Tan Sri 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
Gan Eng Hong	300,000	-	-	300,000
Indirect interest:				
Tan Sri 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
Gan Eng Hong	11,314,978	-	-	11,314,978

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:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - 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:
- the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company and of the Group inadequate to any substantial extent; and
 - the values attributed to current assets in the financial statements of the Company and of the Group misleading.



Directors' Report (Contd.)

Other Statutory Information (Contd.)

- (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.
- (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.

Significant Events During The Year And Subsequent To The Balance Sheet Date

On 24 July 2003, the Company entered into a Sale and Purchase Agreement with TH Group Berhad ("THG") for the disposal of 3,720,000 ordinary shares of RM1.00 each representing the Company's entire shareholding in Asiaprise Biotech Sdn Bhd (formerly known as Asiaprise Sdn. Bhd.) for a total consideration of RM12,699,944. The total consideration is to be satisfied 50% in cash and 50% in new THG shares. As at 31 December 2003, the above disposal has not been completed.

On 26 February 2004, Healthcom Sdn Bhd, a subsidiary of the Company, acquired 100% of the issued and paid-up capital of Healthcom Pharma Sdn. Bhd. comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 10 March 2004, BBN Development Sdn Bhd, a subsidiary of the Company, disposed of its 100% interest in the issued and paid-up capital of Nostalgia Asal Sdn Bhd comprising 1,000 ordinary shares of RM1.00 each for a cash consideration of RM10,000.



Statement By Directors

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

We, **TAN SRI 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 accompanying financial statements set out on pages 44 to 83 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act 1965 so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2003 and of the results and the cash flows of the Company and of the Group for the year then ended.

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

TAN SRI DATO' DR GAN KONG SENG
Director

DATO' GAN KONG HIOK
Director

**Nilai, Malaysia
20 April 2004**



Statutory Declaration

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

I, **LOW OOI LENG**, 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 44 to 83 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 **LOW OOI LENG** at Nilai in
Negeri Sembilan Darul Khusus, on 27 April 2004

LOW OOI LENG

Before me,

R. NANDAN @ SITHAMBARAM (AMN, PIS, PPN)
Commissioner for Oaths

Nilai, Malaysia



Report Of The Auditors

To The Members Of PK Resources Berhad

We have audited the accompanying financial statements set out on pages 44 to 83. 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 the 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 2003 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 subsidiaries 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 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 subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' Reports on the financial statements of the subsidiaries were not subject to any qualification 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

[No. 1556/08/04(J)]

Partner

Kuala Lumpur, Malaysia

27 April 2004



Balance Sheets

As At 31 December 2003

	Note	GROUP (Restated)		COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
NON CURRENT ASSETS					
Property, plant & equipment	4	273,568,676	267,458,454	-	6,153,309
Land held for development	5	164,160,729	157,499,849	-	-
Investments in subsidiaries	6	-	-	308,008,481	305,458,481
Investments in associates	7	6,178,867	6,735,177	8,334,679	8,334,679
Deferred tax assets	20	3,133,031	3,271,688	-	-
Goodwill arising on consolidation	8	981,584	1,051,126	-	-
		<u>448,022,887</u>	<u>436,016,294</u>	<u>316,343,160</u>	<u>319,946,469</u>
CURRENT ASSETS					
Property development expenditure	9	238,088,836	253,900,329	-	-
Inventories	10	130,313,823	115,576,949	-	-
Trade receivables	11	126,724,652	120,302,744	-	-
Other receivables	12	5,329,227	5,354,514	140,000	141,000
Amounts due from subsidiaries	6	-	-	147,389,803	153,341,092
Amount due from associates	7	533,473	533,266	-	-
Tax recoverable		13,318,948	20,798,882	2,314,510	5,543,929
Deposits with licensed banks	13	3,693,744	7,992,069	41,428	40,064
Cash and bank balances	14	9,750,540	13,222,143	255,818	458,559
		<u>527,753,243</u>	<u>537,680,896</u>	<u>150,141,559</u>	<u>159,524,644</u>
CURRENT LIABILITIES					
Trade payables	15	56,026,232	65,244,603	-	-
Other payables	16	93,727,441	97,580,737	51,085,905	54,729,678
Amounts due to subsidiaries	6	-	-	68,884,029	67,729,257
Bank borrowings	17	155,283,194	105,117,342	35,000,000	12,962,605
Tax payable		3,106,542	472,200	-	-
		<u>308,143,409</u>	<u>268,414,882</u>	<u>154,969,934</u>	<u>135,421,540</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>219,609,834</u>	<u>269,266,014</u>	<u>(4,828,375)</u>	<u>24,103,104</u>
		<u>667,632,721</u>	<u>705,282,308</u>	<u>311,514,785</u>	<u>344,049,573</u>

Balance Sheets (Contd.)



As At 31 December 2003

	Note	GROUP (Restated)		COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
Financed By:					
Share capital	18	114,035,500	114,035,500	114,035,500	114,035,500
Reserves	19	310,550,407	324,967,426	151,094,422	158,629,210
Shareholders' equity		424,585,907	439,002,926	265,129,922	272,664,710
Minority interests		124,536,363	124,067,834	-	-
Deferred tax liabilities	20	36,983,899	36,517,991	-	-
Other long term liabilities	21	81,526,552	105,693,557	46,384,863	71,384,863
		667,632,721	705,282,308	311,514,785	344,049,573

The accompanying notes form an integral part of the financial statements.



Income Statements

For The Year Ended 31 December 2003

	Note	GROUP (Restated)		COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
Revenue	22	330,429,661	273,003,635	6,600,000	7,350,000
Cost of sales		(249,422,078)	(186,818,228)	-	-
Gross profit		81,007,583	86,185,407	6,600,000	7,350,000
Other operating income		4,284,541	4,676,121	3,459,109	2,770,738
Administration expenses		(46,184,883)	(49,442,939)	(554,895)	(1,031,110)
Selling and distribution expenses		(2,538,169)	(3,405,862)	-	-
Staff costs		(25,204,611)	(26,792,315)	-	-
Profit from operations	23	11,364,461	11,220,412	9,504,214	9,089,628
Finance costs	24	(19,777,982)	(20,576,965)	(13,035,452)	(13,066,030)
		(8,413,521)	(9,356,553)	(3,531,238)	(3,976,402)
Share of loss of associates		(556,310)	(577,962)	-	-
Loss before taxation		(8,969,831)	(9,934,515)	(3,531,238)	(3,976,402)
Taxation	25	(5,056,819)	407,792	(1,540,383)	-
Loss after taxation		(14,026,650)	(9,526,723)	(5,071,621)	(3,976,402)
Minority interests		1,948,649	575,658	-	-
Loss attributable to shareholders		(12,078,001)	(8,951,065)	(5,071,621)	(3,976,402)
Net loss per share (sen)					
- basic and fully diluted	26	(10.59)	(7.85)		
Net dividends per share (sen)		2.16	2.16		

The accompanying notes form an integral part of the financial statements.

Statement Of Changes In Equity

For The Year Ended 31 December 2003



GROUP	Note	Share Capital RM	Share Premium RM	Capital Reserve RM	Redemption Reserve RM	Reserve On Consolidation RM	Exchange Reserve RM	Retained Profit RM	Total
At 1 January 2002		114,035,500	113,537,671	17,843,188	2,972,000	1,000,000	-	197,491,223	446,879,582
- as previously reported		-	-	-	-	-	-	2,612,651	2,612,651
- prior year adjustment	27								
- as restated		114,035,500	113,537,671	17,843,188	2,972,000	1,000,000	-	200,103,874	449,492,233
Reserve arising on acquisition of additional equity in a subsidiary		-	-	-	-	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 - as restated		-	-	-	-	-	-	(8,951,065)	(8,951,065)
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	188,689,642	439,002,926



Statement Of Changes In Equity (Contd.)

