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Corporate Information

Board of Directors	
Dato' Ir Haji Harun bin Ahmad Saruji DPMP, AMP	Chairman, Non-Independent Non-Executive Director
Encik Kamaldeen bin Abdul Kader	Non-Independent Non Executive Director
Tuan Haji Iskhak bin Bardan PMP, KMN	Non-Independent Non-Executive Director
Dr Nawawi bin Mat Awin	Independent Non-Executive Director
Dato' Haji Mohd Zaim bin Haji Abu Hasan DPMP, AMP, PPT	Independent Non-Executive Director
Dato' Azian bin Osman DPMP, AMP	Non-Independent Non-Executive Director
Cik Noor Asmah bt. Mohd Nawawi	Independent Non-Executive Director

Management Team	
Dato' Samsudin bin Hashim DPMP, PMP, AMP	Group Chief Executive
Encik Harbhajan Singh Ujagar Singh	Group GM Corporate Finance
Haji Ibrahim bin Yaacob	Group GM Property Development
Encik Jimmy Ng Ah Yee	Group GM Consumer Products
Haji Hamsidi bin Haji Shaharah	Group Assistant GM Business Development
Hajah Sharifah Nor Hashimah bt. Syed Kamaruddin	Group Assistant GM Land & Property
Puan Sharifah Hanizah bt. Syed Mustaffa	Group Manager Finance

Audit Committee
Dr Nawawi bin Mat Awin *(Chairman)*
Encik Kamaldeen bin Abdul Kader
Dato' Haji Mohd Zaim bin Haji Abu Hasan
Cik Noor Asmah bt. Mohd Nawawi

Nomination Committee
Cik Noor Asmah bt. Mohd Nawawi *(Chairperson)*
Encik Kamaldeen bin Abdul Kader
Dato' Haji Mohd Zaim bin Haji Abu Hasan

Remuneration Committee
Dato' Haji Mohd Zaim bin Haji Abu Hasan *(Chairman)*
Tuan Haji Iskhak bin Bardan
Cik Noor Asmah bt. Mohd Nawawi

Finance, Administration & Secretarial Committee
Dato' Ir Haji Harun bin Ahmad Saruji
Encik Kamaldeen bin Abdul Kader
Dato' Samsudin bin Hashim
Encik Harbhajan Singh Ujagar Singh

Business Development Committee
Dato' Ir Haji Harun bin Ahmad Saruji *(Chairman)*
Encik Kamaldeen bin Abdul Kader
Dato' Samsudin bin Hashim
Encik Harbhajan Singh Ujagar Singh

Registered Office
7th Floor, Wisma Wan Mohammad,
Jalan Panglima Bukit Gantang Wahab,
30000 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel (05) 242 7277
(05) 242 7279
Fax (05) 529 6617
Email pkcorp@tm.net.my
pkcorp2@tm.net.my

Company Secretary
Cheai Weng Hoong (LS 05624)

Auditors
Arthur Andersen & Co.

Solicitors
Azman Davidson & Co.
Rusnah Loh & Ng

Registrar
Shared Services & Resources Sdn Bhd
Room 305, Asia Life Building,
45, Jalan Tun Sambanthan,
30000 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel (05) 241 7762
Fax (05) 241 6761

Principal Bankers
Southern Bank Berhad
CitiBank Berhad
Malayan Banking Berhad

Stock Exchange Listing
Kuala Lumpur Stock Exchange (Second Board)
Stock Code / Name – 8346 / PRKCORP

Corporate Structure **as at 31 December 2002**

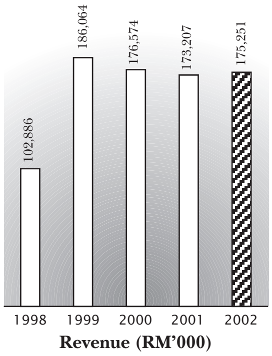
SUBSIDIARIES

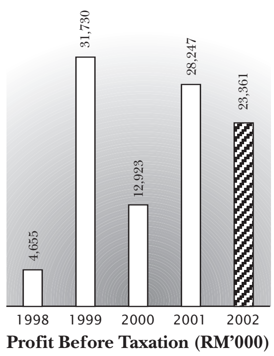
- Taipan Merit Sdn Bhd
  100% (Investment holding)
  - Cash Hotel Sdn Bhd
    61.16% (Hotelier, restaurateur and property developer)
    - Silveritage Corporation Sdn Bhd
      100% (Development of tourism projects)
      - Cash Complex Sdn Bhd
        50.48% (Investment holding)
  - Lumut Maritime Terminal Sdn Bhd
    50% + 1 share (Operation of port, port related activities & industrial park)
    - LMT Capital Sdn Bhd
      100% (Issuance and redemption of redeemable preference shares)
- PCB Development Sdn Bhd
  100% (Investment holding and real property development)
  - PCB Trading & Manufacturing Sdn Bhd
    100% (Trading and manufacturing of building materials)
  - PCB Transportation Travel & Tours Sdn Bhd
    100% (Provision of transport and travel services)
- Premium Meridian Sdn Bhd
  100% (Property development)
- Magni D'Corp Sdn Bhd
  100% (Property investment)
- Anakku Holdings Sdn Bhd
  100% (Investment holding)
  - Anakku Baby Products Sdn Bhd
    100% (Trading of children's wear and related products)
  - Anakku LSR Baby Products Sdn Bhd
    100% (Trading of children's wear and related products)
  - Weltex Knitwear Industries Sdn Bhd
    100% (Manufacture and trading of children's wear and related products)
  - Generasi Arif (M) Sdn Bhd
    100% (Trading of children's wear and related products, and franchisor)
  - Anakku Baby Connection Sdn Bhd
    100% (Trading of children's wear and related products)
- Trans Bid Sdn Bhd
  51% (Water privatisation and supply services)

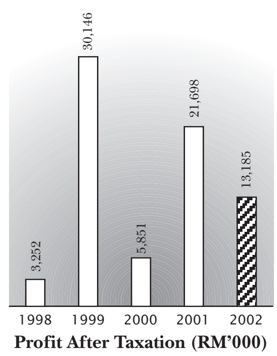
ASSOCIATE

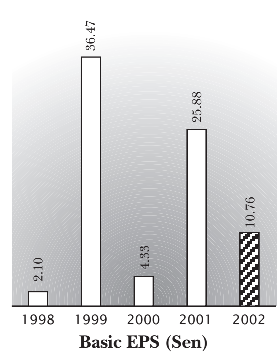
- Konsortium LPB Sdn Bhd
  20% (Construction and operation of the Westcoast Highway)

Five Years' Financial Highlights





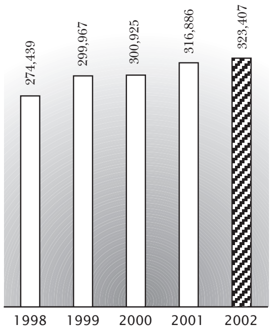




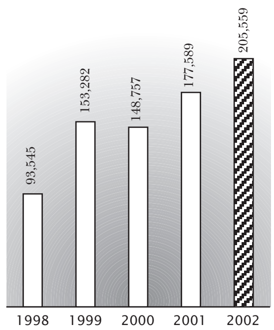
Consolidated Income Statement for the Year Ended 31 December

	1998 RM'000	**1999 RM'000**	**2000 RM'000**	**2001 RM'000**	**2002 RM'000**
Revenue	102,886	186,064	176,574	173,207	**175,251**
Profit Before Charging Depreciation and Interest	18,082	43,097	25,654	39,854	**38,425**
Depreciation/Amortisation *	(7,833)	(8,693)	(8,688)	(8,168)	**(7,342)**
Finance Cost	(5,594)	(2,674)	(3,817)	(3,201)	**(7,525)**
Share of Loss of an Associate Company	-	-	(226)	(238)	**(197)**
Profit Before Taxation	4,655	31,730	12,923	28,247	**23,361**
Taxation	(1,403)	(1,584)	(7,072)	(6,549)	**(10,176)**
Profit After Taxation	3,252	30,146	5,851	21,698	**13,185**
Minority Interests	(1,785)	(4,617)	(2,818)	(3,581)	**(5,655)**
Profit After Tax and Minority Interests	1,467	25,529	3,033	18,117	**7,530**
Basic Earnings per share (sen)	2.10	36.47	4.33	25.88	**10.76**
Dividend Declared (Rate)	0%	0%	2%	2%	**2%**

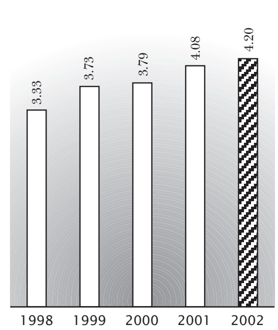
* A portion of these expenses is charged to land and development expenditure whereby profit attributable to the percentage of completion of each individual project has been recognised in the income statement.



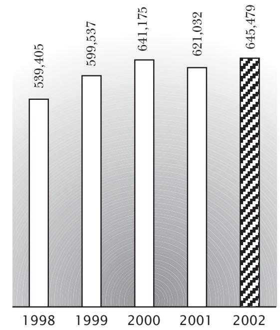
Shareholders' Funds (RM'000)



Net Current Assets (RM'000)



Net Tangible Assets Per Share (RM)



Total Assets (RM'000)

Consolidated Balance Sheet as at 31 December

		1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Share Capital		70,000	70,000	70,000	70,000	**70,000**
Non-Distributable Reserves		190,497	190,497	190,497	190,497	**190,497**
Unappropriated Profits		13,942	39,470	40,428	56,389	**62,910**
Shareholders' Funds		274,439	299,967	300,925	316,886	**323,407**
Represented by:						
Property, Plant and Equipment		117,458	118,853	123,152	106,313	**101,886**
Land & Development Expenditure		155,843	141,369	142,189	131,677	**123,271**
Investment in Associated Company		3,993	3,993	3,021	2,783	**2,586**
Other Investments		40	40	4,663	4,648	**4,648**
Sinking Fund Account		7,745	-	4,870	3,350	**1,767**
Goodwill and Other Intangible Assets		41,213	38,643	35,673	31,577	**29,458**
	(a)	326,292	302,898	313,568	280,348	**263,616**
Current Assets	(b)	213,113	296,639	327,607	340,684	**381,863**
Less: Current Liabilities		(119,568)	(143,357)	(178,850)	(163,095)	**(174,673)**
Net Current Assets		93,545	153,282	148,757	177,589	**207,190**
Less: Non-Current Liabilities						
Long Term Liabilities		(93,543)	(27,835)	(30,787)	(10,460)	**(84,544)**
Minority Interest		(51,855)	(128,378)	(130,613)	(130,591)	**(62,855)**
		274,439	299,967	300,925	316,886	**323,407**
Number of Ordinary Share of RM1.00 in issue ('000)		70,000	70,000	70,000	70,000	**70,000**
Net Tangible Assets per share (RM)		3.33	3.73	3.79	4.08	**4.20**
Total Assets	(a)+(b)	539,405	599,537	641,175	621,032	**645,479**

Note:
Certain figures have been reclassified and/or adjusted to conform with the requirements of the Malaysian Accounting Standards Board ("MASB") which are currently in force.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Tuesday, 27 May 2003, at 12.00 noon to transact the following businesses:-

AGENDA

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2002 together with the Report of the Directors and Auditors thereon. ***Resolution 1***

2. To approve the payment of a first and final dividend of 2 sen per share less income tax for the year ended 31 December 2002. ***Resolution 2***

3. To approve the payment of Directors' fees for the year ended 31 December 2002. ***Resolution 3***

4. To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association:

   a) Dato' Ir Haji Harun Bin Ahmad Saruji ***Resolution 4***
   b) Encik Kamaldeen Bin Abdul Kader ***Resolution 5***
   c) Tuan Haji Iskhak Bin Bardan ***Resolution 6***

5. To appoint Messrs Ernst & Young as Auditors of the Company in place of the retiring auditors, Messrs Arthur Andersen & Co to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors. ***Resolution 7***

As special business:

6. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature**

   "**THAT** approval be and is hereby given pursuant to Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements of the Kuala Lumpur Stock Exchange for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for day to day operations with the Related Parties, as detailed in Section 2.2 of the Circular to Shareholders of the Company dated 5 May 2003, subject to the following:

   (a) the transactions are carried out in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company; and

   (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders during the financial year based on the following information:

      (i) the type of the Recurrent Transactions made; and
      (ii) the names of the Related Parties involved in each type of the Recurrent Transactions made and their relationship with the Company.

THAT the approval given in the paragraph above shall only continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965 ("the Act"), but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act; or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." ***Resolution 8***

7. To transact any other business appropriate to an Annual General Meeting of 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

Cheai Weng Hoong
Company Secretary

Ipoh
5 May 2003

NOTICE OF FIRST AND FINAL DIVIDEND PAYMENT AND CLOSURE OF REGISTER

Subject to the approval of the shareholders, a first and final dividend of 2 sen per share less income tax will be paid on 17 July 2003.

Notice is hereby given that the Register of Members of the Company will be closed on 30 June 2003, to determine shareholders' entitlement to the dividend payment.

A depositor will qualify for entitlement only in respect of:

a) Share transferred into the Depositors' Securities account before 4.00 p.m. on 30 June 2003 in respect of ordinary transfers; and

b) Share bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Notes:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Companies Act, 1965 shall not apply.*
2. *When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*
3. *Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Share Registrar's Office at Room 305, 3rd Floor, Asia Life Building, 45 Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.*
6. *The registration for the above Meeting will commence on Tuesday, 27 May 2003 at 11.30 a.m.*

Explanatory Notes

Resolution 7 The Company has received a Notice of Nomination of Auditors pursuant Section 172(11) of the Companies Act, 1965 from a shareholder, a copy of which is presented on page 8 of the Annual Report of the Company, for nomination of Messrs Ernst & Young, who have given their consent to act, as Auditors of the Company in place of the retiring auditors, Messrs Arthur Andersen & Co.

