



MAH SING GROUP BERHAD

(230149 P)
(Incorporated In Malaysia)



Laporan Tahunan

2022

Annual Report

Contents



Cover Rationale

The cover features a panoramic view of part of the 12-acre Central Park of Sri Pulau Perdana, our premier housing development project in Johor Bahru. This image underscores the commitment of the company in developing quality lifestyle homes amidst landscaped surroundings with well-designed parks and recreational facilities.

2	< Notice of Annual General Meeting
6	< Statement Accompanying Notice of Annual General Meeting
7	< Letter of Nomination of Auditors
8	< Mah Sing Group Berhad Financial Highlights
9	< Corporate Information
10	< Profile of Directors
12	< Mah Sing Group Structure
13	< Corporate Governance Statement
18	< Statement of Directors' Responsibility
20	< Audit Committee Report
25	< Statement of Internal Control
28	< Chairman's Statement
34	< Financial Statements
87	< Statistics of Shareholdings
90	< Properties Owned by The Group

Form of Proxy

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungai Besi, 57100 Kuala Lumpur on Monday, 23 June 2003 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2002 together with the Directors' and Auditors' Reports thereon. (Resolution 1)
2. To approve the declaration of a first and final dividend of 1 sen per ordinary share of RM1.00 each less Malaysian Income Tax at 28% in respect of the financial year ended 31 December 2002. (Resolution 2)
3. To approve the Directors' fees for the financial year ended 31 December 2002. (Resolution 3)
4. To re-elect Jen. (R) Tan Sri Yaacob bin Mat Zain, the Director retiring pursuant to Article 102 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Ms Leong Yuet Mei, the Director retiring pursuant to Article 102 of the Company's Articles of Association. (Resolution 5)
6. To re-elect Mr Lim Ching Choy, the Director retiring pursuant to Article 109 of the Company's Articles of Association. (Resolution 6)
7. To re-elect Mr Loh Kok Leong, the Director retiring pursuant to Article 109 of the Company's Articles of Association. (Resolution 7)
8. To appoint Auditors and to authorise the Directors to fix their remuneration.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed on page 7 of this Annual Report has been received by the Company for nomination of Messrs Deloitte KassimChan for appointment as Auditors of the Company and of the intention to propose the following Ordinary Resolution:-

"THAT Messrs Deloitte KassimChan be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs PricewaterhouseCoopers to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors." (Resolution 8)

9. As Special Business:-

To consider and if thought fit, to pass the following resolutions, with or without any modification, as Ordinary Resolutions of the Company:-

Ordinary Resolution No. 1 – Authority To Issue Shares

“THAT subject always to the Companies Act, 1965, and the approval of the regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for listing of and quotation for the additional shares so issued AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

(Resolution 9)

Ordinary Resolution No. 2 - Proposed Renewal Of Shareholders’ Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

“THAT approval be and is hereby given for the renewal of shareholders’ mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties mentioned under Section 2.2 of the Circular to Shareholders dated 30 May 2003 which are necessary in the ordinary course of business of the Company and its subsidiaries for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming AGM at which such Proposed Renewal of Shareholders’ Mandate was passed, at which time it shall lapse, unless by resolution passed at a general meeting whereby the authority is renewed;
- (b) the expiration of the period within the next AGM of the Company subsequent to the date it is required to be held under Section 143(1) of the Companies Act, 1965 (“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 earlier;



AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate".

(Resolution 10)

10. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT the first and final dividend of 1 sen per ordinary share of RM1.00 each less Malaysian Income Tax at 28%, in respect of the financial year ended 31 December 2002, if approved at the Eleventh Annual General Meeting, will be paid on 19 September 2003 to Depositors of ordinary shares registered in the Record of Depositors on 22 August 2003.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 22 August 2003 in respect of ordinary transfers; and
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

Phan Gaik Cher (MIA 4775)
Lee Lay Hong (LS 8444)
Wong Fen Kong (MIA 1057)
Company Secretaries

Kuala Lumpur
30 May 2003

NOTES:

1. A member entitled to attend and vote at the Eleventh Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy or attorney or duly authorised representative may but need not be a member of the Company.

2. The power of attorney or a notarially certified copy thereof or the Form of Proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its seal or under the hand of its officer or its attorney duly authorised on its behalf.
3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The Form of Proxy together with the power of attorney (if any) under which it is signed or a duly notarially certified copy thereof must be deposited at the registered office of the Company at Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungai Besi, 57100 Kuala Lumpur not less than forty eight (48) hours before the time for holding the Meeting or any adjournment thereof.

EXPLANATORY NOTE ON SPECIAL BUSINESS

5. Resolution 9:
The proposed resolution is in relation to authority to allot shares pursuant to Section 132D of the Companies Act, 1965, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.
6. Resolution 10:
The proposed resolution, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. The details of the proposal are set out in the Circular to Shareholders dated 30 May 2003 accompanying the Company's Annual Report for the financial year ended 31 December 2002.



Statement Accompanying Notice of Annual General Meeting

1 Number, date and venue of Board Meetings:

Five Board Meetings were held during the year:

DATE OF MEETING	TIME	VENUE
25 February 2002	11.20 am	Penthouse Suite 1 Wisma Mah Sing No. 163, Jalan Sungai Besi 57100 Kuala Lumpur
22 April 2002	11.30 am	As above
16 May 2002	11.30 am	As above
9 August 2002	11.30 am	As above
25 November 2002	11.30 am	As above

> 6

2 Details of Directors' attendance at Board Meetings are as follows:

NAME OF DIRECTORS	ATTENDANCE
Jen. (R) Tan Sri Yaacob bin Mat Zain	5/5
Dato' Dr. Leong Hoy Kum	5/5
Wahid bin Othman	5/5
Leong Yuet Mei	5/5
Captain (Rtd) Izaham bin Abd. Rani	5/5
Lim Ching Choy (appointed on 1 July 2002)	2/2
Loh Kok Leong (appointed on 23 September 2002)	1/1

3. Details of Directors who are retiring and seeking re-election at the forthcoming 11th Annual General Meeting pursuant to Article 109 of the Company's Article of Association:

Lim Ching Choy) for details of the directors please refer to Profile of Directors on
Loh Kok Leong) Pages 10 and 11 of the Annual Report

4. Details of Directors who are retiring and seeking re-election at the forthcoming Annual General Meeting pursuant to Article 102 of the Company's Articles of Association:

Jen. (R) Tan Sri Yaacob bin Mat Zain) for details of the directors please refer to Profile of Directors on
Leong Yuet Mei) Pages 10 and 11 of the Annual Report

Letter of Nomination of Auditors

Dato' Dr. Leong Hoy Kum
Lot 510, Jalan Senyum Matahari
Country Heights
43000 Kajang
Selangor Darul Ehsan

5 May 2003

The Board of Directors
Mah Sing Group Berhad
(Company No. 230149-P)
Penthouse Suite 1, Wisma Mah Sing
No. 163, Jalan Sungai Besi
57100 Kuala Lumpur

Dear Sirs

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

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of your company and entitled to attend and vote at general meetings, hereby give notice of my intention to nominate Messrs Deloitte KassimChan for appointment as Auditors of your company to replace the retiring auditors, Messrs PricewaterhouseCoopers, at your forthcoming Annual General Meeting and of my intention to move the following motion to be passed as an Ordinary Resolution at your forthcoming Annual General Meeting.

“THAT Messrs Deloitte KassimChan be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs PricewaterhouseCoopers, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.”

Yours faithfully

Dato' Dr. Leong Hoy Kum



Mah Sing Group Berhad Financial Highlights

4-Year Summary

	2002	2001	2000	1999
	RM'000	RM'000	RM'000	RM'000
Revenue	170,603	180,413	132,529	154,648
Profit/(Loss) from ordinary activities before taxation	8,470	5,900	(1,882)	2,346
Net profit attributable to shareholders	5,307	5,098	641	4,480
Total assets	248,834	289,843	276,357	203,288
Total liabilities	155,892	201,402	203,089	131,798
Shareholders' funds	91,014	86,340	73,268	71,490
Paid up share capital	43,978	43,978	43,978	43,978
Dividends pay-out	317	633	-	-
	RM	RM	RM	RM
> 8 Net tangible asset per share	2.07	1.96	1.65	1.59
	sen	sen	sen	sen
Earnings per share	12.1	11.6	1.5	10.2
Gross dividends per share	1.0	2.0	-	-

Corporate Information

BOARD OF DIRECTORS

Jen. (R) Tan Sri Yaacob bin Mat Zain	Chairman	Independent Non-Executive
Dato' Dr. Leong Hoy Kum	Managing Director/Group Chief Executive	Non-independent Executive
Lim Ching Choy	Executive Director	Non-independent Executive
Wahid bin Othman	Executive Director	Non-independent Executive
Leong Yuet Mei	Director	Non-independent Non-Executive
Captain (Rtd) Izaham bin Abd. Rani	Director	Independent Non-Executive
Loh Kok Leong	Director	Independent Non-Executive

AUDIT COMMITTEE

Jen. (R) Tan Sri Yaacob bin Mat Zain	Chairman	Independent Non-Executive
Captain (Rtd) Izaham bin Abd. Rani	Director	Independent Non-Executive
Loh Kok Leong	Director	Independent Non-Executive

REGISTERED OFFICE

Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungai Besi, 57100 Kuala Lumpur
Tel: 603-9221 8888 Fax: 603-9222 2833

COMPANY SECRETARIES

Phan Gaik Cher
Lee Lay Hong
Wong Fen Kong

AUDITORS

PricewaterhouseCoopers
Chartered Accountants, 11th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur
Tel: 603-2693 1077 Fax: 603-2693 0997

REGISTRARS

PFA Registration Services Sdn Bhd (Company No. 19234-W)
Level 13, Uptown 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan
Tel: 603-7725 4888 Fax: 603-7722 2311

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Bumiputra-Commerce Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Second Board of The Kuala Lumpur Stock Exchange

Profile of Directors

Jen. (R) Tan Sri Yaacob bin Mat Zain (Chairman), a Malaysian aged 66, was appointed to the Board in June 1994. He is also the Chairman of the Audit, Nomination & Remuneration Committees. He has had a distinguished career spanning nearly 40 years in Angkatan Tentera Malaysia before retiring in 1993 as a Panglima Angkatan Tentera Malaysia. He had attended courses at the Australian Army General Command and Staff College, the Naval Post Graduate School in Monterey, United States of America, the Royal College of Defence Studies in the United Kingdom including an Advance Management Programme at Harvard Business School. Apart from his directorship in the Company he is the Chairman of Affin Merchant Bank Berhad, Jutajaya Berhad, Syarikat Permodalan Kebangsaan Berhad, SPK Sentosa Corporation Berhad, NV Multi Corporation Berhad, as well as a Board Member of Rating Agency Malaysia Berhad. He has attended all the 5 Board Meetings and Audit Committee Meetings and 2 Nomination Committee Meetings and Remuneration Committee Meetings convened in the financial year. There does not exist any conflict of interest between him and the Company nor is there any family relationship between him and any director or major shareholder of the Company. He has not been convicted for any offences within the past 10 years other than for traffic offences, if any.

Dato' Dr. Leong Hoy Kum, D.P.M.S., J.P., PhD. (Managing Director), a Malaysian aged 46, is also the Group Chief Executive of the Company. He was appointed to the Board since the Company's inception and also serves as a member of the Remuneration Committee. His initial training was in plastic technology and he began heading the plastics division in 1979. He was appointed to the Central Committee of the 900-member Malaysian Plastics Manufacturers Association since 1986. He has been the Honorary President of the Young Malaysian Movement Association (YMM) since 1999 and of The Dramatic Art Society, Malaysia since 1996. Besides that, he has been the Vice-President of the Table Tennis Association of Malaysia since 1999. He also sits on the Board of Directors of various other private companies. In recognition of his achievements, he was conferred an honorary degree of Doctor of Philosophy (PhD.) in Business Administration by the Honolulu University, Hawaii in 2000. He was conferred the Darjah Paduka Mahkota Selangor (D.P.M.S.) which carries the title of "Dato'" and the Jaksa Pengaman (J.P.) awards in 1996 and 2001 respectively by his Highness, Sultan of Selangor. He has attended all the 5 Board Meetings and the 2 Remuneration Committee Meetings convened during the financial year. There does not exist any conflict of interest between him and the Company nor has he been convicted for any offences within the past 10 years other than for traffic offences, if any. He is the brother to Director, Ms Leong Yuet Mei.

En Wahid bin Othman (Executive Director), a Malaysian aged 54, graduated from the University of Malaya in 1973 with a Bachelor of Economics degree in Business Administration. He was appointed in May 1994 as an Executive Director, in charge of Business Development and Government Affairs. Prior to joining the Company, he was the General Manager of Group Public Affairs in UMW Holdings Bhd. He was with UMW for 13 years. Presently, En Wahid sits in the Malaysian Plastic Manufacturers Association as an Executive Council Member. He has attended all the 5 Board Meetings convened in the financial year. There does not exist any conflict of interest between him and the Company nor is there any family relationship between him and any director or major shareholder of the Company. He has not been convicted for any offences within the past 10 years other than for traffic offences, if any.

Mr Lim Ching Choy (Executive Director), a Malaysian aged 42, joined the Company as an Executive Director and Chief Executive Officer in July 2002. He has extensive experience of more than 22 years in banking and financial services of which 12 years was with the Arab-Malaysian Banking Group. He subsequently joined Bolton Finance Bhd as Chief Executive Officer in 1996, a post which he held for 5 years until 2001. In that year he was appointed as Chief Executive Director of Alliance Finance Berhad (previously Bolton Finance Bhd). He has attended the 2 Board Meetings convened in the financial year subsequent to his appointment. There does not exist any conflict of interest between him and the Company nor is there any family relationship between him and any director or major shareholder of the Company. He has not been convicted for any offences within the past 10 years other than for traffic offences, if any.

Ms Leong Yuet Mei (Non-independent Non-Executive Director), a Malaysian aged 49, is the elder sister to Dato' Dr. Leong Hoy Kum, the Managing Director. She was appointed as Director in November 1997 and also serves as a member of the Nomination and Remuneration Committees. She is attached to Rashid Hussain Securities Sdn Bhd as a Dealers Representative since 1991. Prior to that she was attached with KAF Discount Berhad as a Senior Accountant. She has attended all the 5 Board Meetings, 2 Nomination Committee Meetings and 2 Remuneration Committee Meetings convened during the financial year. There does not exist any conflict of interest between her and the Company nor has she been convicted for any offences within the past 10 years other than for traffic offences, if any.

Captain (Rtd) Izaham bin Abd. Rani (Independent Non-executive Director), a Malaysian aged 41, joined the Company as an independent Non-Executive Director in April 2001. He also serves as a member of the Audit & Nomination Committees. He is a holder of a Diploma in Public Administration (DPA) from UiTM and a Diploma in Turf Management Science from Ngee Ann Polytechnic in Singapore. He had served in the Malaysian Armed Forces for nearly 13 years before his early retirement in 1992. He had attended various career courses conducted internally as well as in Australia and Singapore respectively. He was previously acting as the Business Development Manager and the Personal Assistant to the Chairman of Kukup Golf Resort in Pontian, Johor. He is now the General Manager of Port Dickson Golf & Country Club. He has attended all the 5 Board Meetings, 5 Audit Committee Meetings and 2 Nomination Committee Meetings convened in the financial year. There does not exist any conflict of interest between him and the Company nor is there any family relationship between him and any director or major shareholder of the Company. He has not been convicted for any offences within the past 10 years other than for traffic offences, if any.

