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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighty-Fifth Annual General Meeting of the Company will be held at the Ballroom 2 – LG Level, Eastin Hotel, No. 13 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya on Monday, 29 September, 2003 at 11.30 a.m. to transact the following business:-

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Accounts for the year ended 31 March 2003 and the Reports of the Directors and Auditors.
2. To approve the Directors' Fees for the year ended 31 March 2003.
3. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:-
 - i) Yg. Bhg. Dato' Mustapha Bin Buang;
 - ii) YB Senator Dato' Hamzah Bin Zainudin.
4. To re-appoint Messrs Ernst & Young as the Company's Auditors to hold office for the ensuing year and to authorise the Directors to fix their remuneration.

As Special Business

5. To consider and, if thought fit, pass the following Resolution with or without modifications as **Ordinary Resolution**:

Proposed authorisation in accordance to Section 132E of the Companies Act, 1965

"THAT in accordance with Section 132E of the Companies Act, 1965, authority be and is hereby given to the Company or its related corporations to enter into arrangements or transactions with the Directors of the Company or any person connected with such Directors (within the meaning of Section 122A, Companies Act, 1965) whereby the Company or its related corporations may acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to land, development properties, capital equipment and related machineries and/or any other assets or products of the Company or its related corporations provided that such acquisitions or disposals are on commercial terms, of a revenue and/or trading nature in the ordinary course of business, such authority will continue to be in force until the conclusion of the next annual general meeting AND THAT for the avoidance of doubt, any such transactions entered into by the Company or its subsidiaries with the Directors or connected persons prior to the date of this resolution be and are hereby approved and ratified."

6. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board
ONG JOO CHOO, ACIS
Secretary

Petaling Jaya
5 September, 2003



Notice of Annual General Meeting (cont'd)

Explanatory Notes on Special Business:

Ordinary Resolution Pursuant to Section 132E of the Companies Act, 1965

Section 132E of the Companies Act, 1965 prohibits a company or its subsidiaries from entering into any arrangement or transaction with its Directors or persons connected with such directors in respect of the acquisition from or disposal to such directors or connected persons any non-cash assets of the "requisite value" without prior approval of the Company in General Meeting. According to the Companies Act, 1965, a non-cash asset is considered to be of the "requisite value", if, at the time of the arrangement or transaction, its value is greater than RM250,000 or 10% of the Company's net assets, subject to minimum of RM10,000.

This Ordinary Resolution proposed and if passed, will authorise the Company and each of its subsidiaries to acquire from or dispose to its Directors or connected persons, products, services or any other non-cash assets which may fall within the definition of the "requisite value" provided that such acquisition or disposal are on normal commercial terms, of a revenue and/or trading nature in the ordinary course of business. This authority, unless revoked or varied by the Company at general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Notes :

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one proxy to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting.
- 2) An instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
- 3) An instrument appointing a proxy must be deposited at the Registered Office of the Company at 306 Block G, Pusat Dagangan Phileo Damansara 1, No. 9 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

Statement Accompanying Notice of Annual General Meeting

The names of individuals who are standing for election or re-election:

- a) Yg. Bhg. Dato' Mustapha Bin Buang; and
- b) YB Senator Dato' Hamzah Bin Zainudin.

Details of Directors who are standing for re-election:

The details of the above named Directors who are standing for re-election at the Eighty-fifth Annual General Meeting and their shareholdings are set out in the Directors' Profiles appearing on pages 6 to 7.

The details of attendance of directors at board meetings:

There were six (6) board meetings held during the financial year.

	Attendance
a) Dato' Seri Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas	5
b) Dato' Mustapha Bin Buang	6
c) Senator Dato' Hamzah Bin Zainudin	3
d) Dato' Mohamed Salleh Bin Bajuri	6
e) Gong Chiok Sin (Resigned 1 August 2003)	5

The place, date and hour of the Annual General Meeting:

The Ballroom 2 – LG Level, Eastin Hotel, No. 13 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya at 11.30 a.m. on Monday, 29 September, 2003.



Corporate Information

DIRECTORS:

- | | |
|---|---|
| Dato' Seri Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas | - Chairman/Independent Non-Executive Director |
| Dato' Mustapha Bin Buang | - Managing Director |
| Senator Dato' Hamzah Bin Zainudin | - Independent Non-Executive Director |
| Dato' Mohamed Salleh Bin Bajuri | - Independent Non-Executive Director |
| Gong Chiok Sin (Resigned 1 August 2003) | - Executive Director |
| Ong Kee Chak (Resigned 12 September 2002) | - Independent Non-Executive Director |

AUDIT COMMITTEE:

- | | |
|---|---|
| Dato' Seri Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas | - Chairman-Independent Non-Executive Director |
| Senator Dato' Hamzah Bin Zainudin | - Independent Non-Executive Director |
| Dato' Mohamed Salleh Bin Bajuri | - Independent Non-Executive Director |
| Dato' Mustapha Bin Buang | - Managing Director |
| Gong Chiok Sin (Resigned 27 November 2002) | - Executive Director |

SECRETARY:

Ong Joo Choo, ACIS
(MAICSA 0811752)

AUDITORS:

Ernst & Young
P.O. Box 11040
50734 Kuala Lumpur

REGISTERED OFFICE:

306 Block G Pusat Dagangan Phileo Damansara 1
No. 9 Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Tel: (03) 76653388
Fax: (03) 76652288

SOLICITORS:

Megat Najmuddin, Leong & Co.
102 Jalan Bangsar
59200 Kuala Lumpur

Ho Loke & Koh
A-1-1 Megan Phileo Promenade
189 Jalan Tun Razak
50400 Kuala Lumpur

SHARE REGISTRAR:

Tenaga Koperat Sdn Bhd
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: (03) 40416522
Fax: (03) 40426352

PRINCIPAL BANKERS:

Alliance Bank Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad

Board of Directors

Dato' Seri Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas

Malaysian, aged 58 was appointed a Non-Executive Director and Chairman of the Company on 19 October 1994. He is an Independent Director and serves as the Chairman of the Audit, Nomination and Remuneration Committees of the Company.

He is a lawyer by profession having graduated from the University of Singapore in 1970. He was attached to Messrs. Ariffin & Co. after graduating until 1973 before embarking on his own firm, Megat Najmuddin, Leong & Co. However, he resigned in 1986 due to heavy involvement in business activities and political commitments. He was formerly the State Assemblyman of Kelana Jaya, Selangor for two terms.

He was appointed Executive Committee Member of the Federation of Public Listed Companies Berhad (FPLC) in August 1994 and elected President in October 1997. He represents this organisation to the High Finance Committee of the Ministry of Finance. Further, he was also one of the first members of the Management Committee of the Malaysian Institute of Corporate Governance (MICG), and was elected President in April 1998. He was appointed as a member of the National Economic Advisory Council 2 (NEAC 2) by the Prime Minister, where he was involved in the Human Resource Development Works Committee. In September 1999, he was appointed to the Capital Market Strategic Committee by the Finance Minister and in August 2001, he was appointed as a member of the Corporate Debt Restructuring Committee (CDRC).

Dato' Seri Megat also holds directorships in SEG International Bhd, MY-Infotech (M) Berhad, Dialog Group Berhad, Pernas International Holdings Berhad and Salcon Berhad.

He has direct shareholdings of 1,857,000 ordinary shares of RM1.00 each in Asian Pac Holdings Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past 10 years.

He attended five out of the six board meetings that were held in the financial year ended 31 March 2003.

Dato' Mustapha Bin Buang

Malaysian, aged 55 is the Managing Director of the Company. He first joined the Board as a Non-Executive Director on 14 October 1994. He is also a member of the Audit and Remuneration Committees.

He holds a degree in Economics from University Malaya. After graduation in 1972, he joined the Johore State Government as an Economic Planner. He then joined the finance industry from the year 1974 holding senior management positions and gathered 16 years experience in the finance sector. He also holds directorships in Gula Perak Berhad and several private limited companies.

He has an indirect shareholding of 800,000 ordinary shares of RM1.00 each in Asian Pac Holdings Berhad.

Dato' Mustapha does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past 10 years.

He attended all the six board meetings held in the financial year ended 31 March 2003.



Board of Directors

Senator Dato' Hamzah Bin Zainudin

Malaysian, aged 46 was appointed a Non-Executive Director of the Company on 14 October 1993. He is an Independent Director and is a member of the Audit, Nomination and Remuneration Committees of the Company.

He holds a diploma in Quantity Surveying from University Technology Malaysia and is an experienced Quantity Surveyor in the construction industry. He was the General Manager of Maju Bangun Sdn Bhd, a subsidiary of the State Economic Development Corporation of Perak from 1979 to 1984. He then joined Justera Sdn Bhd, a subsidiary of CASH Bhd and resigned as a Director in 1991. He was a member of the Ipoh City Council from 1989 to 1994. He is the Chairman of Hexagon Holdings Bhd and Evermaster Group Bhd since 1996 and a Director of Tanah Emas Corporation Berhad and Bintai Kinden Corporation Berhad. These companies are listed on the Kuala Lumpur Stock Exchange.

He has direct shareholdings of 2,912,243 ordinary shares of RM1.00 each in Asian Pac Holdings Berhad.

Senator Dato' Hamzah does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past 10 years.

He attended three out of the six board meetings held in the financial year ended 31 March 2003.

Dato' Mohamed Salleh Bin Bajuri

Malaysian, aged 52 was appointed an Independent Non-Executive Director of the Company on 27 March 2001. He is also a member of the Audit, Nomination and Remuneration Committees of the Company.

He is a Chartered Accountant from the Institute of Chartered Accountants, Ireland.

He started his career in 1978 with Peat Marwick & Co. as Senior Audit. In 1979, he joined Mayban Finance Berhad as Manager and was subsequently promoted to General Manager in 1982. He was then promoted to General Manager of Malayan Banking Berhad in 1988 and served in this position until 1992. In 1992, he was appointed Managing Director of JB Securities Sdn Bhd, a stockbroking firm of which he was a founder member. After selling his equity stake in the said stockbroking firm in 1995, he joined CRSC Holdings Berhad as a Group Executive Director. CRSC is principally engaged in hotel operations, property management and hospital operations. He has also served as a director in Saham Sabah Berhad from 1997 to 1999. He is a trustee for Tabung Anak-Anak Melayu Pontian since 1995 and Yayasan Kebajikan SDARA since 1997.

He is also a director of K.P. Keningau Berhad, Seacera Tiles Berhad, Tongkah Holdings Berhad, Eden Enterprise (M) Berhad and London Biscuit Berhad, public companies listed on the Kuala Lumpur Stock Exchange.

He does not hold any shares in Asian Pac Holdings Berhad.

Dato' Salleh does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest. He does not have any convictions for offences within the past 10 years.

He attended all the six board meetings in the financial year ended 31 March 2003.

COMPOSITION

The composition of the Audit Committee presently consists of the following:

Members of the Committee

Dato' Seri Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas	- Chairman-Independent Non-Executive Director
Senator Dato' Hamzah Bin Zainudin	- Independent Non-Executive Director
Dato' Mohamed Salleh Bin Bajuri	- Independent Non-Executive Director
Dato' Mustapha Bin Buang	- Managing Director
Gong Chiok Sin (Resigned 27 November 2002)	- Executive Director

TERMS OF REFERENCE

A) Composition of Audit Committee

The Committee shall be appointed by the Directors from among its members which fulfils the following requirements:-

- a) the audit committee must be composed of no fewer than 3 members;
- b) a majority of the audit committee must be independent directors; and
- c) at least one member of the audit committee:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The Committee shall elect a chairman from among its members who shall be an independent director.

In the event that a member of an audit committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

B) Meetings

The Committee shall meet at least four times a year.

The Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

C) Secretary to Audit Committee

The Company Secretary shall be the secretary of the Committee.

D) Quorum

A quorum shall consist of a majority of members who are independent directors.



Audit Committee Report

E) Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary.

F) Duties and Responsibilities

The duties and responsibilities of the Committee shall be :-

- i) To review the quarterly announcements to the Kuala Lumpur Stock Exchange and year end annual financial statements before submission to the Board, focusing on:-
 - going concern assumption;
 - compliance with accounting standards and regulatory requirements;
 - any changes in accounting policies and practices;
 - significant issues arising from the audit; and
 - major judgmental areas.
- ii) To review with the external auditors the following:-
 - the audit plan;
 - his evaluation of the system of internal controls;
 - his audit report;
 - problems and reservations arising from their interim and final audits; and
 - the assistance given by the employees of the company or group to the external auditor.
- iii) To review the internal audit functions on the following:-
 - adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
 - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings.
- iv) To monitor related party transaction and conflict of interest situation that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity.
- v) To review:-
 - any letter of resignation from the external auditors of the company or group; and
 - whether there is reason (supported by grounds) to believe that the company or group's external auditor is not suitable for re-appointment;
 - and recommend the nomination of a person or persons as external auditors.
- vi) To assess the adequacy and effectiveness of the systems of internal control and accounting control procedures of the Company and the Group by reviewing the external auditors' management letters and management response.
- vii) To undertake such other responsibilities as may be agreed to by the Committee and the Board.
- viii) To report to the Board its activities, significant results and findings.

Audit Committee Report

ATTENDANCE OF MEETINGS

During the last financial year, there were five (5) meetings held. The details of attendance of each member are as follows:

	Attendance
Dato' Seri Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas	- 4
Senator Dato' Hamzah Bin Zainudin	- 3
Dato' Mohamed Salleh Bin Bajuri	- 5
Dato' Mustapha Bin Buang	- 5
Gong Chiok Sin (Resigned 27 November 2002)	- 2

SUMMARY OF ACTIVITIES

Pursuant to the terms of reference of the Committee, the following activities were carried out by the Committee during the year ended 31 March 2003 in the discharge of its duties and responsibilities:

- a) Review of the audit plans for the year 2002/2003 for the Company and the Group prepared by the internal and external auditors to ensure adequate scope and coverage over the activities of the Group;
- b) Review of the audit reports for the Company and the Group prepared by the internal and external auditors and consideration of the major findings by the auditors and management's responses thereto and ensuring material findings are adequately addressed by management;
- c) Review of the quarterly and annual reports of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- d) Review of the Company's status of compliance with the Malaysian Code on Corporate Governance for the purpose of the issuing of a Corporate Governance Statement pursuant to the requirement of paragraph 15.26 of the KLSE Listing Requirements; and
- e) Commissioning of special reviews on specific areas of operations of the Companies in the Group.

INTERNAL AUDIT FUNCTION

The Internal Audit Department of the Group was established to assist the Audit Committee in discharging its duties and responsibilities.

The Internal Audit Department undertakes internal audit work based on an annual audit plan that is formulated on a risk based approach and approved by the Board and Audit Committee. However, where relevant or necessary, special ad-hoc audits were also performed.

A systematic, disciplined and risk based approach is adopted to provide required assurance to stakeholders and also to add value across the Board so as to improve the Group's operations. Audits are generally designed to evaluate and enhance risk management, control and governance processes to assist Management in achieving its goals.

Looking into the future, the Internal Audit Department plans to further enhance its risk based auditing techniques as well as benchmarking itself against world class practices in internal auditing with the ultimate goal of guiding the Group towards corporate excellence.



Statement on Internal Controls

The Malaysian Code on Corporate Governance sets out as a principle that the Board of a listed company should maintain a sound system of internal controls to safeguard shareholder's investment and the Group assets. Paragraph 15.27(b) of the Kuala Lumpur Stock Exchange ("KLSE") Listing Requirements require the board of directors to include a statement in its annual report on the state of internal control of the listed issuer as a Group.

The Board of Directors ("the Board") of Asian Pac Holdings Berhad ("the Company") is pleased to provide the following statement on the state of internal controls of the Company and its subsidiaries ("the Group"). This statement has been prepared in accordance with the "Statement of Internal Control: Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and as adopted by the KLSE.

Board of Directors' Responsibility

The Board has overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and assets of the Group. The Board, through its various committees, has reviewed the adequacy and effectiveness of the system of internal control of the Group throughout the financial year. However, due to the limitations that are inherent in any system of internal control, the Group's internal control system can only provide reasonable assurance against material misstatement of loss rather than to eliminate entirely, the risk of business failures.