Resolution 8 Please refer to the Circular to Shareholders dated 5 May 2003 which is enclosed together with the Annual Report of the Company.

NOTICE OF NOMINATION PURSUANT TO SECTION 172(11) OF THE COMPANIES ACT, 1965

17 March 2003
The Board of Directors
Perak Corporation Berhad
Level 7, Wisma Wan Mohamed,
Jalan Panglima Bukit Gantang Wahab,
30000 Ipoh, Perak

Dear Sirs,

CHANGE OF AUDITORS

Pursuant to Section 172(11) of the Companies Act 1965, I, being an authorised representative of the majority shareholder of the Company, hereby give notice of my intention to nominate Messrs Ernst & Young for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs Arthur Andersen & Co.

"That Messrs Ernst & Young be and are hereby appointed auditors of the Company in place of the retiring auditors, Messrs Arthur Andersen & Co. to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,
Dato' Samsudin bin Hashim
Chief Executive
Perak State Development Corporation

Statement Accompanying Notice of Annual General Meeting

1. DIRECTORS STANDING FOR RE-ELECTION AND THEIR DETAILS

RETIRING UNDER ARTICLES 80 OF THE COMPANY'S ARTICLES OF ASSOCIATION:

(i) **Dato' Ir Haji Harun bin Ahmad Saruji**
Non-Independent Non-Executive Chairman, 66 years of age, Malaysian.

YBhg Dato' Ir Haji Harun bin Ahmad Saruji, is a Civil Engineer by profession. He has served in Government Department and Statutory Bodies for 35 years. Prior to his appointment as a member of the Board of Directors of Perak Corporation Berhad, he was the Chief Executive of Perbadanan Kemajuan Negeri Perak ("PKNP").

Other directorships in public listed companies: KUB Malaysia Berhad

Shareholdings in the Company:	Direct:	9,000
	Indirect:	16,000

Family relationship with Directors/major shareholder: None

He has no conflict of interest with the Company and has never been convicted of any offence in the past 10 years.

(ii) **Encik Kamaldeen bin Abdul Kader**
Non-Independent Non-Executive Director, 45 years of age, Malaysian.

En. Kamaldeen bin Abdul Kader obtained his professional qualification as an accountant with the accounting firm Hanafiah Raslan and Mohamed and a member of Malaysian Association of Certified Public Accountants (MACPA). He has been attached to Permodalan Nasional Berhad since 1989 and its various subsidiaries.

Shareholdings in the Company:	Direct:	None
	Indirect:	None

Family relationship with Directors/major shareholder: None

He has no conflict of interest with the Company and has never been convicted of any offence in the past 10 years.

(iii) **Tuan Haji Iskhak bin Bardan**
Non-Independent Non-Executive Director, 57 years of age, Malaysian.

Tuan Haji Iskhak bin Bardan graduated from University of Malaya with a Bachelor in Busineess Administration. He has vast management experience from various resposibilities within PKNP for the past 29 years.

Shareholdings in the Company:	Direct:	10,000
	Indirect:	None

Family relationship with Directors/major shareholder: None

He has no conflict of interest with the Company and has never been convicted of any offence in the past 10 years.

2. DETAILS OF GENERAL MEETING TO BE HELD

The Twelfth Annual General Meeting of the Company shall be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Tuesday, 27 May 2003, at 12.00 noon.

3. DETAILS OF BOARD MEETINGS HELD

A total of eight (8) Board of Directors Meetings were held during the financial year ended 31 December 2002. All meetings were held at Bilik Gerakan, 8th Floor, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan.

4. ATTENDANCE OF DIRECTORS AS AT 5 MAY 2003 AT BOARD MEETINGS HELD IN THE FINANCIAL YEAR 2002

		Date of Appointment	*Attendance*
(i)	Dato' Ir Haji Harun bin Ahmad Saruji	19 February 1997	8/8
(ii)	Encik Kamaldeen bin Abdul Kader	03 May 1994	7/8
(iii)	Tuan Haji Iskhak bin Bardan	14 July 1998	7/8
(iv)	Dr Nawawi bin Mat Awin	20 December 2001	8/8
(v)	Dato' Haji Mohd Zaim bin Haji Abu Hasan	20 December 2001	7/8
(vi)	Dato' Azian bin Osman	20 December 2001	7/8
(vii)	Cik Noor Asmah bt. Mohd Nawawi	20 December 2001	7/8

Board of Directors

as at 5 May 2003

Dato' Ir Haji Harun bin Ahmad Saruji

Encik Kamaldeen bin Abdul Kader

Tuan Haji Iskhak bin Bardan

Dr Nawawi bin Mat Awin

Dato' Haji Mohd Zaim bin Haji Abu Hasan

Dato' Azian bin Osman

Cik Noor Asmah bt. Mohd Nawawi

DATO' IR. HAJI HARUN BIN AHMAD SARUJI

Aged 66, Malaysian

DATO' IR. HAJI HARUN BIN AHMAD SARUJI was appointed to the Board on 19 February 1997. He is a Non-Independent Non-Executive Chairman of the Company. He is a Civil Engineer by profession, has served in Government Departments and Statutory Bodies for more than 35 years. Prior to his appointment as a member of the Board of Directors of Perak Corporation Berhad ("PCB"), he was the Chief Executive of the Perbadanan Kemajuan Negeri Perak ("PKNP"). He is currently a member of the Board of Directors of KUB Malaysia Berhad, a public listed company on the KLSE. He also sits on the Board of a number of subsidiaries of PCB and KUB Malaysia Berhad. He is an Executive Director of PCB Development Sdn Bhd, a wholly owned subsidiary of PCB. He has attended all the eight (8) Board of Directors meetings held during the financial year ended 31 December 2002.

EN. KAMALDEEN BIN ABDUL KADER

Aged 45, Malaysian

EN. KAMALDEEN BIN ABDUL KADER was appointed to the Board on 3 May 1994. He is a Non-Independent Non-Executive Director of the Company. He also serves as a member of Audit Committee and the Nomination Committee. He obtained his professional qualification as an accountant with the accounting firm Hanafiah Raslan and Mohamed and was admitted to the membership of the Malaysian Association of Certified Public Accountants ("MACPA") in March 1989. He joined Permodalan Nasional Berhad ("PNB") in 1989 as a consultant of PNB Corporate Development Sdn Bhd and subsequently worked in the investment division of PNB. He was transferred to the Accounts Department of a subsidiary company of PNB, Amanah Saham Nasional Berhad, in January 2002. He has attended seven (7) out of the eight (8) Board of Directors meetings held during the financial year ended 31 December 2002.

TUAN HAJI ISKHAK BIN BARDAN

Aged 57, Malaysian

TUAN HAJI ISKHAK BIN BARDAN was appointed to the Board on 14 July 1998. He is a Non-Independent Non-Executive Director of the Company. He also serves as a member of the Remuneration Committee. He graduated from University of Malaya with a Bachelor in Business Administration. He has vast management experience from various responsibilities within PKNP for the past 29 years. He has attended seven (7) out of the eight (8) Board of Directors meetings held during the financial year ended 31 December 2002.

DR NAWAWI BIN MAT AWIN

Aged 65, Malaysian

DR NAWAWI BIN MAT AWIN was appointed to the Board on 20 December 2001. He is an Independent Non-Executive Director of the Company. He serves as Chairman of the Audit Committee. He was Chairman and Senior Partner (1974 – 1982; 1985 – 1993) of Coopers and Lybrand (now known as PriceWaterhouseCoopers) Malaysia which he joined in 1966. He also had experience in the banking sector and served in several public and professional bodies, national and international, including as Chairman or President of, *inter alia*, the Asian Productivity Organisation, the National Productivity Council of Malaysia, ASEAN Chambers of Commerce and Industry, the National Chamber of Commerce and Industry of Malaysia, the Malaysian Association of Certified Public Accountants and as a Member of, *inter alia*, the National Economic Consultative Committee, the Panel on Takeovers and Mergers, Parliament and its Public Accounts Committee. He is currently a member of the Board of Directors of MBM Resources Bhd and Rubberex Corporation (M) Bhd, both public listed companies on the KLSE. He has attended all the eight (8) Board of Directors meetings held during the financial year ended 31 December 2002.

DATO' HJ. MOHD ZAIM BIN HJ. ABU HASAN

Aged 52, Malaysian

DATO' HJ. MOHD ZAIM BIN HJ. ABU HASAN was appointed to the Board on 20 December 2001. He is an Independent Non-Executive Director of the Company. He is also Chairman of the Remuneration Committee, a member of Audit Committee and Nomination Committee. He obtained his Bachelor of Arts (Hons) from Universiti Kebangsaan Malaysia in 1979, Diploma in Public Administration from Institute Tadbiran Negara in 1982 and Certificate in Islamic Studies from University of Technology Malaysia in 2001. He served the Perak State Government for 15 years from 1979. He was elected as the State Assemblyman for the Belanja constituency and also as a member of the Perak State Executive Council from 1995 – 1999. Currently, he is Chairman of Yayasan Pembangunan Rakyat Miskin Perak. He has attended seven (7) out of the eight (8) Board of Directors meetings held during the financial year ended 31 December 2002.

DATO' AZIAN BIN OSMAN

Aged 44, Malaysian

DATO' AZIAN BIN OSMAN was appointed to the Board on 20 December 2001. He is a Non-Independent Non-Executive Director of the Company. He has been practising as an Advocate and Solicitor for more than 16 years and has wide knowledge and experience in the field of corporate, land and banking laws. He holds an LLB from the University of Malaya. Currently, he is a partner of a legal firm in Ipoh, Messrs Faisal, Azian & Co. which is one of the panel lawyers for PKNP. Dato' Azian also sits on the Board of Kinta Kellas Public Limited Company, a public company listed on both KLSE and the London Stock Exchange, and several other private limited companies. He has attended seven (7) out of the eight (8) Board of Directors meetings held during the financial year ended 31 December 2002.

CIK NOOR ASMAH BT. MOHD NAWAWI

Aged 36, Malaysian

CIK NOOR ASMAH BT. MOHD NAWAWI was appointed to the Board on 20 December 2001. She is an Independent Non-Executive Director of the Company. She is also Chairperson of Nomination Committee, a member of Audit Committee and Remuneration Committee. She graduated from International Islamic University, Malaysia with a Degree in Law. Since then, she has been practising as an Advocate and Solicitor for more than 10 years. Currently, she is a partner of a legal firm in Ipoh, Messrs Asmah, Juhaida & Partners. She has attended seven (7) out of the eight (8) Board of Directors meetings held during the financial year ended 31 December 2002.

Other Information
None of the Directors has any family relationship with any Director and/or major shareholder of the Company.

Conflict of Interest
None of the Directors has any conflict of interest with the Company.

Conviction for Offences
None of the Directors has been convicted for any offence within the past ten (10) years.

Management Team

Dato' Samsudin bin Hashim
Group Chief Executive

Jimmy Ng Ah Yee
Group GM Consumer Products

Ibrahim bin Yaacob
Group GM Property Development

Harbhajan Singh Ujagar Singh
Group GM Corporate Finance

Sharifah Hanizah bt. Syed Mustaffa
Group Manager Finance

Hajah Sharifah Nor Hashimah bt. Syed Kamaruddin
Group Assistant GM
Land and Property

Haji Hamsidi bin Haji Shaharah
Group Assistant GM
Business Development

Chairman's Statement

On behalf of the Board of Directors of Perak Corporation Berhad, I am pleased to present the Annual Report and financial statements of the Group and the Company for the financial year ended 31 December 2002.

OVERVIEW

The year 2002 was another very challenging year for the business and investment environment. The uncertainties in the global economy dampened business sentiments which affected various business sectors in Malaysia. The performance of the manufacturing and trading of consumer products and township development segments of the Group were apparently affected by such an operating environment.

FINANCIAL REVIEW

For the financial year ended 31 December 2002, the Group revenue has been fairly consistent with that attained in the year 2001 where the Group registered revenue of RM175.3 million (2001: RM173.2 million). The Group achieved an operating profit before taxation of RM23.4 million (2001: RM28.2 million) and profit after taxation for the Group totalled RM13.2 million (2001: RM21.7 million). The decrease is mainly due to the higher finance costs upon the adoption of MASB 24 – Financial Instruments: Disclosure and Presentation in year 2002 and the gain that was made on the disposal of subsidiaries of RM8.8 million in the previous year. The net tangible assets per share for the Group, as at 31 December 2002 was RM4.20 (2001: RM4.08).

At Company level, revenue for the year 2002 was registered at RM5.6 million resulting in profit before taxation of RM2.2 million as compared to revenue of RM3.9 million in the year 2001, which achieved a profit before taxation of RM2.0 million. Profit after taxation was recorded at RM1.7 million, as against that of RM1.1 million achieved in the year 2001.