Mr Loh Kok Leong (Independent Non-Executive Director), a Malaysian aged 39, was appointed as Director and member of the Audit Committee in September 2002. An accountant by profession, he is a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He has served a total of more than 15 years with international accounting firms, 3 of which was as a partner of Deloitte Touche Tohmatsu. He is currently holding the position of Director in a professional services firm, PKF (formerly known as Pannell Kerr Foster). Apart from his directorship in the Company he is also a director of The Ayer Hitam Planting Syndicate Berhad. He has attended the 2 Board Meetings and Audit Committee Meetings convened in the financial year subsequent to his appointment. There does not exist any conflict of interest between him and the Company nor is there any family relationship between him and any director or major shareholder of the Company. He has not been convicted for any offences within the past 10 years other than for traffic offences, if any.

Mah Sing Group Structure



PROPERTY DIVISION

- 100% MAH SING PROPERTIES SDN BHD
- 100% MESTIKA BISTARI SDN BHD
- 100% MESTIKA KENANGAN SDN BHD
- 100% ACACIA SPRINGS MANAGEMENT SDN BHD
- 100% MULTI SYNERGY GROUP SDN BHD
- 100% JASTAMAX SDN BHD

PLASTICS DIVISION MALAYSIA

- 100% MAH SING PLASTICS INDUSTRIES SDN BHD
- 100% MAH SING ENTERPRISE SDN BHD
- 100% KENWIRA SDN BHD
- 51% MAH SING-YOSHIKAWA COMPONENTS MANUFACTURING SDN BHD

INDONESIA

- 65% P.T. MAH SING INDONESIA



CONSUMER PRODUCTS DIVISION

- 50% TRUE MINERAL WATER SDN BHD

Corporate Governance Statement

The Board of Directors is committed to ensuring that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of Mah Sing Group Berhad. To this end, the Board fully supports the recommendations of the Malaysian Code of Corporate Governance and has taken appropriate steps to ensure compliance.

Set out below is a statement of how the Group has applied the principles of the Code. The Board of Directors confirms that the Group has sought to comply with the best practices in the Code throughout the financial year ended 31 December 2002.

THE BOARD OF DIRECTORS

THE BOARD

The Board takes full responsibility for the performance of the Group and guides the Company on its short and long term goals, providing advice and devising strategies on management and business development issues.

The Board met five times during the year to monitor and control the development of the Group. Besides Board meetings, the Board also exercises control on matters that require its approval by way of circular Resolutions and informal meetings.

The attendance of each Director at the Board meetings is as tabulated below:

Name of Director		Attendance at Board Meetings
Jen. (R) Tan Sri Yaacob bin Mat Zain	Chairman (Independent non-executive)	5/5
Dato' Dr. Leong Hoy Kum	Managing Director/ Group Chief Executive	5/5
Yap Keong @ Yap Kong Nam (retired on 25 June 2002)	Executive Director	3/3
Wahid bin Othman	Executive Director	5/5
Leong Yuet Mei	Director (Non-independent non-executive)	5/5
Captain (Rtd) Izaham bin Abd. Rani	Director (Independent non-executive)	5/5
Lim Ching Choy (appointed on 1 July 2002)	Executive Director	2/2
Loh Kok Leong (appointed on 23 September 2002)	Director (Independent non-executive)	1/1

The Board has delegated specific responsibilities to three sub-committees (Audit, Nomination and Remuneration Committees). These Committees have the authority to examine particular issues within its terms of reference and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Corporate Governance Statement (cont'd)

BOARD COMPOSITION

The Board currently has seven members of whom three are independent non-executive Directors (including the Chairman). A brief profile of each Director is presented on pages 10 to 11 of this Annual Report.

Jen. (R) Tan Sri Yaacob bin Mat Zain	Chairman (Independent non-executive)
Dato' Dr. Leong Hoy Kum	Managing Director
Lim Ching Choy (appointed on 1 July 2002)	Executive Director
Wahid bin Othman	Executive Director
Leong Yuet Mei	Director (Non-independent non-executive)
Captain (Rtd) Izaham bin Abd. Rani	Director (Independent non-executive)
Loh Kok Leong (appointed on 23 September 2002)	Director (Independent non-executive)

All Board members bring a wide range of business experience, expertise and professional judgement to bear on issues of strategy, performance, resources and standards of conduct. Although all the Directors have equal responsibility for the Group's operations the role of the independent non-executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined and take into account the long term interests, not only of the shareholders, but also of employees, customers and suppliers.

Any concerns relating to the Group may be conveyed to any of the independent non-executive Directors.

There is a clear division of responsibilities between the Company's Chairman and Managing Director to ensure a balance of power and authority. The management of the Group's business and implementation of policies and day-to-day running of the business is handled by the Managing Director and Executive Directors. The non-executive members provide independent views to safeguard the interests of shareholders.

SUPPLY OF INFORMATION

Sufficient notice of Board meetings are given and specific matters requiring Board decision are listed down in the agenda.

During Board meetings the non-executive Directors are briefed on changes in management and control structure of the Group, business outlook, major acquisition and disposal of assets including investments and changes in requirement of regulatory bodies.

All Directors have access to the advice and services of the Company Secretaries.

The Directors, whether as a full Board or in their individual capacity, may take independent professional advice, where necessary, in the furtherance of their duties and at the Group's expense.

APPOINTMENTS TO THE BOARD

The Nomination Committee

The Nomination Committee which is empowered by the Board comprises non-executive Directors majority of whom are independent:

Jen. (R) Tan Sri Yaacob bin Mat Zain	Chairman (Independent non-executive)
Leong Yuet Mei	Director (Non-independent non-executive)
Captain (Rtd) Izaham bin Abd. Rani	Director (Independent non-executive)

This sub-committee held two meetings during the period which were attended by all members.

Terms of Reference of Nomination Committee:

- to identify and evaluate new appointees to the Board;
- to make recommendations to the Board on all new Board members and Board Committee appointments and resignations;
- to assist the Board in reviewing on an annual basis the required mix of skills and experience of the Directors of the Board;
- to recommend the appropriate Board balance and size of non-executive participation; and
- to establish procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member.

All appointments are properly made and all relevant information that the Company requires from the new Directors to meet statutory and regulatory obligations are obtained.

Directors' Training

The Group acknowledges the fact that continuous education is vital for the Board to gain insight into the state of the economy, changing commercial risks, technological advances in our core businesses, latest regulatory requirements and management strategies. Besides attending seminars and conferences, some of the Directors have attended the Directors' Mandatory Accreditation Programme organized by the Kuala Lumpur Stock Exchange to equip themselves with the knowledge to discharge their responsibilities and duties more effectively.

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Re-election of Directors

In accordance with the Company's Articles of Association at least one third of the Directors shall retire from office every year provided always that all Directors shall retire from office at least once in every three years but shall be eligible for re-election.

REMUNERATION COMMITTEE:**Members**

The members of the Remuneration Committee during the year were:

Jen. (R) Tan Sri Yaacob bin Mat Zain	Chairman (Independent non-executive)
Dato' Dr. Leong Hoy Kum	Managing Director/Group Chief Executive
Leong Yuet Mei	Director (Non-independent non-executive)

This sub-committee held two meetings during the period which were attended by all members.

Composition

The majority of the Remuneration Committee consists of non-executive Directors. Executive Directors may attend the meetings at the invitation of the Remuneration Committee.

Terms of Reference of Remuneration Committee:

- to study and periodically review and implement policies governing the remuneration of all executive Directors; and
- to make recommendations to the Board on all elements of remuneration and terms of employment for executive Directors.

Corporate Governance Statement (cont'd)

In the case of non-executive Directors, the determination of their remuneration is a matter for the Board as a whole and the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive Director concerned.

Individual Directors abstain from decisions in respect of their individual remuneration.

The Level and Make-up of Remuneration

The remuneration of executive Directors are so determined to ensure that the Company attracts and retains the Directors needed to run the Group successfully. In the case of executive Directors the remuneration are structured so as to link rewards to corporate and individual performance. Survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration package.

Disclosure on Directors' Remuneration

The number of Directors whose total remuneration falls into the following bands for the financial year ended 31 December 2002:

Remuneration Band (RM)	Number of Executive Directors	Chairman/Number of Non-Executive Directors
Up to 50,000	–	4
100,001 to 150,000	1	–
150,001 to 200,000	1	–
300,001 to 350,000	1	–
450,001 to 500,000	1	–

Aggregate remuneration of Directors categorized into appropriate components for the financial year ended 31 December 2002:

	Fees (RM)	Salaries (RM)	Bonus (RM)	EPF Contributions (RM)	Benefits-In-Kind (RM)	Total 2002 Remuneration (RM)	Total 2001 Remuneration (RM)
Executive Directors	–	730,800	259,000	87,876	39,750	1,117,426	964,300
Chairman/Non-Executive Directors	86,933	–	–	–	10,100	97,033	78,176
Total	86,933	730,800	259,000	87,876	49,850	1,214,459	1,042,476

SHAREHOLDERS

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Group recognizes the importance of communication and proper dissemination of information to its shareholders. In this respect, the executive Directors hold briefings with analysts, financiers, fund managers and the press as and when appropriate to explain the Group's strategy, performance and major developments. The annual reports, announcements through the Kuala Lumpur Stock Exchange circulars and company newsletters provide valuable insight on the latest development of the Group.

Shareholders and members of the public are invited to access the Group's website at www.mahsinggroup.com.my and the Kuala Lumpur Stock Exchange website at <http://announcements.klse.com.my> to obtain the latest information on the Group.

ANNUAL GENERAL MEETING

The Annual General Meeting is the principal forum for dialogue with shareholders. Shareholders are encouraged to participate through questions on the progress and performance of the Group. Where it is not appropriate to provide immediate answers, the Chairman will undertake to furnish the shareholder with a written answer after the Annual General Meeting.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcements of results to shareholders, the Directors have taken reasonable steps to ensure a balanced and understandable assessment of the Group's position and prospects. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting.

INTERNAL CONTROL

The Directors' Statement on the Group's Internal Control is set out on pages 25 to 27.

RELATIONSHIP WITH AUDITORS

The Company maintains a transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with accounting standards. The Head of Internal Audit Department was present at all the Audit Committee meetings while the external auditors were invited to brief the Audit Committee and the Board on specific issues at certain meetings.

The report by the Audit Committee for the financial year under review is set out on pages 20 to 24.



Statement of Directors' Responsibility

for Preparing the Financial Statements

The Group and Company's financial statements have been drawn up in accordance with the applicable approved accounting standards in Malaysia and Companies Act, 1965. The Board of Directors is responsible to ensure that the financial statements of the Group and Company give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

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

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

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

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ADDITIONAL COMPLIANCE INFORMATION

To comply with the Kuala Lumpur Stock Exchange Listing Requirements, the following information is provided:-

Share Buybacks

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

Options, Warrants or Convertible Securities

During the financial year, the Company did not issue any options, warrants or convertible securities.

Imposition of Sanctions/Penalties

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

Non-audit Fees Paid/Payable to External Auditors

For the financial year ended 31 December 2002 non-audit fees payable to the external auditors amounted to RM10,000 for the review of internal control statement.

Profit Estimates, Forecast or Projection

There is no variance between the results for the financial year and the unaudited results previously announced. The Company did not make any releases on the profit estimate, forecast or projections for the financial year.

Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

Material Contracts

There were no material contracts by the Company and its subsidiaries involving Directors' and major shareholders' interests.

The existing Shareholders' Mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of revenue or trading nature which is necessary for its day-to-day operations shall expire at the conclusion of the forthcoming Annual General Meeting and is subject to renewal by the shareholders at the said Annual General Meeting.

Revaluation of Landed Properties

Certain leasehold land and buildings were revalued by the Directors based on valuations carried out by independent professional valuers. The Directors have applied the transitional provisions of Malaysian Accounting Standards Boards Standard No. 15 - Property, plant and equipment, which allows those assets to be stated at their 1992 valuation. Accordingly, these valuations have not been updated.



Audit Committee Report

MEMBERSHIP

The Audit Committee comprises three Directors, all of whom are independent non-executive Directors:

Jen. (R) Tan Sri Yaacob bin Mat Zain	(Chairman, Independent Non-Executive Director)
Captain (Rtd) Izaham bin Abd. Rani	(Independent Non-Executive Director)
Yap Keong @ Yap Kong Nam	(Executive Director) - retired on 25 June 2002
Loh Kok Leong	(Independent Non-Executive Director) - appointed on 23 September 2002

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

MEMBERSHIP

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, majority of whom shall be independent Directors. At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experience as approved by the Kuala Lumpur Stock Exchange.

QUORUM

A quorum shall consist of two members and the majority of the members present must be independent Directors.

RETIREMENT AND RESIGNATION

If a member of the Audit Committee resigns, retires or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

REVIEW OF THE AUDIT COMMITTEE

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board of Directors at least once every three years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

CHAIRMAN

The Chairman of the Audit Committee shall be an independent Director appointed by the Board. He shall report on each meeting of the Committee to the Board.

SECRETARY

The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members and to the other members of the Board.

FREQUENCY OF MEETINGS

Meetings shall be held preferably not less than four times a year and will normally be attended by the Director charged with the responsibility of the Group's financial condition and Head of Internal Audit. The presence of external auditors will be requested if required and the external auditors may also request a meeting if they consider it necessary.

ATTENDANCE OF OTHER DIRECTORS AND EMPLOYEES

Attendance of other Directors and employees at any particular Audit Committee meeting will be at the invitation of the Audit Committee.

AUTHORITY

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

The Committee is also authorized to convene meetings with the external auditors without the presence of the executive members of the Committee, whenever deemed necessary.

DUTIES

The duties of the Audit Committee shall be to:

Oversee all matters relating to external audit:

- discuss with the external auditor where necessary, the nature and scope of the audit, and ensure co-ordination of audit where more than one audit firm is involved;
- discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management where necessary);
- review with the external auditor, their evaluation of the system of internal controls, their management letter on internal control recommendations and management's response; and
- consider the nomination and appointment of the external auditors, the audit fee and any questions of resignation and dismissal.

Audit Committee Report (cont'd)

Review the half yearly reports by the Chairman of the Risk Management Team in relation to the adequacy and integrity of the Group's internal control systems.

Oversee all matters relating to internal audit:

- to review the adequacy scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
- to review the internal audit programme;
- to ensure co-ordination of external audit with internal audit;
- to consider the major findings of internal audit investigations and management's response and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- to review any assessment of the performance of the staff of the internal audit function;
- to approve any appointment or termination of service of senior staff members of the internal audit function; and
- keep itself informed of resignations of internal audit staff members and provide resigning staff member an opportunity to submit his reasons for resigning.

Review of financial statements

To review the quarterly and year-end financial statements of the Group before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- significant issues arising from the audit;
- going concern assumption;
- compliance with approved accounting standards and regulatory requirements; and
- compliance with the Kuala Lumpur Stock Exchange listing and other legal requirements.