For The Year Ended 31 December 2003

GROUP	Note	Share	Share	Capital	Capital	Capital	Reserve On	Exchange	Retained	Total
		Capital	Premium	Reserve	Redemption	Consolidation	Reserve	Profit	RM	RM
At 1 January 2003		114,035,500	113,537,671	18,051,223	2,972,000	1,372,223	344,667	186,081,478	436,394,762	
- as previously reported	27	-	-	-	-	-	-	2,608,164	2,608,164	
- prior year adjustment										
- as restated		114,035,500	113,537,671	18,051,223	2,972,000	1,372,223	344,667	188,689,642	439,002,926	
Gain arising on dilution of equity interest in a subsidiary		-	-	55,235	-	-	-	-	-	55,235
Premium on shares issued to non-participating minority interests		-	-	68,585	-	-	-	-	-	68,585
Currency translation differences		-	-	-	-	-	329	-	-	329
Loss attributable to shareholders		-	-	-	-	-	-	(12,078,001)	(12,078,001)	
Dividend paid for the year ended 31 December 2002		-	-	-	-	-	-	(2,463,167)	(2,463,167)	
At 31 December 2003		114,035,500	113,537,671	18,175,043	2,972,000	1,372,223	344,996	174,148,474	424,585,907	

The accompanying notes form an integral part of the financial statements.

Statement Of Changes In Equity (Contd.)

For The Year Ended 31 December 2003



COMPANY	Share Capital RM	Share Premium RM	Capital Reserve RM	Capital Redemption Reserve RM	Retained Profit RM	Total RM
At 1 January 2002	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
At 1 January 2003	114,035,500	113,537,671	1,628,324	2,972,000	40,491,215	272,664,710
Loss attributable to shareholders	-	-	-	-	(5,071,621)	(5,071,621)
Dividend paid for the year ended 31 December 2002	-	-	-	-	(2,463,167)	(2,463,167)
At 31 December 2003	114,035,500	113,537,671	1,628,324	2,972,000	32,956,427	265,129,922

The accompanying notes form an integral part of the financial statements.



Cash Flow Statements

For The Year Ended 31 December 2003

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(8,969,831)	(9,934,515)	(3,531,238)	(3,976,402)
Adjustments for:				
Depreciation of property, plant and equipment	12,167,728	12,639,259	-	321,164
Property, plant and equipment written off	127,051	1,641,713	-	-
Dividend income	-	-	(6,000,000)	(6,750,000)
Interest income	(696,985)	(1,006,589)	(3,457,743)	(2,768,661)
Interest expense	19,777,982	20,576,965	13,035,452	13,066,030
Goodwill amortised	69,542	69,542	-	-
Gain on disposal of property, plant and equipment	(280,916)	(193,335)	-	-
Impairment of land held for development	-	3,193,056	-	-
Allowance for doubtful debts	1,252,533	19,253	-	-
Write down of inventories	503,403	-	-	-
Loss retained in associates	556,310	577,962	-	-
Operating profit/(loss) before working capital changes	24,506,817	27,583,311	46,471	(107,869)
Changes in working capital:				
Property development expenditure	15,811,493	(7,427,799)	-	-
Inventories	(21,901,157)	(3,290,237)	-	-
Receivables	(7,649,154)	13,507,734	1,000	586,893
Payables	(9,692,826)	1,170,880	(218,882)	5,862,231
Associates	(207)	(2,070)	-	-
Subsidiaries	-	-	10,709,370	22,179,028
Cash generated from operations	1,074,966	31,541,819	10,537,959	28,520,283
Dividend received	-	-	4,320,000	4,860,000
Interest paid	(14,764,160)	(20,576,965)	(8,068,009)	(13,066,030)
Tax refund/(paid)	5,662,020	(7,421,918)	3,369,036	(240,001)
Net cash flows (used in)/generated from operating activities	(8,027,174)	3,542,936	10,158,986	20,074,252

Cash Flow Statements (Contd.)



For The Year Ended 31 December 2003

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	606,423	2,685,500	-	-
Purchase of property, plant and equipment	(18,730,508)	(4,239,473)	-	(1,333,041)
Purchase of additional shares in a subsidiary	-	(1,440,617)	-	-
Interest received	696,985	1,006,589	3,457,743	2,768,661
Payment towards outstanding consideration on acquisition of subsidiary in previous year	(8,392,334)	(16,346,908)	(8,392,334)	(16,346,908)
Net cash flows used in investing activities	(25,819,434)	(18,334,909)	(4,934,591)	(14,911,288)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares to minority interests	2,541,000	276,000	-	-
Dividend paid	(2,463,167)	(2,463,167)	(2,463,167)	(2,463,167)
Drawdown of term loans	8,496,859	35,009,000	-	-
Repayment of term loans	(13,053,560)	(6,422,696)	-	-
Bankers acceptances and revolving credits	32,689,615	(46,690,000)	-	-
Net cash flows generated from/ (used in) financing activities	28,210,747	(20,290,863)	(2,463,167)	(2,463,167)
Net (decrease)/increase in cash and cash equivalents	(5,635,861)	(35,082,836)	2,761,228	2,699,797
Cash and cash equivalents/ (net working capital borrowings) at beginning of year	1,897,566	36,980,402	(2,463,982)	(5,163,779)
Cash and cash equivalents/ (net working capital borrowings) at end of year	(3,738,295)	1,897,566	297,246	(2,463,982)



Cash Flow Statements (Contd.)

For The Year Ended 31 December 2003

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Cash and cash equivalents/ (net working capital borrowings) consists of the following:				
Deposits, cash and bank balances	13,444,284	21,214,212	297,246	498,623
Bank overdrafts (Note 17)	(17,182,579)	(19,316,646)	-	(2,962,605)
	<u>(3,738,295)</u>	<u>1,897,566</u>	<u>297,246</u>	<u>(2,463,982)</u>

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

	GROUP
	2002
	RM
Share of net assets, at fair values	1,812,840
Reserve on consolidation	<u>(372,223)</u>
Purchase consideration	<u>1,440,617</u>

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements



31 December 2003

1. Corporate Information

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 subsidiaries and associates are set out in Notes 6 and 7 to the financial statements.

The numbers of employees in the Group and in the Company at the end of the financial year were 912 (2002: 913) and nil (2002: nil) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 20 April 2004.

2. Fundamental Accounting Concept

The balance sheet of the Company as at 31 December 2003 disclosed net current liabilities of RM4.8 million, including, inter alia RM147.4 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, to meet its obligations within the ensuing 12 months.

The balance sheet of the Group as at 31 December 2003 disclosed net current assets of RM219,609,834, including, inter alia, the following:

	RM
Property development expenditure	238,088,836
Unsold completed building units*	24,684,667
Commercial land*	42,481,974
Bank borrowings	<u>155,283,194</u>

* 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 within the ensuing 12 months.



Notes To The Financial Statements (Contd.)

31 December 2003

3. Significant Accounting Policies

(a) Basis of Preparation

Unless otherwise indicated in the significant accounting policies, the financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act 1965.

During the financial year ended 31 December 2003, the Group and the Company adopted the following applicable Approved Accounting Standards for the first time:

MASB 25 Income Taxes
MASB 27 Borrowing Costs
MASB 29 Employee Benefits

The effects of adopting MASB 25 are reflected in the Statements of Changes in Equity and further information is disclosed in Note 27 to the financial statements.