Internal Control Environment

The following are the major framework and key processes that the Board has established in ensuring adequacy and integrity of the system of internal control:

- An organisation structure exists with clearly defined lines of authority, responsibility and appropriate levels of accountability. In addition, financial authority limits are also established to ensure proper identification and segregation of duties;
- Documented policies and procedures are available for all major operations of the Group. These policies and procedures are formulated by the various head of departments within the group, and reviewed and endorsed by the Board of Directors prior to implementation by the Management;
- Business plans and budgets are prepared annually and presented to the Board for approval. Major deviations from budgets are analysed, scrutinised and investigated for irregularities.
- Management Meeting comprising head of departments from all major operations, is held monthly to consider the Group's financial performance, business development, management and corporate issues. The Board is represented by the Managing Director who chairs these meetings.
- An overall Risk Management Framework has been formulated by the Group Internal Audit Department and endorsed by the Board. Staff from various levels within the organisation, are also involved in identifying, evaluating and managing risks in the course of carrying out their day to day work. These processes are embedded within the Group's overall business operations and guided by policies and procedures. Significant risk areas are highlighted and brought to the Board's attention for further assessment and control;
- In addition to the Management's monitoring procedures, the Audit Committee with the assistance of the Internal Audit Function provides further assurance to the Board through the various risk-based audit reviews conducted. Audit findings are communicated to the Board to enable timely evaluation of the adequacy and integrity of the Group's internal control system.

Conclusion

Based on the various internal control features currently available and/or to be incorporated into the Group's key processes, the Board is confident that the Group's operations are under control and significant risks faced by Group have been sufficiently managed.

The Board is aware that significant risks facing the Group changes with time and hence strive to continuously review and improve the Group's internal control system so as to maintain an adequate level of internal control at all times.

This statement is made in accordance with a resolution of the Board of Directors dated 26 August, 2003.

On behalf of the Board of Directors, I hereby present to you the Annual Report and Financial Statements of the Group and the Company for the financial year ended 31 March, 2003.

Performance Overview

For the year under review, the consolidated revenue of the Group experienced a drop of 19% from RM70 million to RM56.5 million, reflecting a fall of RM13.5 million. This fall in revenue is mainly due to the consolidation of ten (10) months of the insurance services' revenue in the current financial year due to the completion of the disposal of the insurance services segment at the end of January 2003. In addition, the revenue contributed by the property segment is minimal in the current year due to the initial commencement of the development projects in Kepong.

The Group experienced a pre-tax loss of RM34 million, attributable to the general deterioration of markets following the United States' War on Iraq and the outbreak of the SARS virus. The exceptional gain of RM29.3 million on the disposal of the insurance segment was offset by the soft markets following the two worldwide phenomenon which had affected the value of our properties and investments. As a result, the Group provided for impairment losses for the properties and investments for the year ended 31 March 2003 amounting to RM32.4 million and RM17.0 million respectively.

OPERATIONAL OVERVIEW

Insurance Services

The insurance services segment recorded a substantially lower turnover of RM46.6 million as compared with RM67.4 million in the preceding year. The shortfall was due to consolidation of ten (10) months of the insurance services' revenue in the current financial year as compared to twelve (12) months in the preceding year.

A pre-tax loss of RM5.2 million was registered in the year under review, a reduction of RM7.8 million from the RM2.6 million profits in the preceding year which was mainly due to higher claims and impairment losses for investments.

Property Development

The change in the business direction of the Group from financial services to property development led to the commencement of the development projects in Kepong. In addition, the Group had also recruited a new CEO of Property Division, Mr. Chuah Swee Guan to lead and direct the property segment to greater achievements and to establish the Group as a reputable property player in the market.

The initial project, the "3 Fortune", was spearheaded by one of the Group's subsidiaries, BH Realty Sdn Bhd. ("BH Realty") which consists of commercial and residential developments. Further planning is underway for the balance of the land bank in Kepong Entrepreneurs' Park. The details of the "3 Fortune" are as follows :



Fortune Square site under construction



Chairman's Statement

Fortune Square

Fortune Square development consists of 48 lots of 4 1/2 storey shop and office suite was the first commercial property launched by the Group. The Gross Development Value ("GDV") of Fortune Square is approximately RM60 million and as at todate, the Group had achieved 90% of the GDV. The construction works for this development is progressing satisfactorily and is expected to complete by end of Year 2004.

Fortune Court

The development of Fortune Court consists of 110 units of shop and 441 units of apartment with an expected GDV of RM89 million. A sale launch for the Fortune Court's 110 units of shop was held on 12 July 2003 and 90% of the units were taken up as at todate. The shops were priced from RM209,000 to RM733,000 while the apartments is expected to be priced around RM100,000 for an expected built-up area of more than 900 sq.ft. The official launch for the apartments is expected to be held in October 2003.



The proposed shops/apartments.

Fortune Park

In line with the market demand for residential landed properties, the Property Segment had revised its planning and proposed to launch 258 units of double storey terrace house and 40 units of semi-detached house which will be located opposite the KL Metropolitan Park. The expected GDV of Fortune Park is around RM120 million. The Group had conducted a pre-sale registration on 3 August, 2003 and had received an overwhelming response from the public for these properties. The official launch of Fortune Park is expected to be in November 2003.



The proposed terrace and Semi-D houses

CORPORATE DEVELOPMENT

The following are significant events that took place during the year under review.

Acquisition of Tekad Intisari

During the financial year, the Group acquired a 75% equity interest in Tekad Intisari Sdn Bhd ("Tekad") under the Group's wholly owned subsidiary AGB Properties Sdn. Bhd. ("AGB"). In June 2001, Tekad entered into a Joint Venture Agreement with Lembaga Pemegang-Pemegang Amanah Yayasan Negeri Sembilan ("YNS") for the development of two parcels of leasehold land designated for commercial/residential development. The proposed development is expected to be a mixed development of shops and apartments in two phases. Phase 1 of the development site will be located at Jalan Bukit Tembok and Phase II on Jalan Rahang.

This acquisition will enable the Group to participate in the Joint Venture and allows the Group to venture into the development sector in the southern region and pave the way for future participation in other YNS projects.

Completion of Disposal of Tenaga Insurance

The completion of the disposal of 32,640,000 ordinary shares of RM1.00 each in Tenaga Insurance Berhad to Talasco Insurance Berhad on 31 January 2003 signify the end of the Group's involvement in the financial services sector.

Chairman's Statement

Signing of MOU with Carrefour

On 11 March the Group's subsidiary company, BH Realty, entered into a Memorandum of Undertaking ("MOU") with Magnificent Diagraph Sdn Bhd ("MDSB"), granting MDSB exclusive negotiation rights to operate a hypermarket on land owned by BH Realty. A fresh MOU was endorsed on 26 June 2003 for another 3 months. MDSB wishes to operate a hypermarket (Carrefour) on a portion of land measuring approximately 37,398 square metres from the 126,196 square metres wholly-owned by BH Realty. Negotiations are currently underway.



Proceedings MOU signing with Carrefour.

New Corporate Office in Pusat Dagangan Phileo Damansara 1

In view of the Group's change in business direction, the Group has initiated measures to set up a new Corporate Office in Phileo Damansara in order to establish itself in the pulse of the property development sector. The new Corporate Office encompass a showroom located on the ground floor to ensure the public has easy access to view our products and is a symbol of the Group's evolving dynamism and vision.



New corporate office in Phileo Damansara 1.

PROSPECTS

With the world economy on a rebound and the threat of SARS behind us, we look forward to even more business opportunities in the forthcoming year. Prospects are good with the current development projects in Kepong performing beyond expectations, and we will be eyeing new land banks for future developments to further improve our performance while simultaneously establishing new partnerships in order to increase the profitability of the Group.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my sincere gratitude and appreciation to our valued shareholders, business partners, creditors, purchasers and suppliers.

I would also like to express my warmest thanks to our management team and staff for their perseverance and dedication in the face of many significant changes in the Group. Their invaluable contributions to the Company, in addition to their commitment and team spirit, are to be commended.

Lastly, on behalf of the Board, I wish to convey my thanks to Mr. Philip Gong who had resigned on 1 August 2003 for his invaluable contributions to the Group and the Company, and wish him every success in his future endeavours.

Dato' Seri Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas
Chairman
26 August 2003

Statement on Corporate Governance and other Information



The Board of Directors is committed to maintaining high standards of corporate governance and ensuring that the principles and best practices on corporate governance are observed and practiced throughout the Group. It strives to continually improve and comply with the processes and structure as articulated in the Principles and Best Practices set out in the Malaysian Code on Corporate Governance ("the Code").

The principles of the Code are divided into four Sections:

- Section 1: Directors
- Section 2: Directors' Remuneration
- Section 3: Shareholders
- Section 4: Accountability and Audit

In preparing this report, the Board has considered the manner in which it has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

SECTION 1: DIRECTORS

The Board of Directors and Board Balance

The Board presently has four (4) members, which comprises the Managing Director and three independent non-executive directors. Together, the Directors have the necessary mix of skills and experience ranging from business, finance and corporate to general disciplines in managing the Group's business. A profile of each Director is presented on pages 6 to 7.

No individual or group of individuals dominates the Board's decision making and the number of directors reflects fairly the investment of the shareholders. The presence of a majority of independent non-executive Directors in the Board ensures the balance of power in the exercise of objective and independent judgement on corporate issues dealt with at the Board level, to safeguard the interest of major stakeholders and the minority shareholders respectively.

Supply of Information

The Directors are provided with timely and relevant information to discharge their duties and responsibilities, which include, amongst other, quarterly and annual financial statements, board papers recommending business and operational decisions, corporate and business development plans, status reports, minutes of meetings and reports/opinions from independent advisors.

All Directors have access to the Group's senior management and the advice and services of the Company Secretary. If required, the Directors, whether as a full Board or in their individual capacity may take independent professional advice in the furtherance of their duties at the Company's expense.

Appointments to the Board

A Nomination Committee was formalised on 29 May 2002, comprising three independent non-executive Directors, namely Dato' Seri Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas, Senator Dato' Hamzah bin Zainudin and Dato' Mohamed Salleh bin Bajuri. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director, provided that the Chairman of the Nomination Committee, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nomination Committee brought forward to the Board.

Re-election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first Annual General Meeting after their appointment. The Articles also provided that at least one-third of the Board including the Executive Directors shall be subject to re-election by rotation at each Annual General Meeting.

Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") organised by the Research Institute of Investment Analysis Malaysia ("RIIAM") in accordance with the Listing Requirements of the Kuala Lumpur Stock Exchange. They are currently arranging to attend the Continuing Education Programme ("CEP") in accordance with Practice Note No. 15/2003 of the Listing Requirements.

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Remuneration Committee set up in May 2001, comprises three independent non-executive Directors, namely Dato' Seri Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas, Senator Dato' Hamzah bin Zainudin and Dato' Mohamed Salleh bin Bajuri together with the Managing Director, Dato' Mustapha Bin Buang.

The Committee reviews the annual salaries, incentive arrangements, service arrangements and other employment conditions for the executive Directors. They shall ensure that the Company's Directors are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration shall be sufficient to attract and retain Directors to run the Company and Group successfully.

The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole. Decisions and recommendations of the Committee shall be reported back to the Board for approval and ratification and where required by the rules and regulations governing the Company, for approval of shareholders in general meeting. The remuneration of Executive Directors is compatible with their corporate and individual performances while the level of remuneration for Non-executive Directors shall reflect the experience and level of responsibility undertaken by the particular Non-executive Director concerned. No director shall be involved in deciding his own remuneration.

The summary of the remuneration of the various Directors of the Company during the financial year are disclosed under note 34 in page 56 of the Annual Report.

SECTION 3: SHAREHOLDERS

Dialogue Between Company and Investors

Shareholders and investors are kept informed of all major developments within the Group by way of announcements via the KLSE LINK, the Company's annual reports and other circulars to shareholders. The principle forum for dialogue with shareholders is during the Annual General Meetings.

At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in a question and answer session. Directors are available to respond to shareholders' questions during the meeting. Extraordinary General Meetings are held as and when required.

The Board has designated YB Senator Dato' Hamzah bin Zainudin as the Senior Independent Non-executive Director to receive and deal with all shareholders'/public enquires. Such enquires must be made in writing and be directed to the Senior Independent Non-executive Director as follows:

Asian Pac Holdings Berhad
Senior Independent Non-executive Director
YB Senator Dato' Hamzah bin Zainudin
306 Block G Pusat Dagangan Phileo Damansara 1
No. 9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Tel no: 03-7665 3388 Fax no: 03-7665 2622/0702

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly reports to the KLSE and the annual report to shareholders, the Directors have a responsibility to present a fair statement of the Group's position and prospect. The Audit Committee assists the Board in reviewing information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 23 of this Annual Report.

Statement on Corporate Governance and other Information



STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

The Directors are required by the companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enables them to ensure the financial statements comply with the Companies Act, 1965 and the Listing Requirements of the Kuala Lumpur Stock Exchange.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

Internal Controls

Information on the Group's Internal Control is presented in the Statement on Internal Controls laid out on page 11.

Relationship with Auditors

The role of the Audit Committee in relation to external auditors is found in the Audit Committee Report. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

OTHER INFORMATION

Conflict of Interest

None of the Directors has any family relationship with other Directors or major shareholders of the Company and they do not have any conflict of interest with the Company.

Utilisation of Proceeds

No proceed were raised by the Company from any corporate proposal during the financial year.

Share buybacks

During the financial year, there were no share buybacks by the Company.

Options, Warrants or Convertible Securities Exercised

During the financial year there were RM7.02 million Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of nominal value of RM1.00 each converted into RM5.616 million ordinary shares of RM1.00 each.

American Depository Receipt (ADR) and Global Depository (GDR)

During the financial year, the Company did not sponsored any ADR or GDR programme.

Statement on Corporate Governance and other Information

Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fee

During the financial year, there was no non-audit fee paid to the external auditors.

Variation in Results

The audited results varied by more than 10% as compared to the unaudited results for year ended 31 March 2003 mainly due to the impairment losses for properties amounting to RM31.4 million.

Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

Material Contracts Involving Directors' and Substantial Shareholders' Interest

The Company and its subsidiaries did not enter into any material contracts which involved the interests of the Directors or substantial shareholders during the financial year.

Statement made in accordance with the resolution of the Board of Directors dated 26 August 2003.

DATO' SERI HJ MEGAT NAJMUDDIN BIN DATO' SERI (DR) HJ MEGAT KHAS
Chairman



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Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 March 2003.

PRINCIPAL ACTIVITIES

The Company is principally involved in the holding of securities for investment purposes, provision of management services and trading of building materials.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year other than that arising from the disposal of the Group's entire equity interest in Tenaga Insurance Bhd which was involved in the general insurance business.

RESULTS

	Group RM'000	Company RM'000
Loss after taxation	(34,777)	(68,231)
Minority interests	1,130	-
Net loss attributable to shareholders	<u>(33,647)</u>	<u>(68,231)</u>

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

In the opinion of directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by item, transaction or event of a material and unusual nature other than the effects arising from the disposal of Tenaga Insurance Bhd. resulting in a gain of approximately RM29,260,000 to the Group as disclosed in Note 3 to the financial statements.

DIRECTORS

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

Dato' Seri Hj. Megat Najmuddin bin Dato' Seri (Dr) Hj. Megat Khas
 Dato' Mustapha bin Buang
 Gong Chiok Sin
 Senator Dato' Hamzah bin Zainudin
 Dato' Mohamed Salleh bin Bajuri
 Ong Kee Chak (resigned on 12 September 2002)

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 the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Notes 32, 33 and 34 to the financial statements or the fixed salary of full time employees 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.