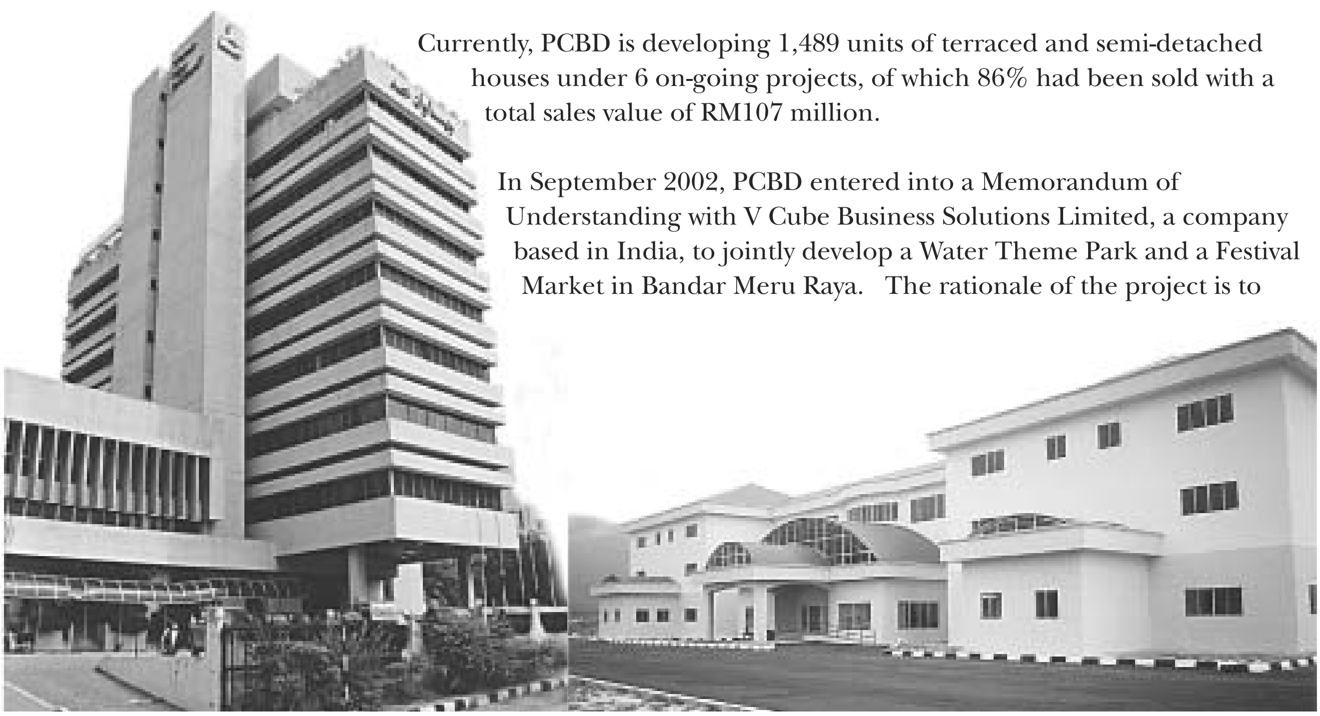
REVIEW OF OPERATIONS

Township Development

The Group via its wholly owned subsidiary, PCB Development Sdn Bhd ("PCBD") is developing a self-contained 1080-acre suburban development project known as Bandar Meru Raya, in the vicinity of Ipoh city, Perak, spanning a period of over ten years and a projected population of 60,000 people.

Currently, PCBD is developing 1,489 units of terraced and semi-detached houses under 6 on-going projects, of which 86% had been sold with a total sales value of RM107 million.

In September 2002, PCBD entered into a Memorandum of Understanding with V Cube Business Solutions Limited, a company based in India, to jointly develop a Water Theme Park and a Festival Market in Bandar Meru Raya. The rationale of the project is to



create recreational facilities as one of the important components of the township. The focus shall be to maximise and capitalise on the utilisation of the existing natural water bodies, landscapes and geographical features. This in turn shall contribute towards the overall enhancement of the township. Also in the pipeline is the proposed settting up of various government agencies such as a mini Kementerian Dalam Negeri ("KDN") with a total project cost of RM42 million, the Perak Football Association stadium and the interstate bus terminal.

The Company has been allocated about 465 acres of land ("the land") in the Mukim Ulu Bernam, Perak, adjacent to the Proton City at Tanjung Malim/ Bernam in consideration of the relocation of "Perladangan Haiwan Behrang Ulu" from Behrang to Lenggong and Pondok Tanjung, Perak. Development potential for the land in the near future is tremendous with its close proximity to the second Proton plant and Universiti Pendidikan Sultan Idris, which shall create a stimulus for a new growth centre.

Despite the slow economic growth of the property development sector, this segment contributed to the Group's revenue by achieving RM16.7 million (2001: RM29.2 million) with profit before taxation totaling RM2.5 million (2001: RM5.58 million) in the current financial year. This was generated mainly from sales of land with main infrastructure and sale of its medium cost residential units.

Manufacturing and Consumer Products

The Group's involvement in this segment is via its wholly owned subsidiary, Anakku Holdings Sdn. Bhd. ("AHSB") and its subsidiaries. Business environment in the retail industry continued to remain very competitive and soft. Nevertheless, revenue contribution from this segment to the Group in the current financial year amounted to RM104.9 million (2001: RM103.8 million) with profit before taxation of RM4.2 million (2001: RM6.5 million). Profit margin has eroded due to aggressive promotional and pricing discounts.

As disclosed under notes 36(e) and 37(a) of the Financial Statements, disposal of AHSB to Audrey International (M) Berhad ("AIMB") has been approved by the shareholders at an Extraordinary General Meeting held on 27 November 2002 and was completed on 11 February 2003. Hereafter, profit contribution from this segment should be from the enlarged AIMB Group.

Hospitality and Tourism

The Group's interest in the hospitality industry is through the hotel operations under Cash Hotel Sdn. Bhd. ("CHSB"). Although it is not trading under the "Parkroyal" name anymore, The Casuarina Hotel, Ipoh, as it is now known, is still "the hotel" in Ipoh as far as food and services are concerned, and has been enjoying good occupancy with above average room rates. Upon the discontinuance of the management of the Southern Pacific Hotels with the "Parkroyal" brand, there shall be an estimated annual saving of RM0.8 million.

Despite the uncertainties clouding the tourism industry, this segment managed to achieve a revenue of RM18.2 million (2001: RM16.5 million) and profit before taxation of RM1.2 million (2001: RM0.1 million).

CHSB has entered into an agreement with Badan Perhubungan UMNO Negeri Perak to dispose of part of CHSB's land next to the hotel, together with a building to be constructed for a total consideration of RM9.7 million. The construction is scheduled for completion in the third quarter of 2003.

Infrastructure

The Group's contributor in this segment is via its subsidiary, Lumut Maritime Terminal Sdn. Bhd. ("LMT"), which is actively involved in the following: -

i) ***LMT Terminal***

The Port and Industrial Park are both situated 3 km from the town of Sitiawan and the Port is strategically located at the sheltered approaches and anchorage in the Dinding Rivers (Perak) directly off the Straits of Malacca.

The total quay length for main port operations is 500 metres with the completion of the berth extension during the financial year 2002. Tonnage throughput stood at 1.9 million metric tonnes ("MT") and the number of vessel/ barge calls for the year was 357, an increase of 57% and 23% respectively from the previous year.

Contributions in terms of revenue and profit before taxation ("PBT") for 2002 were RM13.9 million and RM4.6 million (2001: RM9.8 million and RM3.3 million) respectively, an increase of 42% and 38%.

The increase in berth capacity and planned equipment update shall enable the port to handle up to 3.5 million MT of cargo per annum and accommodate ships of up to 45,000 dead weight tonnes ("DWT").

ii) ***LBT Operations and Maintenance***

LMT is the appointed operator and manager for 15 years of the Lekir Bulk Terminal ("LBT") which commenced operation in the third quarter of 2002. Total throughput stood at 1.0 million MT and number of vessel calls was 14 Panamax/ Capemax vessels. The throughput level of LBT terminal depends primarily on the operational schedule of the TNB Janamanjung Sdn. Bhd. ("TNBJ"), a RM6.0 billion, 100 MW coal-fired power plant. The throughput capacity of the terminal is estimated to be over 10 million MT per annum, with the emergence of third party users in the future.

The scheduled operation of the TNBJ power plant in 2003 shall result in the discharge of 4 to 5 million MT of coal for the year.

Contributions in revenue and PBT for 2002 were RM11.0 million and RM6.7 million (2001: RM0.5 million and RM0.4 million) respectively, an increase of more than 100%.

iii) ***Lumut Port Container Line ("LPCL") Container Feeder Services***

LMT through LPCL is currently operating an integrated Container Feed Services to provide users a better alternative by land to/from the port by sea to/from and transhipment at Port Klang. This is a dedicated container feeder service to and from Port Klang with two fixed-day sailings each week. LPCL provides Total Packaging Services to and from clients doorstep to final destination.

2002 is the first full year of operation for this unit, whereby inducement of client to utilise the service is on-going. However, given the long gestation period, the service is operating at a loss. Returns are expected to improve in the future.


CORPORATE REVIEW

In January 2002, the Company began negotiations to dispose off its entire interest in the issued and paid up share capital of Anakku Holdings Sdn. Bhd. to Audrey International (M) Berhad ("AIMB") for RM50 million as the Group intended to pursue infrastructure related services, township development & services, hospitality related services and management services as its core businesses.

The part cash and part shares consideration would provide working capital to the PCB Group and at the same time, it would able to equity account the profits of the enlarged AIMB Group as an associated company of PCB. The disposal was completed on 11 February 2003, and the Company's shareholding in AIMB currently stands at 22.43%.

The Company is presently enroute to a transfer to the Main Board of the Kuala Lumpur Stock Exchange ("KLSE"). On 27 November 2002, it proposed a private placement of 10 million shares and a bonus issue of one new share for four existing shares. The applications to the Securities Commissions ("SC") and Foreign Investment Committee ("FIC") in respect of the Proposed Private Placement were made on 17 December 2002. Approvals from both SC and FIC were received in March 2003.

A circular is enclosed together with this Annual Report for approval by shareholders.

FUTURE PROSPECTS

As we progress into 2003, the global economic outlook is still filled with uncertainties, making it another challenging year for business in general. With local liquidity being ample and inflation risk being low, interest rates are likely to remain low and real GDP is expected to grow at a moderate pace. With the required preparedness, sound and prudent business decisions and strategies together with cost cutting measures, in the ordinary course of business, the Group shall strive to at least maintain the financial performance of the year 2002 in the year 2003.

DIVIDEND

The Board of Directors of the Company is pleased to recommend as in the previous year, a first and final dividend of 2 sen per share less 28 % taxation, for approval at the forthcoming Annual General Meeting.

The recommended dividend upon approval by shareholders in the forthcoming Annual General Meeting shall be paid on 17 July 2003.

APPRECIATION

Our continued strong performance has been made possible with the full dedication, loyalty and commitment of my fellow Directors, management, staff, together with the unwavering support from our clients, customers, suppliers and business associates, bankers, various government authorities and shareholders.

Finally, on behalf of the Board of Directors, I wish to express our gratitude to Dato' Abd Wahab bin Maskan and his alternate, Tuan Hj. Megat Dziauddin bin Megat Mahmud, for their contributions as members of the Board.

Dato' Ir Haji Harun bin Ahmad Saruji
Chairman

5 May 2003

Penyata Pengerusi

Bagi pihak Lembaga Pengarah Perak Corporation Berhad, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Disember 2002.

TINJAUAN KESELURUHAN

Tahun 2002 memberi suasana perdagangan dan pelaburan yang bercabaran hebat. Ketidakpastian harapan bagi ekonomi global kekal menjurus kepada kelembapan sentimen perdagangan dan bertindak melemahkan pelbagai sektor perniagaan di Malaysia. Berhadapan dengan suasana kelembapan sedemikian, pertumbuhan dalam segmen pembuatan serta perniagaan barangan pengguna dan pembangunan hartanah dalam Kumpulan turut terjejas.

TINJAUAN SEMULA KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2002, Kumpulan mencatat perolehan konsisten dengan tahun 2001, iaitu sebanyak RM175.3 juta (2001: RM173.2 juta). Kumpulan mencapai keuntungan pracukai sebanyak RM23.4 juta (2001: RM28.2 juta) dan keuntungan selepas cukai bagi Kumpulan berjumlah RM13.2 juta (2001: RM21.7 juta). Penurunan ini terutamanya berlaku daripada peningkatan kos kewangan akibat pemakaian "MASB 24 – Financial Instruments: Disclosure and Presentation" dalam tahun 2002 dan juga daripada keuntungan RM8.8 juta diperolehi daripada pelupusan syarikat anak pada tahun sebelum. Aset Ketara Bersih sesaham bagi Kumpulan untuk tahun kewangan berakhir pada 31 Disember 2002 adalah RM4.20 (2001: RM4.08).

Pada peringkat Syarikat, perolehan tahun 2002 sebanyak RM5.6 juta menghasilkan keuntungan pracukai sebanyak RM2.2 juta berbanding dengan RM3.9 juta untuk tahun 2001 yang menghasilkan keuntungan pracukai sebanyak RM2.0 juta. Keuntungan selepas cukai dicatat adalah sebanyak RM1.7 juta berbanding RM1.1 juta di tahun 2001.

TINJAUAN SEMULA AKTIVITI-AKTIVITI

Pembangunan Hartanah

Kumpulan melalui syarikat anak milik penuh PCB Development Sdn Bhd ("PCBD") sedang membangunkan sebuah projek bandar baru serba lengkap atas tanah 1,080 ekar yang dikenali sebagai Bandar Meru Raya di persisiran Bandaraya Ipoh untuk tempoh perancangan sepuluh tahun dan dijangkakan berpenduduk seramai 60,000 orang.

PCBD dalam perlaksanaan membangunkan 1,489 unit rumah teres dan berkembar, keseluruhan daripada 6 projek di mana 86% telah dijual dengan jumlah hasil jualan sebanyak RM107 juta.

Pada September 2002, PCBD menandatangani Memorandum Persefahaman dengan V Cube Business Solution Limited, yang berpusat di India, untuk pembangunan bersama Taman Tema Air dan Pasar Budaya di Bandar Meru Raya. Rasional projek ini ialah pembinaan kemudahan rekreasi yang merupakan komponen penting dalam pembangunan Bandar Meru Raya. Pembangunan akan berfokus kepada kepenggunaan sepenuhnya ciri-ciri semulajadi yang sedia ada, iaitu air, landskap dan persekitaran geografi. Oleh itu, pembangunan ini akan menyumbang kepada perkembangan keseluruhan bandar baru itu. Di dalam perancangan BMR juga ialah cadangan pembinaan Jabatan-Jabatan Kerajaan seperti Mini Kementerian Dalam Negeri ("KDN") dengan jumlah kos projek RM42 juta, sebuah stadium untuk Persatuan Bolasepak Perak dan sebuah Terminal Bas.