The adoption of MASB 27 has not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

The adoption of MASB 29 resulted in the Group recognising accruals for obligation in respect of short-term employee benefits in the form of accumulated compensated balances. Prior to the adoption of MASB 29, the obligation in respect of short-term employee benefits were not accrued for. The accruals recognised as at 31 December 2003 in the balance sheets of the Group amounted to approximately RM356,000. As the effect on the financial statements taken as a whole is not significant, no prior year adjustment has been recognised in the financial statements.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the audited financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

Goodwill arising on consolidation is systematically amortised over a period not exceeding twenty five years during which the benefits are expected to arise.

Notes To The Financial Statements (Contd.)



31 December 2003

3. Significant Accounting Policies (Contd.)

(b) Basis of Consolidation (Contd.)

(i) Subsidiaries (Contd.)

Intra-group transactions, balances and the resulting unrealised profits are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

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

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

Dividends from subsidiaries are included in the income statement of the Company when declared.

(ii) Associates

Associates are those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profit or accumulated losses and other reserves as well as goodwill on acquisition.

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

Dividends from associates are recognised in the income statement of the Company when declared.

(c) Investment in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.



Notes To The Financial Statements (Contd.)

31 December 2003

3. Significant Accounting Policies (Contd.)

(d) Property, Plant and Equipment, and Depreciation

All property, plant and equipment are initially stated at cost/valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k).

Certain land and building were stated on the basis of their previous revaluation (subject to continuity in depreciation and the requirement to write assets down to their recoverable amounts) as allowed by the transitional provision of the accounting standard on property, plant and equipment.

Freehold land is not amortised. Depreciation on other property, plant and equipment is calculated to write off their cost/valuation over their estimated useful lives by the straight line method.

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 statement.

(e) Property 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 property development expenditure, which is stated net of progress billings.

Property 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 property development expenditure are reflected as current assets.

(f) 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 incidental costs 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.

Notes To The Financial Statements (Contd.)



31 December 2003

3. Significant Accounting Policies (Contd.)

(g) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised, however, if the temporary difference arises from goodwill or reserve on consolidation or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or reserve on consolidation.

Prior to the adoption of MASB 25, Income Taxes, deferred tax assets were not recognised unless there was reasonable expectation of their realisation. The effects of the changes in accounting policies have been accounted for retrospectively and the effects of this change are disclosed in Note 27.

(h) Revenue Recognition

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

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.

(i) Foreign Currencies

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

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



Notes To The Financial Statements (Contd.)

31 December 2003

3. Significant Accounting Policies (Contd.)

(i) Foreign Currencies (Contd.)

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

Foreign currency	2003 RM	2002 RM
1 US Dollar	3.80	3.80
1 Singapore Dollar	2.21	2.17

(j) 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.

(k) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in 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 unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(l) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

Notes To The Financial Statements (Contd.)



31 December 2003

3. Significant Accounting Policies (Contd.)

(m) Financial Instruments

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

(i) 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 as at the balance sheet date.

(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.



Notes To The Financial Statements (Contd.)

31 December 2003

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
Cost/Valuation							
At 1.1.2003	269,369,034	46,323,673	6,262,937	12,639,989	17,277,931	2,162,632	354,036,196
Additions	15,714,088	1,118,176	666,575	695,289	352,868	183,512	18,730,508
Disposals	(147,657)	(117,260)	(803,271)	(10,578)	(3,200)	(250,750)	(1,332,716)
Write offs	-	(505,078)	(59,735)	(417,125)	(190,832)	-	(1,172,770)
Reclassification	-	(193,661)	45,588	-	148,073	-	-
At 31.12.2003	284,935,465	46,625,850	6,112,094	12,907,575	17,584,840	2,095,394	370,261,218
Accumulated Depreciation							
At 1.1.2003	30,893,323	30,493,116	5,542,536	7,420,387	10,517,287	1,711,093	86,577,742
Charge for the year	4,691,366	3,475,003	438,217	1,092,082	2,182,992	288,068	12,167,728
Disposals	(13,423)	-	(738,549)	(1,980)	(2,507)	(250,750)	(1,007,209)
Write offs	-	(389,666)	(59,735)	(412,834)	(183,484)	-	(1,045,719)
Reclassification	-	(59,592)	63,824	-	(4,232)	-	-
At 31.12.2003	35,571,266	33,518,861	5,246,293	8,097,655	12,510,056	1,748,411	96,692,542
Net Book Value							
At 31.12.2003	249,364,199	13,106,989	865,801	4,809,920	5,074,784	346,983	273,568,676
At 31.12.2002	238,475,711	15,830,557	720,401	5,219,602	6,760,644	451,539	267,458,454
Depreciation charge for 2002							
	4,452,619	4,193,141	439,469	1,141,848	1,979,106	433,076	12,639,259

Notes To The Financial Statements (Contd.)



31 December 2003

4. Property, Plant And Equipment (Contd.)

Land and buildings

GROUP	Freehold land RM	Long leasehold land RM	Club house RM	Golf course RM	Buildings RM	Total RM
Cost/Valuation						
At 1.1.2003	49,804,334	30,447,307	20,153,705	16,744,515	152,219,173	269,369,034
Additions	10,249,232	1,201,920	61,500	-	4,201,436	15,714,088
Disposals	-	(147,657)	-	-	-	(147,657)
Reclassification	-	(525,000)	-	-	525,000	-
At 31.12.2003	60,053,566	30,976,570	20,215,205	16,744,515	156,945,609	284,935,465
Accumulated Depreciation						
At 1.1.2003	-	4,690,199	2,292,044	1,965,460	21,945,620	30,893,323
Charge for the year	-	548,432	404,304	334,890	3,403,740	4,691,366
Disposals	-	(13,423)	-	-	-	(13,423)
Reclassification	-	(32,012)	-	-	32,012	-
At 31.12.2003	-	5,193,196	2,696,348	2,300,350	25,381,372	35,571,266
Net Book Value						
At 31.12.2003	60,053,566	25,783,374	17,518,857	14,444,165	131,564,237	249,364,199
At 31.12.2002	49,804,334	25,757,108	17,861,661	14,779,055	130,273,553	238,475,711
Depreciation charge for 2002						
	-	609,739	403,075	334,890	3,104,915	4,452,619



Notes To The Financial Statements (Contd.)

31 December 2003

4. Property, Plant And Equipment (Contd.)

COMPANY	Long leasehold land RM	Buildings RM	Total RM
At cost/valuation			
At 1.1.2003	2,338,617	7,038,178	9,376,795
Transfer to a subsidiary	(2,338,617)	(7,038,178)	(9,376,795)
At 31.12.2003	-	-	-
Accumulated Depreciation			
At 1.1.2003	464,582	2,758,904	3,223,486
Transfer to a subsidiary	(464,582)	(2,758,904)	(3,223,486)
At 31.12.2003	-	-	-
Net Book Value			
At 31.12.2003	-	-	-
At 31.12.2002	1,874,035	4,279,274	6,153,309
Depreciation charge for 2002			
	39,637	281,527	321,164

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	
	2003 RM	2002 RM	2003 RM	2002 RM
At valuation				
Long leasehold land				
- at 1991 valuation	9,225,248	9,411,976	-	1,874,035
- at 1993 valuation	4,946,719	5,002,927	-	-
Buildings - at 1991 valuation	2,879,574	2,999,551	-	2,999,555
	17,051,541	17,414,454	-	4,873,590

Notes To The Financial Statements (Contd.)



31 December 2003

4. Property, Plant And Equipment (Contd.)

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
At cost				
Long leasehold land	11,611,407	11,342,205	-	-
Buildings	128,684,663	127,274,002	-	1,279,719
	140,296,070	138,616,207	-	1,279,719
Total	157,347,611	156,030,661	-	6,153,309

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 accumulated depreciation, would have been:

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Long leasehold land	5,824,620	5,926,934	-	1,813,814
Buildings	1,080,407	1,270,271	-	1,270,271
	6,905,027	7,197,205	-	3,084,085

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 MASB, 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 subsidiaries, with an aggregate net book value of RM88,288,570 (2002: RM89,102,760) which are charged to financial institutions for financial facilities extended to those subsidiaries.