Additional duties and responsibilities:

- to consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. They are also required to ensure that the Directors report such transactions annually to shareholders via the annual report;
- where the Audit 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, the Committee must promptly report such matter to the Kuala Lumpur Stock Exchange; and
- to carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit Committee and the Board from time to time.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR

The Committee convened five meetings during the financial year which were attended by all members. The Group Financial Controller and the Group Internal Auditor attended all meetings. The Group's external auditors were invited to attend the first meeting.

During the period, the Audit Committee carried out its duties as set out in the terms of reference and discussed the following issues:

- reviewed the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the KLSE Listing Requirements;
- made recommendations to the Board on the engagement of external advisers to assist the Group in establishing a formalized enterprise risk management framework ;
- reviewed the Risk Management Team report on the risk profile of the Group and the adequacy and integrity of internal control systems to manage these risks;
- reviewed with the external auditors the audit plan and to ensure co-ordination of audit of the various companies within the Group with different external auditors;
- reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response;
- considered and recommended to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 8 to the financial statements and for certain subsidiaries, the resignation of the current external auditors and the nomination of new external auditors for the ensuing financial year;
- reviewed the internal audit plan and internal audit reports and considered the major findings of internal audit investigations and management's response;
- reviewed and discussed the internal audit function, its authorities, resources and scope of works;
- reviewed related party transactions entered into by the Group and the draft proposal to seek shareholders' mandate pursuant to Paragraph 10.09 of the Kuala Lumpur Stock Exchange's Revamped Listing Requirements to authorize the Group to enter into recurrent related party transactions of a revenue or trading nature; and
- reviewed the Quarterly Reports on the Company's unaudited consolidated results and year end financial statements before recommending them to the Board for their approval for announcement to the Kuala Lumpur Stock Exchange.

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR

The Internal Audit Department which reports to the Audit Committee also assists the Board of Directors in managing risks and monitoring internal controls. Their role is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. Internal audit plans are approved by the Audit Committee and the scope of internal audit covers the audits of all units and operations, including subsidiaries and associate companies. The internal audits are on a risk-based approach by which significant risks are identified, assessed and managed. Such audits also ensure instituted controls are appropriate and are effectively applied to achieve acceptable risk exposures.

During the financial year the Internal Audit Department conducted independent reviews and evaluated risk exposures relating the Group's operations and information systems as follows:

- reliability of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets including credit control and inventory control; and
- compliance with policies, procedures, laws and regulations and contracts.

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At the conclusion of the various audits carried out, the weaknesses together with the recommended corrective action to be taken were highlighted to the management. There were no material losses incurred during the current financial year as a result of weaknesses in internal control and management continues to take measures to strengthen the control environment. Subsequently, follow-up reviews were conducted to ensure that corrective actions were accordingly implemented.

Statement of 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. 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 their internal controls. The KLSE's Statement On Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Internal Control Statement which has been prepared in accordance with the 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 systems of internal controls and risk management and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system could provide only reasonable and not absolute assurance against material misstatement or loss. The system of internal control cover, inter alia, financial, organisational, operational and compliance controls.

The Board confirms that the Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives for the financial year under review and up to the date of approval of the annual report and financial statement. This process is regularly reviewed by the Board and is in accordance with the KLSE guidelines as contained in the publication- "Statement on Internal Control: Guidance For Directors of Public Listed Companies".

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board is aware that a sound system of internal control should be embedded in the operations of the Group and forms part of its culture. In order to bring greater awareness of employees towards risk identification, evaluation, control and monitoring, an external professional firm of consultants was appointed in April 2002 to assist in the formalisation of an Enterprise Risk Management Framework for the Group. The Enterprise Risk Management exercise was completed in January 2003. The framework covers the following initiatives which were undertaken since September 2002:

- risk management awareness and training courses were conducted for Senior and Line Management of the Group to inculcate understanding of potential and current risks as faced by the various operating companies within the Group;
- a risk management workshop was conducted to identify, assess and prioritise the risks faced by the Group based on likelihood of occurrence and magnitude of impact and also to assist management in identifying procedures or steps taken to manage or control these risks;
- a Continuous Risk Monitoring system was implemented to ensure the continuous management and monitoring of risks of the Group;

Statement of Internal Control (cont'd)

- the Risk Management Team (“RMT”) was formed on 2 September 2002 for each business unit to commence the risk awareness programme at operational level. The formation of the RMT was approved by the Board on 26 February 2003 and charged with the responsibility of continuously reviewing and maintaining risk profiles identified. The RMT comprises management staff of plastics and property divisions and Corporate Office; and
- the RMT will meet every half yearly to review risk management and control processes. Its review covers matters such as responses to significant risk identified, output from monitoring processes and changes made to the internal control systems.

The Audit Committee has been assigned the duty of reviewing and monitoring the effectiveness of the Group’s system of internal control. It receives reports from the internal auditor and is updated on the risk profiles on a half-yearly basis by the Chairman of the RMT. The Audit Committee then reports to the Board on significant changes in the business and the external environment which affect key risks.

CONTROL SELF-ASSESSMENT

Central to the Group’s Internal Control and Risk Management System is its Control Self-Assessment (“CSA”) process which started in September 2002. Risk assessment and evaluation takes place as an integral part of the annual strategic business planning cycle. The risks identified by the RMT of each business unit was summarised in a risk scorecard in January 2003 together with the controls and processes for managing them and the means for assuring the Audit Committee that the processes are effective. Key management are nominated in each business unit to prepare action plans, with implementation time-scales to address any risk and control issues. Independent compliance reviews are carried out by the internal auditor on a continuous basis commencing March 2003 to ensure that the controls for managing the risks are functioning effectively.

The Group’s Corporate Office also considers the risks to the Group’s strategic objectives which are not addressed by the individual business unit.

The Chairman of the RMT has reported to the Audit Committee on 26 February 2003 on compliance with the Group policies and procedures as well as changes to the respective risk profiles. These reports were reviewed, summarised and reported to the Board by the Audit Committee on 26 February 2003. On the same date, the Board, as part of the annual strategic business planning review, considered and approved the Group’s risk profile.

CONTROL AND MONITORING PROCESSES

The other key elements of the Group’s internal control system are:

- an operational structure with defined lines of responsibility and delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability;
- internal policies and procedures are in place and are regularly updated to reflect changing risks or resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by its internal audit function to the Board via the Audit Committee;
- key functions such as finance, tax, treasury, insurance and legal matters are centralised at head office;

- detailed budgeting process established requiring all business units to prepare budget and business plan on an annual basis. The Board reviews and approves the annual budget;
- effective reporting systems which expose significant variances against budget and plan are in place to monitor performance. Key variances are followed up by the management and management action taken, where necessary and reported to senior management on a monthly basis. The Managing Director, Chief Executive Officer together with the Group Financial Controller meet on a monthly basis with all divisional heads to consider the Group's performance, business developments, management and corporate issues;
- regular visits to operating units by members of the Board and Senior management;
- an on-going training and educational programme for directors and staff relevant in assessing the adequacy and integrity of the company's risks and control process;
- the professionalism and competence of staff is being continually upgraded through training and regular performance evaluation; and
- internal audit independently reviews the risk identification procedures and control processes implemented by the management and reports to the Audit Committee every half yearly. Internal audit also reviews the adequacy and integrity of the system of internal control in the key activities of the Group's businesses. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Group.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

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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 continues to take measures to strengthen the control environment.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the financial year ended 31 December 2002.

> OVERVIEW

In the first half of 2002 the Asian economies bounced back reasonably well from a slowdown in 2001. However, the momentum of growth faltered in the second half, in the face of a souring global economic environment, rising threat of terrorism and tensions over Iraq.

> FINANCIAL RESULTS

For the financial year ended 31 December 2002, despite a 5% reduction in Group revenue to RM170.60 million, the Group profit before taxation improved 44% year-on-year to RM8.47 million, due largely to the improved results posted by the property division and the turnaround of the plastics division. Group profit attributable to shareholders improved by 4% year-on-year to RM5.31 million.



Part of the 12-acre Central Park featuring the Roman Sculpture near the entrance of the gated and guarded precincts of Sri Pulai Perdana



Clockwise: The newly launched 20' x 80' Double Storey Terrace House of Phase 14 - A6 with its distinctive alternating facade

Cosy ambience of the living area of the showhouse

The entrance to Sri Pulai Perdana

Actual view from the balcony overlooking the Central Park

> REVIEW OF OPERATIONS

PROPERTY

Despite the labour problems arising from the repatriation of foreign workers in the construction industry, the property development division chalked up an impressive 36% increase in profit from operations to RM12.62 million on the back of revenue of RM98.59 million. We were spared the adverse effects of the labour shortage as effective project management had helped to ensure phases were completed ahead of schedule. Awarding of contracts to only reliable and qualified contractors who adopt cost-effective techniques and stringent quality control procedures have contributed significantly towards improved margins. While development of affordable housing remains one of the core activities of the Group, the gradual shift towards development of higher value-added residential properties to meet growing market demand has also boosted margins.



PLASTICS

With revenue increasing 14% to RM72.01 million, this division's profit from operations jumped 82% to RM2.62 million in 2002. Revenue was boosted by contracts from several large customers from the electrical and electronic sector in Malaysia and by higher sales of automotive component parts for our Indonesian operations. Our focus on improving efficiency and quality while also containing costs has begun to bear results in the form of improved margins.

MINERAL WATER

Plagued by poor sales, stiff competition and price undercutting by competitors, the beleaguered mineral water division failed to perform up to expectations. As our share of loss in this associate company has exceeded the carrying amount of the investment, recognition of further losses has been discontinued since the previous financial year. An allowance of RM2.78 million has been set aside by the Group in the current financial year for receivables from this division whose recovery appears to be in doubt.

> DIVIDENDS

The Board recommends a first and final dividend of 1% less 28% tax for the financial year ended 31 December 2002.

> LOOKING AHEAD

Although the conduct of the war in Iraq now appears to be behind us, the fog of uncertainty will take some time to clear and international tensions continue. The unexpected SARS epidemic is also taking its toll on the already fragile ASEAN economies. Against this current uncertain backdrop of slowing exports, moderating domestic demand and the malaise in the economy of United States, regional economic outlook faces some downside risks. Given this uncertain scenario, we cannot afford to rest on our laurels and will persevere in our efforts to maintain the Group's performance in the forthcoming year.

PROPERTY

With the much-awaited pump-priming measures to be unveiled by the Malaysian government to sustain economic growth, fend off the adverse effects of the Iraq war and deal with the backlash from the SARS outbreak, there is some cautious optimism that the overhanging cloud of uncertainty may be lifted. The catalyst to be provided by the economic stimulus package should help to bring about some economic recovery and strengthen demand for residential properties.

Going forward, the Group is sourcing for new development land to increase our land bank, either on a joint venture basis or on outright purchase in strategic locations around Klang Valley, Johor and other states. Synonymous with our reputation as a lifestyle developer, we will continue to focus on niche development of quality homes that boast of contemporary designs, functional layouts and lush landscaping. In aiming to be one of the leading players in the middle and up market segment, continued emphasis will be given to effective cost control and quality and ensuring prompt delivery of completed homes coupled with unparalleled customer service.

PLASTICS

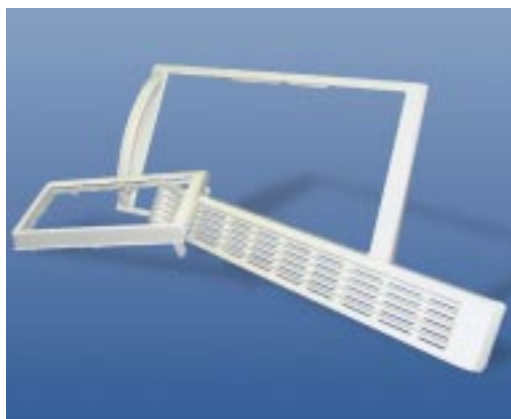
Bearing testimony to our commitment to continually meet and exceed our customers needs and expectations, the plastics division in embarking on a full fledged Enterprise-Resource-Planning System to increase our efficiency, flexibility and responsiveness to providing uncompromising quality and customized products worldwide.

***Clockwise:** Some of the automotive component parts moulded by us for major car assemblers*

R & D is the key to product innovation

Some of the Samsung microwave oven parts moulded by us

Latest designed heavy duty industrial pallets





Increasing focus is being given to the largely untapped export market in the Middle East USA, Australia, Japan and ASEAN countries and to exploring investment opportunities in China. To stay ahead of competition arising from the AFTA trade liberalization and from low cost producing countries like China, the Group will continue to strengthen its research and development activities and look at new niche products to complement its existing product range. Increasing emphasis is also being given to material handling products, high tech engineering and large electrical and electronic products like parts for digital camcorders, microwave ovens and color TV's. We will continue to target our business development activities at supplying plastic component parts to ASEAN car manufacturers. With Malaysia being second to China as the biggest passenger car market in the region, we view Malaysia being as a potential market and we are well positioned to take advantage of these opportunities. Our established Indonesian plant, which has already carved a name for itself in the Indonesian automotive component market, is currently upgrading its plant capacity to cope with increasing demand.

> A WORD OF THANKS

En Wahid bin Othman, our Executive Director who has been with the Group since 1994, will be resigning from the Board on 24 June 2003. The Board would like to put on record their appreciation and thanks to En Wahid bin Othman for his 9 years of service with the Group and wishes him well.

> ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to express our gratitude and appreciation for the continued support of our valued customers, business associates, government authorities and shareholders and we look forward to their continued support in the future. To all our management and staff, we thank you for your commitment and contributions. My sincere thanks and appreciation to the members of the Board for their counsel and guidance during the past year.

> WELCOME ON BOARD

I would also like to take this opportunity to welcome on board our two new Directors, Mr Lim Ching Choy and Mr Loh Kok Leong and I am sure the Board will benefit from their experience and expertise.

Chairman
Jen. (R) Tan Sri Yaacob bin Mat Zain

Contents of the Financial Statements

34	< Directors' Report
37	< Income Statements
38	< Balance Sheets
40	< Consolidated Statement of Changes in Equity
40	< Company Statement of Changes in Equity
41	< Cash Flow Statements
42	< Notes to the Financial Statements
85	< Statement by Directors
85	< Statutory Declaration
86	< Report of the Auditors

Directors' Report

For the financial year ended 31 December 2002

The Directors are pleased to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2002.

Principal activities

The principal activities of the Company are that of investment holding and provision of management services to subsidiary companies in the Group. The principal activities of the subsidiary companies are set out in Note 21 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Financial results

	Group RM	Company RM
Profit from ordinary activities after taxation	5,133,739	338,029
Minority interest	173,538	–
Net profit attributable to shareholders	<u>5,307,277</u>	<u>338,029</u>

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

Dividends

On 23 September 2002, the Company paid a first and final gross dividend of 2 sen per share, less income tax, amounting to RM633,283 in respect of the financial year ended 31 December 2001 as approved by the members at the last Annual General Meeting.

The Directors recommend the payment of a first and final gross dividend of 1 sen per share on 43,978,000 ordinary shares, less income tax, amounting to RM316,642 in respect of the financial year ended 31 December 2002.

