



On behalf of the Board of Directors of Petaling Garden Berhad, it gives me great pleasure to present to you the Annual Report and Financial Statements of the Company and the Group for the financial year ended 31 December, 2001.

Bagi pihak Lembaga Pengarah Petaling Garden Berhad, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Syarikat dan Kumpulan untuk tahun berakhir 31 Disember, 2001.

**Financial Performance**

The Group achieved a pre-tax profit for the financial year ended 31 December, 2001 of RM61.5 million compared with RM84.2 million in 2000, a decrease of approximately 27% which is attributed mainly to reduction in contribution from the property development sector which has yet to see full recovery from the recent economic downturn.

Analysis of profit before taxation of the Group is as follows:

**Pencapaian Kewangan**

Kumpulan mencapai keuntungan sebelum cukai untuk tahun kewangan berakhir 31 Disember, 2001 berjumlah RM61.5 juta berbanding RM84.2 juta untuk tahun 2000, pengurangan 27% pendapatan yang disebabkan penurunan sumbangan dari sektor pembangunan hartanah yang masih belum pulih sepenuhnya dari kejatuhan ekonomi yang baru berlalu.

Analisa keuntungan sebelum cukai Kumpulan adalah seperti berikut:

**Sector / Sektor**

	2001		2000	
	RM m	%	RM m	%
Property / Hartanah	60.0	101.7	83.4	103.5
Plantation / Peladangan	3.2	5.4	3.3	4.1
Hotel and resort / Resort dan hotel	(4.4)	(7.4)	(6.4)	(7.9)
Share trading and investment holdings / Perniagaan saham dan pegangan pelaburan	0.2	0.3	0.3	0.3
	<u>59.0</u>	<u>100.0</u>	<u>80.6</u>	<u>100.0</u>
Associated companies (Group's share) / Syarikat bersekutu (bahagian Kumpulan)	2.5		3.6	
	<u>61.5</u>		<u>84.2</u>	



each priced at approximately RM10 million, will be completed by the end of 2002 and efforts are being taken to market these units.

In order to further enhance the value of Temasya Industrial Park, we are planning to build 3 of 2-storey showroom cum office and service centre units and 2 large open-warehouse units in the area. The development proposals have been submitted to the relevant authorities for approvals.

As for Taman Industri Jaya, in Skudai, Johor, developed by Biltmore (M) Sdn Bhd, the sale of the remaining units of 1 1/2 storey terrace workshops is still sluggish. Out of the 84 unsold units, 16 units have been leased out. We are confident that these workshops will be fully taken up when the economy fully recovers.

#### Commercial Properties

Pudu Plaza occupancy rate declined slightly to approximately 92% and 73% for retail and office spaces respectively compared with 95% and 73% in the previous year but the decline is on the back of an increase in the rental rates which resulted in an overall increase in rental income for Pudu Plaza. It is expected that Pudu Plaza will continue to contribute positively to the Group's earnings.

#### Plantation

The prices of palm oil and palm kernel remained volatile throughout the year and the average selling price declined from RM1,000 to RM890 per tonne and palm kernel from RM600 to RM440 per tonne. The impact of

ini telahpun disewakan sepenuhnya. Kerja-kerja pembinaan untuk 3 unit industri berasingan 3 tingkat yang mengandungi ruang-ruang pameran, pejabat and kilang, berharga lebih kurang RM10 juta setiap satu, akan disiapkan pada penghujung tahun 2002 dan usaha sedang giat dijalankan untuk memasarkan unit-unit ini.

Untuk menambahkan lagi nilai di Taman Perindustrian Temasya, kami sedang merancang untuk membina 3 unit 2-tingkat pejabat cum pusat servis dan 2 unit gudang terbuka yang besar di dalam kawasan ini. Cadangan untuk projek pembangunan ini telahpun disampaikan kepada pihak berkuasa yang berkenaan untuk kelulusan.