5. Land Held For Development

	GROUP	
	2003 RM	2002 RM
Freehold land, at cost	164,160,729	157,499,849



Notes To The Financial Statements (Contd.)

31 December 2003

6. Investments In Subsidiaries

	COMPANY	
	2003 RM	2002 RM
Unquoted shares, at cost	308,008,481	305,458,481

The amount due to subsidiaries arose primarily from payments on the Company's behalf. Included in the amount due to subsidiaries was an amount of RM22,419,767 (2002:RM8,113,824) which bore interest rates of 5.3% to 7.5% (2002:6.5%) per annum. The amount due to subsidiaries are unsecured and have no fixed terms of repayments.

The amounts due from subsidiaries which arose primarily in respect of financing the acquisition of property and related development by subsidiaries are unsecured, bore interest during the year at the rate of 9.0% (2002:9.0%) per annum, and have no fixed terms of repayment.

Details of the subsidiaries are as follows:

Company	Principal Activities	Country of Incorporation	Effective Equity Interest	
			2003 %	2002 %
Serba Kimia Sdn. Bhd.	Manufacturing and merchandising chemicals and chemical products	Malaysia	100	100
PK Properties Sdn. Bhd.	Property development	Malaysia	100	100
NS 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
PK Fertilizers Sdn. Bhd.	Manufacturing and merchandising of fertilizers	Malaysia	100	100
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	100
Nilai Springs Bhd.	Operation and management of golf and country club	Malaysia	75.38	75.38

Notes To The Financial Statements (Contd.)



31 December 2003

6. Investments In Subsidiaries (Contd.)

Company	Principal Activities	Country of Incorporation	Effective Equity Interest	
			2003 %	2002 %
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
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	51	75.38
PK Healthcare Services Sdn. Bhd.	Dormant	Malaysia	100	100
Peladang Chemicals (S) Pte. Ltd.*	Dormant	Singapore	100	100
BBN Properties Sdn. Bhd.	Dormant	Malaysia	75.38	75.38
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 Global

7. Investments In Associates

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Unquoted shares, at cost	9,423,679	9,423,679	8,334,679	8,334,679
Share of losses	(3,244,812)	(2,688,502)	-	-
	6,178,867	6,735,177	8,334,679	8,334,679
Amount due from an associate included under current assets	533,473	533,266	-	-



Notes To The Financial Statements (Contd.)

31 December 2003

7. Investments In Associates (Contd.)

The Group's investments in the associates are represented by the Group's share in their net tangible assets.

Details of the associates are as follows:

	Principal Activities	Country of Incorporation	Effective Equity Interest	
			2003 %	2002 %
Asiaprise Biotech Sdn Bhd (formerly known as 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 an associate is unsecured, interest-free, and has no fixed terms of repayment.

8. Goodwill Arising On Consolidation

	GROUP	
	2003 RM	2002 RM
At cost	1,738,546	1,738,546
Less: Accumulated amortisation	(756,962)	(687,420)
At 31 December	981,584	1,051,126

9. Property Development Expenditure

Freehold land, at cost	174,531,487	183,283,059
Development expenditure, at cost	507,851,773	473,747,307
	682,383,260	657,030,366
Attributable profit to date	304,693,396	293,987,914
	987,076,656	951,018,280
Less: Progress billings	(748,987,820)	(697,117,951)
	238,088,836	253,900,329

Notes To The Financial Statements (Contd.)



31 December 2003

10. Inventories

	GROUP	
	2003 RM	2002 RM
At cost:		
Trading inventories	61,417,803	42,422,466
Unsold completed building units	20,474,667	29,883,381
Commercial land	42,481,974	40,895,353
Work in progress	762,682	284,746
Hotel supplies and consumables	750,895	1,132,892
Consumables	215,802	293,972
Nursery inventories	-	664,139
	<u>126,103,823</u>	<u>115,576,949</u>
At net realisable value:		
Unsold completed building units	<u>4,210,000</u>	<u>-</u>
	<u>130,313,823</u>	<u>115,576,949</u>

11. Trade Receivables

Trade receivables	131,284,887	124,057,518
Less: Allowance for doubtful debts	<u>(4,560,235)</u>	<u>(3,754,774)</u>
	<u>126,724,652</u>	<u>120,302,744</u>

Included in trade receivables of the Group are balances totalling RM45,463,001 (2002: RM58,859,226) from three entities, of which RM9,495,425 (2002: RM9,734,792) are amounts due from two companies in which certain directors have financial interests. In determining the extent of allowance 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 allowance made for doubtful debts is adequate. It is not possible, however, for the allowance to anticipate any possible future deterioration in credit conditions in respect of debtor parties.

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.



Notes To The Financial Statements (Contd.)

31 December 2003

12. Other Receivable

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Deposits	1,976,946	1,847,031	140,000	141,000
Prepayments	1,700,931	1,135,426	-	-
Sundry receivables	1,651,350	2,372,057	-	-
	<u>5,329,227</u>	<u>5,354,514</u>	<u>140,000</u>	<u>141,000</u>

13. Deposits With A Licensed Bank

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

	GROUP Weighted Average Interest Rate		GROUP Average Maturity Days	
	2003	2002	2003	2002
Fixed deposits	3.1	3.3	151	117
Repo	2.4	2.5	7	19

14. Cash And Bank Balances

Included in cash and bank balances of the Group are amounts totalling RM4,645,263 (2002: RM7,243,538) placed in trust for purchasers of residential houses and apartments in accordance with Housing Developers (Control and Licensing) Act 1966.

Included in other payables within Note 16 are amounts of RM267,000 (2002: RM212,110) in respect of share application monies received for shares in a subsidiary which are held in trust on behalf of the applicants. These application monies had been placed in trust as at 31 December 2003.

15. Trade Payables

The normal trade credit terms granted to the Group range from 30 to 90 days.

Notes To The Financial Statements (Contd.)



31 December 2003

16. Other Payables

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Balance of consideration on acquisition of a subsidiary (Note 21)	39,802,711	48,195,045	39,802,711	48,195,045
Sundry payables	17,579,387	11,745,092	10,014,524	5,762,199
Deposits	9,244,833	7,794,495	-	-
Accruals	12,529,795	8,956,404	1,238,670	752,434
Provisions	10,639,983	15,938,342	30,000	20,000
Deferred Income	3,663,732	4,739,249	-	-
Amounts held in trust	267,000	212,110	-	-
	<u>93,727,441</u>	<u>97,580,737</u>	<u>51,085,905</u>	<u>54,729,678</u>

Provision are in respect of liquidated ascertained damages, professional services, directors' fees, bonus and assessment.

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

17. Bank Borrowings

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Unsecured:				
Bankers' acceptances	83,460,615	50,378,000	-	-
Bank overdrafts	11,741,684	14,271,178	-	2,962,605
Secured:				
Bank overdrafts	5,440,895	5,045,468	-	-
Revolving credits	-	-	-	-
Current portion of long term loan (Note 21)	54,640,000	35,422,696	35,000,000	10,000,000
	<u>155,283,194</u>	<u>105,117,342</u>	<u>35,000,000</u>	<u>12,962,605</u>

Interest on the bank borrowings during the year ranged from 3.5% to 10.1% (2002: 3.5% to 10.6%) per annum.

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

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



Notes To The Financial Statements (Contd.)