Movements on reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Directors

The Directors who have held office during the financial year since the date of the last report are as follows:

Jen. (R) Tan Sri Yaacob bin Mat Zain	
Dato' Dr. Leong Hoy Kum	
Yap Keong @ Yap Kong Nam	(Retired on 25.6.2002)
Wahid bin Othman	
Leong Yuet Mei	
Captain (Rtd) Izaham bin Abd. Rani	
Lim Ching Choy	(Appointed on 1.7.2002)
Loh Kok Leong	(Appointed on 23.9.2002)

Directors' interests

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in the shares in the Company are as follows:

Direct interest in the Company	Number of ordinary shares of RM1.00 each			
	1.1.2002	Bought	Sold	31.12.2002
Dato' Dr. Leong Hoy Kum	20,028,683	–	–	20,028,683

By virtue of Dato' Dr. Leong Hoy Kum having an interest of more than 15% of the shares in the Company, he is deemed interested in the shares of all the subsidiary companies to the extent the Company has an interest.

No other Directors in office at the end of the financial year held any interest in the shares in the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees, other emoluments and benefits-in-kind as shown in Note 9 to the financial statements) by reason of a contract made by the Company or by 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 except for those benefits which may be deemed to have arisen by virtue of those transactions entered into in the ordinary course of business by the Company and its subsidiary companies with the companies in which the Directors are deemed to have substantial financial interests. The transactions are disclosed in Note 37 to the financial statements.

Neither during nor at the end of the financial year was the Company or any of its related corporations, a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of the Company or any other body corporate.

Other statutory information

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.



Directors' Report (cont'd)

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off of bad debts or the making of allowance for doubtful debts of the Group and of the Company inadequate to any material extent or the values attributed to current assets of the Group and of the Company misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year; and
- (b) no charge has arisen on the assets of any company in the Group which secures the liability of any other person nor has any contingent liability arisen in any company in the Group.

No contingent or other liability of any company in the Group 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 affect the ability of the Company and its subsidiary companies to meet their obligations when they fall due.

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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 which would render any amount stated in the financial statements misleading.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 25 April 2003.

Jen. (R) Tan Sri Yaacob bin Mat Zain
Chairman

Dato' Dr. Leong Hoy Kum
Managing Director

Kuala Lumpur

Income Statements

For the financial year ended 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Revenue	5	170,602,691	180,412,915	5,818,778	4,859,190
Cost of sales	6	(138,670,736)	(154,395,924)	–	–
Gross profit		31,931,955	26,016,991	5,818,778	4,859,190
Other operating income		2,655,915	1,939,006	915	–
Selling and distribution costs		(1,798,461)	(2,194,475)	–	–
Administrative expenses		(19,499,195)	(15,560,584)	(2,399,539)	(819,142)
Other operating expenses	7	(127,277)	(40,873)	(1,241,673)	(1,500,000)
Gain on disposal of subsidiary companies		–	1,245,815	–	–
Profit from operations	8	13,162,937	11,405,880	2,178,481	2,540,048
Finance cost	10	(4,693,407)	(5,506,001)	(579,952)	(493,305)
Profit from ordinary activities before taxation		8,469,530	5,899,879	1,598,529	2,046,743
Taxation	11	(3,335,791)	(2,911,377)	(1,260,500)	(1,050,000)
Profit from ordinary activities after taxation		5,133,739	2,988,502	338,029	996,743
Minority interest		173,538	2,109,143	–	–
Net profit attributable to shareholders		5,307,277	5,097,645	338,029	996,743
Earnings per ordinary share (sen)	12	12.1	11.6		
Dividend per share (sen)	13	1	2		

The above income statements are to be read in conjunction with the notes to the financial statements on pages 42 to 84.

Balance Sheets

As at 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Capital and reserves					
Share capital	14	43,978,000	43,978,000	43,978,000	43,978,000
Share premium		47,199,112	47,199,112	47,199,112	47,199,112
Revaluation reserve		350,927	350,927	–	–
Merger reserve		501,000	501,000	–	–
Exchange fluctuation reserve		6,003,186	6,003,186	–	–
Accumulated losses		(7,018,025)	(11,692,019)	(35,531,332)	(35,236,078)
		91,014,200	86,340,206	55,645,780	55,941,034
Minority interest		1,927,942	2,101,480	–	–
Non-current liabilities					
Term loans	15	26,043,270	43,115,120	–	–
Long term borrowings	16	2,500,000	–	–	–
Deferred payables	17	14,731,622	4,948,098	–	–
Deferred taxation	18	1,615,560	1,231,560	1,158,500	770,000
		44,890,452	49,294,778	1,158,500	770,000
		137,832,594	137,736,464	56,804,280	56,711,034
Non-current assets					
Property, plant and equipment	19	79,146,442	84,931,221	98,955	101,304
Intangible assets	20	59,910	67,950	–	–
Subsidiary companies	21	–	–	57,296,216	58,185,828
Associated companies	22	709,845	2,433,073	559,845	1,913,792
Investments	23	1,080	1,080	–	–
Real property assets	24	22,996,996	27,046,572	–	–
		102,914,273	114,479,896	57,955,016	60,200,924

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Current assets					
Development properties	25	92,187,194	104,325,009	-	-
Inventories	26	12,073,815	16,013,549	-	-
Trade and other receivables	27	29,551,152	46,963,670	12,706,738	8,510,300
Deposit, cash and bank balances	28	12,107,562	8,061,219	20,408	12,855
		145,919,723	175,363,447	12,727,146	8,523,155
Current liabilities					
Trade and other payables	29	46,804,514	79,857,848	3,275,432	3,134,852
Term loans	15	17,377,141	19,676,684	-	-
Short term borrowings	16	35,866,966	38,285,730	8,500,000	6,000,000
Bank overdrafts	30	6,799,385	9,621,276	2,102,450	2,828,193
Taxation		4,153,396	4,665,341	-	50,000
		111,001,402	152,106,879	13,877,882	12,013,045
Net current assets/(liabilities)		34,918,321	23,256,568	(1,150,736)	(3,489,890)
		137,832,594	137,736,464	56,804,280	56,711,034

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 42 to 84.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2002

Note	Issued and fully paid ordinary shares of RM1 each		Non-distributable				Accumulated losses RM	Total RM
	Number of shares	Nominal value RM	Share premium RM	Merger reserve RM	Revaluation reserve RM	Exchange fluctuation reserve RM		
At 1 January 2002	43,978,000	43,978,000	47,199,112	501,000	350,927	6,003,186	(11,692,019)	86,340,206
Net profit for the financial year	-	-	-	-	-	-	5,307,277	5,307,277
Dividend paid in respect of financial year 2001	13	-	-	-	-	-	(633,283)	(633,283)
At 31 December 2002	43,978,000	43,978,000	47,199,112	501,000	350,927	6,003,186	(7,018,025)	91,014,200
At 1 January 2001	43,978,000	43,978,000	47,199,112	501,000	350,927	(1,971,836)	(16,789,664)	73,267,539
Currency translation differences	-	-	-	-	-	7,975,022	-	7,975,022
Net profit for the financial year	-	-	-	-	-	-	5,097,645	5,097,645
At 31 December 2001	43,978,000	43,978,000	47,199,112	501,000	350,927	6,003,186	(11,692,019)	86,340,206

Company Statement of Changes in Equity

For the financial year ended 31 December 2002

Note	Issued and fully paid ordinary shares of RM1 each		Non-distributable		
	Number of shares	Nominal value RM	Share premium RM	Accumulated losses RM	Total RM
At 1 January 2002	43,978,000	43,978,000	47,199,112	(35,236,078)	55,941,034
Net profit for the financial year	-	-	-	338,029	338,029
Dividend paid in respect of financial year 2001	13	-	-	(633,283)	(633,283)
At 31 December 2002	43,978,000	43,978,000	47,199,112	(35,531,332)	55,645,780
At 1 January 2001	43,978,000	43,978,000	47,199,112	(36,232,821)	54,944,291
Net profit for the financial year	-	-	-	996,743	996,743
At 31 December 2001	43,978,000	43,978,000	47,199,112	(35,236,078)	55,941,034

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 42 to 84.

Cash Flow Statements

For the financial year ended 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Cash generated from/ (used in) operations:	31	41,468,031	20,824,876	(2,366,226)	(233,521)
Interest received from customers		1,161,840	240,630	–	–
Interest paid		(7,833,625)	(10,421,261)	(579,952)	(493,305)
Taxation paid		(3,677,974)	(1,954,992)	–	–
Net cash from/(used in) operating activities		31,118,272	8,689,253	(2,946,178)	(726,826)
Cash flows from/(used in) investing activities:					
Disposal of subsidiary companies		–	(60,393)	–	–
Net advances from/(to) subsidiary companies		–	–	2,272,662	(1,867,957)
Net advances (to)/from associated companies		(394,862)	(4,879,467)	(450,972)	1,399,537
Interest received from deposits with licensed banks		165,609	242,618	–	–
Purchase of property, plant and equipment	32	(3,483,894)	(6,183,184)	(12,630)	(9,240)
Proceeds from disposal of property, plant and equipment		1,031,275	2,614,297	3,697	–
Net cash (used in)/from investing activities		(2,681,872)	(8,266,129)	1,812,757	(477,660)
Cash flows from financing activities:					
Proceeds from short term borrowings		2,986,529	1,798,042	2,500,000	1,000,000
Repayment of short term borrowings		(3,058,000)	(932,000)	–	–
Proceeds from term loans		–	12,364,001	–	–
Dividend paid		(633,283)	–	(633,283)	–
Repayment of term loans		(19,371,393)	(18,216,342)	–	–
Repayment of hire purchase and finance lease liabilities		(1,345,924)	(1,351,594)	–	–
Net cash (used in)/from financing activities		(21,422,071)	(6,337,893)	1,866,717	1,000,000
Net increase/(decrease) in cash and cash equivalents during the financial year		7,014,329	(5,914,769)	733,296	(204,486)
Cash and cash equivalents at beginning of the financial year		(1,699,904)	4,215,176	(2,815,338)	(2,610,852)
Currency translation differences		(56,248)	(311)	–	–
Cash and cash equivalents at end of the financial year	33	5,258,177	(1,699,904)	(2,082,042)	(2,815,338)

The above cash flow statements are to be read in conjunction with the notes to the financial statements on pages 42 to 84.



Notes to the Financial Statements

For the financial year ended 31 December 2002

1 General information

The principal activities of the Company are that of investment holding and provision of management services to subsidiary companies in the Group. The principal activities of the subsidiary companies are set out in Note 21 to the financial statements.

The number of employees in the Group and the Company at the end of the financial year was 777 (2001: 814) and 6 (2001: 5) respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board of the Kuala Lumpur Stock Exchange.

The address of the registered office and principal place of business of the Company is as follows:

Penthouse Suite 1, Wisma Mah Sing
163, Jalan Sungai Besi,
57100 Kuala Lumpur

2 Basis of preparation of the financial statements

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the significant Group accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Retrospective application

Comparative figures have been adjusted or extended to conform with changes in presentation due to the requirements of the following new MASB Standards that have been applied retrospectively:

- MASB Standard 22 : "Segment Reporting"

Prospective application from 1 January 2002

- MASB Standard 21 "Business Combinations" The Group has taken advantage of the exemption provided to apply this Standard prospectively. Accordingly, business combinations entered into prior to 1 January 2002 have not been restated to comply with this Standard.
- MASB Standard 23 "Impairment of Assets" This Standard does not allow retrospective application. The impact of applying this Standard in the current year is set out in Note 7.
- MASB Standard 24 "Financial Instruments - Disclosure and Presentations" The Group has taken advantage of the exemption provided to apply this Standard prospectively. Accordingly, comparatives are not disclosed upon first application of MASB Standard 24, as permitted by the Standard.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates.

3 Significant Group accounting policies

The Group accounting policies set out below have been used consistently with items which are considered material in relation to the financial statements.

Basis of consolidation

The Group adopts the acquisition method for consolidation, except for certain subsidiaries which were consolidated prior to 1 January 2002 using the merger method of accounting.

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Acquisition method

Under the acquisition method, the difference between the fair value of purchase consideration of subsidiary companies and the Group's share of the fair value of the separable net assets of subsidiaries acquired is included in the consolidated financial statements as goodwill or capital reserve on consolidation. The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the date of acquisition up to the date of their disposal.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiary companies to ensure consistency of accounting policies with those of the Group.

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 with any unamortised balance of goodwill on consolidation.

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

3 Significant Group accounting policies (cont'd)

Merger method

Acquisition of subsidiary companies prior to 1 January 2002, which meets the criteria for merger accounting under the Malaysian Accounting Standard 2, Accounting for Acquisitions and Mergers, is accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of the shares issued and the difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserve. The results of these subsidiary companies are presented as if the merger had been effected throughout the current or previous financial years.

Associated companies

The Group treats investments as associated companies where it is in a position to exercise significant influence through management participation over the financial and operating policies but not control over those policies. Premium or reserve arising on acquisition represents the difference between the cost of investment and the Group's share of the fair value of separable net assets of the associated companies at the date of acquisition.

The Group's share of profits less losses of associated companies is included in the consolidated income statement, and the Group's share of post-acquisition retained profits and reserves are added to the interest in associated companies in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of the associated companies with the same financial year end as the Group, and where the financial year end is not coterminous, the amounts are taken from the management financial statements made up to the same financial year end of the Group. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Currency translations

Foreign currency monetary assets and liabilities are translated to Ringgit Malaysia at rates of exchange ruling at the balance sheet date and foreign currency transactions during the financial year are translated at rates ruling on the transaction dates. Exchange differences are taken to the income statement in the financial year in which they arise.

Assets and liabilities of foreign subsidiary company are translated to Ringgit Malaysia at rates of exchange ruling at the balance sheet date and the results of foreign subsidiary and associated company are translated at average rate of exchange for the financial year. Exchange differences arising from the translation are taken to reserves.

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

Foreign currency	2002	2001
1 US Dollar (USD)	RM3.8000	RM3.8000
100 Indonesian Rupiah (IDR)	RM0.0425	RM0.0365
100 Japanese Yen	RM3.2258	RM2.8921

Investments

Investments in subsidiary and associated companies are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the year in which the decline is identified.

Property, plant and equipment

Land and buildings are stated at cost or valuation less accumulated amortisation, depreciation and impairment. Other property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. The costs of property, plant and equipment comprises their purchase costs and any incidental costs of acquisition.

Certain leasehold land and buildings were revalued by the Directors based on valuations carried out by independent professional valuers. The Directors have applied the transitional provisions of Malaysian Accounting Standards Board Standard No. 15 - Property, plant and equipment, which allows those assets to be stated at their 1992 valuations. Accordingly, these valuations have not been updated.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Freehold land is not amortised as it has an infinite life. Short term leasehold land is amortised in equal instalments over the periods of the respective leases that range from 26 to 30 years. Long term leasehold land is amortised over the unexpired lease tenure of 95 years.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Depreciation of other assets is calculated so as to write off the costs or valuations of the assets, to their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates are:

Buildings	3.33% - 10%
Renovations	3.33% - 10%
Plant, machinery and factory equipment	10% - 25%
Motor vehicles	12.5% - 15%
Furniture, fittings and office equipment	8% - 25%

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

3 Significant Group accounting policies (cont'd)

Intangible assets

(a) Goodwill

Goodwill arising on consolidation represents the excess of the purchase price of subsidiary companies over the Group's share of the fair value of their identifiable net assets at the date of acquisition and is amortised through the consolidated income statement on a straight line basis over a period of 25 years. The carrying amount of goodwill is reviewed annually and written down for permanent diminution in value when, in the opinion of the Directors, it is considered necessary.