Directors' Report

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares and warrants of the Company during the financial year were as follows:

	<----- Number of Ordinary Shares of RM1 Each ----->			
	1 April 2002	Bought	Sold	31 March 2003
Direct				
Dato' Seri Hj. Megat Najmuddin bin Dato' Seri (Dr) Hj. Megat Khas	1,857,000	-	-	1,857,000
Senator Dato' Hamzah bin Zainudin	2,912,243	-	-	2,912,243
Gong Chiok Sin	1,667,000	-	-	1,667,000
Indirect				
Dato' Mustapha bin Buang	800,000	-	-	800,000
	<----- Number of Warrants 2001/2006 ----->			
	1 April 2002	Allotted	Exercised	31 March 2003
Direct				
Dato' Seri Hj. Megat Najmuddin bin Dato' Seri (Dr) Hj. Megat Khas	619,000	-	-	619,000
Senator Dato' Hamzah bin Zainudin	1,400,747	-	-	1,400,747
Gong Chiok Sin	830,000	-	-	830,000
Indirect				
Dato' Mustapha bin Buang	266,666	-	-	266,666
Gong Chiok Sin	4,000	-	-	4,000

Details of the Warrants 2001/2006 are as disclosed in Note 20 to the financial statements.

Other than as stated above, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up capital from RM350,000,000 to RM355,616,000 through the issuance of 5,616,000 ordinary shares of RM1 each as a result of the conversion of RM7,020,000 Irredeemable Convertibles Unsecured Loan Stocks ("ICULS") at a conversion ratio of 5 ICULS of RM1 nominal value each for 4 ordinary shares of RM1 each.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company 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 Group and of the Company 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 Group or of the Company 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 Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations 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 Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are as disclosed in Note 38 to the financial statements.

AUDITORS

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

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

DATO' MUSTAPHA BIN BUANG

GONG CHIOK SIN

Kuala Lumpur
Date: 29 July 2003

Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965



We, DATO' MUSTAPHA BIN BUANG and GONG CHIOK SIN, being two of the directors of ASIAN PAC HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 25 to 63 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 Group and of the Company as at 31 March 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

DATO' MUSTAPHA BIN BUANG

GONG CHIOK SIN

Kuala Lumpur
Date: 29 July 2003

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, LIEW YIN YEE, the officer primarily responsible for the financial management of ASIAN PAC HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 25 to 63 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 LIEW YIN YEE at)
Kuala Lumpur in the Federal Territory)
on 29 July 2003

LIEW YIN YEE

Before me,

Commissioner for Oaths
No. W164
Ralph Kinny Fernandez
on 29 July 2003

Auditors' Report

Report of the auditors to the members of Asian Pac Holdings Berhad (Incorporated In Malaysia)

We have audited the financial statements set out on pages 25 to 63. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 March 2003 and of their results and their cash flows for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 6 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The 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 Act.

Without qualifying our opinion, we draw attention to Note 2(a) to the financial statements. With the disposal of the insurance subsidiary, the ability of the Group to continue as a going concern is dependent upon its achieving profitable operations from the existing core activities of property development and investment holding to meet its obligations as they fall due. The financial statements of the Group and the Company do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the going concern basis of preparation of the financial statements be inappropriate.

Ernst & Young
AF: 0039
Chartered Accountants

Pushpanathan a/l S.A. Kanagarayar
No. 1056/03/05(J/PH)
Partner

Kuala Lumpur, Malaysia
Date: 29 July 2003



Balance Sheets as at 31 March 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	289,704	349,729	96	125
Development properties	5	28,648	35,758	-	-
Investments in subsidiaries	6	-	-	284,362	343,718
Interests in associates	7	11,847	13,007	-	-
Other investments	8	66,150	93,909	1,659	2,679
Goodwill	9	56,262	61,124	-	-
		<u>452,611</u>	<u>553,527</u>	<u>286,117</u>	<u>346,522</u>
CURRENT ASSETS					
Development properties	10	64,139	8,775	-	-
Trade receivables	11	15,479	51,536	5,036	-
Other receivables	12	69,840	68,145	1,292	319
Amounts due from subsidiaries	13	-	-	225,862	226,294
Marketable securities	14	-	14,487	-	-
Short term deposits	15	13,762	67,107	8,983	3,888
Cash and bank balances		754	2,014	29	60
		<u>163,974</u>	<u>212,064</u>	<u>241,202</u>	<u>230,561</u>
CURRENT LIABILITIES					
Provision for outstanding claims	16	-	53,510	-	-
Trade payables	17	2,846	2,487	785	-
Due to agents, brokers and other accruals		-	5,538	-	-
Interest payable		3,502	1,687	3,502	1,687
Deposits received		99	14,292	-	-
Other payables	18	4,968	13,066	1,581	3,292
Amounts due to subsidiaries	19	-	-	29,896	12,906
Taxation		2,839	7,338	-	-
		<u>14,254</u>	<u>97,918</u>	<u>35,764</u>	<u>17,885</u>
NET CURRENT ASSETS					
		<u>149,720</u>	<u>114,146</u>	<u>205,438</u>	<u>212,676</u>
		<u>602,331</u>	<u>667,673</u>	<u>491,555</u>	<u>559,198</u>

Balance Sheets as at 31 March 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
FINANCED BY:					
Share capital	20	355,616	350,000	355,616	350,000
4% Irredeemable convertible unsecured loan stocks 2000/2005	21	141,239	148,259	141,239	148,259
Share premium		102,109	100,705	102,109	100,705
Other reserves, non-distributable	22	5,846	5,846	83,846	83,846
Accumulated losses		<u>(413,114)</u>	<u>(379,467)</u>	<u>(524,003)</u>	<u>(455,772)</u>
Shareholders' funds		191,696	225,343	158,807	227,038
Minority interests		181	11,081	-	-
		<u>191,877</u>	<u>236,424</u>	<u>158,807</u>	<u>227,038</u>
NON-CURRENT LIABILITIES					
Deferred taxation	23	77,706	77,706	-	-
Deferred liabilities	24	10,534	6,156	10,534	5,977
Long term loan	25	32,328	32,328	32,328	32,328
Unearned premium reserves	26	-	21,204	-	-
4% Redeemable convertible secured loan stocks 2000/2005	27	<u>289,886</u>	<u>293,855</u>	<u>289,886</u>	<u>293,855</u>
		<u>410,454</u>	<u>431,249</u>	<u>332,748</u>	<u>332,160</u>
		<u>602,331</u>	<u>667,673</u>	<u>491,555</u>	<u>559,198</u>

The accompanying notes are an integral part of these statements.

Income Statements

for the year ended 31 March 2003



	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue					
- continuing operations		9,899	2,543	5,712	965
- discontinued operations		46,610	67,429	-	-
Total revenue	28	56,509	69,972	5,712	965
Cost of sales	29	(8,410)	-	(4,837)	-
		48,099	69,972	875	965
Other operating income	30	35,992	63,491	923	-
Reinsurance		(12,140)	(21,014)	-	-
Net claims incurred	31	(29,124)	(31,272)	-	-
Decrease/(increase) in unearned premium reserves	26	3,248	(192)	-	-
Commission		(3,218)	(5,586)	-	-
Personnel costs	32	(7,317)	(9,627)	(1,093)	(1,240)
Depreciation		(493)	(656)	(39)	(63)
Other operating expenses	33	(64,250)	(52,417)	(62,510)	(5,255)
(Loss)/profit from operations		(29,203)	12,699	(61,844)	(5,593)
Finance costs	35	(6,559)	(5,952)	(6,387)	(5,687)
		(35,762)	6,747	(68,231)	(11,280)
Share of results of associates		1,689	3,088	-	-
(Loss)/profit before taxation		(34,073)	9,835	(68,231)	(11,280)
Taxation		(704)	(2,507)	-	(44)
- Company and subsidiaries	36	(231)	(1,642)	-	(44)
- Associates		(473)	(865)	-	-
(Loss)/profit after taxation		(34,777)	7,328	(68,231)	(11,324)
Minority interest		1,130	(42)	-	-
Net (loss)/profit for the year		(33,647)	7,286	(68,231)	(11,324)
Basic (loss)/earnings per share (sen)	37	(9.6)	2.1		
Fully diluted (loss)/earnings per share (sen)	37	(9.6)	1.7		

The accompanying notes are an integral part of these statements.

Statements of Changes in Equity

for the year ended 31 March 2003

	Share Capital RM'000	ICULS 2000/2005 RM'000	Share Premium RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000
Group						
At 1 April 2001, as previously stated	350,000	148,259	100,705	12	(359,202)	239,774
Prior year adjustment (Note 41)	-	-	-	-	(27,551)	(27,551)
At 1 April 2001 (as restated)	350,000	148,259	100,705	12	(386,753)	212,223
Net profit for the year	-	-	-	-	7,286	7,286
Reserve arising from the issuance of warrants	-	-	-	5,834	-	5,834
At 31 March 2002	<u>350,000</u>	<u>148,259</u>	<u>100,705</u>	<u>5,846</u>	<u>(379,467)</u>	<u>225,343</u>
At 1 April 2002, as previously stated	350,000	148,259	100,705	5,846	(351,916)	252,894
Prior year adjustment (Note 41)	-	-	-	-	(27,551)	(27,551)
At 1 April 2002 (as restated)	350,000	148,259	100,705	5,846	(379,467)	225,343
Net loss for the year	-	-	-	-	(33,647)	(33,647)
Conversion of ICULS to ordinary shares	5,616	(7,020)	1,404	-	-	-
At 31 March 2003	<u>355,616</u>	<u>141,239</u>	<u>102,109</u>	<u>5,846</u>	<u>(413,114)</u>	<u>191,696</u>
Company						
At 1 April 2001	350,000	148,259	100,705	78,012	(444,448)	232,528
Net loss for the year	-	-	-	-	(11,324)	(11,324)
Reserve arising from the issuance of warrants	-	-	-	5,834	-	5,834
At 31 March 2002	350,000	148,259	100,705	83,846	(455,772)	227,038
Net loss for the year	-	-	-	-	(68,231)	(68,231)
Conversion of ICULS to ordinary shares	5,616	(7,020)	1,404	-	-	-
At 31 March 2003	<u>355,616</u>	<u>141,239</u>	<u>102,109</u>	<u>83,846</u>	<u>(524,003)</u>	<u>158,807</u>

The accompanying notes are an integral part of these statements.

Cash Flow Statements

for the year ended 31 March 2003



	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation	(34,073)	9,835	(68,231)	(11,280)
Adjustment for :				
Provision for doubtful debts (net of write backs)	3,658	34,816	(858)	-
Depreciation	493	656	39	63
Property, plant and equipment written off	1	1	1	-
Amortisation of premiums less accretion of discounts	92	74	-	-
Amortisation of goodwill and reserve on consolidation	3,030	3,227	-	-
Provision for retirement benefits	91	55	-	-
Impairment losses on investments	17,007	521	1,020	4,057
Impairment losses on subsidiaries	-	-	59,356	-
Bad debts written off	914	-	842	-
RCSLS premium written off	4,557	4,684	4,557	4,684
Interest expense	1,829	1,265	1,829	1,004
Gain on disposal of property, plant and equipment	-	(117)	-	-
Loss/(gain) on sale of investments	2,016	922	(65)	-
Interest income	(3,264)	(4,441)	(517)	(841)
Dividend income	(224)	(197)	-	-
Gain arising from the disposal of assets of stockbroking subsidiary	-	(52,546)	-	-
Gain on disposal of subsidiary	(29,260)	-	-	-
Impairment losses on property, plant and equipment	31,400	-	-	-
Share of profit in associated companies	(1,689)	(3,088)	-	-
Cash used in operations before working capital changes	(3,422)	(4,333)	(2,027)	(2,313)
Increase in receivables	(14,660)	(109)	(5,984)	603
Decrease in amount due from associates	2,376	100	-	-
(Decrease)/increase in payables	(3,538)	7,581	(931)	(715)
Increase in deposits of the former insurance subsidiary	(8,166)	(1,897)	-	-
Changes in subsidiaries balances	-	-	17,422	8,915
(Decrease)/increase in reserve for unearned premium	(3,248)	191	-	-
Cash (used in)/generated from operations	(30,658)	1,533	8,480	6,490
Interest received	544	2,814	508	82
Dividend received	5	-	-	-
Taxation paid	(457)	(2,172)	-	(44)
Cash inflow from disposal of subsidiary (Note 3)	51,815	-	-	-
Net cash generated from operating activities	21,249	2,175	8,988	6,528

Cash Flow Statements

for the year ended 31 March 2003

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,820	-	-	-
Dividend received	219	173	-	-
Proceeds from sale of property, plant and equipment	-	1,896	-	-
Proceeds from sale of investments	11,046	23,684	65	-
Purchase of property, plant and equipment	(55)	(472)	(11)	(139)
Expenditure on development properties	(105)	(333)	-	-
Purchase of investments	(16,198)	(21,237)	-	-
Acquisition of subsidiaries (Note 6)	(5,804)	-	-	-
Payment of retirement benefits	(147)	-	-	-
Net cash (used in)/generated from investing activities	<u>(9,224)</u>	<u>3,711</u>	<u>54</u>	<u>(139)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Redemption of RCSLS	(3,969)	(4,397)	(3,969)	(4,397)
Repayment of short term borrowings	-	(4,346)	-	(4,346)
Issuance of warrants	-	5,834	-	5,834
Repayment of lease and hire purchase financing	(6)	(6)	(6)	(6)
Interest paid	(3)	(258)	(3)	(3)
Net cash used in financing activities	<u>(3,978)</u>	<u>(3,173)</u>	<u>(3,978)</u>	<u>(2,918)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,047	2,713	5,064	3,471
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,469	3,756	3,948	477
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>14,516</u>	<u>6,469</u>	<u>9,012</u>	<u>3,948</u>
Cash and cash equivalents comprise:				
Cash and bank balances	754	2,014	29	60
Short term deposits (excluding deposits of the former insurance subsidiary)	13,762	4,455	8,983	3,888
	<u>14,516</u>	<u>6,469</u>	<u>9,012</u>	<u>3,948</u>

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

31 March 2003



1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally involved in the holding of securities for investment purposes, provision of management services and trading of building materials. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year other than the disposal of the Group's entire equity interest in Tenaga Insurance Bhd., which was involved in the general insurance business.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at 11th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur.

The number of employees in the Group and the Company at the end of the financial year were 35 (2002 : 224) and 14 (2002 : 28) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 July 2003.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain long term leasehold land and buildings and comply with the provisions of the Companies Act, 1965, and applicable Approved Accounting Standards in Malaysia.

The financial statements have been prepared on a going concern basis which contemplate the realisation of assets and the liquidation of liabilities in the normal course of business. Notwithstanding the disposal of the insurance subsidiary as stated in Note 38, the Group relies on its new core activities of property development and investment holding, to meet its short-term and long-term obligations as they fall due.

During the financial year ended 31 March 2003, the Group and the Company adopted Malaysian Accounting Standards Board's Standard No. 25 : Income Taxes ("MASB 25") prior to its effective date. The effects of adopting MASB 25 is summarised in the Statements of Changes in Equity and further information is disclosed in Note 41.

(b) Basis of Consolidation

(i) Subsidiaries

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

All subsidiaries are consolidated using the acquisition method of accounting except for a subsidiary which met the criteria for merger accounting under the Malaysian Accounting Standard ("MAS") No. 2, Accounting for Mergers, and is accounted for using merger accounting principles.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed 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 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 negative goodwill arising on consolidation.

Where merger accounting principles are used, the cost of investment in the Company's records are recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares acquired is treated as a merger reserve, a non distributable reserve, or merger deficit. Merger deficits are adjusted against the income statement in the year of merger. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years.

(b) Basis of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

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

The gain or loss on disposal of a subsidiary company 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.

(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.

Investment 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 profits 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.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate.

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

Goodwill is amortised on a straight line basis over a period of 25 years.

(d) Investments

(i) Investment Holding, and Property Development and Investment Companies:

Investments in subsidiaries and associates and other non-current investments are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

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

(ii) Former Insurance Subsidiary

Malaysian Government Securities, Malaysian Treasury Bills and Cagamas Bonds are stated at cost and adjusted for amortisation of premiums or accretion of discounts, where applicable, from the date of purchase to maturity date.

Quoted investments are stated at the lower of cost and market value, determined on an aggregate basis by category of investments, except that if diminution in value of a particular investment is not regarded as temporary, provision is made against the value of that investment.