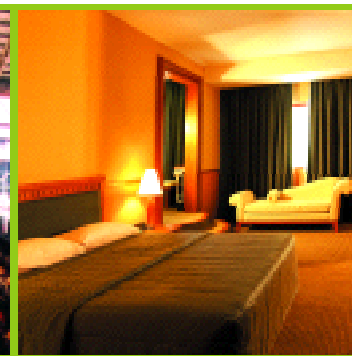
Di Taman Industri Jaya, Skudai, Johor yang dibangunkan oleh Biltmore (M) Sdn Bhd, jualan untuk unit bengkel teres 1 1/2 tingkat masih lembab. Daripada 84 yang masih belum dijual, 16 unit telahpun disewakan. Kami percaya bengkel-bengkel ini akan dapat dijual apabila keadaan ekonomi pulih sepenuhnya.

#### Hartanah Komersil

Kadar penghunian Pudu Plaza berkurang sedikit kepada 92% dan 73% untuk ruang runcit dan pejabat masing-masing berbanding dengan 95% dan 73% untuk tahun lepas. Pengurangan kadar penghunian tersebut adalah bersandarkan kenaikan pada kadar sewaan yang menghasilkan peningkatan dalam hasil sewaan Pudu Plaza secara keseluruhannya. Adalah dijangkakan bahawa Pudu Plaza akan terus menyumbang secara positif kepada pendapatan Kumpulan.

#### Perladangan

Harga minyak dan kernel kelapa sawit terus turun dan naik di sepanjang tahun dan purata harga jualan minyak



reduction in the average selling prices on the division's profitability however was cushioned by the increase in the FFB processed by the palm oil mill from 307,400 tonnes previously to 314,700 tonnes during the year and the increase in processing charges of approximately RM5 per tonne of FFB in the second half of 2001.

The upgrading of the palm oil mill processing capacity to 90 tonne per hour from 60 tonne per hour had been substantially completed towards the end of the year under review.

### Hotel and Resorts

The decline in losses from the hotel and resort sector is attributed mainly to the reduction in loss from operations recorded by Hotel Sri Petaling from RM3.3 million in 2000 to RM1.8 million in 2001 which is attributed to improvement in occupancy rates and reduction in operational expenses due to increased efficiency. For the year 2001 the average occupancy rate of Hotel Sri Petaling was 71.3%.

Lanjut Golf Resorts Sdn Bhd recorded a slight reduction in loss from operations of approximately RM0.6 million from RM3.2 million to RM2.6 million arising from reduction in operational expenses as a result of improved operational efficiency. The resort's occupancy rate, however, declined to 37% from 47% due mainly to the reduction in the arrival of foreign tourists subsequent to the September 11 tragedy.

### Dividends

An interim dividend of 3.5% tax exempt (2000: 7% less taxation) was paid on 28 December, 2001. The directors now recommend a final dividend of 4.5% less 28% taxation (2000: 9% less 28% taxation) in respect of the financial year ended 31 December, 2001, bringing a total

kelapa sawit berkurangan dari RM1,000 kepada RM890 se tan dan kernel dari RM600 kepada RM440 se tan. Kesan dari pengurangan harga jualan terhadap hasil divisyen telah dikusyenkan dengan peningkatan pemprosesan FFB oleh kilang kelapa sawit dari 307,400 tan sebelumnya kepada 314,700 tan dan dengan kenaikan caj pemprosesan sebanyak RM5 se tan FFB dalam separuh tahun kedua 2001.

Peningkatan keupayaan pemprosesan kilang kepada 90 tan se jam dari 60 tan se jam sebelumnya akan disiapkan pada penghujung tahun dalam tinjauan.

### Hotel and Resort

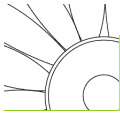
Penurunan kerugian dari sektor hotel dan resort adalah sebahagian besarnya dari penurunan kerugian dari operasi yang direkodkan oleh Hotel Sri Petaling dari RM3.3 juta dalam tahun 2000 kepada RM1.8 juta dalam tahun 2001. Ia adalah berdasarkan peningkatan dalam kadar penginapan bilik dan pengurangan perbelanjaan operasi yang dicapai melalui operasi yang lebih efisien. Untuk tahun 2001, kadar penginapan bilik Hotel Sri Petaling adalah 71.3%.