(b) License fee

All costs incurred in acquisition of license fee for assembly of certain plastic products are capitalised and amortised on a straight line basis over a period of 10 years and they will be written off when, in the opinion of the Directors, the future economic benefits are uncertain.

Where an indication of impairment exists, the carrying amount of the intangible assets are assessed and written down immediately to its recoverable amount.

Inventories

Inventories of completed properties are stated at the lower of cost and net realisable value. Cost includes the relevant cost of land and development expenditure.

Inventories of raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Deferred taxation

The tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is recognised for timing differences except when there is reasonable evidence that such timing differences will not reverse in the foreseeable future. The tax effect of timing differences that result in a debit balance or a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of its realisation.

The potential tax saving relating to a tax loss carried forward is only recognised if there is assurance beyond any reasonable doubt that future taxable income will be sufficient for the benefit of the loss to be realised.

Where there is intention to dispose of revalued assets, the deferred tax relating to such assets is recognised through a transfer from the related revaluation surplus. No provision nor disclosure is made of this tax effect where the Group intends to hold such assets for the foreseeable future.

Additional taxes have been recognised to the extent that dividend from a subsidiary is expected to result in such taxes.

Trade receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the financial year end. Bad debts are written off in the financial year in which they are identified.

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance lease.

Property, plant and equipment under finance leases are capitalised and the capital element of the hire purchase and lease commitments is reflected as hire purchase and lease payables. The capital element of the hire purchase and lease instalments is applied to reduce the outstanding obligations whereas the interest element is charged against the income statement so as to give a constant periodic rate of charge on the remaining balance outstanding at the end of each accounting period.

Property, plant and equipment acquired under finance lease is capitalised and depreciated over the useful economic lives of equivalent owned property, plant and equipment.

Operating leases

Leases of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement over the lease period.

Real property assets

Real property assets which consist of freehold land held for future development, are stated at cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use.

Such assets are transferred to development properties at carrying value when significant development work is to be undertaken and is expected to be completed within the normal operating cycle.

Where an indication of impairment exists, the carrying amount of the real property is assessed and written down to its recoverable amount.

Development properties

Development properties are shown as current assets when significant development work has been undertaken and is expected to be completed within its normal operating cycle. Development properties include the cost of land held for development, related development cost common to the whole development project, direct cost of construction and, where applicable, attributable profit on construction in progress less applicable progress billings. Allowance is made for all anticipated losses on development project.

3 Significant Group accounting policies (cont'd)

When the outcome of the development property can be estimated reliably, revenue and contract costs are recognised over the period of the development property as revenue and expense respectively. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a given period; the stage of completion is measured by reference to the proportion of development costs incurred for development work performed to date bear to the estimated total costs for the development work.

When the outcome of the development property cannot be estimated reliably, contract revenue is recognised only to the extent of development costs incurred that it is probable will be recoverable; development costs are recognised when incurred.

Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts, and after eliminating sales within the Group.

Revenue from development projects is accounted for under the percentage of completion method where the outcome of the development can be reliably estimated. The percentage/stage of completion is measured by reference to the cost incurred to date compared to the estimated total cost of the development.

Other revenue earned by the Group is recognised on the following bases:

- Interest income - on the accrual basis unless collectibility is in doubt
- Dividend income - when the Group's right to receive payment is established
- Maintenance charges and management fee - upon performance of services

Borrowings

Borrowings are initially recognised based on the proceeds received. In subsequent period, borrowings are stated with accumulated outstanding interest and net of repayment during the period. Portions repayable after 12 months are disclosed as non-current liabilities.

Capitalisation of borrowing costs

Borrowing costs incurred to finance the construction of assets which require a substantial period of time to be made ready for their intended use are capitalised. Capitalisation ceases when the assets are ready for their intended use or sale.

Redeemable preference shares

Preference shares, which are redeemable at any time on or before a specific date and which carry non-discretionary dividend obligation are classified as non-current liabilities. The dividends on this preference shares are recognised in the income statement as finance cost when declared.

Dividends

Dividends on ordinary shares are recognised as liabilities when declared.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances, project accounts, bank overdrafts and deposits at call with licensed banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Other shares are classified as equity and/or liabilities according to the economic substance of the particular instrument.

Fair value estimation of financial instruments for disclosure purposes

In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of quoted investments is based on its quoted market price at the balance sheet date. For current financial assets and liabilities, the carrying amounts are assumed to approximate their fair values because of the short maturity of these instruments. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4 Financial risk management objective and policies

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk.

The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies which cover the management of these risks.

Foreign currency risk

Since almost all foreign currency transactions are in US Dollar to which the Ringgit Malaysia is currently pegged the Group's exposure to currency risks is very minimal.

Interest rate risk

The Group enters into various interest rate risk management transactions, including using a combination of fixed and floating rate loans to manage net interest rates within predictable, desired range.

Market risk

The Group has in place policies to manage the Group's exposure to fluctuation in the prices of the key raw materials used in the operations through close monitoring and buying ahead in anticipation of significant price increase, where necessary.

For sales to key Original Equipment Manufacturing customers the Group establishes a floating raw material pricing mechanism in determining the selling price where changes in raw material component prices beyond certain range are passed on to customers. For property development, the Group is actively sourcing for new development land in prime locations to increase its development land bank.

Credit risk

The Group is exposed to credit risk mainly from its customer base, including trade receivables. The Group extends credit to its customers based on evaluation of the customer's financial condition and credit history. Trade receivables are monitored on an ongoing basis by the Group's credit control department.

Liquidity and cash flow risk

The Group seeks to minimise any mismatch of financial assets and liabilities and maintains sufficient credit facilities available for contingent funding requirement of working capital.

5 Revenue

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sale of goods	72,013,636	65,329,473	–	–
Contract revenue	98,308,791	114,343,182	–	–
Dividend income	–	–	5,737,500	4,750,000
Interest income	–	–	69,278	97,190
Maintenance charges	280,264	740,260	–	–
Management fee	–	–	12,000	12,000
	170,602,691	180,412,915	5,818,778	4,859,190

6 Cost of sales

	Group	
	2002 RM	2001 RM
Cost of inventories sold	60,706,997	56,183,906
Contract costs	77,768,111	97,998,401
Cost of rendering maintenance services	195,628	213,617
	138,670,736	154,395,924

7 Impairment losses

Included in other operating expenses are the impairment of:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
- Investment in subsidiaries	-	-	1,115,673	-
- Investment in associates	-	-	126,000	-
- Plant and machinery (Note 19)	119,238	-	-	-
	119,238	-	1,241,673	-

Impairment for investment in subsidiaries is in respect of dormant subsidiaries where the net tangible asset is below the cost of investment and for which there are no business plans to generate future income. For investment in associates impairment is recognised on the basis of the Group's share of post-acquisition accumulated losses.

The impairment of plant and machinery is in respect of certain moulds for which the Group has no future plans for utilisation.

8 Profit from operations

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Profit from operations is stated after charging:					
Amortisation of license fee	20	8,040	8,030	-	-
Amortisation of goodwill	20	-	18,170	-	-
Amortisation of exploration expenditure	20	-	14,673	-	-
Allowance for diminution in value of investment in subsidiary	7	-	-	1,115,673	-
Allowance for diminution in value of investment in associated company		-	-	126,000	-
Auditors' remuneration					
- current year		157,600	127,690	30,000	12,000
- under provision in prior year		20,583	8,298	3,750	2,189
- non-audit fee		10,000	-	10,000	-
Debt waived		-	-	-	1,500,000
Property, plant and equipment					
- depreciation	19	8,892,973	8,506,165	12,197	11,501
- impairment	7	119,238	-	-	-
- written off		40,193	733	-	-
- loss on disposal		116,710	-	-	-
Allowance for diminution in value of investment in quoted shares		-	2,620	-	-
Allowance for amounts due from					
- subsidiary companies		-	-	329,030	178,316
- associated company		2,788,119	-	1,300,000	-
Allowance for doubtful debts		112,929	126,985	-	-
Bad debts written off		-	82,113	-	-
Rental of land and buildings		453,203	510,168	-	-
Staff cost (including executive directors' remuneration)		16,726,256	16,518,372	304,545	274,724
Inventories write down		239,291	115,342	-	-
Inventories written off		336,342	570,365	-	-
Net foreign exchange loss on borrowing					
- unrealised		182,769	688	-	-
- realised		22,336	50,548	-	-
Interest expenses in cost of sales		3,069,353	4,627,032	-	-
and crediting:					
Gross dividend from subsidiary companies		-	-	5,737,500	4,750,000
Gain on disposal of property, plant and equipment		-	193,916	915	-
Interest income		1,327,449	483,248	69,278	97,190
Write back of allowance for doubtful debts		139,991	-	-	-
Net foreign exchange gain					
- unrealised		-	163,146	-	-
- realised		17,257	233,812	-	-
Rental income		414,600	414,600	-	-

9 Directors' remuneration

The aggregate amount of emoluments receivable by Directors of the Company during the financial year were as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Non-executive Directors:				
- Fees	86,933	70,650	86,933	70,650
- Estimated monetary value of benefits-in-kind	10,100	7,526	-	-
Executive Directors:				
- Other emoluments	1,077,676	925,600	-	-
- Estimated monetary value of benefits-in-kind	39,750	38,700	-	-
	1,214,459	1,042,476	86,933	70,650

10 Finance cost

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Interest expenses	4,488,302	5,454,765	579,952	493,305
Net exchange loss on foreign currency borrowings:				
- unrealised	182,769	688	-	-
- realised	22,336	50,548	-	-
	4,693,407	5,506,001	579,952	493,305

11 Taxation

Taxation based on the results of the financial year:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Malaysian income tax:				
In respect of the current year	3,339,314	2,666,445	872,000	280,000
Over provision in respect of prior years	(387,523)	(648,068)	–	–
Transfer from deferred taxation (Note 18)	384,000	893,000	388,500	770,000
	3,335,791	2,911,377	1,260,500	1,050,000

The tax charge for the Company is in respect of dividends from a subsidiary company. The effective tax rate of the Company was higher than the statutory rate of tax applicable due to certain expenses which were not deductible for tax purposes.

The effective tax rate of the Group was higher than the statutory rate of tax applicable due to losses suffered by certain subsidiary companies for which no group relief is available and certain expenses which were not deductible for tax purposes.

	Group	
	2002 RM	2001 RM
Tax saving from the utilisation of tax losses brought forward from previous years for which credit is recognised during the financial year	14,000	–
Tax losses for which the related tax credit has not been recognised in the financial statements	23,455,000	21,607,000

As at 31 December 2002, the Group has unutilised capital allowances of approximately RM19,630,000 (2001: RM22,867,000) for which the related tax credit has not been included in the financial statements.

12 Earnings per ordinary share

The earnings per ordinary share for the financial year has been calculated based on the Group's profit for the financial year of RM5,307,277 (2001: RM5,097,645) divided by the number of ordinary shares in issue during the financial year of 43,978,000 (2001: 43,978,000).

13 Dividend

Dividend proposed in respect of the financial year ended 31 December 2002 is as follows:

	Group and Company 2002		Group and Company 2001	
	Gross dividend per share Sen	Amount of dividend, net of tax RM	Gross dividend per share Sen	Amount of dividend, net of tax RM
Proposed first and final dividend	1	316,642	2	633,283

At the forthcoming Annual General Meeting, a first and final gross dividend in respect of the financial year ended 31 December 2002 of 1 sen per share less 28% taxation, amounting to RM316,642 will be proposed for shareholders' approval.

14 Share capital

	Group and Company 2002 RM	2001 RM
Authorised: 100,000,000 ordinary shares of RM1.00 each	100,000,000	100,000,000
Issued and fully paid: 43,978,000 ordinary shares of RM1.00 each	43,978,000	43,978,000

15 Term loans

	Group	
	2002 RM	2001 RM
Secured:		
Term loan 1	1,950,665	2,660,000
Term loan 2	3,471,722	4,871,387
Term loan 3	30,565,484	41,620,193
Term loan 4	4,000,000	4,000,000
Term loan 5	745,040	1,432,532
Term loan 6	-	2,270,192
	40,732,911	56,854,304
Unsecured:		
Term loan 7	437,500	2,187,500
Term loan 8	2,250,000	3,750,000
	2,687,500	5,937,500
Total		
Repayable not later than 1 year	17,377,141	19,676,684
Repayable later than 1 year and not later than 2 years	9,900,413	17,377,141
Repayable later than 2 years and not later than 5 years	16,142,857	25,737,979
	26,043,270	43,115,120
	43,420,411	62,791,804

> 5 6

Term loans	Terms of repayment	Security
Secured:		
Term loan 1	36 monthly instalments commencing January 2002.	Secured by legal charges over the leasehold land and buildings, plant, machinery and equipment, inventories and trade receivables of a subsidiary company and a guarantee from the Company.
Term loan 2	36 monthly instalments commencing December 2001.	Secured by fixed charge over the leasehold land and buildings, plant, machinery and equipment, inventories and trade receivables of a subsidiary company and a guarantee from the Company.
Term loan 3	6 years commencing July 2001 or by way of redemption of the property sold on the project, whichever is earlier.	Secured by a first fixed charge over a piece of mixed development land and a debenture over the same development land of a subsidiary company and a guarantee from the Company.

Term loan 4	4 years commencing September 2003 or by way of redemption of the property sold on the project, whichever is earlier.	Secured by a second fixed charge over a piece of mixed development land and a debenture over the same development land of a subsidiary company and a guarantee from the Company.
Term loan 5	8 years commencing January 1996.	Secured by assignment of sale and purchase agreements over certain property, plant and equipment of a subsidiary company and a guarantee from the Company.
Unsecured:		
Term loan 7	2 years commencing April 2001.	Granted on negative pledge over the present and future assets of a subsidiary company and a guarantee from the Company.
Term loan 8	16 quarterly instalments commencing July 2000.	Granted on negative pledge over the present and future assets of a subsidiary company and a guarantee from the Company.

The currency exposure profile of the term loans is as follows:

	Group 2002 RM
- US Dollar	5,422,387
- Ringgit Malaysia	37,998,024
	43,420,411

All term loans bear interest at floating rates and its carrying value are deemed to approximate their fair value at balance sheet date.

As at 31 December 2002, the weighted average effective interest rate of the term loans denominated in US Dollar was 8.09% per annum and the term loans denominated in local currency was 8.62% per annum.

During the year, the rates were in the following range:

	Group	
	2002	2001
	%	%
Foreign currency facilities (US Dollar)	8.00 - 9.00	9.00 - 11.00
Local currency facilities	7.90 - 9.45	7.90 - 9.95

16 Borrowings

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Secured:				
Short term foreign credit facilities	4,477,966	3,838,730	–	–
Revolving credit	3,500,000	1,000,000	3,500,000	1,000,000
	7,977,966	4,838,730	3,500,000	1,000,000
Unsecured:				
Revolving credit	22,000,000	23,000,000	5,000,000	5,000,000
Bankers acceptance	8,389,000	10,447,000	–	–
	30,389,000	33,447,000	5,000,000	5,000,000
Total:				
Repayable not later than 1 year	35,866,966	38,285,730	8,500,000	6,000,000
Repayable later than 1 year and not later than 2 years	2,500,000	–	–	–
	38,366,966	38,285,730	8,500,000	6,000,000

Group

The secured short term foreign credit facilities obtained by a subsidiary company are secured by legal charges over the leasehold land and buildings, plant, machinery and equipment, inventories and trade receivables of the said subsidiary company and is guaranteed by the Company.