Syarikat diberi peruntukan 465 ekar tanah di Mukim Ulu Bernam, Perak, di sebelah Bandaraya Proton di Tanjung Malim/Bernam, sebagai ganjaran atas penempatan semula Perladangan Haiwan Behrang Ulu dari Behrang ke Lenggong dan Pondok Tanjung, Perak. Tapak itu mempunyai potensi pembangunan yang tinggi kerana lokasinya yang bersebelahan dengan kilang Proton kedua dan Universiti Pendidikan Sultan Idris akan mewujudkan rangsangan untuk satu pusat perkembangan baru.

Di sebalik kelembapan ekonomi di sektor pembangunan hartanah, segmen ini menyumbang perolehan kepada Kumpulan dengan mencapai RM16.7 juta (2001: RM29.2 juta) dengan keuntungan pracukai berjumlah RM2.5 juta (2001: RM5.58 juta) pada tahun kewangan semasa. Keuntungan ini terjana dari penjualan hartanah yang berinfrastruktur dan jualan unit perumahan kos sederhana.

Perkilangan dan Barangan Pengguna

Pembabitan Kumpulan dalam segmen ini ialah melalui syarikat anak milik penuh Anakku Holdings Sdn Bhd ("AHSB") dan syarikat-syarikat anaknya. Suasana urusniaga dalam industri peruncitan terus dalam persaingan kuat dan pasaran yang lembab. Walau bagaimanapun, sumbangan perolehan segmen ini kepada Kumpulan dalam tahun kewangan semasa meningkat ke RM104.9 juta (2001: RM103.8 juta) dengan keuntungan pracukai RM4.2 juta (2001: RM6.5 juta). Margin keuntungan telah mengecut akibat langkah-langkah pemasaran yang agresif dan pemotongan harga.

Seperti diperincikan dalam nota 36(e) dan 37(a) Penyata Kewangan, pelupusan AHSB kepada Audrey International (M) Berhad ("AIMB") telah mendapat persetujuan pemegang-pemegang saham dalam Mesyuarat Agung Luar Biasa yang diadakan pada 27 November 2002 dan disempurnakan pada 11 Februari 2003. Seterusnya sumbangan perolehan dari segmen ini adalah daripada perluasan Kumpulan AIMB.

PERHOTELAN DAN PELANCONGAN

Kepentingan Kumpulan dalam segmen ini adalah melalui urusniaga perhotelan di bawah Cash Hotel Sdn Bhd ("CHSB"). Walaupun tidak lagi diurus niaga atas nama 'Parkroyal', Hotel Casuarina, Ipoh, nama yang dikenali sekarang, masih unggul di Ipoh dari segi pemakanan dan perkhidmatan, dan mengalami kadar penginapan lebih daripada kadar purata. Dengan penamatan perkhidmatan pengurusan Southern Pacific Hotels dengan jenama 'Parkroyal', penjimatan yang diperolehi dijangka RM0.8 juta.

Di samping ketidaktentuan pasaran bagi industri ini, segmen ini dapat mencapai perolehan sebanyak RM18.2 juta (2001: RM16.5 juta) menjurus keuntungan pracukai sebanyak RM1.2 juta (2001: RM0.1 juta).

CHSB menandatatangani perjanjian dengan Badan Perhubungan UMNO Negeri Perak untuk melupuskan tapak bersebelahan hotel berserta pembinaan sebuah bangunan bernilai RM9.7 juta yang dijangka siap pada suku ketiga tahun 2003.

INFRASTRUKTUR

Sumbangan Kumpulan dalam segmen ini ialah melalui syarikat anak, Lumut Maritime Terminal Sdn. Bhd. ("LMT") yang aktif dalam aktiviti berikut:

i. Terminal LMT

Pelabuhan dan Taman Perindustrian terletak 3 km dari Sitiawan. Lokasi Pelabuhan sangat strategik di kawasan lintasan tuju dan bagan yang terlindung di tepi Sungai Dinding (Perak) sejurus keluar ke Selat Melaka.

Dermaga untuk operasi pelabuhan utama ialah sepanjang 500 meter, iaitu setelah pemanjangan pelabuhan disiapkan dalam tahun kewangan 2002. Pengendalian tanan tercatat 1.9 juta tan metrik ("MT") dan bilangan kapal/baj yang melawat setahun ialah 357, satu peningkatan 57% dan 23% masing-masing berbanding tahun sebelumnya.

Sumbangan perolehan dan keuntungan pracukai ("PBT") dalam 2002 ialah sebanyak RM13.9 juta dan RM4.6 juta (2001: RM9.8 juta dan RM3.3 juta) masing-masing, satu peningkatan 42% dan 38%.

Pembesaran dermaga yang dilengkapi dengan peralatan terkini membolehkan pelabuhan mengendali 3.5 juta MT kargo setahun dan pengendalian kapal sehingga 45,000 'dead weight tonnes' ("DWT").

ii. ***LBT: Operasi dan Penyelenggaraan***

LMT telah dilantik bagi tempoh selama 15 tahun untuk mengusahakan dan mengurus Lekir Bulk Terminal ("LBT") yang baru memulakan operasi pada suku ketiga tahun 2002. Jummlah pengendalian yang dicatat ialah 1.0 juta MT dan bilangan pergerakan kapal ialah 14 Panamax/Capemax. Paras pengendalian terminal LBT bergantung pada utamanya atas jadual operasi TNB Janamanjung Sdn Bhd ("TNBJ"), sebuah loji janakuasa arang batu (100 MW)bernilai RM6.0 bilion. Keupayaan pengendalian terminal ini dijangka lebih 10 juta MT setahun dengan penyertaan pihak lain di masa hadapan.

Dalam tahun 2003, jadual operasi loji janakuasa TNBJ dijangka memerlukan 4 hingga 5 juta MT arang batu.

Sumbangan kepada perolehan dan PBT bagi tahun 2002 adalah RM11.0 juta dan RM6.7 juta (2001: RM0.5 juta dan RM0.4 juta) masing-masing, satu peningkatan melebihi 100%.

iii. ***Lumut Port Container Line ("LPCL") Perkhidmatan Pengangkutan Kontena***

LMT melalui LPCL menjalankan perkhidmatan pengangkutan kontena yang bersepadu. Perkhidmatan ini memberi alternatif kepada pengguna sama ada perjalanan darat ke/dari pelabuhan, perjalanan laut ke/dari dan pemindahan di Pelabuhan Kelang. Khidmat pengangkutan kontena ini adalah satu perjalan terus pergi dan balik dari Pelabuhan Kelang dengan pelayaran tetap 2 hari seminggu. LPCL juga menyediakan khidmat pembungkusan lengkap dari tempat pelanggan ke destinasi akhir.

2002 ialah tahun operasi pertama yang genap bagi unit ini di mana promosi menggunakan perkhidmatan ini telah bermula. Oleh kerana usaha ini memerlukan masa untuk mendatangkan hasil, operasi perkhidmatan ini masih dalam kerugian. Namunnya, pulangan pada masa hadapan dijangka lebih baik.

TINJAUAN KORPORAT

Dalam Januari 2002, Syarikat memulakan rundingan melupuskan kesemua modal diterbit dan berbayar dalam Anakku Holdings Sdn Bhd ("AHSB") kepada Audrey International (M) Berhad ("AIMB") dengan harga RM50 juta. Cadangan ini sejajar dengan matlamat Syarikat untuk memperkukuhkan segmen berkaitan dengan perkihidmatan infrastruktur, pembangunan bandar baru, perkhidmatan perhotelan berserta pelancongan dan perkhidmatan pengurusan sebagai perniagaan teras utama.

Perolehan dalam bentuk tunai dan saham akan digunakan sebagai modal kerja untuk Kumpulan PCB. Sehubungan itu, Kumpulan berkepentingan terhadap keuntungan ekuiti dari perluasan Kumpulan AIMB, sebagai rakan perniagaan PCB. Pelupusan disempurnakan pada 11 Februari 2003, di mana kepentingan ekuiti AIMB dalam Syarikat adalah 22.43%.

Kini, Syarikat dalam usaha pemindahan Penyenaraian ke Papan Utama Bursa Saham Kuala Lumpur ("BSKL"). Pada 27 November 2002, Syarikat mengemukakan cadangan kepada BSKL untuk transaksi Penempatan Persendirian sebanyak 10 juta Syer Biasa dan terbitan Syer Bonus berasaskan satu syer biasa baru bagi setiap empat Syer Biasa sedia ada. Permohonan kepada Suruhanjaya Sekuriti ("SC") dan Jawatankuasa Pelaburan Asing ("FIC") dikemukakan pada 17 Disember 2002. Manakala kelulusan daripada SC dan FIC diperolehi pada Mac 2003.

Pekeliling berkaitan diedarkan bersama Laporan Tahunan untuk kelulusan pemegang-pemegang saham.

PROSPEK MASA HADAPAN

Menjelang 2003, dengan situasi ekonomi global yang kekurangan keyakinan menyumbang kepada suasana perdagangan yang mencabar. Ekonomi Malaysia yang kekurangan kecairan dan tahap inflasi berserta kadar faedah yang rendah dijangka menghasilkan pertumbuhan Keluaran Dalam Negara Kasar ("KDNK") pada tahap sederhana.

Walau bagaimanapun, dengan persediaan rapi serta langkah-langkah dan tindakan yang bijak dalam mencapai keputusan perniagaan demi mengatur strategi berserta langkah-langkah pengurangan kos di dalam semua aspek, kami berkeyakinan akan mengekalkan pencapaian prestasi kewangan bagi tahun 2003 seperti tahun 2002 atau sebaik darinya.

DIVIDEN

Lembaga Pengarah dengan sukacitanya mengisytiharkan, seperti pada tahun sebelumnya, dividen pertama dan akhir sebanyak 2 sen setiap saham ditolak 28% cukai dan akan dibayar pada 17 Julai 2003 tertakluk kepada kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan.

PENGHARGAAN

Pencapaian keputusan yang berterusan meningkat berasaskan kepada usaha yang dedikasi, kesetiaan dan komitmen daripada rakan-rakan Lembaga Pengarah, Pengurusan, warga kerja dan sokongan padu daripada pelanggan, pembekal, rakan niaga, ahli-ahli perbankan, penguatkuasa kerajaan dan pemegang-pemegang saham.

Akhir sekali, bagi pihak Lembaga Pengarah, kami merakamkan ucapan terima kasih yang tidak terhingga kepada Dato' Abd Wahab bin Maskan dan gantiannya, Tuan Hj. Megat Dziauddin bin Megat Mahmud, atas sumbangan mereka sebagai ahli Lembaga Pengarah.

Dato' Ir Haji Harun bin Ahmad Saruji
Pengerusi

5 Mei 2003

Statement On Corporate Governance

The Board welcomes the Malaysian Code on Corporate Governance (the "Code") as it sets out principles (Part 1) and best practices (Part 2) on structures and processes the Group may use in their operations towards achieving the optimal framework in the discharge of its responsibilities to protect and enhance shareholders value and the financial performance of the Group.

The Principles and Best Practices of the Code published in October 2000, were incorporated into the revamped Listing Requirements of the Kuala Lumpur Stock Exchange with effect from 1 June 2001. 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 these Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

SECTION 1: DIRECTORS

Composition of the Board

The Board has seven members as at the date of the Annual Report, all of whom are non-executive directors. Of this, three are independent and the rest are non-independent. No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the nominees of each of the Company's major shareholders.

Dato' Ir. Haji Harun bin Ahmad Saruji is the Chairman of the Board while Dato' Samsudin bin Hashim, who is a non-board member, leads the management team. There is a clear division of responsibility between these two roles and between the non-executive board members and the executive non-board management team to ensure a balance of power and authority.

The Company considers that its complement of non-executive directors provide an effective Board with a mix of industry-specific knowledge and business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that the Company maintains the highest standard of conduct and integrity. The profile of the Board members are set out on pages 12 and 13.

More than one-third of the Board are independent directors since the Company recognises the contribution of independent directors as equal Board members in the development of the Company's strategy, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. All independent directors are independent of management and free from any relationship that could interfere with their independent judgement. The appointment of Dr. Nawawi bin Mat Awin as the senior independent non-executive director has been made based on his vast business experience and to whom concerns by other independent directors may be conveyed.

Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and interim results, material acquisitions and disposals, as well as material agreements are reserved for the Board.

The Board has five regularly scheduled meetings annually, with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. In 2002, the Board held meetings on the following dates: 26 January, 26 February, 6 May, 22 May, 26 June, 28 August, 27 November, 11 December. At each scheduled meeting, there is a full financial and business review and discussion, including trading and financial performance to date against annual budget and financial plan previously approved by the Board for that year. The details of meeting attendance of each individual director are set out on page 10.

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out on pages 31 to 34), a Nomination Committee and Remuneration Committee.

The Board has also set up a Financial, Administrative and Secretarial Executive Committee ("FASC") to assist the Board to evaluate major operating issues which arise out of the ordinary course of business. The FASC also reviews Annual Budgets before they are submitted to the Board and annual salary reviews of the employees of the Company. The FASC comprises a non-independent non-executive director, the Group Chief Executive, the Group General Manager, Corporate Finance and headed by the Chairman of the Board.

Supply of Information

Each Board member receives quarterly operating results, including comprehensive review and analysis. Prior to each Board meeting, directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be properly informed before the meeting.

Directors have access to all information within the Company whether as full board or in their individual capacity, in furtherance to their duties. Directors have also direct access and the services of the Company Secretary who is responsible for ensuring that Board procedures are followed.