Lanjut Golf Resorts Sdn Bhd mencatatkan sedikit pengurangan dalam kerugian dari operasi sebanyak RM0.6 juta dari RM3.2 juta kepada RM2.6 juta hasil daripada pengurangan perbelanjaan operasi dan peningkatan operasi yang lebih efisien. Kadar penginapan bilik bagaimanapun jatuh kepada 37% daripada 47% disebabkan ketibaan pelancong luar negara yang berkurangan akibat tragedi September 11.

### Dividen

Interim dividen pada kadar 3.5% dikecualikan cukai (2000: 7% ditolak cukai) telah dibayar pada 28 Disember, 2001. Para Pengarah mencadangkan dividen akhir pada





gross dividend of 8% which is the same as in the previous year after adjusting the effect of the 1 for 1 bonus issued during the year under review.

### **Prospects**

The property sector will continue to be the main income contributor of the Group. Its performance is expected to improve within the next few years with the launching of 464 residential and shop-office units in Zone PI Bandar Baru Seri Petaling.

Barring any adverse movement in palm oil and kernel prices, the upgraded processing capacity of the palm oil mill is expected to enhance the plantation sector's contribution.

The hotel and resort sector is expected to continue to incur losses although management is unrelenting in its efforts to improve the division's performance. Extensive upgrading and renovation work coupled with more effective promotional and advertising campaign will be undertaken as part of the effort to turnaround the resort.

The Group is optimistic that the overall performance for year 2002 will be comparable with the year 2001.

### **Acknowledgement**

On behalf of the Board of Directors, I would like to record our sincere thanks and appreciation to both management and staff of the Group for their hard work, dedication and commitment.

We also take this opportunity to extend our gratitude to our shareholders, bankers, business associates and the regulatory authorities for their invaluable support and assistance.

**Tan Sri Dato' Seri (Dr) Ahmad Sarji Abdul Hamid**

Chairman / Pengerusi

17 April, 2002

kadar 4.5% ditolak 28% cukai (2000: 9% ditolak 28% cukai) bagi tahun kewangan berakhir 31 Disember, 2001, yang memberikan dividen kasar berjumlah 8% sama dengan kadar dalam tahun lepas setelah diambilkira terbitan bonus 1 untuk 1 yang dibuat dalam tahun tinjauan.

### **Prospek**

Hasil daripada sektor hartanah akan terus memberi sumbangan utama kepada Kumpulan. Prestasinya dijangka akan meningkat untuk beberapa tahun akan datang dengan pelancaran 464 unit-unit rumah dan kedai-pejabat di Zon P1 Bandar Baru Seri Petaling.

Melainkan terdapat kejatuhan harga minyak dan kernel kelapa sawit, peningkatan keupayaan pemprosesan kilang kelapa sawit dijangkakan dapat meningkatkan sumbangan dari sektor perladangan.

Sektor hotel dan resort dijangka akan mengalami kerugian. Walau bagaimanapun, pihak pengurusan akan terus berusaha untuk menaikkan prestasi divisyen ini dimasa hadapan. Kerja-kerja pengubahsuaian yang menyeluruh dan aktiviti promosi yang lebih berkesan akan dilaksanakan untuk meningkatkan prestasi resort.

Keseluruhannya, prestasi Kumpulan untuk tahun 2002 dijangka akan menyamai prestasi tahun 2001.

### **Penghargaan**

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan dan terima kasih kepada pengurusan dan kakitangan Kumpulan di atas ketekunan, dedikasi dan komitmen yang telah disumbangkan.

Kami juga ingin mengambil kesempatan ini untuk menyampaikan penghargaan kepada pemegang-pemegang saham, bank-bank, rakan-rakan perniagaan dan pihak berkuasa yang terlibat kerana telah memberikan sokongan dan kerjasama yang diperlukan.