31 December 2003

18. Share Capital

	GROUP/COMPANY	
	2003	2002
	RM	RM
Authorised:		
250,000,000 ordinary shares of RM1 each	250,000,000	250,000,000
Issued and fully paid up:		
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 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 2003, none of the 36,645,850 Replacement Warrants and 2,348,650 Existing Extended Warrants had been exercised. Relevant details are 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
			38,994,500

Notes To The Financial Statements (Contd.)



31 December 2003

19. Reserves

	GROUP (Restated)		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Total reserves at 31 December are analysed as follows:				
Distributable:				
Retained profit				
- as previously reported	174,148,474	186,081,478	32,956,427	40,491,215
- prior year adjustment	-	2,608,164	-	-
- as restated	174,148,474	188,689,642	32,956,427	40,491,215
Non-distributable:				
Share premium	113,537,671	113,537,671	113,537,671	113,537,671
Capital reserve	18,175,043	18,051,223	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	1,372,223	-	-
Exchange reserve	344,996	344,667	-	-
	136,401,933	136,277,784	118,137,995	118,137,995
	310,550,407	324,967,426	151,094,422	158,629,210

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 profit of the Company is 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 arose from premium on the issue of ordinary shares above par value.

(b) Capital Reserve

Capital reserve of the Group amounting to RM16,491,484 (2002:RM16,422,899) arose from premium on shares issued to non-participating minority interests in a subsidiary.

Capital reserve of RM1,628,324 (2002:RM1,628,324) in the Group and Company arose from proceeds from the issue of replacement warrants less related expenses.

(c) Capital redemption reserve

This amount arose 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 arose from the acquisition of equity shareholding in subsidiaries at amounts lower than the fair values of their respective net assets at acquisition.



Notes To The Financial Statements (Contd.)

31 December 2003

20. Deferred Tax Liabilities And Assets

	2003 RM	GROUP (Restated) 2002 RM
At 1 January		
- as previously reported	33,246,303	37,038,306
- prior year adjustment (Note 27)	-	(3,314,920)
At 1 January - as restated	33,246,303	33,723,386
Recognised in the income statement		
- as previously reported	604,565	(506,165)
- prior year adjustment (Note 27)	-	29,082
	604,565	(477,083)
At 31 December	33,850,868	33,246,303
Presented after appropriate offsetting as follows:		
Deferred tax assets:		
- as previously reported	(3,133,031)	-
- prior year adjustment (Note 27)	-	(3,271,688)
	(3,133,031)	(3,271,688)
Deferred tax liabilities:		
- as previously reported	36,983,899	36,532,141
- prior year adjustment (Note 27)	-	(14,150)
	36,983,899	36,517,991
	33,850,868	33,246,303

Deferred tax liabilities of the Group:

	Accelerated capital allowance RM	Revaluation of leasehold land RM	Property development expenditure RM	Total RM
At 1 January 2003	6,303,446	-	30,392,003	36,695,449
Recognised in the income statement	8,853,635	1,374,952	(582,314)	9,646,273
At 31 December 2003	15,157,081	1,374,952	29,809,689	46,341,722

Notes To The Financial Statements (Contd.)



31 December 2003

20. Deferred Tax Liabilities And Assets (Contd.)

Deferred tax assets of the Group:

	Provisions RM	Tax losses and capital allowances RM	Others RM	Total RM
At 1 January 2003	(2,765,814)	(562,475)	(120,857)	(3,449,146)
Recognised in the income statement	(957,416)	(8,119,089)	34,797	(9,041,708)
At 31 December 2003	(3,723,230)	(8,681,564)	(86,060)	(12,490,854)

Deferred tax assets not recognised are in respect of the following items:

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Arising from:				
Unabsorbed tax losses	76,525,748	76,703,659	-	-
Unabsorbed capital allowances	27,805,761	25,921,656	10,234	24,811
Other temporary differences	292,905	232,949	-	-

The unabsorbed tax losses and unabsorbed capital allowances are subject to the agreement of the Inland Revenue Board. Deferred tax assets have not been recognised as it is not probable that sufficient taxable profit will be available against which all the above deductible temporary differences can be utilised.

21. Other Long Term Liabilities

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Balance of consideration on acquisition of a subsidiary (a)	39,802,711	48,195,045	39,802,711	48,195,045
Term loans (b)	136,166,552	141,116,253	81,384,863	81,384,863
	175,969,263	189,311,298	121,187,574	129,579,908
Less: Current portion of:				
- balance of consideration on acquisition of a subsidiary (Note 16)	(39,802,711)	(48,195,045)	(39,802,711)	(48,195,045)
- term loans (Note 17)	(54,640,000)	(35,422,696)	(35,000,000)	(10,000,000)
	81,526,552	105,693,557	46,384,863	71,384,863



Notes To The Financial Statements (Contd.)

31 December 2003

21. Other Long Term Liabilities (Contd.)

- (a) The balance of consideration on acquisition of a subsidiary 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 (Note 24).
- (b) Term Loans

Company

The term loan is secured by a fixed charge over certain parcels of land under development of several subsidiaries, and bore interest during the year at rates of 7.26% to 10.10% per annum (2002: 7.26% to 9.65%). The term loan was repayable in six semi-annual instalments, the first to commence on 30 June 2003. During the financial year, the repayment of the term loan was restructured to five (5) instalments, the first to commence on 30 March 2004.

Subsidiaries

Term loans comprise three loans which are secured by fixed and floating charges on certain freehold and long leasehold land and buildings of certain subsidiaries. Interest was charged during the year at 7.65% to 10.0% (2002: 6.11% to 8.50%) per annum.

The term loans are repayable as follows:

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Financial year ended/ending:				
31 December 2003	-	35,422,696	-	10,000,000
31 December 2004	54,640,000	50,109,000	35,000,000	30,000,000
31 December 2005	42,016,830	48,484,863	20,000,000	41,384,863
31 December 2006	33,024,863	7,099,694	26,384,863	-
31 December 2007	6,484,859	-	-	-
	<u>136,166,552</u>	<u>141,116,253</u>	<u>81,384,863</u>	<u>81,384,863</u>

Notes To The Financial Statements (Contd.)



31 December 2003

22. Revenue

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Sales of fertilizers	183,886,167	122,285,652	-	-
Sales of industrial land, houses and shoplots	55,733,851	63,866,100	-	-
Sales of agrochemical products	18,878,951	18,877,152	-	-
Sales of food, beverage and room rentals	18,161,070	19,657,620	-	-
Education	26,316,766	26,481,862	-	-
Dividend income	-	-	6,000,000	6,750,000
Others	27,452,856	21,835,249	600,000	600,000
	330,429,661	273,003,635	6,600,000	7,350,000

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

23. Profit From Operations

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
After charging:				
Directors' remuneration				
- Fees	256,440	416,471	121,740	122,500
- Emoluments	2,498,887	1,814,156	75,000	60,000
- Benefits-in-kind	65,100	32,400	-	-
Auditors' remuneration	146,200	142,300	20,000	20,000
Depreciation of property, plant and equipment	12,167,728	12,639,259	-	321,164
Property, plant and equipment written off	127,051	1,641,713	-	-
Impairment of land held for development	-	3,193,056	-	-
Allowance for doubtful debts	1,252,533	19,253	-	-
Rental of premises	1,549,162	1,498,244	-	-
Staff costs				
- wages, salaries and allowances	22,607,821	24,044,937	-	-
- statutory contribution to EPF and social security	2,596,790	2,747,378	-	-
Goodwill amortisation	69,542	69,542	-	-
Write down of inventories	503,403	-	-	-
Royalty	553,014	553,014	-	-
Hire of plant and machinery	37,862	34,746	-	-



Notes To The Financial Statements (Contd.)