The Board as a whole determines whether to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Company's expense.

Appointments of the Board and Re-election

The Board has a Nomination Committee, which was established on 20 December 2001. The composition of the Nomination Committee was discussed at its meeting on 22 May 2002. The Nomination Committee had recommended that the terms at reference in respect of the composition of the Nomination Committee be amended to include the requirement that the majority of the members to be independent directors. The Board resolved to revamp the composition of the Nomination Committee at its meeting on 26 June 2002.

The revamped composition of the Nomination Committee comprises three non-executive directors of which two are independent. The members are Encik Kamaldeen bin Abdul Kader, Dato' Mohd Zaim bin Haji Abu Hasan and headed by Cik Noor Asmah bt. Mohd Nawawi. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director.

The Board through the Nomination Committee ensures that it recruits to the Board individuals of sufficient calibre, knowledge and experience to fulfill the duties of a director. There is no formal training programme for directors. However, the Chairman of the Board together with the Group Chief Executive shall give informal briefings to the new directors. All the directors shall and have attended and completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia ("RIIAM"), a training arm of the Kuala Lumpur Stock Exchange ("KLSE").

The directors have direct access to the advice and the services of the Company Secretary, who is responsible for ensuring that all appointments are properly made and all necessary information are obtained from directors, both for the Group's own records and for the purposes of complying with the requirements of the Companies Act 1965, Listing Requirements of the KLSE and other regulatory requirements. Upon appointment, directors are advised of their legal and other obligations as a director of a public listed company.

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to election at the next Annual General Meeting ("AGM") after their appointment. The Articles also provided that at least one-third of the Board is subject to re-election at regular intervals of at least once every three years.

During the financial year, a Nomination Committee meeting was held on 22 May 2002 and attended by all its members.

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Remuneration Committee was established on 20 December 2001. The original composition of the Remuneration Committee was revamped to ensure that the majority of the members to be independent directors following the recommendation of the Nomination Committee at its meeting on 22 May 2002 and subsequently resolved by the Board at its meeting on 26 June 2002. The revamped composition of the Remuneration Committee comprises Cik Noor Asmah bt. Mohd Nawawi, Tuan Haji Iskhak bin Bardan and Dato' Haji Mohd Zaim bin Haji Abu Hasan as Chairman, all of whom are non-executive and two of which are independent. The Committee reviews the annual fees, attendance allowance and other benefits for the directors of the Company, all of whom are non-executive. The ultimate decision of the determination of the level of remuneration shall be the responsibility of the Board as a whole after considering recommendations from the Remuneration Committee with approval from shareholders at the AGM.

During the financial year, a Remuneration Committee meeting was held on 26 February 2002 and attended by all its members.

Directors Remuneration

Range of remuneration and number of non-executive directors for the financial year ended 31 December 2002: -

	All are Non-Executive Directors
Below RM50,000	7* – Fees from Company only
RM50,001 – RM100,000	-
RM100,001 – RM150,000	-
RM150,001 – RM200,000	1 – Fees from Company and salary, bonus and benefits-in-kind from subsidiaries of the Company.

* a director resigned on 4 April 2003.

SECTION 3: SHAREHOLDERS

Investor Relations and Shareholders Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company through the Annual Report, AGM and Extraordinary General Meeting ("EGM"). Announcements and release of financial results on a quarterly basis, and business acquisitions and disposals, provide the shareholders and the investing public with an overview of the Group's performance, operations and directions. Members of the public can obtain the full financial results and the Company's announcements from the KLSE web-site.

In addition, nominees of the Company's major shareholders sit on the Board. This provides a platform for interactions and direct communications between the Board, management and major shareholders. Any queries from other shareholders are communicated through the Company Secretary.

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and annual reports are sent out to shareholders at least 21 days before the date of meeting.

Besides the usual agenda for the AGM, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. The directors and the Group Chief Executive are available to provide responses to questions from the shareholders during these meetings.

For re-election of directors, the Board shall ensure that full information shall be disclosed through the notice of meeting regarding directors who are retiring and who are willing to serve if re-elected.

An explanatory statement to facilitate full understanding and evaluation of the issues involved shall accompany items of special business included in the notice of the meeting.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly reports to KLSE and the annual report to shareholders, the directors have a responsibility to present a fair assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement of Directors' Responsibility In Respect of the Annual Audited Financial Statements pursuant to Section 169 of the Companies Act, 1965 is set out on page 40.

Internal Control

The Board takes responsibility for the Group's internal control system and risk management and for reviewing its adequacy and integrity. The Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard the Group's assets and shareholders' investment as the Group has in place an adequately resourced internal audit department of the Company's ultimate holding corporation together with their external consultants.

The Statement of Internal Control as set out on pages 28 to 30 provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The role of the Audit Committee in relation to the auditors may be found in the report on the Audit Committee set out on pages 31 to 34. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with accounting standards in Malaysia.

Statement of Compliance with the Best Practice of the Code

Saved as disclosed below, the Group has complied with the Principles and Best Practices of the Code:

(a) *The Board and also members of the various committees of the Board have been able to identify business risks and ensure implementation of appropriate measures to manage these risks.* – The Audit Committee members shall assist the Board of Directors to assess and manage internal risk. During the financial year, the Audit Committee has established a structured risk management process to better identify, monitor and manage the business risks affecting the Group with the assistance of the internal audit unit of the Company's ultimate holding corporation together with their external consultants;

(b) *The Board has formal schedule of matters reserved to itself for decision.* – The Board is of the view that this is done through the appointment of various committees, which spell out the authority of the committees. Otherwise, this is achieved informally through the convention that the Board decides on any Group level issues as a whole;

(c) *The individual director is allowed to obtain independent professional advice whenever necessary at the expense of the Company.* – All directors as a group, have access to the advice of the Company Secretary and External Auditors on an as need basis;

(d) *There is formal succession planning within the organisation.* – Middle Management is constantly being informally appraised to assess their capability of taking over the Senior Management positions;

(e) *Remuneration of each member of the Board of Directors is detailed.* – The Directors are of the opinion that there was a necessity to safeguard the physical security of the Directors and members of their family.

Statement On Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

Paragraph 15.27(b) of the Kuala Lumpur Stock Exchange's ("KLSE") Revamped Listing Requirements require directors of listed companies to include a statement in annual reports on the state of the internal control of the listed issuer as a group. The KLSE's Statement of Internal Controls: Guidance for Directors of Public Listed Companies ("the Internal Control Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Statement of Internal Control, which has been prepared in accordance with the Internal Control Guidance.

BOARD RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. Due to the limitations that are inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can provide only reasonable and not absolute assurance against material misstatement or loss. The system of internal control covers, *inter alia*, risk management and financial, organisational, operational and compliance controls.

The Board confirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives, which has been in place during the year and up to the date of approval of the annual report and financial statements. The Board is constantly reviewing this process and accords with the Internal Control Guidance.

RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of the Internal Control Guidance. The terms of reference of the Audit Committee has been extended to assist the Board to assess and manage internal risk. With the assistance of the internal audit department of the ultimate holding corporation their external consultants, a structured risk management framework for the Group has been put in place. The recommended risk framework has been presented to the Audit Committee at its meeting on 23 December 2002 for adoption by the Group, which involves the following:

1. The establishment of a Group Risk Management Committee with the responsibility to identify continuously and communicate to the Audit Committee, which in turn would report to the Board, the critical risks the Group faces, their changes, and the management action plans to manage the risks.

2. The issuance of a Risk Management Policies and Procedures Manual is currently in progress, which would outline the risk management framework for the Group and would offer practical guidance to all employees on risk management issues.

3. Nomination of key management staff in each operating unit to prepare action plans, with implementation time-scales to address any risk and control issues.

4. Regular risk management reporting by the head of operating units to the Group Risk Management Committee.

The above risk management framework when fully implemented will enhance the ability of the Board and management to effectively address critical business risks.

INTERNAL AUDIT

The Group, via the ultimate holding corporation's internal audit unit together with its external consultants provide support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the financial year under review, the Internal Auditors and their external consultants carried out audits of the operating units including subsidiaries based on internal audit plan approved by the Audit Committee. The audit reports were tabled at the Audit Committee meeting, where Audit Committee members reviewed the findings with management. Internal Auditors ensured that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the External Auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

(i) The scope of work of the internal audit unit and its external consultants did not extend to Konsortium LPB Sdn. Bhd. ("KLPB"), an associate of the Company. Principal activities of KLPB are to construct, operate and manage the operation of the privatised project West Coast Highway for a 30-year concession period. Since to date, it has not commence operations. However, a representative of the management of the Company sits as a Board member of KLPB to ensure that implementation shall be carried out in a proper manner and risk assessment shall be undertaken by KLPB.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from key risk management and internal audit, the Group has in place the following key elements of internal controls:

1. Organisational Structure

The Group has in place an organisational structure with clearly defined lines of accountability and delegated authority.

2. Policies and Operating Procedures Manual

There is an Operating Procedures Manual that sets out the policies, procedures and practices covering activities including the following: -

2.1 Financial Authority Limits
The Financial Authority Limits define purchases of goods/ services and capital expenditure for each level of management within the Group.

2.2 Budgeting
Budgets are generated annually at each operating unit. The budgets will then be reviewed by the Finance, Administrative and Secretarial Committee and thereafter presented to the Board for final review and approval.

2.3 Tender Committee
Major purchases of goods and services and contract works are required to be tendered out and submitted to the Board Tender Committee for review and approval.

3. Management Financial Report

Quarterly financial and performance reports are submitted to the Board which includes the monitoring of results against budget, with major variances being explained and management action taken for improvement of results. The new format of the quarterly reporting effective from the third quarter 2002 also saw the inclusion of the Group Statement of Changes in Equity and Group Cash Flow Statement being presented to the Board.

4. Investment Appraisal

Investment proposals covering acquisition of property and long term investments shall be thoroughly appraised by the Board. Post implementation reviews on these investments are conducted and reported to the Board on a regular basis. Likewise, on action taken in respect of disposal of property/long term investments/subsidiaries.

5. Site Visits

During the financial year, the Board and senior management visited certain business sites of the Group and held meetings there. The head of the respective businesses operation provided briefings on the state of affairs of the businesses concerned.

6. Group Financial Management Meeting

Quarterly Group Financial Management Meetings are held to monitor the progress and performance of each business unit and copy of the minutes are circulated to the Group Chief Executive for his information.

CONCLUSION

A number of minor internal control weaknesses were identified during the period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

Management shall strive to undertake continuous measures to strengthen the control environment.

For and on behalf of the Board of
PERAK CORPORATION BERHAD

DATO' IR. HARUN BIN AHMAD SARUJI
Chairman

Report On Audit Committee

COMPOSITION

Chairman:	Meeting attendance in 2002
Dr. Nawawi bin Mat Awin Independent, Non-Executive	6/6
Members:	
1. **En. Kamaldeen Abdul Kader** Non-Independent, Non-Executive	5/6
2. **Dato' Haji Mohd Zaim bin Haji Abu Hasan** Independent, Non-Executive	4/6
3. **Cik Noor Asmah bt. Mohd Nawawi** Independent, Non-Executive	5/6

All members of the Committee have a working familiarity with basic finance and accounting practices, and two of its members i.e. Dr Nawawi bin Mat Awin and En. Kamaldeen bin Abdul Kader are members of Malaysian Association of Certified Public Accountants, a scheduled body approved by the Malaysian Institute of Accountants.

MEETINGS

The Committee meets at least four times annually, or more frequently as circumstances dictate. As part of its duty to foster open communications, the Group Chief Executive, the Group General Manager, Corporate Finance and the Head of Internal Audit of the Company's Ultimate Holding Corporation and a representative of the external auditors (if required) will normally attend the meetings. Other Board members may attend meetings upon invitation by the Committee.

The Committee met 6 times during the financial year for the following purposes:

- To review the financial statements before the quarterly announcements to KLSE.
- To review the year end financial statements together with external auditors' management letter and management's response.
- To discuss with the external auditors, the audit plan and scope for the year, as well as the audit procedures to be utilised.
- To discuss with the internal auditor on its scope of work, adequacy of resources and coordination with the external auditors.
- To review the reports prepared by the internal auditor on the state of internal control of the Group.

In 2002, the Committee held meetings on the following dates: 26 February, 5 April, 22 May, 28 August, 27 November and 23 December. The attendance of the members is as shown above.

During the year, certain Committee members visited the principal project sites of the township development of Bandar Meru Raya Ipoh, the port facilities of Lumut Maritime Terminal Sdn Bhd (LMT) and the deep water bulk terminal and facility known as Lekir Bulk Terminal, which is operated and managed by LMT. The members were briefed on various issues and were updated on the current and future developments.

RESPONSIBILITIES AND DUTIES

Besides the duties stated under the Terms of Reference stated on page 33, the Audit Committee shall:

- Consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- Review the external auditors

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an adequately resourced internal audit function from the Company's ultimate holding corporation's internal audit division, which would outsource any consultant or professional firm if there was a requirement to do so. The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

During the financial year, a briefing was held by the ultimate holding corporation's internal audit division and its external consultants for the key personnel of the Group on the KLSE Listing Requirements, the Malaysian Code on Corporate Governance and the Statements on Internal Control. At the end of the session, each participant was required to fill up a questionnaire. This was to determine the state of affairs of their respective company's principles and best practices of corporate governance compliance and status review. The internal audit division and its external consultants conducted preliminary assessment on the results of the completed questionnaires, responses provided and supporting documents compiled. A confirmation of adequacy and integrity of the holding company and its subsidiaries internal controls for the purpose of preparation of the Group's Statement on Internal Controls are then produced to the internal audit and its external consultants satisfactory level.

With the assistance of the internal audit department of the ultimate holding corporation and their external consultants, a structured risk management framework for the Group has been put in place. The recommended risk management framework has been presented to the Audit Committee at its meeting on 23 December 2002 for adoption by the Group.