The secured revolving credit is secured by a first fixed legal charge over a piece of vacant commercial site owned by a wholly owned subsidiary company.

Both unsecured revolving credits and bankers acceptances are granted on negative pledges over the present and future assets of the respective subsidiary companies and are guaranteed by the Company. Included in the unsecured revolving credit facility is an amount of RM7,500,000 which is repayable by way of fixed quarterly instalments over 2 years commencing July 2002.

Company

The secured revolving credit is secured by a first fixed legal charge over a piece of vacant commercial site owned by a wholly owned subsidiary company.

The unsecured revolving credit is granted on negative pledge over the present and future assets of the Company.

The currency exposure profile of the borrowings is as follows:

	Group 2002 RM	Company 2002 RM
US Dollar	3,230,000	-
Indonesian Rupiah	1,247,966	-
Ringgit Malaysia	33,889,000	8,500,000
	38,366,966	8,500,000

As at 31 December 2002, the weighted average effective interest rates of the borrowings denominated in US Dollar, Indonesian Rupiah and local currency were 8.50%, 16.63% and 5.18% per annum respectively.

The borrowings bear interest at floating rates and its carrying value are deemed to approximate their fair value at balance sheet date.

During the year, the rates were in the following range:

	Group		Company	
	2002	2001	2002	2001
	%	%	%	%
Foreign facilities				
- US Dollar	8.00 - 9.00	9.00 - 11.00		
- Indonesian Rupiah	3.75 - 19.50	16.50 - 22.00		
Local facilities	3.34 - 6.65	3.35 - 7.65	5.00 - 5.25	4.95 - 5.20

17 Deferred payables

	Group	
	2002 RM	2001 RM
Redeemable preference shares of a subsidiary company (Note 17(i))	14,000,000	–
Payable for acquisition of property, plant and equipment (Note 29)	–	3,692,810
Finance lease and hire purchase liabilities (Note 17(ii))	731,622	1,255,288
	14,731,622	4,948,098

(i) Redeemable preference shares

	Group	
	2002 RM	2001 RM
Preference shares of RM1.00 each, issued by a subsidiary company	5,000,000	–
Share premium on preference shares	9,000,000	–
	14,000,000	–

On 16 October 2002, a wholly owned subsidiary company issued 5,000,000 redeemable, non-participating, non-convertible preference shares of RM1.00 each at an issue price of RM2.80 per share to a creditor in consideration for RM14 million owing by the subsidiary company. The redeemable preference shares bears a 6% non-cumulative preferential dividend per annum payable from year 2003 onwards out of profit of the subsidiary company and are redeemable any time from the date of issue up to 31 December 2009, at its issue price of RM2.80 per share.

(ii) Finance lease and hire purchase liabilities

	Group	
	2002 RM	2001 RM
Minimum finance lease and hire purchase payments:		
- not later than 1 year	1,418,096	1,318,120
- later than 1 year and not later than 5 years	860,078	1,467,507
	2,278,174	2,785,627
Future finance charges on finance lease and hire purchase liabilities	(309,500)	(402,745)
Present value of finance lease and hire purchase liabilities	1,968,674	2,382,882
Present value of finance lease and hire purchase liabilities:		
- not later than 1 year (Note 29)	1,237,052	1,127,594
- later than 1 year and not later than 5 years	731,622	1,255,288
	1,968,674	2,382,882

The Group's finance lease and hire purchase payables are secured by assets acquired under finance lease and hire purchase agreements as disclosed under Note 19.

18 Deferred taxation

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
At 1 January	1,231,560	338,560	770,000	–
Transfer from income statement (Note 11)	384,000	893,000	388,500	770,000
At 31 December	1,615,560	1,231,560	1,158,500	770,000

The deferred taxation provided in the financial statements are in respect of the timing differences arising from:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Excess of capital allowances over the corresponding depreciation	1,399,000	1,488,000	–	–
Interest capitalised in development properties	5,273,000	2,910,000	–	–
Other timing differences	(903,000)	–	–	–
Recognition of dividends proposed by wholly owned subsidiary companies	–	–	4,138,000	2,750,000
	5,769,000	4,398,000	4,138,000	2,750,000

All timing differences have been accounted for except for certain tax losses and unutilised capital allowances for which the related tax credits have not been recognised in the financial statements which are disclosed in Note 11.

19 Property, plant and equipment

	At Cost/Valuation			At Cost			Total RM
	Land RM	Buildings RM	Renovations RM	Plant, machinery and factory equipment RM	Motor vehicles RM	Furniture, fittings and office equipment RM	
2002							
Group Cost/valuation							
At 1 January	13,698,036	36,983,904	631,504	69,364,585	5,477,101	4,472,378	130,627,508
Additions	-	136,276	850	3,490,450	517,046	270,988	4,415,610
Disposals	-	-	-	(2,798,387)	(584,246)	(3,311)	(3,385,944)
Written off	-	-	-	(72,617)	-	(2,093)	(74,710)
At 31 December	13,698,036	37,120,180	632,354	69,984,031	5,409,901	4,737,962	131,582,464
Accumulated depreciation							
At 1 January	2,448,962	6,647,353	216,675	31,494,276	2,993,233	1,895,788	45,696,287
Charge for the financial year	401,760	1,478,633	50,549	5,581,040	964,780	416,211	8,892,973
Disposals	-	-	-	(1,872,430)	(365,000)	(529)	(2,237,959)
Written off	-	-	-	(34,191)	-	(326)	(34,517)
At 31 December	2,850,722	8,125,986	267,224	35,168,695	3,593,013	2,311,144	52,316,784
Accumulated impairment loss							
Impairment loss for the financial year	-	-	-	119,238	-	-	119,238
At 31 December	-	-	-	119,238	-	-	119,238
Net book value							
At 31 December 2002	10,847,314	28,994,194	365,130	34,696,098	1,816,888	2,426,818	79,146,442
At 31 December 2001	11,249,074	30,336,551	414,829	37,870,309	2,483,868	2,576,590	84,931,221

	At Valuation			At Cost			Total land RM	At Valuation			At Cost			Total buildings RM
	Short term leasehold land RM	Long term leasehold land RM	Short term leasehold land RM	Leasehold buildings RM	Leasehold buildings RM	Freehold buildings RM		Leasehold buildings RM	Leasehold buildings RM	Freehold buildings RM				
2002														
Group Cost/valuation														
At 1 January	3,682,639	4,444,643	5,570,754	13,698,036	6,297,361	22,228,724	8,457,819	36,983,904						
Additions	-	-	-	-	-	122,773	13,503	136,276						
At 31 December	3,682,639	4,444,643	5,570,754	13,698,036	6,297,361	22,351,497	8,471,322	37,120,180						
Accumulated depreciation														
At 1 January	1,266,639	3,896	1,178,427	2,448,962	2,153,700	2,687,556	1,806,097	6,647,353						
Charge for the financial year	140,738	46,763	214,259	401,760	239,300	937,274	302,059	1,478,633						
At 31 December	1,407,377	50,659	1,392,686	2,850,722	2,393,000	3,624,830	2,108,156	8,125,986						
Net book value														
At 31 December 2002	2,275,262	4,393,984	4,178,068	10,847,314	3,904,361	18,726,667	6,363,166	28,994,194						
At 31 December 2001	2,416,000	4,440,747	4,392,327	11,249,074	4,143,661	19,541,168	6,651,722	30,336,551						

Company**2002
RM****Office equipment
Cost**At 1 January
Addition
Disposal148,242
12,630
(3,311)

At 31 December

157,561

Accumulated depreciationAt 1 January
Charge for the financial year
Disposal46,938
12,197
(529)

At 31 December

58,606

**Net book value
At 31 December 2002**

98,955

At 31 December 2001

101,304

19 Property, plant and equipment (cont'd)

Valuation

The short term leasehold land and buildings of the Group were valued by the Directors in 1992 based on valuation carried out by independent professional valuers on the open market value basis. The tax effect in connection with the surplus arising from the revaluation of leasehold land and buildings is not disclosed as there is no intention to dispose of these properties.

The net book values of revalued short term leasehold land and buildings of the Group that would have been included in the financial statements, had these assets been carried at cost less accumulated amortisation/depreciation, are as follows:

	Group	
	2002	2001
	RM	RM
Short term leasehold land and buildings	7,807,587	8,247,834

Assets with restricted title

At the balance sheet date, the net book value of property, plant and equipment of the Group pledged to financial institutions to secure term loans, borrowings and bank overdrafts as shown in Notes 15, 16 and 30 are as follows:

	Group	
	2002	2001
	RM	RM
Net book value		
Freehold building	6,363,166	6,651,722
Short term leasehold land and buildings	7,932,734	8,349,693
Plant, machinery and equipment	11,512,225	13,550,443
	25,808,125	28,551,858

Assets held under hire purchase and finance lease agreements

At the balance sheet date, the net book value of property, plant and equipment of the Group held under hire purchase and finance leases are as follows:

	Group	
	2002	2001
	RM	RM
Net book value		
Plant, machinery and factory equipment	2,502,220	2,325,444
Motor vehicles	1,531,442	681,643
Furniture, fittings and office equipment	52,971	58,195
	4,086,633	3,065,282

20 Intangible assets

Group	Goodwill RM	Exploration expenditure RM	License fee RM	Total RM
2002				
Cost				
At 1 January	–	–	80,000	80,000
At 31 December	–	–	80,000	80,000
Accumulated amortisation				
At 1 January	–	–	12,050	12,050
Add: amortisation for the financial year	–	–	8,040	8,040
At 31 December	–	–	20,090	20,090
Net book value	–	–	59,910	59,910
2001				
Cost				
At 1 January	756,266	125,765	80,000	962,031
Less: disposal of subsidiary companies	(756,266)	(125,765)	–	(882,031)
At 31 December	–	–	80,000	80,000
Accumulated amortisation				
At 1 January	112,608	81,747	4,020	198,375
Add: amortisation for the financial year	18,170	14,673	8,030	40,873
Less: disposal of subsidiary companies	(130,778)	(96,420)	–	(227,198)
At 31 December	–	–	12,050	12,050
Net book value	–	–	67,950	67,950

21 Subsidiary companies

Interest in subsidiary companies:

	Company	
	2002 RM	2001 RM
Unquoted shares, at cost	57,975,252	57,975,252
Less: accumulated impairment losses	(9,880,883)	(8,765,210)
	48,094,369	49,210,042
Amounts due from subsidiary companies	40,523,636	39,968,545
Less: allowance for doubtful debts	(31,321,789)	(30,992,759)
	9,201,847	8,975,786
	57,296,216	58,185,828

Amounts due from subsidiary companies arose mainly from inter-company advances and payments on behalf and are repayable after 12 months, unsecured and interest free except for an amount of RM1,786,000 (2001: RM4,047,000) which bears interest at rates ranging between 1.31% and 1.83% (2001: 1.82% and 5.54%) per annum.

It is not practicable to determine the fair value of amounts due from subsidiary companies as these are interest free and have no fixed terms of repayment. However, the carrying amount recorded are not anticipated to significantly differ from its fair value at balance sheet date.

The subsidiary companies are:

Name of company	Country of incorporation	Effective equity interest				Principal activities
		By company		By subsidiary company		
		2002	2001	2002	2001	
		%	%	%	%	
Subsidiary companies of Mah Sing Group Berhad						
Mah Sing Properties Sdn Bhd @	Malaysia	100	100	-	-	Property investment and development
Mah Sing Plastics Industries Sdn Bhd @+	Malaysia	100	100	-	-	Manufacture of plastic moulded products and property development
Mah Sing Enterprise Sdn Bhd*+	Malaysia	100	100	-	-	Trading of plastic and other related products
Mah Sing-Yoshikawa Components Manufacturing Sdn Bhd*	Malaysia	51	51	-	-	Manufacture of semi-finished and finished plastic parts

Name of company	Country of incorporation	Effective equity interest				Principal activities
		By company		By subsidiary company		
		2002	2001	2002	2001	
		%	%	%	%	
Jastamax Sdn Bhd*	Malaysia	100	100	-	-	Property investment
Multi Synergy Group Sdn Bhd*	Malaysia	100	100	-	-	Property investment
Mestika Bistari Sdn Bhd*	Malaysia	100	100	-	-	Construction and property development
Vital Routes Sdn Bhd*	Malaysia	100	100	-	-	Investment holding
Champion Computers Sdn Bhd*	Malaysia	100	100	-	-	Investment holding
Peninsular Connection Sdn Bhd*	Malaysia	100	100	-	-	Investment holding
Pleasant Network Sdn Bhd*	Malaysia	100	100	-	-	Investment holding
Insan Johan Sdn Bhd*	Malaysia	100	100	-	-	Inactive
Vital Roles Sdn Bhd*	Malaysia	90	90	-	-	Inactive
Mah Sing Precision Engineering Sdn Bhd*	Malaysia	100	100	-	-	Inactive
Konsortium Lingkaran Lembah Kinta Sdn Bhd*	Malaysia	51	51	-	-	Dormant
Gentali Motor Corpn. Sdn Bhd*	Malaysia	60.5	60.5	-	-	Inactive
Superior Focus Sdn Bhd*	Malaysia	80	80	-	-	Inactive
Subsidiary company of Mah Sing Plastics Industries Sdn Bhd						
Kenwira Sdn Bhd*	Malaysia	-	-	100	100	Assembly of helmets
Subsidiary company of Mah Sing Properties Sdn Bhd						
Acacia Springs Management Sdn Bhd*	Malaysia	-	-	100	100	Property management
Mestika Kenangan Sdn Bhd*	Malaysia	-	-	100	100	Property management
Subsidiary company of Pleasant Network Sdn Bhd						
Vican Technology Sdn Bhd**	Malaysia	-	-	68	68	Inactive, under court winding up order

21 Subsidiary companies (cont'd)

Name of company	Country of incorporation	Effective equity interest				Principal activities
		By company		By subsidiary company		
		2002	2001	2002	2001	
		%	%	%	%	
Subsidiary company of Vican Technology Sdn Bhd						
Vican Electronics Sdn Bhd #	Malaysia	-	-	100	100	Inactive
Subsidiary company of Vital Routes Sdn Bhd						
P.T. Mah Sing Indonesia*	Indonesia	-	-	65	65	Manufacture of plastic moulded products

@ Audited by PricewaterhouseCoopers, Malaysia.

* Audited by other firms of auditors.

** This subsidiary company is under court winding up order and was deconsolidated from the Group results in 2000. The cost of investment in this subsidiary company had been fully provided for.

This sub-subsidiary company has not been included in the Group consolidation.

+ Consolidated by merger method.

22 Associated companies

Interest in associated companies:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unquoted shares, at cost	936,248	936,248	224,750	224,750
Less: accumulated impairment losses (Note 7)	-	-	(126,000)	-
Group's share of post-acquisition accumulated losses	(837,498)	(837,498)	-	-
	98,750	98,750	98,750	224,750
Amount due from an associated company	3,778,133	3,383,271	2,140,014	1,689,042
Less: repayable within 12 months (Note 27)	(3,167,038)	(1,048,948)	(1,678,919)	-
	611,095	2,334,323	461,095	1,689,042
	709,845	2,433,073	559,845	1,913,792

Amount due from an associated company is unsecured, interest free and repayable over 8 quarterly instalments commencing 30 June 2002.