31 December 2003

23. Profit From Operations (Contd.)

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
After crediting:				
Dividend income				
- subsidiary	-	-	(6,000,000)	(6,750,000)
Interest income				
- subsidiary	-	-	(3,457,743)	(2,768,661)
- others	(696,985)	(1,006,589)	-	-
Gain on disposal of property, plant and equipment	(280,916)	(193,335)	-	-
Rental income				
- subsidiary	-	-	(600,000)	(600,000)
- others	(1,412,960)	(1,098,795)	-	-

24. Finance Costs

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Interest expense:				
- Overdraft	1,267,840	1,234,137	-	413,780
- Term loan	8,624,392	9,106,696	6,643,061	6,789,978
- Bankers acceptance	2,654,185	2,068,729	-	-
- Revolving credit	2,598,384	2,713,083	-	-
Interest on balance of consideration on acquisition of a subsidiary	4,505,281	5,417,000	4,505,281	5,417,000
Others	127,900	37,320	1,887,110	445,272
	19,777,982	20,576,965	13,035,452	13,066,030

25. Taxation

	GROUP (Restated)		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Based on results for the year:				
Current taxation				
- Malaysian taxation	2,552,289	1,626,920	-	-
- tax credit	(1,688,400)	(1,897,000)	-	-
	863,889	(207,080)	-	-
Deferred taxation				
- as previously reported	604,565	(506,165)	-	-
- prior year adjustment (Note 27)	-	29,082	-	-
	604,565	(477,083)	-	-

Notes To The Financial Statements (Contd.)



31 December 2003

25. Taxation (Contd.)

	GROUP (Restated)		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Underprovision in previous years	3,588,365	339,371	1,540,383	-
	5,056,819	(407,792)	1,540,383	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Loss before taxation	(8,969,831)	(9,934,515)	(3,531,238)	(3,976,402)
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	(2,521,962)	(2,778,734)	(988,747)	(1,113,393)
Taxation at Malaysian statutory tax rate of 20%	7,928	(2,093)	-	-
Income not subject to tax	39,397	-	-	-
Expenses not deductible for tax purposes	3,473,639	2,596,928	992,828	1,093,204
Utilisation of previously unrecognised tax losses	(811,968)	(3,180,118)	-	-
Utilisation of previously unrecognised unabsorbed capital allowances	(24,190)	(92,300)	(4,081)	-
Deferred tax assets previously unrecognised, now recognised	(14,592)	(36,218)	-	(33,139)
Deferred tax assets not recognised during the year	1,336,294	2,678,262	-	53,328
Under/(over)provision in prior years				
- deferred taxation	(16,092)	67,110	-	-
- current taxation	3,588,365	339,371	1,540,383	-
Tax expense for the year	5,056,819	(407,792)	1,540,383	-



Notes To The Financial Statements (Contd.)

31 December 2003

26. Net Loss Per Share

The calculation of net loss per share is based on the consolidated loss after taxation and minority interest of RM12,078,001 (2002: RM8,951,065) and the number of ordinary shares in issue during the year of 114,035,500 (2002: 114,035,500).

27. Changes In Accounting Policies And Prior Year Adjustment

(a) Changes in Accounting Policies

During the financial year, the Group and the Company adopted three new applicable Approved Accounting Standards and accordingly changed its accounting policies. The changes in accounting policies resulted in prior year adjustments are in respect of MASB 25, Income Taxes.

By virtue of MASB 25, deferred tax assets are recognised for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

(b) Prior Year Adjustment

The change in accounting policy upon adoption of MASB 25 has been applied retrospectively and comparatives have been restated. The effects of the change in accounting policy are as follows:

	GROUP	
	2003 RM	2002 RM
Effect on retained profit:		
At 1 January, as previously reported	186,081,478	197,491,223
Effect on adopting MASB 25	2,608,164	2,612,651
At 1 January, as restated	<u>188,689,642</u>	<u>200,103,874</u>
Effect on deferred tax assets:		
At 1 January, as previously reported	-	-
Effect on adopting MASB 25	(3,271,688)	(3,300,770)
At 1 January, as restated	<u>(3,271,688)</u>	<u>(3,300,770)</u>
Effect on minority interest:		
At 1 January, as previously reported	123,390,160	125,655,888
Effect on adopting MASB 25	677,674	702,269
At 1 January, as restated	<u>124,067,834</u>	<u>126,358,157</u>

Notes To The Financial Statements (Contd.)



31 December 2003

27. Changes In Accounting Policies And Prior Year Adjustment (Contd.)

(b) Prior Year Adjustment (Contd.)

	GROUP	
	2003 RM	2002 RM
Effect on deferred taxation:		
At 1 January, as previously reported	36,532,141	37,038,306
Effect on adopting MASB 25	(14,150)	(14,150)
At 1 January, as restated	<u>36,517,991</u>	<u>37,024,156</u>
Effect on net loss for the year:		
Net loss before change in accounting policy	12,216,658	(8,946,578)
Effect on adopting MASB 25	(138,657)	(4,487)
Net loss for the year	<u>12,078,001</u>	<u>(8,951,065)</u>

28. Related Party Transactions

	GROUP			
	Transaction value		Outstanding balance	
	2003 RM	2002 RM	2003 RM	2002 RM
Rental paid to a company in which certain directors have financial interests				
- G.O. Construction Sdn. Bhd.	135,446	135,446	-	-
Sales of fertilizers to a substantial shareholder of PK Resources Bhd				
- FELDA	(11,223,140)	(1,297,737)	594,172	230,133

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.



Notes To The Financial Statements (Contd.)

31 December 2003

28. Related Party Transactions (Contd.)

	COMPANY	
	2003 RM	2002 RM
Transfer of long leasehold land and buildings to a subsidiary, PK Fertilizers Sdn. Bhd.	6,153,309	-
Interest income from subsidiaries	(3,457,743)	(2,768,661)
Rental income from a subsidiary	(600,000)	(600,000)
Interest charged to subsidiaries	1,886,085	413,327

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 to the above transactions at the balance sheet date.

29. Contingent Liabilities (Unsecured)

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Corporate guarantee for facilities granted to subsidiaries	-	-	123,950,000	124,450,000
Bank guarantee issued in favour of third parties	2,576,626	1,203,000	-	-
	2,576,626	1,203,000	123,950,000	124,450,000

30. Capital Commitments

	GROUP	
	2003 RM	2002 RM
Approved and not contracted for	1,600,000	4,990,000

Notes To The Financial Statements (Contd.)



31 December 2003

31. Segment Information

2003	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
Revenue														
Group total sales	202,765,118	55,733,851	18,161,070	26,316,766	27,452,856	-	-	330,429,661						
Inter-segment sales	-	-	-	-	600,000	(600,000)	-	-						
External sales	202,765,118	55,733,851	18,161,070	26,316,766	28,052,856	(600,000)	(600,000)	330,429,661						
Results														
Segment result - external	5,362,493	81,610	(2,924,109)	5,163,249	9,014,233	(6,030,000)	(6,030,000)	10,667,476						
Finance costs	(3,758,952)	(6,057,735)	(394,205)	(1,867,284)	(13,097,796)	5,397,990	(5,397,990)	(19,777,982)						
Interest income	1,175,759	536,848	4,703	884,531	3,493,134	(5,397,990)	(5,397,990)	696,985						
Share of results of Associates	-	(17,553)	-	-	(538,757)	-	-	(556,310)						
Profit/(loss) before taxation	2,779,300	(5,456,830)	(3,313,611)	4,180,496	(1,129,186)	(6,030,000)	(6,030,000)	(8,969,831)						
Taxation								(5,056,819)						
Loss after taxation								(14,026,650)						
Minority interests								1,948,649						
Loss for the year								(12,078,001)						
Other information														
Segment assets	147,390,722	648,346,601	35,395,841	138,578,040	237,463,199	(254,029,119)	(254,029,119)	953,145,284						
Associates	-	831,381	-	-	5,347,486	-	-	6,178,867						
Total assets	147,390,722	649,177,982	35,395,841	138,578,040	242,810,685	(254,029,119)	(254,029,119)	959,324,151						
Segment liabilities	111,824,543	244,754,716	19,264,312	33,838,362	230,910,605	(254,029,119)	(254,029,119)	386,563,419						
Capital expenditure	5,492,143	10,979	1,042,554	1,159,356	11,025,476	-	-	18,730,508						
Depreciation and amortisation	1,056,137	396,328	4,819,987	3,351,408	2,613,410	-	-	12,237,270						
Other non-cash expenses	3,980,891	3,052,183	606,693	1,897,002	12,680,510	-	-	22,217,279						



Notes To The Financial Statements (Contd.)