(d) Investments (cont'd)

(ii) Former Insurance Subsidiary (cont'd)

Unquoted investments are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

Investments in unquoted corporate bonds with ratings of "BBB" or "P3" and above are permissible by Bank Negara Malaysia to be stated at cost adjusted for amortisation of premiums and accretion of discounts, where applicable, to their respective maturity dates. Any corporate bond with a lower rating is stated at the lower of cost and market value.

(iii) Former Stockbroking Subsidiary

Marketable securities are stated at lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

Depreciation is not provided on freehold land and long term leasehold land. The freehold lands have not been revalued since they were first revalued in 1998. Certain long term leasehold land and buildings have not been revalued since some of them were first revalued in 1992 and others in 1996. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standard (IAS) No. 16 (Revised): Property, Plant and Equipment as adopted by the Malaysian Accounting Standards Board, the long term leasehold land and building are stated at their 1992/1996 valuation less accumulated depreciation whilst the freehold land are stated at their 1998 valuation and are not depreciated.

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

Long term leasehold land and buildings	1 1/3% - 4%
Motor vehicles	20%
Office furniture and equipment	10% - 20%
Renovation	10% - 33 1/3%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) Long Term Leasehold land

Leasehold land held for the long term with no current intention of being developed are classified as property, plant and equipment and are stated at cost/valuation less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

The carrying amount includes the land stated at cost/valuation and expenditure incurred to prepare the land for possible future use.

(g) Development Properties

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

(g) Development Properties (cont'd)

Non-current development properties include land stated at valuation and development expenditure. Development expenditure includes all direct building costs and other related expenditure, including interest expenses incurred during the period of development. Such assets are classified as development properties under current assets when significant development work has been undertaken and the development is expected to be completed within the normal operating cycle.

(h) Deferred Taxation

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 the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, 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 if the temporary difference arises from goodwill or negative goodwill 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 charged or credited directly 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 negative goodwill.

Prior to the adoption of MASB 25 on 1 April 2002, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 41.

(i) Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 2(e) above. The corresponding outstanding obligations due under the hire purchase after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statement over the period of the respective agreements using the sum-of-digits method.

(j) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(k) Currency Conversion and Translation

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange differences are taken to the income statement.

Notes to Financial Statements

31 March 2003



(k) Currency Conversion and Translation (cont'd)

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

	2003 RM	2002 RM
United States Dollar (USD)	3.800	3.800
Singapore Dollar (SGD)	2.130	2.140

(l) Revenue Recognition

(i) Investment Holding Companies:

Interest income is recognised on an accrual basis over the period on which it is earned.

Management and secretarial fees are recognised on an accrual basis when these services are performed.

Dividends from subsidiaries and quoted investments are recognised on a declared basis.

(ii) Property Development and Investment Companies:

Revenue from sale of development properties is accounted for by the percentage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

Profit from sale of vacant land is recognised in full upon signing of sale and purchase agreements.

(iii) Former Insurance Subsidiary - refer to Note 2(m)

(iv) Former Stockbroking Subsidiary - refer to Note 2(n)

(m) Former Insurance Subsidiary

The following policies were applicable to the insurance subsidiary prior to its disposal in the current financial year. The general insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premiums and claims incurred.

(i) Premium Income

Premium income net of all reinsurances is recognised based on the booking dates and not on risk assumption dates as recommended in the Malaysian Accounting Standard Board ("MASB") Standard No 17. However, in accordance with Circular JPI 7/1994, an adjustment is made to account for premiums by risk assumption dates at the end of the financial year.

Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding companies.

(ii) Unearned Premium Reserves

The Unearned Premium Reserves ("UPR") represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial year.

In determining the UPR at the balance sheet date, the method that most accurately reflects the actual unearned premium is used. These methods are as follows:

- 25% method for marine cargo, aviation cargo and transit.
- 1/24th method for fire, engineering and marine hull with a deduction of 15%, motor and bonds with a deduction of 10% and all other classes of business with a deduction of 20% or actual commission incurred, whichever is lower.

(m) Former Insurance Subsidiary (cont'd)

(ii) Unearned Premium Reserves (cont'd)

- 1/8th method for overseas inward treaty business with a deduction of 20%.
- Non-annual policies with a duration of cover extending beyond one year is time apportioned over the period of the risk.
- Time apportionment method for bond business with effect from 26 July 2001. Prior to 26 July 2001, the 100% method was applied for all bond policies with a deduction of 10% for commission.

(iii) Provision for Claims

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligations at the balance sheet date.

Provision is also made for the cost of claims, together with related expenses incurred but not reported at balance sheet date, using a mathematical method of estimation.

(iv) Retirement Benefits

Provision for retirement benefits is made in the financial statements under a defined contribution plan, in accordance with the contractual obligations entered into by the Company.

Provision for retirement benefits in the balance sheet is based on the current emoluments of eligible employees with less than five years' of completed service. The provision for retirement benefits of eligible employees with more than five years of service is transferred to the Employees' Provident Fund ("EPF").

(v) Receivables

Known bad debts are written off and specific provisions are made for any premiums including agents, brokers or reinsurance balances which remain outstanding for more than six months from the date on which they become receivable and for all debts which are considered doubtful.

(vi) Acquisition Costs

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

(vii) Revenue Recognition

Interest on loans are recognised on an accrual basis except where a loan is considered non-performing, i.e. where repayments are in arrears for more than six months, in which case, recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.

Other interest income and rental income are recognised on an accrual basis.

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

(n) Former Stockbroking Subsidiary

The following policies were applicable to the stockbroking subsidiary prior to its disposal in the prior year.

(i) Revenue Recognition

Revenue represents brokerage income and is recognised when contracts are executed.

(i) Revenue Recognition (cont'd)

Interest income is recognised on an accrual basis. Where an account is classified as non-performing, interest is suspended until it is realised on a cash basis, except for margin accounts where interest is suspended until the account is reclassified as performing.

Service charges are recognised on an accrual basis.

Dividends from quoted investments are recognised on a declared basis.

(ii) Trade Receivables and Bad and Doubtful Debts

Clients' accounts are classified as non-performing under the following circumstances:

Type of accounts	Criteria
Contra losses	When the account remains outstanding for more than 16 calendar days from the date of contra transactions.
Overdue purchase contracts	When the account remains outstanding from T+3 market days.
Margin accounts	When the value of the collateral has fallen below 130% of the outstanding balance on the last day of each calendar month.

All known bad debts are written off against income in the year in which the debts are deemed to be irrecoverable.

Specific provisions are made for clients' accounts classified as non-performing, net of interest-in-suspense and taking into consideration any collateral held by the stockbroking subsidiary, in accordance with the Rules of the Kuala Lumpur Stock Exchange.

(o) 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 a 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.

(p) Cash and Cash Equivalents

For purposes of the cash flow statements, cash and cash equivalents include cash and bank balances, short term deposits and short term liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, net of monies held in trust and bank overdrafts, and exclude deposits and placements of the former insurance subsidiary with financial institutions.

(q) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends and 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.

(q) Financial Instruments (cont'd)

(i) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(ii) Trade and Other Payables

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

(iii) Interest-bearing Borrowings.

Interest bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

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

(iv) 4% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 ("ICULS")

ICULS are classified as equity. The equity and liability component portions of this compound instrument have not been classified separately as allowed under the transitional provisions in MASB 24 : Financial Instruments Disclosure and Presentation for compound instruments issued prior to 1 January 2003. Interest on the ICULS are recognised in the statement of changes in equity in the period in which they are incurred.

(v) 4% Redeemable Convertible Secured Loan Stocks 2000/2005 ("RCSLS")

RCSLS are classified as liability. The equity and liability component portions of this compound instrument have not been classified separately as allowed under the transitional provisions in MASB 24 : Financial Instruments Disclosure and Presentation for compound instruments issued prior to 1 January 2003. Interest on the RCSLS are recognised in the income statement in the period in which they are incurred.

(vi) Equity

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

3. DISCONTINUED OPERATIONS

(a) Disposal of Tenaga Insurance Bhd.

On 31 January 2003, a wholly-owned subsidiary of the Company, AGB Properties Sdn. Bhd. completed the disposal of its 77.71% equity interest in Tenaga Insurance Berhad to Tahan Insurance Berhad (formerly known as Talasco Insurance Berhad).

Notes to Financial Statements

31 March 2003



(a) Disposal of Tenaga Insurance Bhd. (cont'd)

The effect of this disposal on the financial results of the Group up to the date of disposal is as follows:

	Financial period ended 31 January 2003 RM'000	Financial year ended 31 March 2002 RM'000
Revenue	46,644	67,472
Other operating income	3,269	6,653
	<u>49,913</u>	<u>74,125</u>
Net claims incurred	(29,124)	(31,272)
Reinsurance	(12,140)	(21,014)
Net commission	(3,218)	(4,641)
Decrease/(increase) in unearned premium reserves	3,248	(192)
Staff cost	(5,161)	(6,883)
Depreciation and amortisation	(439)	(502)
Other operating expenses	(8,249)	(7,052)
Operating (loss)/profit before finance costs	<u>(5,170)</u>	<u>2,569</u>
Finance costs	(167)	-
(Loss)/profit before taxation	<u>(5,337)</u>	<u>2,569</u>
Taxation	272	-
Net (loss)/profit for the period/year	<u>(5,065)</u>	<u>2,569</u>

The summary of the effects of the disposal on the financial position of the Group is as follows:

	31.1.2003 RM'000	31.3.2002 RM'000
Net assets disposed:		
Cash and short term funds	2,762	1,806
Deposits	70,818	62,652
Investments	28,403	41,026
Other assets	20,103	23,721
Property, plant and equipment	10,035	10,380
Other liabilities	<u>(98,064)</u>	<u>(90,695)</u>
	34,057	<u>48,890</u>
Attributable unamortised goodwill written off	2,763	
Gain on disposal of subsidiary (Note 30)	<u>29,260</u>	
Total consideration to be satisfied by cash	<u>66,080</u>	

Net cash inflow arising from the disposal:

Total consideration to be satisfied by cash	66,080
Cash and short term funds disposed	(2,762)
Deposit for the disposal received in prior year	(11,503)
Cash consideration received during the year	<u>51,815</u>

(b) Deregistration of subsidiaries

During the current financial year, the Company applied to the Companies Commission of Malaysia to deregister three subsidiaries, namely Kin Khoon & Co. Nominees (Tempatan) Sdn. Bhd., Kin Khoon & Co. Nominees (Asing) Sdn. Bhd. and Asian Pac Group Bhd. There was no material impact to the financial results and financial position of the Group arising from this deregistration, which was completed on 12 May 2003.

4. PROPERTY, PLANT AND EQUIPMENT

Group	<-----At valuation ----->		<-----At cost ----->		
	Freehold land RM'000	Long term leasehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Motor vehicles, office furniture, equipment and renovation RM'000	Total RM'000
Valuation/Cost					
At 1 April 2002	60,000	190,370	99,413	7,537	357,320
Additions	-	-	30,000	55	30,055
Disposals	-	-	(10,637)	(5,167)	(15,804)
Transfer to development properties (non-current) (Note 5)	-	-	(16,053)	-	(16,053)
Transfer to development properties (current) (Note 10)	-	-	(32,097)	-	(32,097)
Written off	-	-	-	(664)	(664)
At 31 March 2003	<u>60,000</u>	<u>190,370</u>	<u>70,626</u>	<u>1,761</u>	<u>322,757</u>
Accumulated Depreciation					
At 1 April 2002	-	81	847	6,663	7,591
Charge for the year	-	7	14	472	493
Disposals	-	-	(819)	(4,949)	(5,768)
Written off	-	-	-	(663)	(663)
Impairment losses	19,400	12,000	-	-	31,400
At 31 March 2003	<u>19,400</u>	<u>12,088</u>	<u>42</u>	<u>1,523</u>	<u>33,053</u>
Net Book Value					
At 31 March 2003	<u>40,600</u>	<u>178,282</u>	<u>70,584</u>	<u>238</u>	<u>289,704</u>
At 31 March 2002	<u>60,000</u>	<u>190,289</u>	<u>98,566</u>	<u>874</u>	<u>349,729</u>
Depreciation charge for 2002	<u>-</u>	<u>7</u>	<u>170</u>	<u>479</u>	<u>656</u>
Company					
		Motor vehicles RM'000	Office furniture and equipment RM'000	Renovation RM'000	Total RM'000
Cost					
At 1 April 2002		119	906	337	1,362
Additions		-	11	-	11
Written off		-	(413)	(247)	(660)
At 31 March 2003		<u>119</u>	<u>504</u>	<u>90</u>	<u>713</u>
Accumulated Depreciation					
At 1 April 2002		112	849	276	1,237
Charge for the year		7	17	15	39
Written off		-	(413)	(246)	(659)
At 31 March 2003		<u>119</u>	<u>453</u>	<u>45</u>	<u>617</u>
Net Book Value					
At 31 March 2003		<u>-</u>	<u>51</u>	<u>45</u>	<u>96</u>
At 31 March 2002		<u>7</u>	<u>57</u>	<u>61</u>	<u>125</u>
Depreciation charge for 2002		<u>11</u>	<u>31</u>	<u>21</u>	<u>63</u>

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4. PROPERTY, PLANT AND EQUIPMENT

(a) Land and buildings of the Group, stated at valuation

The freehold land was revalued in 1998 and long term leasehold land and buildings in 1992 and 1996 based on professional valuations conducted on the basis of open market value. The freehold land is subject to certain restrictions of title and the subsidiary concerned is taking the necessary measures to satisfy the State Authority involved in order that the title restrictions can be removed.

The long term leasehold land includes land held for future development owned by a subsidiary and is held subject to a clause included in the land title which states that the said land is for the purpose of erecting residential and commercial buildings and this was to have been completed by January 1997. The directors of the subsidiary have made the necessary applications to the relevant authority for an extension of time to fulfill the said condition.

As mentioned in Note 27, the freehold and leasehold lands were charged in favour of the Trustee for the holders of the Company's RCSLS.

(b) Land and buildings of the Group, stated at cost

As mentioned in Notes 25 and 27, certain leasehold properties of the Group amounting to approximately RM39,429,000 (2002 : RM39,429,000) have been pledged for the term loan facility of the Company and in favour of the Trustees for the holders of the Company's RCSLS.

(c) Fully depreciated assets

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Motor vehicles	615	1,493	66	66
Office furniture and equipment	465	3,303	417	826
Renovations	13	753	13	256
	<u>1,093</u>	<u>5,549</u>	<u>496</u>	<u>1,148</u>

(d) Assets held under hire purchase

Included in the cost of property, plant and equipment of the Group and the Company in the prior year was motor vehicles acquired under hire purchase amounting to approximately RM52,000.

5. DEVELOPMENT PROPERTIES - NON-CURRENT

	Group	
	2003 RM'000	2002 RM'000
Leasehold land, at cost		
At beginning of year	11,185	11,185
Transfer from property, plant and equipment (Note 4)	16,053	-
Transfer to development properties (current)(Note 10)	(11,185)	-
At end of year	<u>16,053</u>	<u>11,185</u>
Development expenditure		
At beginning of year	24,573	24,678
Incurred/(overprovision) during the year	11	(105)
Transfer to development properties (current) (Note 10)	(11,989)	-
At end of year	<u>12,595</u>	<u>24,573</u>
Total	<u>28,648</u>	<u>35,758</u>

As mentioned in Note 27, a charge has been created on the leasehold land of the Group in favour of the Trustee for the holders of the Company's RCSLS.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares, at cost	564,543	564,543
Less : Accumulated impairment losses	(280,181)	(220,825)
	<u>284,362</u>	<u>343,718</u>

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	Paid-up share capital RM'000	Effective interest		Principal activities
		2003 %	2002 %	
Climate Engineering (Malaya) Sdn. Bhd.	50,000	100.00	100.00	Investment holding
BH Realty Sdn. Bhd.	3,100	99.83	99.83	Property investment and development
AGB Properties Sdn. Bhd.	1,000	100.00	100.00	Investment holding
Tenaga Insurance Bhd.	42,000	-	77.71	Underwriting of general insurance business
Pinus Park Sdn. Bhd.	680	100.00	100.00	Renting out of bungalow
Kin Khoon & Co. Sdn. Bhd.	110,000	100.00	100.00	Investment holding

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6. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiaries	Paid-up share capital RM'000	Effective interest		Principal activities
		2003 %	2002 %	
Kin Khoon & Co. Nominees (Tempatan) Sdn. Bhd.*	24	-	100.00	Provision of nominee services. Dormant
Kin Khoon & Co. Nominees (Asing) Sdn. Bhd.*	+	-	100.00	Provision of nominee services. Dormant
Asian Pac Group Bhd.*	+	-	100.00	Investment holding. Has not commenced operations
Primadana Utama Sdn. Bhd.	2,500	100.00	100.00	Investment holding
Selamat Ayer Puteh Co. Sdn. Bhd.	78,700	100.00	100.00	Property investment and development
Syarikat Kapasi Sdn. Bhd.	178,000	100.00	100.00	Property investment and development
Wangsa Masyhur Sdn. Bhd.**	30,000	100.00	-	Property investment
Tekad Intisari Sdn. Bhd.**	++	75.00	-	Property development

+ Represents paid-up share capital of RM2.