The Group's share of the cumulative losses of associated companies as shown below have not been recognised in the Group's income statement as equity accounting ceased when the Group's share of losses of associated companies exceeded the carrying amount of its investment in the associates.

	Group	
	2002	2001
	RM	RM
Accumulated losses		
As at 1 January	(1,747,917)	(829,400)
Acquisition	-	(1,372,907)
(Loss)/profit from ordinary activities after taxation	(611,732)	454,390
As at 31 December	(2,359,649)	(1,747,917)

Details relating to the associated companies are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2002 %	2001 %	
Associated companies of Mah Sing Group Berhad				
Perstorp-Mah Sing Sdn Bhd	Malaysia	42	42	Distribution, marketing and sale of waste handling systems
Prestige Greenery Sdn Bhd	Malaysia	39.5	39.5	Dormant
Associated company of Peninsular Connection Sdn Bhd				
True Mineral Water Sdn Bhd	Malaysia	50	50	Extracting and packaging of mineral water

23 Investments

	Group	
	2002	2001
	RM	RM
Quoted shares in Malaysia, at cost	3,700	3,700
Less: allowance for diminution in value	(2,620)	(2,620)
	1,080	1,080
Unquoted shares outside Malaysia, at cost	1,204,055	1,204,055
Less: allowance for diminution in value	(1,204,055)	(1,204,055)
	-	-
	1,080	3,700
Market value of quoted shares in Malaysia	1,140	1,080

24 Real property assets

	Group	
	2002	2001
	RM	RM
Freehold land, at cost	22,996,996	27,046,572

The freehold land has been charged to a financial institution as security for the term loans and bank overdraft as shown in Notes 15 and 30.

25 Development properties

	Group	
	2002	2001
	RM	RM
Cost:		
Freehold land	72,692,205	68,141,367
Leasehold land	3,853,004	3,712,062
Development expenditure	335,927,110	279,897,368
Total land and development expenditure	412,472,319	351,750,797
Attributable profits net of foreseeable loss	136,460,471	107,290,673
	548,932,790	459,041,470
Less: progress billings received and receivable	(456,745,596)	(354,716,461)
	92,187,194	104,325,009

Included in development expenditure is interest on borrowings capitalised during the financial year amounting to RM3,345,323 (2001: RM4,966,496).

The freehold land has been charged to a financial institution as security for the term loans and bank overdraft as shown in Notes 15 and 30. The leasehold land amounting to RM1,741,858 (2001:RM1,741,858) have been pledged as security for short term borrowings granted to the Company as shown in Note 16.

26 Inventories

	Group	
	2002	2001
	RM	RM
At cost:		
Completed properties	5,629,105	6,059,752
Raw materials	2,365,481	3,397,411
Work-in-progress	1,143,137	1,058,904
Finished goods	2,724,209	3,953,617
	11,861,932	14,469,684
At net realisable value:		
Completed properties	-	1,360,000
Raw materials	87,238	80,756
Finished goods	124,645	103,109
	211,883	1,543,865
	12,073,815	16,013,549

Inventories of a subsidiary company amounting to RM1,398,278 (2001: RM1,659,699) are pledged to financial institution to secure foreign term loans, short term borrowing and bank overdraft as shown in Notes 15, 16 and 30.

27 Trade and other receivables

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade receivables	23,231,547	39,406,114	-	-
Less: allowance for doubtful debts	(1,099,419)	(1,126,481)	-	-
	22,132,128	38,279,633	-	-
Other receivables	1,258,809	888,057	111,242	111,242
Less: allowance for doubtful debts	(88,718)	(79,258)	(76,160)	(76,160)
	1,170,091	808,799	35,082	35,082
Amounts due from subsidiary companies	-	-	10,685,836	7,625,094
Amount due from an associated company (Note 22)	3,167,038	1,048,948	1,678,919	-
Less: allowance for doubtful debts	(2,788,119)	-	(1,300,000)	-
	378,919	1,048,948	378,919	-
Tax recoverable	520,941	306,702	1,342,500	770,000
Deposits	3,793,044	5,636,568	2,250	2,250
Prepayments	1,556,029	883,020	262,151	77,874
	29,551,152	46,963,670	12,706,738	8,510,300

The currency exposure profile of trade receivables is as follows:

	Group 2002 RM	Company 2002 RM
- Ringgit Malaysia	20,883,855	-
- US Dollar	1,248,273	-
	22,132,128	-

Trade receivables of RM1,248,273 (2001: RM1,202,088) are pledged to financial institutions to secure foreign term loans, short term borrowings and bank overdrafts as shown in Notes 15, 16 and 30.

Trade receivables comprise amounts receivable for the sales of goods of RM8,583,290 (2001:RM10,543,086) and amounts receivable from customers for property development projects of RM13,548,838 (2001:RM27,175,926). Other receivables comprise mainly balance of property management fee and rental receivable.

The terms for sale of goods range from payment in advance to 90 days credit whilst credit terms for receivable under property development range from 14 days to 21 days.

Concentration of credit risk with respect to trade receivables are limited due to the Group's large number of customers, which are widely distributed and covers a broad range of end markets in which they sell. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors management believes there are no additional credit risk beyond amounts provided for collection losses for the Group's trade receivables.

Amounts due from subsidiary companies are unsecured, interest free, arose mainly from inter-company advances and payments on behalf and have no fixed term of repayment.

28 Deposits, cash and bank balances

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash and bank balances	3,655,818	2,086,200	20,408	12,855
Project accounts	8,401,744	4,085,172	-	-
Deposits with licensed banks	50,000	1,889,847	-	-
	12,107,562	8,061,219	20,408	12,855

The interest rates per annum for deposits and project accounts during the financial year are:

	Group	
	2002 %	2001 %
Deposits with licensed banks	3.2	3.2
Project accounts	2.0	2.0

Deposits have an average maturity of 30 days (2001: 30 days). Bank balances are deposit held at call with licensed banks.

Deposit with licensed banks of the Group amounting to RM50,000 (2001:RM139,847) have been pledged as collateral for guarantees issued on behalf of subsidiary companies.

Project accounts are bank accounts maintained in accordance with Section 7A of the Housing Developers Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the subsidiary company upon the completion of the property development projects and after all property development expenditure have been fully settled.

The currency exposure profile of cash and bank balances is as follows:

	Group 2002 RM	Company 2002 RM
- Ringgit Malaysia	11,885,783	20,408
- US Dollar	221,779	-
	12,107,562	20,408

29 Trade and other payables

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade payables	17,669,545	54,407,182	–	–
Retention sum	10,151,055	7,849,547	–	–
Other payables	2,565,589	5,999,815	–	–
	30,386,189	68,256,544	–	–
Finance lease and hire purchase liabilities (Note 17(ii))	1,237,052	1,127,594	–	–
Amounts due to subsidiary companies	–	–	3,197,583	3,115,866
Amounts due to associated companies	112,185	113,789	–	–
Amount due to minority shareholder of a subsidiary company	2,230,000	1,995,000	–	–
Payable for acquisition of property, plant and equipment	5,138,862	5,667,888	–	–
Less: amount payable later than 1 year (Note 17)	–	(3,692,810)	–	–
	5,138,862	1,975,078	–	–
Deposits received from customers	1,485,491	1,050,654	–	–
Accrued operating expenses	6,214,735	5,339,189	77,849	18,986
	46,804,514	79,857,848	3,275,432	3,134,852

The terms of payment for trade payables and other payables granted to the Group range from cash basis to 90 days credit.

The currency exposure profile of trade payables including retention sum and other payables is as follows:

	Group 2002 RM
- Ringgit Malaysia	27,604,577
- US Dollar	2,781,612
	30,386,189

Amounts due to subsidiary companies are unsecured, interest free, arose mainly from inter-company advances and payments on behalf and have no fixed term of repayment.

Amounts due to associated companies are unsecured, interest free and have no fixed term of repayment.

Amount due to minority shareholder of a subsidiary company is unsecured, bears interest at rates varying between 1.31% and 1.83% (2001: 1.82% and 5.54%) per annum and has no fixed term of repayment.

Amounts payable for acquisition of property, plant and equipment are denominated in Japanese Yen and are guaranteed by the Company and bears interest at a rate of 3% (2001: 3%) per annum.

30 Bank Overdrafts

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Secured	878,201	3,399,566	–	–
Unsecured	5,921,184	6,221,710	2,102,450	2,828,193
	6,799,385	9,621,276	2,102,450	2,828,193

Group

The secured bank overdrafts of the Group are secured by legal charges over the leasehold land and buildings, plant, machinery and equipment, inventories and trade receivables of a subsidiary company and by a second fixed charge over a piece of mixed development land, a specific debenture over the same development land and are guaranteed by the Company.

The unsecured bank overdraft facilities are granted on negative pledges over the present and future assets of the Company and respective subsidiary companies.

Company

The unsecured bank overdraft facility is granted on negative pledge over the present and future assets of the Company.

The currency exposure profile of the bank overdrafts is as follows:

	Group 2002 RM	Company 2002 RM
- Indonesian Rupiah	594,423	–
- Ringgit Malaysia	6,204,962	2,102,450
	6,799,385	2,102,450

As at 31 December 2002, the weighted average effective interest rate of the bank overdrafts denominated in Indonesian Rupiah was 18.50% per annum and local overdraft was 8.33% per annum.

The above overdrafts bear interest at floating rates. During the financial year the rates were in the following range:

	Group		Company	
	2002 %	2001 %	2002 %	2001 %
Foreign facilities				
- Indonesian Rupiah	18.50	18.00 - 20.50	8.15	8.15 - 8.55
Local facilities	7.40 - 8.65	7.40 - 9.05		

31 Cash generated from operations

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Profit before taxation	8,469,530	5,899,879	1,598,529	2,046,743
Adjustments for:				
Depreciation	8,892,973	8,506,165	12,197	11,501
Amortisation of goodwill	-	18,170	-	-
Amortisation of exploration expenditure	-	14,673	-	-
Amortisation of license fee	8,040	8,030	-	-
Loss/(gain) on disposal of property, plant and equipment	116,710	(193,916)	(915)	-
Impairment loss of property, plant and equipment	119,238	-	-	-
Gain on disposal of subsidiary companies	-	(1,245,815)	-	-
Property, plant and equipment written off	40,193	733	-	-
Allowance for amounts due from subsidiary companies	-	-	329,030	178,316
Allowance for diminution in value of investment in subsidiary companies	-	-	1,115,673	-
Allowance for diminution in value of investment in associated company	-	-	126,000	-
Allowance for amount due from associated companies	2,788,119	-	1,300,000	-
Allowance for diminution in value of investment in quoted shares	-	2,620	-	-
Interest expenses	7,557,655	5,454,765	579,952	493,305
Interest income	(1,327,449)	(483,248)	(69,278)	(97,190)
Dividend income	-	-	(5,737,500)	(4,750,000)
Net unrealised foreign exchange loss/(gain)	182,769	(161,770)	-	-
	26,847,778	17,820,286	(746,312)	(2,117,325)
Decrease/(increase) in working capital				
Development properties	12,413,785	(2,301,877)	-	-
Real property assets	4,049,576	6,784,308	-	-
Inventories	3,939,734	(5,475,670)	-	-
Receivables	17,046,574	(6,813,131)	(1,678,777)	627,135
Payables	(22,829,416)	10,810,960	58,863	1,256,669
Net change in working capital	14,620,253	3,004,590	(1,619,914)	1,883,804
Cash generated from/(used in) operations	41,468,031	20,824,876	(2,366,226)	(233,521)

32 Purchase of property, plant and equipment

Net cash outlay for the acquisition of property, plant and equipment during the financial year is as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Total acquisition (Note 19)	4,415,610	12,908,865	12,630	9,240
Less: amount payable for acquisition of property, plant and equipment	-	(4,392,795)	-	-
Less: amount financed by hire purchase and lease	(931,716)	(2,332,886)	-	-
Net cash outlay for the financial year	3,483,894	6,183,184	12,630	9,240

33 Cash and cash equivalents

Cash and cash equivalents at end of the financial year comprise the following balance sheet items:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash and bank balances	3,655,818	2,086,200	20,408	12,855
Project accounts	8,401,744	4,085,172	-	-
Deposits with licensed banks	50,000	1,889,847	-	-
Bank overdrafts (Note 30)	(6,799,385)	(9,621,276)	(2,102,450)	(2,828,193)
	5,308,177	(1,560,057)	(2,082,042)	(2,815,338)
Less: deposits pledged as collateral (Note 28)	(50,000)	(139,847)	-	-
	5,258,177	(1,699,904)	(2,082,042)	(2,815,338)

34 Contingent liabilities (unsecured)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Corporate guarantees issued to financial institutions in respect of credit facilities granted to:				
- subsidiary companies	-	-	79,582,000	103,329,000
- associated companies	902,000	1,265,000	902,000	1,265,000
	902,000	1,265,000	80,484,000	104,594,000

There is a legal suit against the Company and certain of its subsidiary companies for alleged breach of copyright and confidential information, which is still pending hearing at the High Court of Malaya in Kuala Lumpur. The Group had accrued for an amount of RM0.8 million for the potential legal and other costs to be incurred based on the information given by the solicitors representing the Group. No further provision has been made in the financial statements as the Directors are of the opinion that the possibility of any significant further losses arising from such action is remote.

In the ordinary course of business, certain companies in the Group are defendants in various legal actions. In the opinion of the Directors, after taking appropriate legal advice, the possibility of any significant losses arising from such actions is remote.

35 Segmental information

The Group is organised into two main business segments:

- i) Properties - investment, construction, management and development of residential, commercial and industrial properties
- ii) Plastics - manufacture, assembly and sale of a range of plastic moulded products

Other operations of the Group include investment holding, dormant and inactive operations which are not of a sufficient size to be reported separately.

Inter segment sales comprise dividend income, interest charges and management fee on an arms length basis.