In addition, the internal audit activities have been carried out according to the internal audit plan, which has been approved by the Audit Committee. These include carrying out audits of the operating units including subsidiaries. The audit reports were tabled at the Audit Committee Meeting, where Audit Committee members reviewed the findings with management. Internal Auditors ensured that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the External Auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on pages 28 to 30.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their members (who are not alternate directors), comprising at least three (3) members. A majority of the Committee must be independent of senior management and executives and free from any relationship that, in the opinion of the Board, will interfere with the exercise of independent judgement as a committee member. At least one member of the Committee shall be a member of the Malaysian Institute of Accountants.

The term of office and performance of the committee and each of its members shall be reviewed by the Board of Directors at least once every three years.

Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

Vacancy, retirement and resignation

All members, including the Chairman, will hold office only as long as they serve as directors of the Company. If for any reason the membership of the Committee fails to comply with the membership requirements, the Board shall within three (3) months of the event, appoint such number of new member as may be required to fill the vacancy.

Authority

The Audit Committee is authorised by the Board to investigate any activities within its terms of reference. It can seek outside legal or other independent professional assistance if it consider necessary.

The Audit Committee shall in principle have full, free and unrestricted access to any information pertaining to the Company and its Group in carrying out their duties.

Duties

(a) To recommend to the Board the appointment and reappointment of the external auditors, audit fee and any question of their resignation or dismissal.

(b) To discuss with the external auditors before the audit commences, the audit plan, their evaluation of the system of internal control and the audit reports on the financial statements and the assistance given by the Company's officers to the external auditors.

(c) To review the quarterly financial reports and annual financial statements before submission to the Board focusing particularly on :-

- Changes in or implementation of major accounting policy changes;
- Significant and unusual events; and
- Compliance with accounting standards and other legal requirements.

(d) To discuss the outcome of the interim and final audit, and any matters the auditors may wish to discuss ensuring that no management restrictions are being placed on the scope of their examinations.

(e) To review the adequacy of the scope, function and resources and the effectiveness of the internal audit function.

(f) To review the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(g) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(h) To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.

(i) To prepare an Audit Committee Report, for the consideration of the Board at the end of each financial year, for inclusion in the Annual Report of the Company.

(j) To report to the Kuala Lumpur Stock Exchange where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Kuala Lumpur Stock Exchange.

Meetings

The Audit Committee shall meet at least two (2) times a year, although additional meetings may be called at any time at the Chairman's discretion and if requested by any member or internal or external auditors. The Committee may convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary. The Committee may invite any person to be in attendance at each meeting.

A meeting shall be called by notice in writing of not less than seven (7) days or such shorter notice as may be agreed by the members.

The quorum for each meeting shall be two (2) members, the majority of members present must be independent members.

Minutes

Minutes of each meeting shall be kept and distributed to each member of the Committee and the Board. The Chairman shall report on each meeting to the Board. The minutes' book shall be opened to the inspection of any director of the Company. The secretary to the Committee shall be the Company Secretary.

Additional Compliance Information

Material Contracts

There were no material contracts other than in the ordinary course of business entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests.

Impositions of Sanctions/ Penalties

There were no sanctions and/ or penalties imposed on the Company and its subsidiaries, Directors or management by relevant authorities except for a compound of RM150 under Section 141(6) of the Companies Act 1965 which was imposed on the Company by the Companies Commission of Malaysia.

Non-audit fees

Non-audit fees payable to the external auditors by the Group for the financial year are RM NIL (2001: RM33,462).

Recurrent Related Party Transactions ("RRPT") of Revenue Nature

RRPT of revenue nature conducted during the financial year are as follows:

Type of RRPT	Name of Related Party	Relationship with the Company	Actual Value Period: 1/1/02 – 31/12/02 (RM)
Rental of office premises from the Company	Perbadanan Kemajuan Negeri Perak	Ultimate Holding Corporation	2,203,549
Management services provided to the Company	Perbadanan Kemajuan Negeri Perak	Ultimate Holding Corporation	176,000
Project expenditure payable by the Company	Perbadanan Kemajuan Negeri Perak	Ultimate Holding Corporation	1,424,000
Rental and disbursements payable by the Company	Perbadanan Kemajuan Negeri Perak	Ultimate Holding Corporation	402,074
Project management services provided by a subsidiary	Perbadanan Kemajuan Negeri Perak	Ultimate Holding Corporation	68,745
Management services provided to a subsidiary	Halim Rasip Holdings Sdn Bhd ("HRH")	See note 1 below	162,903
Port services provided by a subsidiary	Perak Freight Services Sdn Bhd ("PFS")	See note 2 below	2,536,283
Container haulage services provided to a subsidiary	Perak Haulage Sdn Bhd ("PH")	See note 3 below	475,219
Operations and maintenance services provided by a subsidiary	Lekir Bulk Terminal Sdn Bhd ("LBT")	See note 4 below	8,345,901

Relationship with the Company: -

1. Up to 9 September 2002, HRH held 50% minus one (1) share in Lumut Maritime Terminal Sdn. Bhd. ("LMT"), whereas the remaining equity interest of 50% plus one (1) share is effectively held by the Company. Thereafter, HRH's interest was disposed off to Integrax Berhad ("ITB") (formerly known as Ganz Technologies Berhad), whilst the Company's equity interest in LMT to date remains the same at 50% plus one (1) share.

2. Subsidiary of HRH which holds an effective interest of 59.41% and also an associated company of the Company's ultimate holding corporation which holds 40.59% equity interest.

3. A wholly-owned subsidiary of PFS.

4. Subsidiary of Pelabuhan Lumut Sdn. Bhd. ("PL") which holds 80% of its equity interest, whereas the remaining equity interest of 20% is held by Tuah Utama Sdn. Bhd., an unrelated company to PCB Group and its directors. Up to 9 September 2002, Kuda Sejati Sdn. Bhd. ("KS"), a wholly-owned subsidiary of the Company's ultimate holding corporation, and HRH held 51% and 49% respectively of the issued and paid up capital of PL. Thereafter, both KS and HRH shareholdings were disposed off to ITB. Subsequently, PL became a wholly-owned subsidiary of ITB, and ITB currently holds an effective interest of 80% in LBT.

Summary Of Properties As At 31 December 2002

Location	Approximate Land Area (acres)	Tenure	Description	Date of Acquisition Approx. Age (Buildings) Net Book Value	Existing Use
Lot 6407N (PN 67134) Bandar Ipoh, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	0.73	Leasehold (99 years) expiring year 2081	9-storey office tower	10.1.1997 22 years RM11,082,000	Leased to Perbadanan Kemajuan Negeri Perak (PKNP)
Part of Lot 140407, 15437, 25459, 33004, 52566, 21310, 18202. Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	194.62	Freehold	Agricultural land	31.12.1997 – RM24,923,000	Agriculture (proposed for mixed development)
No. HSD 98757, PT 167585 Negeri Perak, Mukim Ulu Kinta, Dustrict of Kinta, Perak Darul Ridzuan.	5.0	Freehold	3-storey building	1.1.2002 1 year RM2,532,000	Private College
PT 171441 KA92916 Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan (formerly Lot 138945 PN 43395).	5.49*	Leasehold (99 years) expiring year 2100	Hotel	21.1.1985 16 years RM51,739,000	4-star hotel operations
Lot PT 2273, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	27.46	Leasehold (99 years) expiring year 2094	Waterbody	30.9.1995 7 ½ years RM345,000**	Port operations
Lot PT 6973, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	72.54	Leasehold (99 years) expiring year 2094	Wharf, warehouse & office complex building	10.4.1997 7 ½ years RM74,631,000**	Port operations
Lot No. PT 7522, Jalan Perusahaan Satu, Seri Kembangan Light Industrial, Off Jalan College, Seri Kembangan, Selangor Darul Ehsan.	1,300 sq. ft.	Leasehold (40 years) expiring year 2017	Industrial shophouse	31.12.1988 26 years RM102,000	Warehouse

* 39,845 sq ft was for the construction of UMNO building which has been sold to UMNO Perak.
** The net book value is inclusive of extension of building and port structures.

Analysis of Shareholdings As At 15 April 2003

Authorised capital	:	RM500,000,000
Issued and fully paid-up capital	:	RM70,000,000
Class of shares	:	Ordinary shares of RM1.00 each fully paid
Voting rights	:	One vote per RM1.00 share

DISTRIBUTION OF SHAREHOLDERS as at 15 April 2003 (Based on the Record of Depositors)

No. of holders	Holdings	Total shareholdings	%
0	less than 100	0	0.00
1,296	100 - 1,000	1,291,000	1.84
1,352	1,001 - 10,000	4,967,000	7.09
107	10,001 - 100,000	2,545,000	3.64
10	100,001 - 3,499,999	4,106,000	5.87
3	3,500,000 and above	57,091,000	81.56
2,768		70,000,000	100.00

SUBSTANTIAL SHAREHOLDERS (excluding bare trustees) as at 15 April 2003
(Based on the Company's Register of Substantial Shareholders)

		No of shares held			
No.	**Name of holders**	**Direct**	**%**	**Deemed**	**%**
1	Perbadanan Kemajuan Negeri Perak	41,827,000 *1	59.75	206,000*2	0.29
2	Skim Amanah Saham Bumiputera	12,000,000	17.14	-	-
3	Golden Hope Plantations Berhad	4,900,000	7.00	-	-

Note:
**1. 41,215,000 shares held through RC Nominees (Tempatan) Sdn Bhd*
**2. Deemed interest through its wholly owned subsidiaries, Sergap Berkat Sdn Bhd and Cherry Blossom Sdn Bhd*

DIRECTORS' SHAREHOLDINGS as at 15 April 2003
(Based on the Company's Register of Directors' Shareholdings)

		No of shares held			
No.	**Name of holders**	**Direct**	**%**	**Deemed**	**%**
	Dato' Harun bin Ahmad Saruji	9,000	0.01	16,000	0.02
	Tuan Haji Iskhak bin Bardan	10,000	0.01	-	-

30 LARGEST SHAREHOLDERS as at 15 April 2003 (Based on the Record of Depositors)

No.	Name	Number of Shares held	%
1	RC Nominees (Tempatan) Sdn Bhd • Perbadanan Kemajuan Negeri Perak	40,191,000	57.42
2	Amanah Raya Nominees (Tempatan) Sdn Bhd • Skim Amanah Saham Bumiputera	12,000,000	17.14
3	Golden Hope Plantations Berhad	4,900,000	7.00
4	RC Nominees (Tempatan) Sdn Bhd • Perbadanan Kemajuan Negeri Perak	1,024,000	1.46
5	Sisma Holdings Sdn Bhd	786,000	1.12
6	Perbadanan Kemajuan Negeri Perak	612,000	0.87
7	Cartaban Nominees (Asing) Sdn Bhd • Bank Of Tokyo Mitsubishi Luxembourg S.A. For Osterreichische Volksbanken AG	550,000	0.79
8	Fawziah Bt Hussein Sazally	268,000	0.38
9	Cheong Yoke Choy	200,000	0.29
10	Chow Yoke Yee	200,000	0.29
11	Sergap Berkat Sdn Bhd	198,000	0.28
12	KBB Nominees (Tempatan) Sdn Bhd • Exempted ESOS (Prkcrp)	143,000	0.20
13	MIDF Sisma Holdings Sdn Bhd	125,000	0.18
14	Malaysia Nominees (Tempatan) Sendirian Berhad • Pledged Securities Account For Lim Cheong Goh	96,000	0.14
15	Hong Leong Finance Berhad • Pledged Securities Account For Lam Kim Chiap	80,000	0.11
16	Wong Shak On	72,000	0.10
17	Tan Tiong Yeu	67,000	0.10
18	Hong Boon Siong	64,000	0.09
19	Foo Lim Get	60,000	0.09
20	Sin Chee Boon	60,000	0.09
21	Hiong Yee Tian @ Peter Hiong	53,000	0.08
22	Ngeo Kian Boon	52,000	0.07
23	Ismail Mokhtar Bin Mohd Noor	50,000	0.07
24	Soon Kok Chor	50,000	0.07
25	Cha Yuen Ching	48,000	0.07
26	Low Bee Eng	48,000	0.07
27	Ng Kam Weng	44,000	0.06
28	RC Nominees (Tempatan) Sdn Bhd • As Beneficial Owner (Investment A/C1)	43,000	0.06
29	Lim Eang Boon	40,000	0.06
30	Perbadanan Kemajuan Ekonomi Islam Negeri Perak	40,000	0.06
	Total	62,164,000	88.81

Statement Of Directors' Responsibility In Respect Of The Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- Complied with the applicable approved Malaysian accounting standards

- Adopted and consistently applied appropriate accounting policies

- Made judgements and estimates that are prudent and reasonable

The Directors have responsibility for ensuring that the Company and the Group keep accounting records, which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

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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 December 2002.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

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

DIVIDEND

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

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

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

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENTS

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

DIRECTORS

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

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

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 28 to the financial statements or the fixed salary of a full time employee of the Company or its related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than as disclosed in Notes 13, 14, 19 and 33 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

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

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

AUDITORS

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

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

DATO' IR HAJI HARUN BIN AHMAD SARUJI DPMP, AMP

TUAN HAJI ISKHAK BIN BARDAN PMP, KMN

Ipoh
Date: 8 April 2003

Statement By Directors

We, DATO' IR HAJI HARUN BIN AHMAD SARUJI DPMP, AMP and TUAN HAJI ISKHAK BIN BARDAN PMP, KMN, being two of the directors of PERAK CORPORATION BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 48 to 105 give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2002 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