++ Represents paid-up share capital of RM100.

* These subsidiaries have been deregistered by the Companies Commission of Malaysia subsequent to the financial year.

** Audited by firms of auditors other than Ernst & Young.

During the current financial year, the Group had acquired two subsidiaries as follows:

- (i) AGB Properties Sdn. Bhd, a wholly-owned subsidiary of the Company, acquired a 75% equity interest representing 75 ordinary shares of RM1 each in Tekad Intisari Sdn. Bhd. for a purchase consideration of RM929,826, and
- (ii) On 7 May 2002, a wholly-owned subsidiary of the Company, Kin Khoon & Co. Sdn. Bhd. ("Kin Khoon") had accepted 30,000,000 ordinary shares of RM1 each, representing the entire equity interest, in Wangsa Masyhur Sdn. Bhd. ("Wangsa Masyhur"), a company incorporated in Malaysia, as settlement of debts due from clients of Kin Khoon, resulting in Wangsa Masyhur becoming a subsidiary of the Group.

The acquisitions had no material effects on the financial results of the Group as these two new subsidiaries are relatively inactive. The effects of the acquisitions on the financial position of the Group as at 31 March 2003 are as follows:

	RM'000
Property, plant and equipment	30,000
Other assets	630
Other liabilities	(683)
Group's share of net assets	<u>29,947</u>

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

The fair value of the assets acquired and liabilities assumed from the acquisitions of the two subsidiaries are as follows:

	On acquisition date RM'000
Net assets acquired	
Property, plant and equipment	30,000
Other assets	1,541
Other liabilities	(611)
Fair value of net assets acquired representing the Group's share of net assets acquired	<u>30,930</u>
Less : Trade receivables deemed settled	<u>(25,126)</u>
Net cash outflow arising from acquisitions	<u>5,804</u>

7. INTEREST IN ASSOCIATES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unquoted shares, at cost	2,500	2,650	-	150
Share of profits	<u>9,347</u>	<u>10,507</u>	<u>-</u>	<u>-</u>
	11,847	13,157	-	150
Accumulated impairment losses	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>(150)</u>
Representing share of net tangible assets in associates	<u>11,847</u>	<u>13,007</u>	<u>-</u>	<u>-</u>
Amount due from associates	-	849	-	849
Provision for doubtful debts	<u>-</u>	<u>(849)</u>	<u>-</u>	<u>(849)</u>
	-	-	-	-
Total	<u>11,847</u>	<u>13,007</u>	<u>-</u>	<u>-</u>

Details of the associates, all of which are incorporated in Malaysia, are as follows:

Name of Associates	Paid-up share capital RM'000	Effective interest		Principal activities
		2003 %	2002 %	
Held by the Company: Progaya (M) Sdn. Bhd.*	300	-	50.00	Investment holding
Held by Primadana Utama Sdn. Bhd.: Glomac Enterprise Sdn. Bhd.	5,000	50.00	50.00	Property development and investment
Held by Glomac Enterprise Sdn. Bhd.: Prisma Legacy Sdn. Bhd.	250	50.00	50.00	Building contractor

* This associate was deregistered in the current year.

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8. OTHER INVESTMENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Malaysian Government Securities, at cost	-	2,875	-	-
Amortisation of premium	-	(186)	-	-
	<u>-</u>	<u>2,689</u>	<u>-</u>	<u>-</u>
Cagamas Bonds and Malaysian Treasury Bills	-	23,812	-	-
Accretion of discount, net	-	3	-	-
	<u>-</u>	<u>23,815</u>	<u>-</u>	<u>-</u>
Shares, debentures, bonds and other investments, at cost:				
Quoted in Malaysia *	109,927	52,640	20,212	20,212
Quoted outside Malaysia	2	2	2	2
	<u>109,929</u>	<u>52,642</u>	<u>20,214</u>	<u>20,214</u>
Accumulated impairment losses	(59,779)	(40,272)	(18,555)	(17,535)
	<u>50,150</u>	<u>12,370</u>	<u>1,659</u>	<u>2,679</u>
Unquoted investments, at cost*	16,000	55,070	-	-
Accumulated impairment losses	-	(35)	-	-
	<u>16,000</u>	<u>55,035</u>	<u>-</u>	<u>-</u>
	<u>66,150</u>	<u>93,909</u>	<u>1,659</u>	<u>2,679</u>
Market value:				
Malaysian Government Securities	-	2,973	-	-
Cagamas Bonds and Malaysian Treasury Bills	-	23,883	-	-
Shares, debentures, bonds and other investments:				
Quoted in Malaysia *	27,856	12,359	1,657	2,677
Quoted outside Malaysia	4	11	2	2
	<u>27,860</u>	<u>12,370</u>	<u>1,659</u>	<u>2,679</u>

* The unquoted investments in the current year represent investments managed through an independent fund management company.

The Group's investments in unquoted shares in the previous year were received as consideration for the disposal of its stockbroking business. These shares were listed on the Kuala Lumpur Stock Exchange on 25 June 2002 and consequently, have been reclassified as investment in quoted shares in the current financial year. As the Group intends to hold this investment for the long term, impairment loss had been recognised up to the underlying net tangible assets of the investee company as at 31 January 2003 of RM0.78 per share. The market value of these shares was RM0.375 per share as at 31 March 2003.

Certain quoted investments of the Group have been previously pledged for credit facilities granted to the Group. This was discharged in the current financial year.

9. GOODWILL

	Group	
	2003 RM'000	2002 RM'000
Goodwill arising on consolidation	76,231	81,252
Negative goodwill on consolidation	(147)	(147)
	<u>76,084</u>	<u>81,105</u>
Cumulative amortisation	(19,822)	(19,981)
	<u>56,262</u>	<u>61,124</u>

9. GOODWILL (cont'd)

The movement in goodwill and negative goodwill on consolidation during the year were as follows:

	Group	
	2003 RM'000	2002 RM'000
Goodwill		
Balance at beginning of year	61,242	64,476
Goodwill arising from acquisition during the year	931	-
Unamortised goodwill on disposed subsidiary written off	(2,763)	-
Amortised to the income statement	(3,036)	(3,234)
Balance at end of year	<u>56,374</u>	<u>61,242</u>
Negative goodwill on consolidation		
Balance at beginning of year	(118)	(125)
Amortised to the income statement	6	7
Balance at end of year	<u>(112)</u>	<u>(118)</u>
	<u>56,262</u>	<u>61,124</u>

10. DEVELOPMENT PROPERTIES - CURRENT

	Group	
	2003 RM'000	2002 RM'000
Leasehold land, at cost		
At beginning of year	6,372	6,372
Transfer from property, plant and equipment (Note 4)	32,097	-
Transfer from development properties (non-current) (Note 5)	11,185	-
At end of year	<u>49,654</u>	<u>6,372</u>
Development expenditure		
At beginning of year	2,403	2,403
Transfer from development properties (non-current) (Note 5)	11,989	-
Incurred during the year	7,148	-
At end of year	<u>21,540</u>	<u>2,403</u>
Profit recognised	739	-
Progress billings	(7,794)	-
	<u>64,139</u>	<u>8,775</u>

As mentioned in Note 27, a charge has been created on the leasehold land of the Group in favour of the Trustee for the holders of the Company's RCSLS.

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11. TRADE RECEIVABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables	101,909	141,314	5,036	-
Interest in suspense	(24,282)	(24,282)	-	-
	<u>77,627</u>	<u>117,032</u>	<u>5,036</u>	<u>-</u>
Provision for doubtful debts	(62,148)	(65,496)	-	-
	<u>15,479</u>	<u>51,536</u>	<u>5,036</u>	<u>-</u>

The Group's and the Company's normal trade credit term ranges from 14 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors.

12. OTHER RECEIVABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Sundry receivables, deposits and prepayments	8,131	1,466	148	147
Provision for doubtful debts	(50)	(59)	(37)	(46)
	<u>8,081</u>	<u>1,407</u>	<u>111</u>	<u>101</u>
Margin clients assumed by a subsidiary	58,000	58,000	-	-
Accrued income	2,376	2,715	-	-
Tax recoverable	106	106	106	106
Deposits	1,168	4,730	1,075	75
Prepayments	109	1,187	-	37
	<u>69,840</u>	<u>68,145</u>	<u>1,292</u>	<u>319</u>

In 1998, a subsidiary of the Group assumed the margin clients of RM58 million from the former stockbroking subsidiary. This amount was initially collateralised by the unquoted shares in a property company. At the Group level, the directors are currently working towards the recovery of the said amount, albeit at a protracted time frame. In the current financial year, the subsidiary had received additional collaterals for the amount due, in the form of a piece of land.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors other than the amount of RM58 million mentioned above.

13. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2003 RM'000	2002 RM'000
Non interest bearing:		
Amount due from subsidiaries	236,101	224,966
Provision for doubtful debts	(10,239)	(10,239)
	<u>225,862</u>	<u>214,727</u>
Interest bearing at 8% (2002 : 8%) per annum:		
Amount due from subsidiaries	-	11,567
	<u>225,862</u>	<u>226,294</u>

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment.

14. MARKETABLE SECURITIES

	Group	
	2003 RM'000	2002 RM'000
Quoted shares, loan stocks and unit trusts	-	35,673
Accumulated impairment losses	-	(21,186)
	<u>-</u>	<u>14,487</u>
Market value:		
Quoted shares, loan stocks and unit trusts	<u>-</u>	<u>14,496</u>

15. SHORT TERM DEPOSITS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Deposits with:				
Licensed banks	6,505	21,523	5,989	2,536
Licensed finance companies	-	35,618	-	-
Other financial institutions	7,257	9,966	2,994	1,352
	<u>13,762</u>	<u>67,107</u>	<u>8,983</u>	<u>3,888</u>

Included in short term deposits of the Group are the following deposits of the former insurance subsidiary:

	2003 RM'000	2002 RM'000
Fixed and call deposits with:		
Licensed banks	-	20,956
Licensed finance companies	-	35,618
Other financial institutions	-	6,078
	<u>-</u>	<u>62,652</u>

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

	Group		Company	
	2003 %	2002 %	2003 %	2002 %
Licensed banks	2.99	3.67	2.79	3.20
Other financial institutions	2.73	3.34	2.74	2.70

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2003 Days	2002 Days	2003 Days	2002 Days
Licensed banks	105	172	30	30
Other financial institutions	6	104	4	2

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16. PROVISION FOR OUTSTANDING CLAIMS

	Group	
	2003 RM'000	2002 RM'000
Provision for outstanding claims	-	123,284
Recoverable from reinsurers	-	(69,774)
Net outstanding claims	<u>-</u>	<u>53,510</u>

17. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 30 to 60 days.

18. OTHER PAYABLES

Included in other payables in the previous year was a portion of hire purchase creditors of the Group and the Company, as referred to in Note 24, due within 12 months of approximately RM6,000.

19. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries by the Company are unsecured, non-interest bearing and have no fixed terms of repayment.

20. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2003 '000	2002 '000	2003 RM'000	2002 RM'000
Authorised:				
At beginning/end of year	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid:				
At beginning of year	350,000	350,000	350,000	350,000
Issued during the year	<u>5,616</u>	<u>-</u>	<u>5,616</u>	<u>-</u>
At end of year	<u>355,616</u>	<u>350,000</u>	<u>355,616</u>	<u>350,000</u>

During the financial year, the Company increased its issued and paid up capital from RM350,000,000 to RM355,616,000 through the issuance of 5,616,000 ordinary shares of RM1 each as a result of the conversion of RM7,020,000 ICULS at a conversion ratio of 5 ICULS of RM1 nominal value each for 4 ordinary shares of RM1 each.

In the previous financial year, the Company had issued 170,602,799 Warrants 2001/2006 which were listed on the Kuala Lumpur Stock Exchange on 24 October 2001. All of the Warrants 2001/2006 remained unexercised as at the end of the current and previous financial years.

The Warrants 2001/2006 are constituted by a Deed Poll dated 1 August 2001 executed by the Company. The main features of the Warrants 2001/2006 are as follows:

- Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price of RM1.25, subject to adjustment in accordance with the provisions in the Deed Poll.
- The warrants may be exercised at any time on or before the expiry date of four and a half (4 1/2) years from the date of issue of the rights to allotment of warrants of 16 October 2001. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

20. SHARE CAPITAL (cont'd)

- (c) The new ordinary shares of RM1 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the record date of which is on or before the date of allotment and issue of the new ordinary shares of the Company pursuant to the exercise of the warrants.

For the purpose hereof, record date means the date as at the close of business on which the shareholders must be registered as members of the Company in order to participate in any dividends, rights, allotments or any other distributions.

21. 4% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2000/2005

	Group and Company	
	2003	2002
	RM'000	RM'000
At beginning of year	148,259	148,259
Converted during the year	(7,020)	-
At end of year	<u>141,239</u>	<u>148,259</u>

During the current financial year, 7,020,000 ICULS of nominal value of RM1 each was converted into 5,616,000 ordinary shares of RM1 each.

The ICULS were constituted by a Trust Deed made on 19 December 2000 between the Company and the Trustee for the holders of the ICULS, and were issued on 23 December 2000 ("Issue Date").

The ICULS are convertible into new ordinary shares of the Company of RM1.00 each at any time during the period commencing on the day immediately following the second (2nd) anniversary of the Issue Date and ending on the Maturity Date (i.e. 22 December 2005). The Conversion Price of RM1.25 for each new ordinary share of the Company (i.e. at a premium of 25 sen per share) is to be satisfied by either:

- (i) tendering a cash payment of 25 sen plus RM1.00 nominal value of ICULS for one (1) new ordinary share of RM1.00 each, or
- (ii) five (5) ICULS of RM1.00 nominal value each for four (4) new ordinary shares.

Upon conversion of the ICULS into new ordinary shares of the Company, such shares shall rank pari passu in all respect with the ordinary shares of the Company except that they shall not be entitled to any dividend, rights, allotment or other distribution if conversion is made after the relevant entitlement dates.

Interest on the ICULS is payable on the fourth (4th) and fifth (5th) anniversary dates of the Issue Date. The ICULS purchased on the open market by the public within the first three (3) years from the Issue Date will not be entitled to any coupon payment.

22. OTHER RESERVES, NON-DISTRIBUTABLE

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Capital reserve	5,846	5,846	5,846	5,846
Merger reserve	-	-	78,000	78,000
	<u>5,846</u>	<u>5,846</u>	<u>83,846</u>	<u>83,846</u>

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

(a) Capital reserve

This reserve is a result of the issuance of warrants in the previous financial year.

(b) Merger reserve

The premium on shares issued in respect of the acquisition of Kin Khoo & Co. Sdn. Bhd. in prior years had been credited to the merger reserve in accordance with the relief granted by Section 60(4) of the Companies Act, 1965.