31 December 2003

31. Segment Information (Contd.)

2002	Fertilizers and Agrochemical Products RM	Property Development RM	Hotelling RM	Education RM	Unallocated Amounts RM	Elimination RM	(Restated) Total RM
Revenue							
Group total sales	141,162,804	63,866,100	19,657,620	26,481,862	21,835,249	-	273,003,635
Inter-segment sales	-	-	-	-	600,000	(600,000)	-
External sales	141,162,804	63,866,100	19,657,620	26,481,862	22,435,249	(600,000)	273,003,635
Results							
Segment result - external	4,246,430	5,272,444	(5,664,408)	5,556,544	802,813	-	10,213,823
Finance costs	(2,554,534)	(5,454,186)	(359,314)	(2,316,718)	(13,159,422)	3,267,209	(20,576,965)
Interest income	81,473	688,090	6,400	693,542	2,804,293	(3,267,209)	1,006,589
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							407,792
Loss after taxation							(9,526,723)
Minority interests							575,658
Net loss for the year							(8,951,065)
Other information							
Segment assets	108,189,657	624,583,417	104,838,869	126,945,073	238,271,415	(259,936,988)	942,891,443
Associates	-	848,933	-	-	5,886,244	-	6,735,177
Total assets	108,189,657	625,432,350	104,838,869	126,945,073	244,157,659	(259,936,988)	949,626,620
Segment liabilities	74,643,595	210,527,173	76,925,521	38,615,148	232,861,790	(259,936,988)	373,636,239
Capital expenditure	319,529	342,274	292,599	1,188,929	2,096,142	-	4,239,473
Depreciation and amortisation	715,446	708,976	4,765,895	3,465,905	3,052,579	-	12,708,801
Impairment loss	-	3,193,056	-	-	-	-	3,193,056
Other non-cash expenses	2,525,019	2,705,880	2,028,629	2,352,982	13,203,383	-	22,815,893

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

Notes To The Financial Statements (Contd.)



31 December 2003

32. Significant Events During The Year And Subsequent To The Balance Sheet Date

On 24 July 2003, the Company entered into a Sale and Purchase Agreement with TH Group Berhad ("THG") for the disposal of 3,720,000 ordinary shares of RM1.00 each representing the Company's entire shareholding in Asiaprise Biotech Sdn Bhd (formerly known as Asiaprise Sdn Bhd) for a total consideration of RM12,699,944. The total consideration is to be satisfied 50% in cash and 50% in new THG shares. As at 31 December 2003, the above disposal has not been completed.

On 26 February 2004, Healthcom Sdn Bhd, a subsidiary of the Company, acquired 100% of the issued and paid-up capital of Healthcom Pharma Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 10 March 2004, BBN Development Sdn Bhd, a subsidiary of the Company, disposed of its 100% interest in the issued and paid-up capital of Nostalgia Asal Sdn Bhd comprising 1,000 ordinary shares of RM1.00 each for a cash consideration of RM10,000.

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 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 2003. The investments 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 endeavours to manage its operating cash flows and the availability of funding in order to meet its 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. The Group's exposure to concentration of credit risk is disclosed in Note 11.

(e) Fair Values

The carrying amounts of financial assets and liabilities of the Group as at 31 December 2003 approximate their fair values.

34. Comparative Figures

Comparatives figures have been adjusted for the retrospective effects of the changes in accounting policies as explained in Note 27.



Analysis Of Shareholdings

As At 26 April 2004

Directors Shareholdings

(In accordance with the register maintained under Section 134 of the Companies Act, 1965)

Name of Directors	Direct	%	Indirect	%
Tan Sri Dato' Dr Gan Kong Seng	1,821,000	1.60	35,750,434	31.35
Dato' Gan Kong Hiok	1,641,500	1.44	16,805,382	14.74
Loke Keng Hung	-	-	8,223,882	7.21
Gan Eng Hong	900,000	0.79	35,029,934	30.72
Datuk Alladin Bin Hashim	13,000	0.01	93,000	0.08
YM Tengku Shamsul Bahrin	-	-	-	-
Mohamed Nizam Bin Tun Abdul Razak	-	-	-	-
Ahmad Bin Mohd Ali	-	-	-	-
Ooi Soon Kiam	-	-	-	-

Directors Warrantholdings – Warrant A

Name of Directors	Direct	%	Indirect	%
Tan Sri Dato' Dr Gan Kong Seng	-	-	-	-
Dato' Gan Kong Hiok	-	-	-	-
Loke Keng Hung	-	-	-	-
Gan Eng Hong	-	-	-	-
Datuk Alladin Bin Hashim	-	-	35,000	1.49
YM Tengku Shamsul Bahrin	-	-	-	-
Mohamed Nizam Bin Tun Abdul Razak	-	-	-	-
Ahmad Bin Mohd Ali	-	-	-	-
Ooi Soon Kiam	-	-	-	-

Directors Warrantholdings – Warrant B

Name of Directors	Direct	%	Indirect	%
Tan Sri 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
Gan Eng Hong	300,000	0.82	11,314,978	30.88
Datuk Alladin Bin Hashim	6,000	0.02	-	-
YM Tengku Shamsul Bahrin	-	-	-	-
Mohamed Nizam Bin Tun Abdul Razak	-	-	-	-
Ahmad Bin Mohd Ali	-	-	-	-
Ooi Soon Kiam	-	-	-	-



Analysis Of Shareholdings (Contd.)

As At 26 April 2004

	Name	No. of Shares	%
21	Gan Fei Fen	813,000	0.71
22	Pertubuhan Peladang Kebangsaan	619,437	0.54
23	Bukit Maju Developments Bhd	600,000	0.53
24	Mary Foo @ Foo Liang Cheng	348,166	0.31
25	Southern Investment Bank Berhad Qualifier: Employee's Provident Fund	340,000	0.30
26	Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: Amanah Harta Tanah PNB	310,000	0.27
27	Ng Kim Teng	300,000	0.26
28	Ng Kim Ling	300,000	0.26
29	Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tan Sri Dato' Dr Gan Tiong Set @ Gan Kong Seng	300,000	0.26
30	Siew Yan Fook @ Siew Yeow Fook	264,000	0.23
		99,798,156	87.51

Substantial Shareholders List

		Direct Holdings		Indirect Holdings	
		No. of Shares	%	No. of Shares	%
1	Ragan Jaya Sdn Bhd	26,034,934	22.83	-	-
2	Perbandanan Kemajuan Negeri, Negeri Sembilan (PKNNS)	21,670,000	19.00	-	-
3	Esprijuta Sdn Bhd	8,126,882	7.13	-	-
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	Tan Sri Dato' Dr Gan Kong Seng	1,821,000	1.60	35,750,434 ¹	31.35
8	Dato' Gan Kong Hiok	1,641,500	1.44	16,805,382 ²	14.74
9	Gan Eng Hong	900,000	0.79	35,029,934 ³	30.72
10	Gan Fei Fen	813,000	0.71	35,116,934 ⁴	30.79
11	Siew Yeow Fook	325,000	0.28	8,475,048 ⁵	7.43
12	Loke Keng Hung	-	-	8,223,882 ⁶	7.21
	Total	81,843,253	71.77		

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, Tan Sri Dato' Dr Gan Kong Seng.
- Indirect shareholding includes the shares held by Ragan Jaya Sdn Bhd, Akarmas Sdn Bhd, his father, Tan Sri 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, Tan Sri 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.