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

DATO' IR HAJI HARUN BIN AHMAD SARUJI DPMP, AMP

TUAN HAJI ISKHAK BIN BARDAN PMP, KMN

Ipoh
Date: 8 April 2003

Statutory Declaration

I, DATO' SAMSUDIN BIN HASHIM DPMP, PMP, AMP, the officer primarily responsible for the financial management of PERAK CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 48 to 105 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed DATO' SAMSUDIN BIN
HASHIM DPMP, PMP, AMP at Ipoh in
the State of Perak Darul Ridzuan
on 8 April 2003

DATO' SAMSUDIN BIN HASHIM DPMP, PMP, AMP

Before me:

Commissioner for Oaths

Auditors' Report

To the Shareholders of PERAK CORPORATION BERHAD

We have audited the financial statements set out on pages 48 to 105. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

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

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

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

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

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

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

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

ARTHUR ANDERSEN & CO.
No. AF 0103
Chartered Accountants

ADRIAN TSEN KENG YAM
No. 1314/5/04 (J)
Partner of the Firm

Ipoh
Date: 8 April 2003

Consolidated Balance Sheet 31 December 2002

	Note	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	**101,885,909**	106,312,916
Land and development expenditure	4	**123,271,699**	131,676,801
Associated company	6	**2,586,262**	2,783,107
Other investments	7	**4,647,500**	4,647,500
Net goodwill arising on consolidation	8	**29,429,619**	31,535,903
Other intangible assets	9	**28,249**	41,143
Sinking fund account	10	**1,768,600**	3,350,483
		263,617,838	280,347,853
CURRENT ASSETS			
Development properties	4	**123,961,340**	87,045,256
Inventories	12	**22,695,881**	17,900,789
Trade receivables	13	**104,340,017**	106,980,225
Other receivables	14	**113,177,827**	114,867,649
Cash and bank balances	15	**17,688,279**	13,890,271
		381,863,344	340,684,190
CURRENT LIABILITIES			
Short term borrowings	16	**111,547,624**	107,569,680
Trade payables	18	**16,292,427**	16,595,669
Other payables	19	**38,598,768**	32,536,351
Taxation		**8,234,464**	6,393,734
		174,673,283	163,095,434
NET CURRENT ASSETS		**207,190,061**	177,588,756
		470,807,899	457,936,609
FINANCED BY:			
Share capital	20	**70,000,000**	70,000,000
Share premium		**190,497,543**	190,497,543
Retained profits		**62,910,411**	56,388,488
Shareholders' equity		**323,407,954**	316,886,031
Minority interests		**62,855,592**	57,200,814
		386,263,546	374,086,845
Redeemable preference shares	21	**73,390,000**	73,390,000
Long term borrowings	23	**7,145,049**	6,545,680
Retirement benefits	24	**269,504**	220,284
Deferred taxation	25	**3,739,800**	3,693,800
Non-current liabilities		**84,544,353**	83,849,764
		470,807,899	457,936,609

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

Consolidated Income Statement **For The Year Ended 31 December 2002**

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

The accompanying notes are an integral part of this statement.

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2002

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

The accompanying notes are an integral part of this statement.

Consolidated Cash Flow Statement For The Year Ended 31 December 2002

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

	2002 RM	2001 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of advances from/(advances to) related companies	**93,084**	(70,000)
Dividends received	**140,672**	203,384
Interest received	**912,847**	949,218
Land and development expenditure	**7,863,951**	17,642,076
Net cash obtained from acquisition of a subsidiary	**-**	64,351
Payments for preliminary expense	**-**	(2,500)
Payments for trademarks	**(13,340)**	(45,326)
Proceeds from disposal of property, plant and equipment	**45,799**	1,943,900
Proceeds from disposal of subsidiaries	**-**	11,610,211
Purchase of port facilities (Note 4)	**(547,687)**	(9,564,869)
Purchase of property, plant and equipment [Note 3(b)]	**(1,979,114)**	(2,969,348)
Net cash generated from investing activities	**6,516,212**	19,761,097
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from ultimate holding corporation	**2,780,751**	1,683,211
Dividend paid	**(1,008,000)**	(1,008,000)
Drawdown of loan and financing facilities	**4,000,000**	-
Interest paid	**(2,284,216)**	(3,085,848)
Net increase/(decrease) in short term borrowings	**1,174,777**	(3,711,876)
Placement of deposits pledged	**(694,236)**	(1,386,545)
Repayment of advances to minority shareholders	**(1,056,815)**	(4,312,656)
Repayment of hire purchase and lease financing	**(603,450)**	(867,754)
Repayment of loan and financing facilities	**(3,303,000)**	(6,817,714)
Repayment to ultimate holding corporation	**(946,145)**	(842,429)
Withdrawal from sinking fund	**1,581,883**	1,520,087
Net cash used in financing activities	**(358,451)**	(18,829,524)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**114,626**	1,670,092
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,896,577**	5,226,485
CASH AND CASH EQUIVALENTS AT END OF YEAR	**7,011,203**	6,896,577
Cash and cash equivalents comprise		
Cash and bank balances	**6,120,378**	5,383,825
Deposits with licensed banks	**11,567,901**	8,506,446
Bank overdrafts	**(6,284,295)**	(3,295,149)
	11,403,984	10,595,122
Deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	**(4,392,781)**	(3,698,545)
	7,011,203	6,896,577

The accompanying notes are an integral part of this statement.

Balance Sheet 31 December 2002

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

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

Income Statement For The Year Ended 31 December 2002

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

The accompanying notes are an integral part of this statement.

Statement Of Changes In Equity For The Year Ended 31 December 2002

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

The accompanying notes are an integral part of this statement.

Cash Flow Statement For The Year Ended 31 December 2002

	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**2,203,065**	1,999,217
Adjustments for:		
Depreciation	**197,323**	181,935
Dividend income	**(1,642,364)**	(1,597,828)
Interest expenses	**787,907**	891,108
Interest income	**(837,692)**	(918,155)
Provision for doubtful debts	**-**	334,182
Operating profit before working capital changes	**708,239**	890,459
Increase in development properties	**(1,816,026)**	(8,749,093)
Decrease in receivables	**514,396**	8,007,319
(Decrease)/increase in payables	**(341,551)**	435,588
Cash (used in)/generated from operations	**(934,942)**	584,273
Taxes paid	**(766,241)**	(567,344)
Net cash (used in)/generated from operating activities	**(1,701,183)**	16,929
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment of advances from/(advances to) related companies	**93,084**	(70,000)
Dividends received	**1,642,364**	1,597,828
Interest received	**9,228**	6,536
Purchase of property, plant and equipment [Note 3(b)]	**(9,869)**	(81,021)
Purchase of shares in a subsidiary	**-**	(2)
Net cash generated from investing activities	**1,734,807**	1,453,341
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from ultimate holding corporation	**2,780,751**	1,683,211
Dividend paid	**(1,008,000)**	(1,008,000)
Interest paid	**(787,907)**	(891,108)
Net decrease in short term borrowings	**(111,223)**	(233,545)
Repayment of hire purchase financing	**(24,155)**	(17,339)
Repayment to ultimate holding corporation	**(946,145)**	(842,429)
Net cash used in financing activities	**(96,679)**	(1,309,210)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(63,055)**	161,060
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**345,100**	184,040
CASH AND CASH EQUIVALENTS AT END OF YEAR	**282,045**	345,100

The accompanying notes are an integral part of this statement.

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

During the financial year, the Group adopted prospectively MASB 24 – Financial Instruments: Disclosure and Presentation whereby the Redeemable Preference Shares ("RPS") [Note 32(b)], are now classified as a financial liability and the preference dividends due and to be declared on the RPS are classified as financial costs. Accordingly, the annual dividend obligation is accrued for in full by reference to each RPS holders' cost of funds obtainable on a 3 or 6 months basis plus 1.25% for the current financial period and the treatment of the total cumulative gross dividends which were previously deferred have been and shall be amortised over the remaining term of the RPS. As at 31 December 2002, the RPS are classified as long term liabilities which were previously shown as part of minority interests.

(b) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Revenue Recognition (Cont'd)

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

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

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

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

(v) **Mobilisation fees**
Mobilisation fees are recognised on receivable basis.

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

(vii) **Proceeds from bus fare collection and provision of charter services**
Proceeds received from bus fare collections and provision of charter services are recognised when services are rendered.

(viii) **Rental income**
Rental income is recognised on a receivable basis.

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

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

(c) Basis of Consolidation

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Basis of Consolidation (Cont'd)

The difference between the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the balance sheet as goodwill or reserve arising on consolidation.

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

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

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

(d) Associated Company

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

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

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

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

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

(e) Goodwill/Reserve Arising on Consolidation

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments in Subsidiaries and Associated Company

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

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

(g) Currency Conversion and Translation

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

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

	2002 RM	**2001 RM**
United States Dollar	**3.80**	3.80

(h) Property, Plant and Equipment and Depreciation

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Land and Development Expenditure

(i) Land held for development

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

(ii) Development of port facilities and properties

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

The principal annual rates of depreciation are:

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

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

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

(iii) Development of tourism projects

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

(j) Development Properties

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories

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

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

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

(l) Deferred Taxation

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

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

(m) Leases

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

Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(h).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Cash and Cash Equivalents

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

(o) Provisions for Liabilities

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

(p) Retirement Benefits

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

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

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

(q) Other Intangible Assets

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

(r) Impairment of Assets

At each balance sheet date, the Group reviews the carrying values of its assets, other than inventories, assets arising from construction contracts and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Impairment of Assets (Cont'd)

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

(s) Financial Instruments

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

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

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and an associated company are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

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

(ii) Marketable Securities

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

(iii) Receivables

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

(iv) Payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Financial Instruments (Cont'd)

(v) Interest-Bearing Borrowings

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

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

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

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

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

(vi) Equity Instruments

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

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

(t) Segmental Information

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

(u) Intersegment Transfers

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

3. PROPERTY, PLANT AND EQUIPMENT

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

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

* LAND AND BUILDINGS

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

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

** OTHER ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

4. LAND AND DEVELOPMENT EXPENDITURE/DEVELOPMENT PROPERTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

5. SUBSIDIARIES

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

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

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

5. SUBSIDIARIES (CONT'D)

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

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

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

6. ASSOCIATED COMPANY

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

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

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

7. OTHER INVESTMENTS

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

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

8. NET GOODWILL ARISING ON CONSOLIDATION

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

9. OTHER INTANGIBLE ASSETS

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

10. SINKING FUND ACCOUNT

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

11. DUE FROM SUBSIDIARIES

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

12. INVENTORIES

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

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

13. TRADE RECEIVABLES

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

13. TRADE RECEIVABLES (CONT'D)

Included in trade receivables are:

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

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

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

The Group's normal trade credit term ranges from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

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

14. OTHER RECEIVABLES

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

14. OTHER RECEIVABLES (CONT'D)

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

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

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

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

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

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

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

15. CASH AND BANK BALANCES

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

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

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

16. SHORT TERM BORROWINGS

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

The short term borrowings of the Group are secured by:

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

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

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

17. HIRE PURCHASE AND LEASE PAYABLES

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

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

18. TRADE PAYABLES

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

19. OTHER PAYABLES

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

Included in sundry payables are:

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

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

20. SHARE CAPITAL

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

21. REDEEMABLE PREFERENCE SHARES

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

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

22. DUE TO A SUBSIDIARY

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

23. LONG TERM BORROWINGS

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

	Group 2002 RM	Group 2001 RM
Maturity of borrowings (excluding hire purchase and lease):		
Within one year	**3,303,000**	3,303,000
Between one and two years	**2,303,000**	3,303,000
Between two and five years	**4,086,000**	2,389,000
	9,692,000	8,995,000

23. LONG TERM BORROWINGS (CONT'D)

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

The term loans are secured by:

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

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

24. RETIREMENT BENEFITS

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

25. DEFERRED TAXATION

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

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

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

26. REVENUE

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

27. COST OF SALES

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

28. PROFIT FROM OPERATIONS

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

	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Amortisation of goodwill arising on consolidation	**2,164,637**	2,227,190	**-**	-
Amortisation of intangible assets	**26,234**	34,012	**-**	-
Auditors' remuneration				
Statutory audit	**133,600**	138,900	**15,000**	15,000
Other services	**-**	33,462	**-**	2,000
Bad debts written off	**-**	81,699	**-**	-
Directors' remuneration*				
Directors of the Company:				
Fees	**160,000**	106,000	**150,000**	96,000
Other emoluments	**146,000**	-	**-**	-
Other directors:				
Fees				
- current year	**68,000**	117,040	**-**	-
- overprovision in prior year	**(6,500)**	-	**-**	-
Other emoluments	**952,412**	1,602,223	**-**	-

28. PROFIT FROM OPERATIONS (CONT'D)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Depreciation**	**5,209,527**	5,964,909	**197,323**	181,935
Development expenditure written off	**12,252**	1,532,588	**-**	-
Impairment loss on project expenditure	**-**	293,299	**-**	-
Intangible assets written off	**-**	2,500	**-**	-
Inventories written down	**80,461**	-	**-**	-
Inventories written off	**100,000**	-	**-**	-
Lease rental	**-**	33,405	**-**	-
Management fees	**12,220**	-	**-**	-
Property, plant and equipment written off	**816,088**	2,198	**-**	-
Provision for doubtful debts	**120,508**	11,939	**-**	334,182
Provision for retirement benefits	**66,155**	81,641	**-**	-
Royalties	**2,336,413**	2,007,351	**-**	-
Rental of port equipment	**3,541,484**	-	**-**	-
Rental of premises	**5,341,484**	5,110,847	**325,160**	125,160
Staff costs	**18,473,487**	17,446,022	**699,072**	692,254
Amortisation of reserve arising on consolidation	**(58,353)**	(58,352)	**-**	-
Gain on foreign exchange - realised	**(7,077)**	-	**-**	-
Provision for doubtful debts written back	**-**	(71,677)	**-**	-
Gain on disposal of property, plant and equipment	**(42,461)**	(1,270,542)	**-**	-
Interest income	**(912,847)**	(949,218)	**(837,692)**	(918,155)
Rental income	**(304,556)**	(24,000)	**-**	-