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23. DEFERRED TAXATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At beginning/end of the year	77,706	77,706	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	77,706	77,706	-	-
	<u>77,706</u>	<u>77,706</u>	<u>-</u>	<u>-</u>

Deferred Tax Liabilities of the Group for 2003 comprises:

	Revaluation of freehold and leasehold land, at valuation RM'000	Revaluation of development properties RM'000	Total RM'000
At beginning of the year	77,706	-	77,706
Reclassification	(16,524)	16,524	-
At end of the year	<u>61,182</u>	<u>16,524</u>	<u>77,706</u>

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unused tax losses	21,683	21,056	3,654	3,324
Unabsorbed capital allowances	196	181	172	159
	<u>21,879</u>	<u>21,237</u>	<u>3,826</u>	<u>3,483</u>

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

24. DEFERRED LIABILITIES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Hire purchase payables	-	8	-	8
Interest in suspense	-	(2)	-	(2)
	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>
Repayment due within 12 months included under other payables (Note 18)	-	(6)	-	(6)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Retirement benefits	-	179	-	-
Accrued premium payable on RCSLS	10,534	5,977	10,534	5,977
	<u>10,534</u>	<u>6,156</u>	<u>10,534</u>	<u>5,977</u>

(a) The hire purchase facilities in the previous year bore interest at rates varying from 5.9% to 10% per annum.

(b) The premium payable of RM23,191,000 on the RCSLS is determined based on the amount of RCSLS outstanding and on the assumption that the entire amount outstanding will be redeemed on the Maturity Date at the redemption price of RM1.08 as mentioned in Note 27. The premium payable is being accrued over the 60 months tenure of the RCSLS.

The entire premium payable on maturity date has been revised from approximately RM23,508,000 in the previous year to RM23,191,000 in the current financial year due to redemption of RCSLS during the year as mentioned in Note 27.

25. LONG TERM LOAN - Group and Company

The long term loan relates to a 5-year secured term loan which bears interest of 10% per annum. The principal amount of the long term loan is repayable in full on maturity on 31 July 2004. The interest accruing for the entire tenure of the term loan has been settled in advance by the issuance of ICULS referred to in Note 21. The term loan is secured on certain leasehold land of the Group.

26. UNEARNED PREMIUM RESERVES - Group

	Fire RM'000	Motor RM'000	Marine Aviation and Transit RM'000	Miscellaneous RM'000	Total RM'000
2003					
At beginning of year	3,019	11,996	708	5,481	21,204
(Decrease)/ Increase in unearned premium reserves	(817)	(1,753)	84	(762)	(3,248)
Transferred upon disposal of insurance subsidiary	(2,202)	(10,243)	(792)	(4,719)	(17,956)
At end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2002					
At beginning of year	3,308	11,498	769	5,437	21,012
(Decrease)/increase in unearned premium reserves	(289)	498	(61)	44	192
At end of year	<u>3,019</u>	<u>11,996</u>	<u>708</u>	<u>5,481</u>	<u>21,204</u>

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27. 4% REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2000/2005

	Group and Company	
	2003	2002
	RM'000	RM'000
At beginning of year	293,855	298,252
Redeemed during the year	(3,969)	(4,397)
At end of year	<u>289,886</u>	<u>293,855</u>

The RCSLS were constituted by a Trust Deed made on 19 December 2000 between the Company and the Trustee for the holders of the RCSLS, and were issued on 23 December 2000 ("Issue Date"). The RCSLS were rated B1 in the previous financial year but the rating was revised to B2 in the current financial year.

The RCSLS are convertible into new ordinary shares of the Company of RM1.00 each at any time during the period commencing on the day immediately following the second (2nd) anniversary of the Issue Date and ending on the date of redemption by the Company or the Maturity Date (i.e. 22 December 2005), whichever is the earlier. The Conversion Price of RM1.25 for each new ordinary share of the Company (i.e. at a premium of 25 sen per share) is to be satisfied by either:

- (i) tendering a cash payment of 25 sen plus RM1.00 nominal value of RCSLS for one (1) new ordinary share of RM1.00 each, or
- (ii) five (5) RCSLS of RM1.00 nominal value each for four (4) new ordinary shares.

Upon conversion of the RCSLS into new ordinary shares of the Company, such shares shall rank *pari passu* in all respect with the ordinary shares of the Company except that they shall not be entitled to any dividend, rights, allotment or other distribution if conversion is made after the relevant entitlement dates.

The Company or its subsidiaries may, at any time, purchase or acquire the RCSLS at any price in the open market. Where the RCSLS are purchased, they shall be deemed not to remain outstanding.

Where the RCSLS are not converted by their holders or purchased by the Company or its subsidiaries, the RCSLS will be redeemed at the option of the Company based on the following terms:

Redemption period	Percentage of RCSLS to be redeemed	Redemption Price
From the third (3rd) anniversary to the eve of the fourth (4th) anniversary date	10%	Nominal Value
From the fourth (4th) anniversary to the eve of the Maturity Date	10%	Nominal Value
Maturity Date	80%	RM1.08

The holders of the RCSLS also have the option to extend the RCSLS for a period up to a future date to be determined or require the Company to settle the outstanding RCSLS as provided in the Trust Deed. Any RCSLS not redeemed on maturity date or extended maturity date will be converted into shares of the Company at the Conversion Price.

All RCSLS purchased by the Company or its subsidiaries or redeemed by the Company shall be cancelled, together with all interest accrued, and all such RCSLS cancelled may not be reissued or resold.

Interest on the RCSLS is payable on the fourth (4th) and fifth (5th) anniversary dates of the Issue Date. The RCSLS purchased on the open market by the public within the first three (3) years from the Issue Date will not be entitled to any coupon payment.

The RCSLS is secured on certain freehold and leasehold land and buildings of the Group as well as on a sinking fund to be created. The source of the sinking fund will be from the subscription for the ordinary shares arising from the Warrants (as mentioned in Note 20) and contributions from the Company's ongoing development projects.

28. REVENUE

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Sale of building materials	5,031	-	5,031	-
Sale of developed properties	4,311	-	-	-
Interest on intercompany advances	-	-	-	759
Interest income	552	82	517	82
Gross dividend income	5	-	-	-
Intercompany management and secretarial fees	-	-	164	124
Direct and reinsurance inward premiums	46,610	67,429	-	-
Brokerage fee	-	2,461	-	-
	<u>56,509</u>	<u>69,972</u>	<u>5,712</u>	<u>965</u>

29. COST OF SALES

Cost of sales represents cost of building materials sold and cost of development properties sold.

30. OTHER OPERATING INCOME

Included in other operating income are the following:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Gross dividends received from investments quoted in Malaysia	219	197	-	-
Interest income	2,712	4,359	-	-
Rental income	521	513	-	-
Gain on sale of quoted investments	288	-	65	-
Gain arising from the disposal of assets of stockbroking subsidiary	-	52,546	-	-
Gain on disposal of subsidiary	29,260	-	-	-
Gain on disposal of property, plant and equipment	-	117	-	-
Bad debts recovered	117	66	-	-
Writeback of provision for bad and doubtful debts	858	2,083	858	-
Writeback of impairment loss on investments	1,868	3,536	-	-
	<u>1,868</u>	<u>3,536</u>	<u>-</u>	<u>-</u>

31. NET CLAIMS INCURRED - Group

2003	Fire	Motor	Marine Aviation and Transit	Miscellaneous	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Gross claims paid less salvage	3,568	18,305	2,654	9,349	33,876
Reinsurance recoveries	(1,316)	(1,473)	(1,362)	(3,047)	(7,198)
Net claims paid	<u>2,252</u>	<u>16,832</u>	<u>1,292</u>	<u>6,302</u>	<u>26,678</u>
Net outstanding claims:					
At 31 January 2003	4,506	32,738	2,903	15,808	55,955
At 1 April 2002	(3,485)	(32,853)	(2,322)	(14,849)	(53,509)
Net claims incurred	<u>3,273</u>	<u>16,717</u>	<u>1,873</u>	<u>7,261</u>	<u>29,124</u>
2002					
Gross claims paid less salvage	6,305	18,674	2,539	14,274	41,792
Reinsurance recoveries	(3,172)	(1,514)	(1,348)	(5,116)	(11,150)
Net claims paid	<u>3,133</u>	<u>17,160</u>	<u>1,191</u>	<u>9,158</u>	<u>30,642</u>
Net outstanding claims:					
At 31 March 2002	3,485	32,853	2,322	14,849	53,509
At 1 April 2001	(3,386)	(33,826)	(2,275)	(13,392)	(52,879)
Net claims incurred	<u>3,232</u>	<u>16,187</u>	<u>1,238</u>	<u>10,615</u>	<u>31,272</u>

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32. PERSONNEL COSTS

Included in personnel costs of the Group and the Company are directors' remuneration amounting to approximately RM946,000 (2002 : RM1,339,000) and RM376,000 (2002 : RM489,000) respectively (Note 34).

33. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Amortisation of goodwill and reserve on consolidation	3,030	3,227	-	-
Amortisation of premiums less accretion of discounts	92	74	-	-
Auditors' remuneration				
- statutory audit	78	86	20	20
- overprovision in prior years	(2)	-	-	-
- other services	38	25	43	28
Bad debts written off	914	-	842	-
Directors' fee (Note 34)				
- directors of the Company	304	330	34	60
- directors of subsidiaries	-	5	-	-
Property, plant and equipment written off	1	1	1	-
Insurance expenses paid to former subsidiary	-	-	11	17
Loss on disposal of marketable securities	2,304	922	-	-
Impairment losses on investments	18,875	4,057	1,020	4,057
Impairment losses on subsidiaries	-	-	59,356	-
Impairment losses on property, plant and equipment	31,400	-	-	-
Provision for doubtful debts	4,516	36,899	-	-
Provision for retirement benefits	91	55	-	-
Rental of equipment	-	82	-	-
Rental of land and buildings	508	507	227	227

34. DIRECTORS' REMUNERATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	748	839	376	464
Bonus	-	53	-	25
	<u>748</u>	<u>892</u>	<u>376</u>	<u>489</u>
Non-executive:				
Fees	<u>304</u>	<u>330</u>	<u>34</u>	<u>60</u>
Directors of subsidiaries:				
Executive:				
Salaries and other emoluments	184	416	-	-
Bonus	14	31	-	-
	<u>198</u>	<u>447</u>	<u>-</u>	<u>-</u>
Non-executive:				
Fees	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>
Total	<u><u>1,250</u></u>	<u><u>1,674</u></u>	<u><u>410</u></u>	<u><u>549</u></u>

34. DIRECTORS' REMUNERATION (cont'd)

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2003	2002
Executive directors:		
RM350,001 - RM400,000	2	-
RM400,001 - RM450,000	-	1
RM450,001 - RM500,000	-	1
Non-executive directors:		
Below RM50,000	1	2
RM100,001 - RM150,000	1	1
RM150,001 - RM200,000	1	1

Details of the remuneration of the directors of the Company are as follows:

	Basic Salary/ Fees RM'000	Allowance RM'000	Bonus RM'000	Other Benefits RM'000	Total RM'000
2003					
Executive					
Dato' Mustapha bin Buang	300	36	-	40	376
Gong Chiok Sin	332	-	-	40	372
	<u>632</u>	<u>36</u>	<u>-</u>	<u>80</u>	<u>748</u>
Non-Executive					
Dato' Seri Hj. Megat Najmuddin bin Dato' Seri (Dr) Hj. Megat Khas	-	108	-	-	108
Senator Dato' Hamzah bin Zainudin	-	162	-	-	162
Dato' Mohamed Salleh bin Bajuri	-	36	-	-	36
Ong Kee Chak	-	(2)	-	-	(2)
	<u>-</u>	<u>304</u>	<u>-</u>	<u>-</u>	<u>304</u>
	<u>632</u>	<u>340</u>	<u>-</u>	<u>80</u>	<u>1,052</u>
2002					
Executive					
Dato' Mustapha bin Buang	375	36	25	53	489
Gong Chiok Sin	332	-	28	43	403
	<u>707</u>	<u>36</u>	<u>53</u>	<u>96</u>	<u>892</u>
Non-Executive					
Dato' Seri Hj. Megat Najmuddin bin Dato' Seri (Dr) Hj. Megat Khas	108	-	-	-	108
Senator Dato' Hamzah bin Zainudin	162	-	-	-	162
Dato' Mohamed Salleh bin Bajuri	36	-	-	-	36
Ong Kee Chak	24	-	-	-	24
	<u>330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330</u>
	<u>1,037</u>	<u>36</u>	<u>53</u>	<u>96</u>	<u>1,222</u>

35. FINANCE COSTS

Included in finance costs are:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Interest expense	1,829	1,265	1,829	1,004
RCSLS premium accrued (Note 24)	4,557	4,684	4,557	4,684

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36. TAXATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax expense for the year	-	1,598	-	-
Underprovision in prior years	231	44	-	44
	<u>231</u>	<u>1,642</u>	<u>-</u>	<u>44</u>

Domestic income tax is calculated as 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 profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(Loss)/profit before taxation	(34,073)	9,835	(68,231)	(11,280)
Taxation at the Malaysian tax rate of 28% (2002 : 28%)	(9,540)	2,754	(19,105)	(3,158)
Income not subject to tax	(7,985)	(12,627)	-	-
Expenses not deductible for tax purposes	17,315	4,136	18,774	2,909
Effects of different tax rates in other countries	-	(155)	-	-
Utilisation of previously unrecognised tax losses	-	(138)	-	-
Deferred tax assets not recognised during the year	683	8,493	331	249
Underprovision in prior years	231	44	-	44
Tax expense for the year	<u>704</u>	<u>2,507</u>	<u>-</u>	<u>44</u>

Tax losses are analysed as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax savings recognised during the year arising from:				
Utilisation of tax losses brought forward from previous years	-	138	-	-
Unutilised tax losses carried forward	<u>77,438</u>	<u>75,201</u>	<u>13,052</u>	<u>11,871</u>

Unabsorbed capital allowances are analysed as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unabsorbed capital allowances carried forward	<u>701</u>	<u>648</u>	<u>613</u>	<u>569</u>

As at 31 March 2003, the Group has a tax liability of approximately RM3.36 million (2002 : RM3.36 million) arising principally from the disallowance of specific debt provisions by the Inland Revenue Board in the previous years. The Group has made an appeal on the disallowance of such provisions. The directors are of the opinion that their appeal will be successful and no provision is required, pending the outcome of the appeal.

37. (LOSS)/EARNINGS PER SHARE - Group

The basic and diluted (loss)/earnings per share are calculated as follows:

	(Loss)/Profit		Weighted Average Number of Shares		(Loss)/Earnings Per Share	
	2003 RM'000	2002 RM'000	2003 '000	2002 '000	2003 sen	2002 sen
(Loss)/profit for the year	(33,647)	7,286	350,835	350,000		
Basic (loss)/earnings per share					<u>(9.6)</u>	<u>2.1</u>
Assumed conversion of RCCLS	- *	3,372 +	-	235,084		
Assumed conversion of ICULS	- *	- +	-	118,607		
Assumed conversion of Warrants	- *	4,607 ++	-	170,603		
	<u>(33,647)</u>	<u>15,265</u>	<u>350,835</u>	<u>874,294</u>		
Diluted (loss)/earnings per share					<u>(9.6)</u>	<u>1.7</u>

* For the current financial year, the effects of the assumed conversion of RCCLS, ICULS and Warrants would be anti-dilutive in nature; accordingly, the basic and fully diluted loss per share are the same.

+ For the previous financial year, the assumed conversion of RCCLS and ICULS were based on the conversion price of RM1.25 for each new ordinary share of the Company to be satisfied by five RCCLS/ICULS of nominal value RM1 each for four new ordinary shares of RM1 each.

++ For the previous financial year, the assumed conversion of Warrants, at the conversion price of RM1.25 per Warrant, would have resulted in an assumed cash inflow of approximately RM213,254,000, and an assumed interest income thereon has been computed based on a notional interest of 3% per annum.

38. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) On 7 May 2002, a wholly-owned subsidiary of the Company, Kin Khoon & Co. Sdn. Bhd. ("Kin Khoon") accepted 30,000,000 ordinary shares of RM1 each, representing the entire equity interest, in Wangsa Masyhur Sdn. Bhd. ("Wangsa Masyhur"), a company incorporated in Malaysia, as settlement of debts due from clients of Kin Khoon, resulting in Wangsa Masyhur becoming a subsidiary of the Group.

(b) On 20 December 2002, AGB Properties Sdn. Bhd. ("AGB Properties"), a wholly-owned subsidiary of the Company, acquired 75 ordinary shares of RM1 each, representing a 75% equity interest, in Tekad Intisari Sdn. Bhd. ("TISB"), a company incorporated in Malaysia, for a purchase consideration of RM929,826.

The principal activities of TISB are property development and investment. On 13 June 2001, TISB had entered into a Joint Venture Agreement with Lembaga Pemegang-Pemegang Amanah Yayasan Negeri Sembilan for the development of the latter's two pieces of leasehold land in the Mukim of Seremban, Negeri Sembilan.

(c) As reported in previous financial years, AGB Properties had entered into an agreement with Tahan Insurance Berhad (formerly known as Talasco Insurance Berhad) ("Tahan") for the disposal of 32,640,000 ordinary shares of RM1 each, representing a 77.71% equity interest, in Tenaga Insurance Bhd. ("TIB") for a cash consideration of RM69,942,857. On 31 January 2003, this disposal was completed with the transfer of all insurance business, assets and liabilities of TIB to Tahan.

(d) During the current financial year, the Company applied to the Companies Commission of Malaysia to deregister three subsidiaries, namely Kin Khoon & Co. Nominees (Tempatan) Sdn. Bhd., Kin Khoon & Co. Nominees (Asing) Sdn. Bhd. and Asian Pac Group Bhd. These companies have been deregistered from the Register of Companies by the Companies Commission of Malaysia on 12 May 2003.

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39. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group is mainly exposed to interest rate, market price, credit and liquidity risks. The Group's overall risk management approach is to minimize the effects of such volatility on its financial performance. The financial risk management policies are periodically reviewed and approved by the Board of Directors.

(b) Interest Rate Risk

The majority of the Group's surplus funds are invested in interest bearing bank deposits and other high quality short-term liquid investments in Malaysia. The Group's earnings are affected by changes in interest rates due to the impact such changes have on interest income and expense from cash, short-term deposits and interest-bearing financial assets and liabilities.

The Group manages its interest rate exposure by placement of its financial assets in fixed deposits and short term investments for higher returns and at the same time maintain predominantly long term capital debts with low fixed rates of interest.

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

(c) Market Price Risk

Market price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices. As at 31 March 2003, the Group owned RM125.9 million (2002: RM143.4 million) of quoted and unquoted investments. The Group ensures that the risk exposures undertaken are within the proper authorisation procedures. All exposures are monitored on a daily basis to identify the potential gain or risk associated with the Group's investments. Independent valuations were also conducted for selected investments for monitoring purposes by the Company's board of directors.

(d) Credit Risk

Credit risks are managed by limiting aggregated exposure to business partners with high credit worthiness. Such credit risk exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counter-parties.

(e) Liquidity Risk

As at 31 March 2003, the Group had, at its disposal, cash and short-term deposits amounting to RM14.5 million (2002 : RM5 million).

The Group maintains sufficient level of cash, short-term deposits and other cash convertible investments to meet its working capital requirements. In addition, the Group expects net cash flow contribution from its current development projects to be used for its future projects. Any shortfall for future developments can be met via bridging finance from the financial institutions.

(f) Fair Values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company are represented as follows:

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
FINANCIAL ASSETS					
Other investments					
- quoted/publicly traded	8	50,150	50,154	1,659	1,659
- unquoted	8	16,000	16,397	-	-
Margin clients assumed by a subsidiary	12	58,000	**	-	-
Amount due from subsidiaries	13	-	-	225,862	**
FINANCIAL LIABILITIES					
Amount due to subsidiaries	19	-	-	29,896	**
ICULS	21	141,239	122,506	141,239	122,506
Long term loan	25	32,328	28,994	32,328	28,994
RCSLS (including deferred liabilities)	27	300,420	270,004	300,420	270,004

** It is not practical to estimate the fair value of the Group's margin clients assumed by a subsidiary and the Company's amounts due from/to subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded in the balance sheet and the underlying collaterals, where available, to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to estimate the fair value of the following classes of financial instruments:

(i) Other investments

The fair value of quoted or publicly traded instruments are estimated based on quoted market prices or market bid prices at the close of the business on the balance sheet date. The fair value of the unquoted investments is based on the indicative market value as provided by the independent fund manager.

(ii) Trade and other receivables and payables and deposits

Other than the amount due from margin clients assumed by a subsidiary, the carrying amounts of trade and other receivables and payables on the balance sheet date are reasonable estimates of their respective fair values due to the relatively short term maturity of these financial instruments.

(iii) Cash and bank balances and short term deposits

The fair values of cash and bank balance and short term deposits are considered to approximate their carrying values because most of these are short-term in nature.

(iv) Long term loan

The fair value of the long term loan has been calculated as the present value of the estimated future cash flows, discounted at an assumed rate of 8.50% per annum.

(v) Loan stocks

The fair values of the ICULS and RCSLS have been calculated as the present value of the estimated future cash flows, discounted at an assumed rate of 8.50% per annum.

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40. SEGMENT REPORTING

The Group is organised into four major business segments as follows:

- investment holding - holding of quoted and unquoted shares for capital investment purposes;
- property investment and development - investment in land and the development of commercial properties;
- insurance - undertaking of general insurance businesses
- stockbroking - stock and share broker

Other activities of the Group are deemed not of a sufficient size to be reported separately.

	Investment Holding		Property Investment and Development		Insurance, Stockbroking and Others*		Eliminations		Consolidated	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
REVENUE										
External sales	557	82	4,311	-	51,641	69,890	-	-	56,509	69,972
Intersegmental sales	3,464	884	-	-	34	43	(3,498)	(927)	-	-
Total sales	<u>4,021</u>	<u>966</u>	<u>4,311</u>	<u>-</u>	<u>51,675</u>	<u>69,933</u>	<u>(3,498)</u>	<u>(927)</u>	<u>56,509</u>	<u>69,972</u>
RESULTS										
Segment results	(28,457)	(5,635)	(31,949)	(298)	(4,920)	22,539	37,764	(3,907)	(27,562)	12,699
Unallocated corporate expenses									(1,641)	-
Operating (loss)/profit									(29,203)	12,699
Finance cost									(6,559)	(5,952)
Share of profit of associated company									1,689	3,088
Income tax									(704)	(2,507)
(Loss)/profit after tax									<u>(34,777)</u>	<u>7,328</u>
ASSETS AND LIABILITIES										
Segment assets	92,793	8,275	450,362	441,420	5,323	241,765			548,478	691,460
Unallocated corporate assets	68,107	74,131	-	-	-	-			68,107	74,131
Consolidated total assets	<u>160,900</u>	<u>82,406</u>	<u>450,362</u>	<u>441,420</u>	<u>5,323</u>	<u>241,765</u>			<u>616,585</u>	<u>765,591</u>
Segment liabilities	7,367	16,888	81,739	82,553	17	90,228			89,123	189,669
Unallocated corporate liabilities	335,585	339,498	-	-	-	-			335,585	339,498
Consolidated total liabilities	<u>342,952</u>	<u>356,386</u>	<u>81,739</u>	<u>82,553</u>	<u>17</u>	<u>90,228</u>			<u>424,708</u>	<u>529,167</u>
OTHER INFORMATION										
Capital expenditure	11	139	30,044	5	-	328			30,055	472
Depreciation and amortisation	3,162	3,303	7	2	446	652			3,615	3,957
Noncash expenses other than depreciation and amortisation	<u>20,667</u>	<u>8,740</u>	<u>31,401</u>	<u>-</u>	<u>5,562</u>	<u>32,332</u>			<u>57,630</u>	<u>41,072</u>

40. SEGMENT REPORTING (cont'd)

* Insurance, Stockbroking and Others comprises:

	Insurance		Stockbroking		Others		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
External sales	46,610	67,429	-	2,461	5,031	-	51,641	69,890
Intersegmental sales	34	43	-	-	-	-	34	43
Total sales	<u>46,644</u>	<u>67,472</u>	<u>-</u>	<u>2,461</u>	<u>5,031</u>	<u>-</u>	<u>51,675</u>	<u>69,933</u>
RESULTS								
Segment results	<u>(5,170)</u>	<u>2,569</u>	<u>-</u>	<u>19,967</u>	<u>250</u>	<u>3</u>	<u>(4,920)</u>	<u>22,539</u>
ASSETS AND LIABILITIES								
Segment assets	<u>-</u>	<u>139,586</u>	<u>-</u>	<u>101,878</u>	<u>5,323</u>	<u>301</u>	<u>5,323</u>	<u>241,765</u>
Segment liabilities	<u>-</u>	<u>85,991</u>	<u>-</u>	<u>4,217</u>	<u>17</u>	<u>20</u>	<u>17</u>	<u>90,228</u>
OTHER INFORMATION								
Capital expenditure	-	324	-	4	-	-	-	328
Depreciation and amortisation	438	576	-	68	8	8	446	652
Noncash expenses other than depreciation and amortisation	<u>5,562</u>	<u>599</u>	<u>-</u>	<u>31,733</u>	<u>-</u>	<u>-</u>	<u>5,562</u>	<u>32,332</u>

41. CHANGES TO ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

As mentioned in Note 2(a), the Group and the Company applied MASB 25 during the financial year. Under MABS 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets 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.

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

	Group	
	2003	2002
	RM'000	RM'000
Effects on accumulated losses:		
At beginning of year	(351,916)	(359,202)
Effects of adopting MASB 25	(27,551)	(27,551)
At beginning of year, as restated	<u>(379,467)</u>	<u>(386,753)</u>

Notes to Financial Statements

31 March 2003



41. CHANGES TO ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (cont'd)

Comparative amounts as at 31 March 2002 have been restated as follows:

Group	Previously Stated RM'000	Adjustments RM'000	Restated RM'000
Deferred tax liabilities (Note 23)	50,155	27,551	77,706

42. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except for the following:

- (i) Certain comparative figures have been adjusted as a result of a change in accounting policy as disclosed in Notes 2(a) and 41.
- (ii) As disclosed in Note 40, the presentation and classification of items in the segment information of the previous financial year have been changed to comply with the requirements of MASB 22 : Segment Reporting which was adopted in the current financial year.
- (iii) Comparatives are not disclosed for certain information relating to financial instruments as permitted upon first application of MASB 24 : Financial Instruments: Disclosure and Presentation.
- (iv) In the current financial year, as mentioned in Note 2(q)(iv), ICULS of the Group and the Company have been classified as equity. Negative goodwill arising on consolidation have also been net off against goodwill on consolidation and not aggregated with other non-distributable reserves of the Group. The balance sheet comparative figures of ICULS and reserve on consolidation have also been reclassified to conform with current year's presentation.

List of Properties Held as at 26 August 2003

LOCATION	DESCRIPTION	EXISTING USE	TENURE	AGE OF BUILDING	AREA	NETBOOK VALUE RM'000	VALUATION/ ACQUISITION DATE
Lot 216, Jln. Pekeliling Tanah Rata Cameron Highlands	2 storey bungalow	For Rental	Leasehold Expires : 30/1/2072	27	32,505 sq. ft.	282	1/4/1991
PT 17077, HS (D) 102565 to PT 17081, HS (D) 102569, Mukim of Batu, Wilayah Persekutuan	Land held for development	Vacant	Leasehold Expires: 8/10/2101	N/A	2.1 acres	6,372	21/10/1988
PT 17075, HS (D) 102563, PT 17076, HS (D) 102564, Mukim of Batu, Wilayah Persekutuan	Investment Property	Vacant	Leasehold Expires: 8/10/2101	N/A	0.7 acre	913	21/10/1988
PT 17074, HS (D) 101227 Mukim of Batu, Wilayah Persekutuan	Investment Property	Vacant	Leasehold Expires: 11/1/2087	N/A	0.9 acre	1,175	21/10/1988
PT 17086, HS (D) 101237 Mukim of Batu, Wilayah Persekutuan	Land held for development	Vacant	Leasehold Expires: 11/1/2087	N/A	10.7 acres	13,965	21/10/1988
PT 15193, HS (D) 94775, Lot No. 46350 Mukim of Batu, Wilayah Persekutuan	Land held for development	Vacant	Leasehold Expires: 10/1/2087	N/A	7.58 acres	11,185	21/10/1988
Lot No. 46350 Mukim of Batu, Wilayah Persekutuan	Land held for development	Vacant	Leasehold Expires: 5/2/2087	N/A	25.3 acres	32,097	21/10/1988
Lot No. 46349 Mukim of Batu, Wilayah Persekutuan	Investment Property	Vacant	Leasehold Expires: 10/1/2087	N/A	30.74 acres	39,429	21/10/1988
Lot No. D/10/007, D/10/008, D/10/009, D/10/13A Kelana Entrepreneurs' Exchange, Kelana Jaya, Selangor	Office Lots	For Rental	Leasehold Expires: 14/4/2089	3	4,564 sq.ft.	1,155	11/12/2000
Kota Kinabalu, Sabah Title No. TL17533505	Land held for development	Vacant	Leasehold Expires: 31/12/2076	N/A	15.45 acres	178,000	18/6/2003
Title No. TL17540500	Land held for development	Vacant	Leasehold Expires: 31/12/2080	N/A	8.0 acres		
Lot No. 2316 and 2317 Mukim of Ayer Puteh Daerah Pendang, Kedah	Land held for development	Vacant	Freehold	N/A	688 acres	40,600	1/7/2003
PT 298, HS (D) 39196 Mukim Bandar Kundang Gombak, Selangor	Investment Property	Vacant	Leasehold Expires: 24/1/2101	N/A	49.97 Acres	30,000	22/01/2002

Analysis of Equity Shareholdings as at 8 August, 2003



Authorised Share Capital : RM1,500,000,000
 Issued and Paid-Up Capital : RM359,552,000
 Class of Shares : Ordinary Shares of RM1.00 each
 Voting Rights : One vote per share

DISTRIBUTION OF SHAREHOLDERS/ DEPOSITORS

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1-99	175	0.5704	2,837	0.0008
100-1,000	6,309	20.5639	6,204,020	1.7255
1,001-10,000	19,416	63.2855	90,257,084	25.1027
10,001-100,000	4,524	14.7458	126,573,023	35.2030
100,001-17,977,599	255	0.8312	117,908,036	32.7930
17,977,600 and Above	1	0.0032	18,607,000	5.1750
Total	30,680	100.0000	359,552,000	100.0000

LIST OF THIRTY LARGEST SHAREHOLDERS/ DEPOSITORS

Name	No. of Shares Held	% of Issued Capital
1 ERICO ESTATES SDN BHD	18,607,000	5.1751
2 SOUTH MALAYSIA INDUSTRIES BHD	14,737,000	4.0987
3 HDM NOMINEES (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR PAX REALTY & DEVELOPMENT PTE LTD	6,619,000	1.8409
4 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAH SAU CHEONG	6,468,000	1.7989
5 A.A. ASSETS NOMINEES (TEMPATAN) SDN BHD KKC FOR GABRIEL VOON SHAU CHEONG	3,970,000	1.1042
6 CARTABAN NOMINEES (ASING) SDN BHD PRUDENTIAL SECURITIES INC NEW YORK FOR MR HO SAI LON MARK	3,769,000	1.0482
7 PUNCAMAS INDAH (M) SDN BHD	3,006,000	0.8360
8 KWAN CHU WAH	1,888,000	0.5251
9 AMSEC NOMINEES (TEMPATAN) SDN BHD ARAB-MALAYSIAN CREDIT BERHAD FOR MEGAT NAJMUDDIN BIN HAJI MEGAT KHAS	1,857,000	0.5165
10 HO SAI LON MARK	1,842,000	0.5123
11 AMSEC NOMINEES (TEMPATAN) SDN BHD ARAB-MALAYSIAN CREDIT BERHAD FOR PANGLOBAL BERHAD	1,800,000	0.5006
12 GONG CHIOK SIN	1,667,000	0.4636
13 AMSEC NOMINEES (TEMPATAN) SDN BHD ARAB-MALAYSIAN CREDIT BERHAD FOR HAMZAH BIN ZAINUDIN	1,589,000	0.4419
14 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOUTH MALAYSIA INDUSTRIES BHD	1,500,000	0.4172
15 KENANGA NOMINEES (TEMPATAN SDN BHD) DANAHARTA URUS SDN BHD	1,488,000	0.4138