Analysis Of Shareholdings (Contd.)



As At 26 April 2004

Types of securities : Warrant A
 Votings rights : One vote per warrant holder on a show of hands
 One vote per warrant on a poll
 No. of warrant holders : 591

Distribution Of Warrant Holdings A

Size of holdings	No. of holders	Total holdings	% of Shares
1 - 999	142	69,940	2.98
1,000 - 10,000	412	1,208,710	51.46
10,001 - 100,000	36	768,000	32.70
100,001 - 117,431	-	-	-
117,432 - above	1	302,000	12.86
Total	591	2,348,650	100.00

List Of Top 30 Warrant Holders A

Name	No. of Shares	%
1 Menteri Besar Negeri Sembilan Incorporation	302,000	12.86
2 Wong Ah Yew @ 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 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
Total	985,000	41.94



Analysis Of Shareholdings (Contd.)

As At 26 April 2004

Types of securities : Warrant B
 Voting rights : One vote per warrant holder on a show of hands
 : One vote per warrant on a poll
 No. of warrant holders : 744

Distribution of Warrant Holdings B

Size of holdings	No. of holders	Total holdings	% of Shares
1 - 999	75	37,000	0.10
1,000 - 10,000	541	1,933,255	5.28
10,001 - 100,000	112	3,040,699	8.30
100,001 - 1,832,291	10	4,211,812	11.49
1,832,292 - above	6	27,423,084	74.83
Total	744	36,645,850	100.00

List of Top 30 Warrant Holders 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 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 Tan Sri 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 Khoo Kay Leong	151,000	0.41
15 Lim Kee Siku	140,000	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 Nominee (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Tai Yueh Ngoh	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 Amfinance Berhad Qualifier: Pledged Securities Account For Wee Mung King	55,000	0.15
30 JF Apex Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Tan Kim Tian	52,000	0.14
	32,597,896	88.95

List Of Properties



Owned By The Group

	Description/Location	Tenure	Expiry of Lease	Unit/Acreage	Approx. age of building	Net book value as at 31.12.03
1.	Land & Building (Warehousing/factory) PTD 65604, Mukim Plentong, 81700 Johor Bahru. Lot. 293	Leasehold	Year 2044	20.00 acres	9	10,056,728
2.	Land & Building (Warehousing/factory) PTD 9035, Mukim Plentong, 81700 Johor Bahru. Lot. 117	Leasehold	Year 2020	5.70 acres	18	5,943,096
3.	Industrial Land, Mukim Labu and Setul, District of Seremban.	Leasehold	Year 2092	47.37 acres	-	2,990,631
4.	Mixed development of commercial and residential in Mukim Labu and Setul, District of Seremban					
	a) For sale	Freehold	-	567.46 acres	-	238,088,836
	b) For development and future sale.	Freehold	-	1,816.14 acres	-	164,160,729
5.	Land & Building (Hotel) PT 4590, Jalan Penghulu Cantik 70100 Seremban Negeri Sembilan	Leasehold	Year 2092	14.76 acres	10	41,982,975
6.	Condominium Development PT 4591, Jalan Penghulu Cantik 70100 Seremban Negeri Sembilan	Leasehold	Year 2092	17 units	8	2,170,112
7.	Golf Course land and Clubhouse PT 4770 71800 Bandar Baru Nilai Negeri Sembilan	Freehold	-	240.7 acres	7	47,969,572
8.	Building (Hotel) PT 7182, Jalan BBN 1/2E Putra Point Phase 1, 71800 Bandar Baru Nilai Negeri Sembilan	-	-	-	7	*8,009,239



List Of Properties (Contd.)

Owned By The Group

	Description/Location	Tenure	Expiry of Lease	Unit/Acreage	Approx. age of building	Net book value as at 31.12.03
9.	Bungalow Land PT 5297 Jalan Penghulu Cantik Taman Tasik Seremban 70100 Seremban, Negeri Sembilan	Leasehold	Year 2095	5.66 acres	-	2,232,474
10.	Quarry Land, Mukim Labu, 10th Mile Seremban - KL Highway 71907 Labu, Negeri Sembilan	Leasehold	Year 2054	60 acres	-	4,927,126
11.	PK Bungalow, H.S (D) 1695, PT 978, Mukim Tras, 49000 Raub, Pahang	Leasehold	Year 2080	1.1 acres	22	1,678,378
12.	Building PT 10844, Desa Cempaka 71800 Bandar Baru Nilai Negeri Sembilan	-	-	1 unit	6	*1,854,323
13.	Building PT 6367, Jalan BBN 3/1 71800 Bandar Baru Nilai Negeri Sembilan	-	-	1 unit	6	*3,654,673
14.	Land & Building (Warehousing/factory) Pajakan Ngeri 550 Lot 1863, Mukim Sungai Karang, 25720 Kuantan, Pahang	Leasehold	Year 2020	15 acres	6	2,990,113
15.	Land & Building (College) PT 13106, 71800 Bandar Baru Nilai Negeri Sembilan	Freehold	-	104.61 acres	6	114,194,791
16.	Building PT 7454, Jalan BBN 1/1A, Putra Point Phase 1, 71800 Bandar Baru Nilai Negeri Sembilan.	-	-	-	6	*1,269,656
17.	Land & Building (Warehousing/factory) MDLD 3790 BT4 Jalan Tengah Nipah 91111 Lahad Datu	Leasehold	Year 2058	13.35 acres	1	4,795,445

* The net book values of these properties do not include the value of the pieces of land where they occupy.



PROXY FORM

PK RESOURCES BERHAD (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 Thirtieth 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 Tuesday, 29 June 2004 at 2.30 p.m..

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

Resolutions	For	Against
1. To receive and adopt the Audited Accounts for the year ended 31 December 2003 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 2003.	[]	[]
3. To re-elect Datuk Alladin Hashim who retire pursuant to Article 77 of the Company's Articles of Association.	[]	[]
4. To re-elect Tengku Shamsul Bahrin who retire pursuant to Article 77 of the Company's Articles of Association.	[]	[]
5. To re-elect Mr Ooi Soon Kiam who retire pursuant to Article 77 of the Company's Articles of Association.	[]	[]
6. To re-elect Mr Gan Eng Hong who retire pursuant to Article 82 of the Company's Articles of Association.	[]	[]
7. To approve payment of directors' fees.	[]	[]
8. To re-appoint Messrs. Ernst & Young as auditors and authorise the Directors to fix their remuneration.	[]	[]
Special Business		
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. Proposed Issue of Option to Mr Gan Eng Hong	[]	[]

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. Explanatory Note On Special Business:

- 2.1 Authority to Issue Shares Pursuant to Section 132D of 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.
- 2.2 Proposed Issue of Option To Mr Gan Eng Hong
The Proposed Resolution 11, if passed, will allow the Directors to offer and grant to Mr Gan Eng Hong, a full-time director of the Company appointed on 26 August 2003, options to subscribe for new ordinary shares of the Company under the Employees' Shares Option

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

2nd FOLD HERE

1st FOLD HERE