(a) Primary reporting format - business segments

	Properties RM	Plastics RM	Others RM	Group RM
2002				
Revenue				
Total revenue	98,589,055	72,013,636	5,818,778	176,421,469
Inter segment revenue	-	-	(5,818,778)	(5,818,778)
External revenue	98,589,055	72,013,636	-	170,602,691
Results				
Segment results	12,670,802	2,569,868	3,275,840	18,516,510
Inter segment results	(49,404)	49,404	(5,353,573)	(5,353,573)
Profit from operations	12,621,398	2,619,272	(2,077,733)	13,162,937
Finance cost				(4,693,407)
Profit from ordinary activities before tax				8,469,530
Tax				(3,335,791)
Profit from ordinary activities after tax				5,133,739
Minority interest				173,538
Net profit for the financial year				5,307,277
Other information				
Capital expenditure	567,660	3,835,320	12,630	4,415,610
Depreciation and amortisation	1,255,305	7,633,511	12,197	8,901,013
Impairment loss - Property, plant and equipment	-	119,238	-	119,238
At 31 December 2002				
Consolidated Balance Sheet				
Segment assets	171,317,402	75,009,782	1,276,026	247,603,210
Investment in associates	-	-	709,845	709,845
Unallocated assets				520,941
Total assets	171,317,402	75,009,782	1,985,871	248,833,996
Segment liabilities	25,168,789	19,066,903	1,331,770	45,567,462
Unallocated liabilities				110,324,392
Total liabilities	25,168,789	19,066,903	1,331,770	155,891,854

35 Segmental information (cont'd)

	Properties RM	Plastics RM	Others RM	Group RM
2001				
Revenue				
Total revenue	115,083,442	62,967,064	4,860,980	182,911,486
Inter segment revenue	-	-	(4,859,190)	(4,859,190)
	115,083,442	62,967,064	1,790	178,052,296
Discontinued operations				2,360,619
External revenue				180,412,915
Results				
Segment results	9,263,458	1,465,651	5,830,779	16,559,888
Inter segment results	36,136	(25,636)	(4,398,376)	(4,387,876)
Profit from operations	9,299,594	1,440,015	1,432,403	12,172,012
Discontinued operations				(733,289)
Unallocated cost				(32,843)
				11,405,880
Finance cost				(5,506,001)
Profit from ordinary activities before tax				5,899,879
Tax				(2,911,377)
Profit from ordinary activities after tax				2,988,502
Minority interest				2,109,143
Net profit for the financial year				5,097,645
Other information				
Capital expenditure	680,675	12,050,170	178,020	12,908,865
Depreciation and amortisation	893,787	7,344,567	308,684	8,547,038
At 31 December 2001				
Consolidated Balance Sheet				
Segment assets	200,892,896	85,486,976	723,696	287,103,568
Investment in associates	-	-	2,433,073	2,433,073
Unallocated assets				306,702
Total assets	200,892,896	85,486,976	3,156,769	289,843,343
Segment liabilities	57,646,968	15,624,581	9,151,515	82,423,064
Unallocated liabilities				118,978,593
Total liabilities	57,646,968	15,624,581	9,151,515	201,401,657

(b) Secondary reporting format - geographical segments

Segment assets include real property assets, investments, current assets that are used in the operating activities of the segment, property, plant and equipment and intangible assets. Segment liabilities include trade payables, other payables and accrued liabilities. Capital expenditure comprise additions to property, plant and equipment.

With the exception of a manufacturing set up for plastic moulded products in Indonesia the Group's operations are located in Malaysia.

The following is an analysis of the Group's external sales by location of customers, irrespective of the origin of the goods/services:

Sales revenue by geographical market

	2002 RM	2001 RM
Malaysia	150,306,090	164,449,624
Indonesia	15,345,601	12,371,291
Other countries	4,951,000	3,592,000
	170,602,691	180,412,915

The following is an analysis of the carrying amount of segment assets and capital expenditure by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital expenditure	
	2002 RM	2001 RM	2002 RM	2001 RM
Malaysia	224,229,292	261,183,754	4,239,629	10,989,980
Indonesia	23,373,918	25,919,814	175,981	1,918,885
	247,603,210	287,103,568	4,415,610	12,908,865

36 Commitments**(a) Capital commitments**

Capital commitments in respect of property, plant and equipment are as follows:

	Group	
	2002 RM	2001 RM
Approved and contracted for	819,000	513,200

36 Commitments (cont'd)

(b) Non-cancellable operating lease commitments

	2002		2001	
	Future minimum lease payments RM	Future minimum sub lease receipts RM	Future minimum lease payments RM	Future minimum sub lease receipts RM
Group				
- not later than 1 year	261,910	4,050	251,545	32,400
- later than 1 year and not later than 5 years	58,960	-	135,600	27,000
	320,870	4,050	387,145	59,400

37 Related party disclosures

(a) Related party and relationship

<u>Name of related party</u>	<u>Relationship</u>
(i) Principal View Sdn Bhd	- Company in which Dato' Dr. Leong Hoy Kum has substantial financial interest
(ii) Mah Sing Realty Sdn Bhd	- Company in which Dato' Dr. Leong Hoy Kum has substantial financial interest
(iii) Mah Sing Properties Sdn Bhd	- Subsidiary Company
(iv) Leong Yuet Mei	- Director of the Company
(v) Harian Madu Sdn Bhd	- Company in which 2 directors are brothers-in-law to Dato' Dr. Leong Hoy Kum
(vi) Lim Kim Hooi	- Brother-in-law to Dato' Dr. Leong Hoy Kum
(vii) True Mineral Water Sdn Bhd	- Associated Company

(b) Related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other related party transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties.

	Group	
	2002	2001
	RM	RM
(i) Rental expenses paid and payable to Principal View Sdn Bhd	170,508	206,508
Outstanding balance	–	17,201
(ii) Rental expenses paid to Mah Sing Realty Sdn Bhd	36,000	36,000
Outstanding balance	–	–
(iii) Purchase of a unit of used car by Mah Sing Properties Sdn Bhd from Dato' Dr. Leong Hoy Kum	200,000	–
Outstanding balance	–	–
(iv) Rental expenses paid to Leong Yuet Mei	6,000	6,000
Outstanding balance	–	–
(v) Maintenance charges paid and payable to Harian Madu Sdn Bhd	155,520	155,520
Outstanding balance	–	12,960
(vi) Transportation services paid and payable to Lim Kim Hooi	65,895	69,004
Outstanding balance	4,890	15,145
(vii) Waiver of debts due from True Mineral Water Sdn Bhd	–	1,500,000
Outstanding balance	–	–

38 Financial instruments

Estimated fair values

There is no disclosure of fair value for investment in subsidiary and associated companies as these are excluded from MASB Standard 24 Financial Instruments: Disclosure and Presentations.

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except as set out below:

	Note	Group		Company	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets					
Amounts due from associated company	22	611,095	566,353	461,095	427,335
Investment - quoted shares	23	1,080	1,140	-	-
Financial liabilities					
Redeemable preference shares issued by a subsidiary company #	17	14,000,000	12,274,000	-	-
Finance lease liabilities	17	1,968,674	2,122,620	-	-

The fair value is estimated by discounting the future cash flows of redeemable preference shares on assumption that the preference dividend will be declared every year and the redeemable preference shares will be fully redeemed at issue price of RM2.80 per share on 31 December 2009, based on the current market rate available to the Group for borrowing with similar maturity profile.

39 Significant post balance sheet event

On 6 March 2003, the Company increased its investment in Multi Synergy Group Sdn Bhd, a wholly owned subsidiary, to RM250,000 by subscribing to an additional 249,998 ordinary shares of RM1.00 each.

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Jen. (R) Tan Sri Yaacob bin Mat Zain and Dato' Dr. Leong Hoy Kum, being two of the Directors of Mah Sing Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 37 to 84 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2002 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 25 April 2003.

Jen. (R) Tan Sri Yaacob bin Mat Zain
Chairman

Dato' Dr. Leong Hoy Kum
Managing Director

Statutory Declaration

I, Phan Gaik Cher, being the officer primarily responsible for the financial management of Mah Sing Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 84 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Phan Gaik Cher

Subscribed and solemnly declared at Kuala Lumpur this 25 April 2003.

Before me:

T. Tharumarajah PPN
Commissioner for Oaths



Report of the Auditors

To the members of Mah Sing Group Berhad

We have audited the financial statements set out on pages 37 to 84. 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 Auditing Standards 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 Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2002 and of the results and cash flows of the Group and the Company for the financial year ended on that date;

and

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

The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 21 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection 3 of section 174 of the Act.

PricewaterhouseCoopers
(AF:1146)
Chartered Accountants

Shirley Goh
(No.1778/08/04 (J))
Partner

Kuala Lumpur
25 April 2003

Statistics of Shareholdings

AS AT 5 MAY 2003

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid Share Capital	:	RM43,978,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One Vote Per Ordinary Share (On a Poll)

ANALYSIS OF SHAREHOLDINGS

AS AT 5 MAY 2003

Size of Holdings	No. of Holders	Total Holdings	%
1 – 999	53	15,584	0.04
1,000 – 10,000	5,368	12,918,433	29.37
10,001 – 100,000	234	5,340,500	12.14
100,001 – 2,198,899	13	6,603,483	15.02
2,198,900 and above	2	19,100,000	43.43
Total	5,670	43,978,000	100.00

Statistics of Shareholdings (cont'd)

LIST OF TOP THIRTY SHAREHOLDERS AS AT 5 MAY 2003

Name	No. of Shares Held	% of Issued Share Capital
1. UOBM Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Dato' Dr. Leong Hoy Kum (T88-6310468939)	11,100,000	25.24
2. Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged Securities Account for Dato' Dr. Leong Hoy Kum (01-00124-000)	8,000,000	18.19
3. Chua Chong Kee	1,846,000	4.20
4. Wong Swee Yee	1,201,900	2.73
5. Dato' Dr. Leong Hoy Kum	928,683	2.11
6. Wong Kem Chen	724,000	1.65
7. Ng Tiong Seng Corporation Sdn Bhd	430,000	0.98
8. Jeng Huat (Bahau) Realty Sdn Bhd	236,900	0.54
9. Poon Yen Yen, Angeline	200,000	0.45
10. Lee Lee Kong	191,000	0.43
11. Public Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Chan Hon Loong (E-TSA)	160,000	0.36
12. McLaren Saksama (Malaysia) Sdn Bhd	156,000	0.35
13. Wang Tai Hsiang	149,000	0.34
14. Mohamed Tamrin bin Munir	130,000	0.30
15. Wong Swee Yee	129,000	0.29
16. Teh Chiap Chuan	95,000	0.22
17. HDM Nominees (Asing) Sdn Bhd Qualifier: Phillip Securities Pte Ltd for Shen Xiao Ming	90,000	0.20
18. Teoh Hin Heng	86,000	0.20
19. Cheah Ching Leng	74,000	0.17
20. M.I.T Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Allied Champion Inc (ZZ17B-009)	72,000	0.16
21. AmFinance Berhad Qualifier: Pledged Securities Account for Tar Kin Yan (SMART)	71,000	0.16
22. HDM Nominees (Asing) Sdn Bhd Qualifier: Pledged Securities Account for Yeoh Chin Beng (Memo)	70,000	0.16
23. Malayan Banking Berhad	69,000	0.16
24. Tan Tai Moy	66,000	0.15
25. Boo Su Cheng	65,000	0.15
26. Tan Lee-Lin	63,000	0.14
27. Ooi Say Hup	61,000	0.14
28. MayBan Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account for Tung Kok Lam (888AF0333)	61,000	0.14
29. Pang Tee Chew	60,000	0.14
30. Nge Ah Kim @ Nge Kim Yin	60,000	0.14
	26,645,483	60.59

SUBSTANTIAL SHAREHOLDERS AS AT 5 MAY 2003

Name	No. of Shares Held	% of Issued Share Capital
1. Dato' Dr. Leong Hoy Kum	20,028,683*	45.54

* Beneficial interest held under his own name, Malaysia Nominees (Tempatan) Sdn Bhd and UOBM Nominees (Tempatan) Sdn Bhd.

DIRECTORS' SHAREHOLDINGS AS AT 5 MAY 2003

Name	No. of Shares Held	% of Issued Share Capital
1. Dato' Dr. Leong Hoy Kum	20,028,683*	45.54
2. Jen. (R) Tan Sri Yaacob bin Mat Zain	—	—
3. Wahid bin Othman	—	—
4. Leong Yuet Mei	—	—
5. Captain (Rtd) Izaham bin Abdul Rani	—	—
6. Lim Ching Choy	—	—
7. Loh Kok Leong	—	—

* Beneficial interest held under his own name, Malaysia Nominees (Tempatan) Sdn Bhd and UOBM Nominees (Tempatan) Sdn Bhd.

Properties Owned by The Group

As at 31 December 2002

Description	Location	Existing Use	Date of Acquisition/ * Valuation	Tenure	Land Area Sq.ft.	Built-up Area Sq.ft.	Estimated Age of Buildings (years)	Net Book Value RM
1. Leasehold land and single storey detached industrial building with a two storey office section	Lot 9, Lingkaran 1, Taiwanese Industrial Park North Klang Strait Selangor Darul Ehsan	Factory	* 08.08.1992	30 - year lease expiring on 02.03.2019	304,920	209,227	11	11,863,248
2. 31 units office premises in Wisma Mah Sing	GM No. 930, Lot No. 1796 Section 93, Jalan Sungai Besi, Kuala Lumpur	Office	25 units - 16.02.1995 6 units - 29.06.1995	Freehold	-	17,280	7	6,363,166
3. Three storey administrative building	Lot PT 36429 Seksyen U5 Mah Sing Integrated Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Office Tenanted	12.12.1997	99 - year lease expiring on 11.12.2096	137,681	50,673	5	9,943,993
4. Two storey workers dormitory	Lot PT 38513 Seksyen U5 Mah Sing Integrated Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Workers quarters - Tenanted	12.12.1997	99 - year lease expiring on 11.12.2096	60,084	32,872	5	3,738,367
5. Leasehold land and detached industrial building with an office section	Kawasan Industri Jababeka Jl. Jababeka Blok Raya W17-20 Cikarang Industrial Estate Bekasi, Indonesia	Factory	25.06.1997	30 - year lease on 29.06.2022	224,947	106,778	5	7,932,734

39,841,508

FORM OF PROXY

(Before completing the form please refer to notes below)

I/We _____
(FULL NAME IN CAPITAL LETTERS)

of _____
(FULL ADDRESS)

being a Member/Members of MAH SING GROUP BERHAD, hereby appoint * the Chairman of the Meeting or failing him _____
(FULL NAME IN CAPITAL LETTERS)

of _____
(FULL ADDRESS)

or failing him, _____
(FULL NAME IN CAPITAL LETTERS)

of _____
(FULL ADDRESS)

as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company, to be held at Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungai Besi, 57100 Kuala Lumpur on Monday, 23 June, 2003 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the notice of the Eleventh Annual General Meeting:-

My/Our proxy is to vote as indicated below:

No.	Resolutions	FOR	AGAINST
1.	Adoption of Audited Financial Statements and Reports		
2.	Approval of First and Final Dividend		
3.	Approval of Directors' fees		
4.	Re-election of Jen. (R) Tan Sri Yaacob bin Mat Zain as Director		
5.	Re-election of Ms Leong Yuet Mei as Director		
6.	Re-election of Mr Lim Ching Choy as Director		
7.	Re-election of Mr Loh Kok Leong as Director		
8.	Appointment of Auditors		
9.	Empower Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965		
10.	Approval of Proposed Renewal of Shareholders' Mandate		

(Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit).

Total Number of shares held	
<i>If more than one proxy is appointed, please specify in the table below the no. of shares represented by each proxy.</i>	
Name of Proxy 1:	
Name of Proxy 2:	

Signature: Shareholder or
Common Seal of Appointor

Dated this _____ day of _____ 2003.

* Delete the words "the Chairman of the Meeting or" if you wish to appoint some other person to be your proxy.

NOTES:

1. A member entitled to attend and vote at the Eleventh Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy or attorney or duly authorised representative may but need not be a member of the Company.
2. The power of attorney or a notarially certified copy thereof or the Form of Proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, it must be executed under its seal or under the hand of its officer or its attorney duly authorised on its behalf.
3. Where a member appoints more than one proxy (subject always to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The Form of Proxy together with the power of attorney (if any) under which it is signed or a duly notarially certified copy thereof must be deposited at the registered office of the Company at Penthouse Suite 1, Wisma Mah Sing, No. 163, Jalan Sungai Besi, 57100 Kuala Lumpur not less than forty eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

Affix
Stamp

THE COMPANY SECRETARY
MAH SING GROUP BERHAD
Penthouse Suite 1
Wisma Mah Sing
No. 163, Jalan Sungai Besi
57100 Kuala Lumpur

1st fold here