Analysis of Equity Shareholdings as at 8 August, 2003 (cont'd)

Name	No. of Shares Held	% of Issued Capital
16 MENTERI KEWANGAN MALAYSIA - SECTION 29 (SICDA)	1,386,115	0.3855
17 CHUAH KIM SENG	1,368,800	0.3807
18 OSK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHENG LOCK	1,349,000	0.3752
19 AMFINANCE BERHAD PLEDGED SECURITIES ACCOUNT FOR HAMZAH BIN ZAINUDIN	1,323,243	0.3680
20 EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR MAH SAU CHEONG	1,300,000	0.3616
21 CHIN LAI KUEN	1,181,000	0.3285
22 AMFINANCE BERHAD PLEDGED SECURITIES ACCOUNT FOR GABRIEL VOON SHAU CHEONG	1,160,000	0.3226
23 HDM NOMINEES (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR PAX INVESTMENT HOLDINGS CO P/L	1,106,000	0.3076
24 HDM NOMINEES (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR ONG CHEE MENG	1,021,000	0.2840
25 ENG NOMINEES (ASING) SDN BHD OCBC SECURITIES PRIVATE LIMITED FOR ALLSWELL FOODS PTE LTD	1,001,000	0.2784
26 MAH SAU CHEONG	960,000	0.2670
27 AMSEC NOMINEES (TEMPATAN) SDN BHD P.T. ARAB-MALAYSIAN CAPITAL INDONESIA FOR SAW LIP KEAN	940,100	0.2615
28 HONG LEONG FINANCE BERHAD PLEDGED SECURITIES ACCOUNT FOR CHAN SENG FATT	925,000	0.2573
29 TAN CHUAN TONG	873,000	0.2428
30 HDM NOMINEES (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR CHEONG SIM LAM	812,000	0.2258
	87,513,258	24.3395

SUBSTANTIAL SHAREHOLDER

	Direct	No. of Shares Held		%
		%	Indirect	
1 South Malaysia Industries Berhad	34,844,000	9.6909	-	-

DIRECTORS' INTEREST

	Direct	No. of Shares Held		%
		%	Indirect	
1 Dato' Seri Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas	1,857,000	0.5165	-	-
2 Senator Dato' Hamzah bin Zainudin	2,912,243	0.8100	-	-
3 Dato' Mustapha bin Buang	-	-	800,000	0.2225
4 Dato' Mohamed Salleh bin Bajuri	-	-	-	-

Analysis of Convertible Securities Holdings as at 8 August, 2003



4% REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2000/2005 ("RCSLS 2000/2005")

Nominal Value	: RM1.00 each
No. of Holders	: 110
Voting Rights	: Not applicable until upon conversion into ordinary shares of RM1.00 each

DISTRIBUTION OF RCSLS HOLDERS/ DEPOSITORS

Size of Holdings	No. of RCSLS holders/ Depositors	% of RCSLS holders/ Depositors	No. of RCSLS held	% of RCSLS Issued
1-99	0	0	0	0
100-1,000	97	88.1818	95,700	0.0330
1,001-10,000	3	2.7273	9,300	0.0032
10,001-100,000	0	0	0	0
100,001-14,494,295	6	5.4545	26,786,548	9.2404
14,494,296 and Above	4	3.6364	262,994,387	90.7234
Total	110	100.0000	289,885,935	100.0000

LIST OF THIRTY LARGEST RCSLS HOLDERS/ DEPOSITORS

Name	No. of RCSLS Held	% of RCSLS issued
1 AMMERCHANT BANK BERHAD	182,886,941	63.0893
2 AMSEC NOMINEES (TEMPATAN) SDN BHD AMFINANCE BERHAD	37,774,561	13.0308
3 PB SECURITIES NOMINEES (TEMPATAN) SDN BHD PUBLIC FINANCE BHD	27,482,885	9.4806
4 AFFIN FACTORS SDN BHD	14,850,000	5.1227
5 MAYFIN NOMINEES (TEMPATAN) SDN BHD MAYBAN FINANCE BERHAD	5,955,095	2.0543
6 PAB NOMINEE (TEMPATAN) SDN BHD AFFIN BANK BERHAD	5,715,274	1.9716
7 KENANGA NOMINEES (TEMPATAN) SDN BHD DANAHARTA URUS SDN BHD	5,000,000	1.7248
8 ASEAM MALAYSIA NOMINEES (TEMPATAN) SDN BHD ASEAMBANKERS MALAYSIA BERHAD	4,201,271	1.4493
9 KEWANGAN BERSATU BERHAD	3,775,610	1.3024
10 PAB NOMINEE (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR ASIAN PAC HOLDINGS BERHAD	2,139,298	0.7380
11 LIM HOCK CHUAN	4,300	0.0015
12 LIEW SHOU KONG	3,000	0.0010
13 LIEW SHOU KONG	2,000	0.0007
14 SOO CHOI FOONG	1,000	0.0003
15 CHONG SOI CHEON	1,000	0.0003
16 LOW SIEW BENG	1,000	0.0003
17 ONG ENG HIN	1,000	0.0003

Analysis of Convertible Securities Holdings as at 8 August, 2003 (cont'd)

Name	No. of RCCLS Held	% of RCCLS issued
18 HAM SAI KIT	1,000	0.0003
19 YONG WEE LANG	1,000	0.0003
20 CHIN SET FAH	1,000	0.0003
21 LIEW NGEE	1,000	0.0003
22 LEE LAI LENG	1,000	0.0003
23 WONG LI WAN	1,000	0.0003
24 OOI SEOK PENG	1,000	0.0003
25 LOW SEOW CHIN	1,000	0.0003
26 YAP TSAI PENG	1,000	0.0003
27 POK YAW FEE	1,000	0.0003
28 ONG JOO SIM	1,000	0.0003
29 TAN TIAN CHEW	1,000	0.0003
30 LEE BOON SENG	1,000	0.0003
	<u>289,807,235</u>	<u>99.9721</u>

Analysis of Convertible Securities Holdings as at 8 August, 2003



4% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2000/2005 ("ICULS 2000/2005")

Nominal Value	: RM1.00 each
No. of Holders	: 127
Voting Rights	: Not applicable until upon conversion into ordinary shares of RM1.00 each

DISTRIBUTION OF ICULS HOLDERS/ DEPOSITORS

Size of Holdings	No. of ICULS holders/ Depositors	% of ICULS holders/ Depositors	No. of ICULS held	% of ICULS Issued
1-99	0	0	0	0
100-1,000	100	78.7402	100,000	0.0734
1,001-10,000	0	0	0	0
10,001-10,0000	0	0	0	0
100,001- 6,815,964	24	18.8976	49,880,202	36.5907
6,815,965 and Above	3	2.3622	86,339,106	63.3359
Total	127	100.0000	136,319,308	100.0000

LIST OF THIRTY LARGEST ICULS HOLDERS/ DEPOSITORS

Name	No. of ICULS Held	% of ICULS issued
1 AMFINANCE BERHAD	48,000,000	35.2114
2 AMMERCHANT BANK BERHAD	21,980,156	16.1240
3 MALAYSIA BUILDING SOCIETY BERHAD	16,358,950	12.0005
4 A.A. ASSETS NOMINEES (TEMPATAN) SDN BHD KKC FOR KWAN CHU WAH	6,000,000	4.4014
5 AMSEC NOMINEES (TEMPATAN) SDN BHD ARAB-MALAYSIAN CREDIT BERHAD FOR MAH SAU CHEONG	5,200,000	3.8146
6 MP FACTORS SDN BHD	5,040,000	3.6972
7 BUMIPUTRA-COMMERCE FACTORING BERHAD	5,040,000	3.6972
8 AMSEC NOMINEES (TEMPATAN) SDN BHD AMFINANCE BERHAD	4,800,000	3.5211
9 PB SECURITIES NOMINEES (TEMPATAN) SDN BHD PUBLIC FINANCE BHD	3,491,061	2.5609
10 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANCE FINANCE BERHAD	2,500,000	1.8339
11 KENANGA NOMINEES (TEMPATAN) SDN BHD DANAHARTA URUS SDN BHD	1,866,105	1.3689
12 AFFIN FACTORS SDN BHD	1,782,000	1.3072
13 MAH SAU CHEONG	1,500,000	1.1004
14 AZAINARIAH BT MUHD YUSOF	1,500,000	1.1004
15 EB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KWAN CHU WAH	1,500,000	1.1004
16 EB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR MAH SAU CHEONG	1,300,000	0.9536

Analysis of Convertible Securities Holdings as at 8 August, 2003 (cont'd)

Name	No. of ICULS Held	% of ICULS issued
17 UOBM NOMINEES (TEMPATAN) SDN BHD UNITED OVERSEAS BANK (MALAYSIA) BHD	1,232,000	0.9038
18 HDM NOMINEES (TEMPATAN) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR MAH SAU CHEONG	1,000,000	0.7336
19 HDM NOMINEES (TEMPATAN) SDN BHD DBS BANK LABUAN BRANCH FOR MAH SAU CHEONG	1,000,000	0.7336
20 MAYFIN NOMINEES (TEMPATAN) SDN BHD MAYBAN FINANCE BERHAD	993,138	0.7285
21 HAMZAH BIN ZAINUDIN	932,000	0.6837
22 PAB NOMINEE (TEMPATAN) SDN BHD AFFIN BANK BERHAD	685,833	0.5031
23 KEWANGAN BERSATU BERHAD	669,077	0.4908
24 HLB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BERHAD	560,000	0.4108
25 ASEAM MALAYSIA NOMINEES (TEMPATAN) SDN BHD ASEAMBANKERS MALAYSIA BERHAD	504,153	0.3698
26 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KWAN CHU WAH	500,000	0.3668
27 PAB NOMINEE (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR ASIAN PAC HOLDINGS BERHAD	284,835	0.2089
28 SOO CHOI FOONG	1,000	0.0007
29 CHONG SOI CHEON	1,000	0.0007
30 LOW SIEW BENG	1,000	0.0007
	<u>136,222,308</u>	<u>99.9286</u>

Analysis of Warrantholdings as at 8 August, 2003



Warrants 2001/2006

No. of Warrant in Issue	: 170,602,799
No. of Holders	: 5,766
Voting Rights	: Not applicable until upon conversion into ordinary shares of RM1.00 each

DISTRIBUTION OF WARRANTHOLDERS/ DEPOSITORS

Size of Holdings	No. of Warrantholders/ Depositors	% of Warrantholders/ Depositors	No. of Warrants held	% of Warrants Issued
1-99	19	0.3295	1,013	0.0006
100-1000	1,322	22.9275	1,235,431	0.7242
1001-10000	3,000	52.0291	14,190,768	8.3180
10001-100000	1,198	20.7770	45,397,163	26.6099
100001-8,530,138	226	3.9195	100,741,658	59.0504
8,530,139 and Above	1	0.0174	9,036,766	5.2969
Total	<u>5,766</u>	<u>100.0000</u>	<u>170,602,799</u>	<u>100.0000</u>

LIST OF THIRTY LARGEST WARRANTHOLDERS/ DEPOSITORS

Name	No. of Warrants Held	% of Warrants issued
1 ERICO ESTATES SDN BHD	9,036,766	5.2970
2 AMSEC NOMINEES (TEMPATAN) SDN BHD AMFINANCE BERHAD	6,000,000	3.5169
3 LING KAU @ LIM HONG MEOW	5,500,000	3.2239
4 MALAYSIA BUILDING SOCIETY BERHAD	4,907,685	2.8767
5 PB SECURITIES NOMINEES (TEMPATAN) SDN BHD PUBLIC FINANCE BHD	4,363,827	2.5579
6 MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHAI YENG SUN	3,616,100	2.1196
7 SOUTH MALAYSIA INDUSTRIES BERHAD	3,083,333	1.8073
8 A.A. ASSETS NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LAI WENG CHEE @ LAI KOK CHYE	2,987,600	1.7512
9 AMFINANCE BERHAD PLEGDED SECURITIES ACCOUNT FOR MAH SAU CHEONG	2,909,333	1.7053
10 AFFIN FACTORS SDN BHD	2,227,500	1.3057
11 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR MAH SAU CHEONG	2,061,000	1.2081
12 SIAU FART JUM	2,000,000	1.1723
13 UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR SON KAT PEE @ SOIN KAT PEE	1,520,000	0.8910
14 GAN AH HUAT	1,500,000	0.8792
15 MAYFIN NOMINEES (TEMPATAN) SDN BHD MAYBAN FINANCE BERHAD	1,241,423	0.7277
16 PAB NOMINEE (TEMPATAN) SDN BHD AFFIN BANK BERHAD	1,213,334	0.7112

Analysis of Warrantholdings as at 8 August, 2003 (cont'd)

Name	No. of Warrants Held	% of Warrants issued
17 WONG WAI LUM	1,100,000	0.6448
18 AFFIN-UOB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TAN CHIN YONG	1,066,000	0.6248
19 CHOO YOKE YING	869,000	0.5094
20 KEWANGAN BERSATU BERHAD	836,346	0.4902
21 GONG CHIOK SIN	830,000	0.4865
22 MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KEK LIAN LYE	810,000	0.4748
23 TAN AH HONG	800,000	0.4689
24 LIM SOOT TEE	800,000	0.4689
25 LEE CHING YOAW	800,000	0.4689
26 KHOO LEE CHIN	750,000	0.4396
27 TAN GEOK BEE	725,000	0.4250
28 AFFIN-UOB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEE AIK @ TEE CHIN SIAH	720,000	0.4220
29 LAI WENG CHEE @ LAI KOK CHYE	657,000	0.3851
30 LOH YIT MOOI	650,000	0.3810
	<u>65,581,247</u>	<u>38.4409</u>

DIRECTORS' INTEREST

	Direct	No. of Warrants Held		%
		%	Indirect	
1 Dato' Seri Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas	619,000	0.3628	-	-
2 Senator Dato' Hamzah bin Zainudin	1,400,747	0.8211	-	-
3 Dato' Mustapha bin Buang	-	-	266,666	0.1563
4 Dato' Mohamed Salleh bin Bajuri	-	-	-	-



Proxy Form

I/We,

of

being a member of ASIAN PAC HOLDINGS BERHAD, hereby appoint

of

or failing him, the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the Eighty-fifth Annual General Meeting of the Company to be held at the Ballroom 2 – LG Level, Eastin Hotel, No. 13 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya on Monday, 29 September, 2003 at 11.30 a.m. and at any adjournment thereof.

With reference to the Agenda set forth in the Notice of Meeting, please indicate with an "X" in the spaces provided below how you wish your votes to be cast in resolutions specified.

No.	Ordinary Resolutions:	FOR	AGAINST
1	To receive the Accounts and Reports		
2	To approve the payment of Directors' Fees		
3	To re-elect the following Directors: i) Dato' Mustapha Bin Buang		
	ii) Senator Dato' Hamzah Bin Zainudin		
4	To re-appoint Messrs Ernst & Young as Auditors		
5	To give authority under Section 132E of the Companies Act, 1965		

Subject to any voting instructions so given, the proxy will vote or may abstain from voting on any resolutions as he may think fit.

Signed this day of 2003

Number of shares held	
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Signature(s)

Notes :

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one proxy to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting.
- 2) An instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
- 3) An instrument appointing a proxy must be deposited at the Registered Office of the Company at 306 Block G, Pusat Dagangan Phileo Damansara 1, No. 9 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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Stamp
Here

ASIAN PAC HOLDINGS BERHAD
(COMPANY NO. 129-T)
306 Block G, Pusat Dagangan Phileo Damansara 1
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya.

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