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

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

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

29. FINANCE COSTS

Included in finance costs are:

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

30. TAXATION

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

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

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

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

31. EARNINGS PER SHARE

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

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

32. DIVIDEND

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

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

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

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with the ultimate holding corporation

		Group		Company	
Name of company	**Nature**	**2002 RM**	**2001 RM**	**2002 RM**	**2001 RM**
Perbadanan Kemajuan Negeri Perak	Advances received	**2,780,751**	1,683,211	**2,780,751**	1,683,211
	Disbursements	**108,716**	87,701	**76,914**	38,467
	Management fee expense	**176,000**	300,000	**176,000**	300,000
	Project expenditure	**1,424,000**	1,505,950	**1,424,000**	1,505,950
	Rental payable	**325,160**	125,160	**325,160**	125,160
	Project income	**(68,745)**	(34,447)	**-**	-
	Rental income	**(2,023,549)**	(2,023,549)	**(2,023,549)**	(2,023,549)
	Repayment of advances	**(946,145)**	(842,429)	**(946,145)**	(842,429)

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transactions with subsidiaries

Name of company	Nature	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Anakku Holdings Sdn. Bhd.	Gross dividend income received	-	-	**(694,444)**	(694,944)
Magni D'Corp Sdn. Bhd.	Gross dividend income received	-	-	**(100,000)**	-
	Management fee income	-	-	**(18,000)**	(18,000)
Premium Meridian Sdn. Bhd.	Advances paid	-	-	**(50,000)**	(9,438,527)
Cash Hotel Sdn. Bhd.	Interest income	-	-	-	(94,702)
PCB Development Sdn. Bhd.	Accounting fees	-	-	**(12,000)**	(12,000)
	Disbursements	-	-	**(31,447)**	(24,215)
	Interest income	-	-	**(250,884)**	(277,615)
	Gross dividend income received	-	-	**(700,000)**	(700,000)
	Management fee income	-	-	**(132,000)**	(280,000)
	Repayment of advances	-	-	**1,665,948**	7,399,394

Transactions with fellow subsidiaries (subsidiaries of the ultimate holding corporation)

Name of company	Nature	Group 2002 RM	Group 2001 RM	Company 2002 RM	Company 2001 RM
Cherry Blossom Sdn. Bhd.	Interest income	**(577,580)**	(530,927)	**(577,580)**	(530,927)
	Advances paid	-	70,000	-	70,000
	Repayment of advances	**(93,084)**	(230,000)	**(93,084)**	-

Transactions with related parties

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

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

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

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

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

Transactions with related parties (cont'd)

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

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

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

		Group		Company	
Name of company	Nature	2002 RM	2001 RM	2002 RM	2001 RM
Perak Freight Services Sdn. Bhd.	Port revenue	**(2,536,283)**	(1,417,794)	-	-
Perak Haulage Sdn. Bhd.	Port services payable	**475,219**	119,603	-	-
Lekir Bulk Terminal Sdn. Bhd.	Port services receivable	**(8,345,901)**	-	-	-
Radical Rancak Sdn. Bhd.	Port services receivable	**(2,096,050)**	-	-	-

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

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

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Account balances with the ultimate holding corporation

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Perbadanan Kemajuan Negeri Perak				
Receivables	**78,813,410**	80,649,954	**78,081,804**	79,894,935
Payables	**(145,063)**	(315,182)	**-**	-

Account balances with subsidiaries

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Receivables:				
Anakku Holdings Sdn. Bhd.	**-**	-	**2,266,639**	2,626,639
PCB Development Sdn. Bhd.	**-**	-	**106,381,588**	108,047,536
Premium Meridian Sdn. Bhd.	**-**	-	**9,488,527**	9,438,527
Taipan Merit Sdn. Bhd.	**-**	-	**94,320,746**	94,284,224
Trans Bid Sdn. Bhd.	**-**	-	**18,860**	17,584
Silveritage Corporation Sdn. Bhd.	**-**	-	**11,517**	11,517
Payables:				
Magni D' Corp Sdn. Bhd.	**-**	-	**(1,283,358)**	(1,381,540)

Account balances with fellow subsidiaries (subsidiaries of the ultimate holding corporation)

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
Receivables:				
Brand Equity Sdn. Bhd.	**2,360,955**	2,330,787	**-**	-
Cherry Blossom Sdn. Bhd.	**8,214,716**	7,730,183	**8,214,716**	7,730,183
Kuda Sejati Sdn. Bhd.	**14,779,784**	14,779,784	**14,779,784**	14,779,784
Perak Industrial Resources Sdn. Bhd.	**16,915,956**	17,573,044	**291,921**	291,921
Payables:				
Cherry Blossom Sdn. Bhd.	**(233,990)**	(233,990)	**-**	-
Maju Bangun Sdn. Bhd.	**-**	(95,000)	**-**	-
Teliti Permai Sdn. Bhd.	**(402,356)**	-	**(402,356)**	-

Account balances with related parties

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

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

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

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

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

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

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

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

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

34. CAPITAL COMMITMENTS

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

35. CONTINGENT LIABILITIES

	Group		Company	
	2002	**2001**	**2002**	**2001**
	RM	**RM**	**RM**	**RM**
(a) Unsecured:				
Guarantees given to banks in respect of facilities granted to subsidiaries	**6,200,963**	5,017,141	**6,200,963**	5,017,141
Secured:				
Performance guarantee given to a third party:				
- on behalf of a subsidiary which was disposed of in previous year*	**260,936**	873,530	**260,936**	873,530
Guarantees given to banks in respect of facilities granted to subsidiaries disposed of in previous year*	**12,324,129**	15,536,783	**1,198,000**	2,702,569
Guarantees given to banks in respect of financial assistance provided by a subsidiary to a third party	**5,000,000**	3,312,000	**-**	-
	23,786,028	24,739,454	**7,659,899**	8,593,240

35. CONTINGENT LIABILITIES (CONT'D)

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

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

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

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

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

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

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

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

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

35. CONTINGENT LIABILITIES (CONT'D)

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

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

36. SIGNIFICANT EVENTS

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

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

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

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

36. SIGNIFICANT EVENTS (CONT'D)

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

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

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

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

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

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

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

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

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

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

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

36. SIGNIFICANT EVENTS (CONT'D)

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

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

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

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

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

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

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

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

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

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

36. SIGNIFICANT EVENTS (CONT'D)

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

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

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

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

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

37. SUBSEQUENT EVENTS

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

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

38. SEGMENTAL INFORMATION

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

The Group is organised into five major business segments:

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

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

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

38. SEGMENTAL INFORMATION (CONT'D)

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

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

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

2002	Manufacturing and consumer products RM	Hotel and tourism RM	Infra-structure RM	Township develop-ment RM	Management services and others RM	Eliminations RM	Consolidated RM
REVENUE AND EXPENSES							
Revenue							
External revenue	104,885,124	18,230,488	31,402,768	16,761,323	3,971,469	-	175,251,172
Inter-segment revenue	-	-	-	1,350	1,644,444	(1,645,794)	-
Total revenue	104,885,124	18,230,488	31,402,768	16,762,673	5,615,913	(1,645,794)	175,251,172
Result							
Segment results	7,881,240	1,780,144	18,734,532	3,441,494	2,871,565	(3,626,017)	31,082,958
Unallocated corporate expenses							-
Profit from operations							31,082,958
Finance costs	(370,007)	(535,090)	(5,119,664)	(963,129)	(787,907)	250,884	(7,524,913)
Share of results of associated companies							(196,846)
Taxation	(3,358,133)	-	(5,494,301)	(780,098)	(543,967)	-	(10,176,499)
Profit after taxation							13,184,700
2001							
REVENUE AND EXPENSES							
Revenue							
External revenue	103,830,079	16,543,323	21,367,525	29,239,529	2,226,933	-	173,207,389
Inter-segment revenue	-	-	-	-	1,692,444	(1,692,444)	-
Total revenue	103,830,079	16,543,323	21,367,525	29,239,529	3,919,377	(1,692,444)	173,207,389
Result							
Segment results	7,635,904	985,073	9,088,767	6,247,224	2,544,165	5,184,909	31,686,042
Unallocated corporate expenses							-
Profit from operations							31,686,042
Finance costs	(1,151,461)	(852,557)	(18,209)	(668,475)	(891,108)	380,692	(3,201,118)
Share of results of associated companies							(237,709)
Taxation	(1,237,074)	-	(3,015,275)	(1,720,100)	(940,440)	364,000	(6,548,889)
Profit after taxation							21,698,326

38. SEGMENTAL INFORMATION (CONT'D)

2002	Manufacturing and consumer products RM	Hotel and tourism RM	Infra-structure RM	Township develop-ment RM	Management services and others RM	Eliminations RM	Consolidated RM
ASSETS AND LIABILITIES							
Segment assets	58,524,169	65,926,355	173,657,756	162,266,941	464,779,770	(282,260,071)	642,894,920
Investment in equity method of associates	-	-	-	-	3,992,793	(1,406,531)	2,586,262
Unallocated corporate assets							-
Consolidated total assets							645,481,182
Segment liabilities	(23,540,767)	(14,439,256)	(85,074,927)	(140,115,435)	(198,178,404)	214,105,417	(247,243,372)
Unallocated corporate liabilities							(74,829,856)
Consolidated total liabilities							322,073,228
OTHER INFORMATION							
Capital expenditure	1,523,703	224,843	277,404	72,295	9,869		2,108,114
Depreciation	2,067,644	1,373,000	1,372,366	199,194	197,323		5,209,527
Amortisation	26,234	(25,289)	-	-	-	2,131,573	2,132,518
Non-cash expenses other than depreciation and amortisation							
- others	1,044,572	107,981	450	-	-	-	1,153,003
2001							
ASSETS AND LIABILITIES							
Segment assets	53,094,592	63,905,293	164,937,244	152,812,120	464,764,517	(281,264,830)	618,248,936
Investment in equity method of associates					3,992,793	(1,209,686)	2,783,107
Unallocated corporate assets							-
Consolidated total assets							621,032,043
Segment liabilities	(20,329,854)	(13,714,248)	(13,546,006)	(133,427,314)	(198,642,991)	216,192,749	(163,467,664)
Unallocated corporate liabilities							(140,678,347)
Consolidated total liabilities							(304,146,011)
OTHER INFORMATION							
Capital expenditure	2,927,457	397,764	9,994,714	116,731	126,021	-	13,562,687
Depreciation	3,046,316	1,436,465	1,144,121	156,072	181,935	-	5,964,909
Amortisation	34,012	(25,289)	-	-	-	2,194,127	2,202,850
Non-cash expenses other than depreciation and amortisation							
- gain on disposal of subsidiaries	(37,432)	-	-	-	-	(8,820,134)	(8,857,566)
- others	(1,231,237)	1,627,534	-	3,710	668,364	(334,182)	734,189

39. CURRENCY

All amounts are stated in Ringgit Malaysia.

40. COMPARATIVE FIGURES

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

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

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

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

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

41. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

(b) Interest Rate Risk

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

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

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

(c) Foreign Exchange Risk

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

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

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

41. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit Risk

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

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

(f) Fair Values

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

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

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

41. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Values (Cont'd)

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

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

*** it is not practical to estimate the fair values of amounts due from/to related corporations, associates and other related parties due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

^ the carrying amount of this financial asset with floating rate approximates the fair value intrinsically.

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

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

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

FORM OF PROXY

PERAK CORPORATION BERHAD
(Incorporated in Malaysia) *(210915-U)*

I/We ____
(FULL NAME IN BLOCK CAPITALS)

of ____
(FULL ADDRESS)

being a member/members of **PERAK CORPORATION BERHAD** , hereby appoint ____________________

____
(FULL NAME IN BLOCK CAPITALS)

of ____
(FULL ADDRESS)

or failing him/her, ____

of ____

as my/our proxy to vote for me/us and on my/our behalf, at the TWELFTH ANNUAL GENERAL MEETING of the Company to be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Tuesday, 27 May 2003 at 12.00 noon or at any adjournment thereof in the manner indicated below:-

NO.	RESOLUTIONS	For	Against
1.	To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2002 together with the Report of the Directors and Auditors thereon. *(Resolution 1)*		
2.	To approve the payment of a first and final dividend of 2 sen per share less income tax for the year ended 31 December 2002. *(Resolution 2)*		
3.	To approve the payment of Directors' fees for the year ended 31 December 2002. *(Resolution 3)*		
4.	To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association: a) Dato' Ir Haji Harun Bin Ahmad Saruji *(Resolution 4)* b) Encik Kamaldeen Bin Abdul Kader *(Resolution 5)* c) Tuan Haji Iskhak Bin Bardan *(Resolution 6)*		
5.	To appoint Messrs Ernst & Young as Auditors of the Company in place of the retiring auditors, Messrs Arthur Andersen & Co to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors. *(Resolution 7)*		
6.	As special business: Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature. *(Resolution 8)*		

(Please indicate with an "X" in the appropriate box above how you wish to cast your vote. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.)

Dated this _____ day of __________ in the year ______.

Number of ordinary shares held

____
Signature/Seal

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Companies Act, 1965 shall not apply.
2. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Share Registrar's Office at Room 305, 3rd Floor, Asia Life Building, 45 Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
6. The registration for the above Meeting will commence on Tuesday, 27 May 2003 at 11.30 a.m.

First Fold

stamp

THE SECRETARY
PERAK CORPORATION BERHAD Co. No. 210915-U
Room 305, 3rd Floor, Asia Life Building,
45 Jalan Tun Sambanthan,
30000 Ipoh,
Perak Darul Ridzuan,
Malaysia.

Second Fold