## statement of corporate GOVERNANCE

The Board of Directors of Petaling Garden Berhad is committed to ensuring the highest standards of corporate governance practised throughout the Group as part of a continuous effort to enhance its shareholders' value. The Board welcomes the recommendations of the Malaysian Code of Corporate Governance (the Code) and firmly believes that the implementation of the recommendations of the Code will further enhance the Group's standards of corporate governance.

To this end, the Board of Directors of PGB has endeavoured to ensure that all those recommendations of the Code, which have not already been implemented by the Group, are implemented. The following are the key features of corporate governance practices which had been adopted by the Group as at 31 December, 2001.

### 1. The Board of Directors

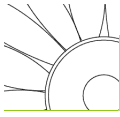
The Board of Directors has the overall responsibility for the strategic direction of the Group and aspects of corporate governance such as risk management, internal controls and investors relations programme. The Board meets at least five (5) times a year, with additional meetings to be convened as and when required.

During the financial year, five (5) Board meetings were held and the attendance is as follows:

Director	26/2	27/4	28/5	30/8	26/11	2001
Chairman - Non-Independent Non-Executive						
• <b>Tan Sri Dato' Seri (Dr) Ahmad Sarji Abdul Hamid</b>	•	•	•	•	•	5/5
Managing Director						
• <b>Ang Guan Seng</b>	•	•	•	•	•	5/5
Executive Director						
• <b>YM Tengku Dato' Ramli Tengku Shahrudin Shah</b>	•	•	•	•	•	5/5
• <b>Ahmad Fuaad Mohd Kenali</b>	•	•	•	•	•	5/5
Senior Independent Director - Independent Non-Executive						
• <b>Ahmad Muhammad Said</b>		•	•	•	•	4/5
Director - Independent Non-Executive						
• <b>Ho Kian Guan</b>		•		•	•	3/5
• <b>Tan Koei Hiong @ Lie Koei Hiong</b>	•	•	•	•	•	5/5
Director - Non-Independent Non-Executive						
• <b>Dato' Mohd Desa Pachi</b>				•	•	2/5
• <b>Jamaludin Osman</b>		•	•	•		3/5
Alternate Director						
• <b>Ho Kian Hock</b>						
• <b>Zaida Khalida Shaari</b>	•			•	•	3/5

**Note:** The KLSE requirement on Board's attendance is effective from 1 June, 2001.

All the directors of the Group are subject to retirement by rotation once in every 3 years.



## 2. Board Balance

There is a clear division of responsibility between the Chairman and the Managing Director. The Chairman is responsible for ensuring the Board's effectiveness whilst the Managing Director has the overall responsibilities over the day to day management of the Group and implementation of the Board's policies and decisions.

The Board has also appointed **Encik Ahmad Muhammad Said** as a Senior Independent Director to whom shareholders and investors can convey their concerns and queries.

Collectively, the Board comprises all the relevant business, financial and management experience to steer the Group to a greater height. A brief description of the background of each of the directors is presented on pages 8 to 9 of the Annual Report.

## 3. Supply of Information

All directors are provided with Board Papers seven (7) days prior to the Board Meetings. The Board Papers include:

- i. Agenda
- ii. Minutes of previous meetings
- iii. Minutes of various committees of the Board
- iv. Management report
- v. Special papers including business plans and budgets, corporate proposals, appointment of directors in subsidiaries and associated companies, policies and procedures, and discretionary powers and authority limits.

The Board has unrestricted access to the Group's operational and financial information, necessary to satisfactorily discharge their duties. All directors have access to the advice and services of the Company Secretary, the management and where necessary, take independent professional advice at the Company's expense.

## 4. Committees of the Board

The following Committees of the Board (Committees) have been established to assist the Board in discharging its duties.

The term of reference of each of the Committees have been approved by the Board and where applicable, are consistent with the recommendations of the Code and the Kuala Lumpur Stock Exchange Listing Requirements.

### Audit Committee

Please refer to Audit Committee Report on pages 21 to 23 of the Annual Report.

### Remuneration Committee

The Remuneration Committee is responsible for reviewing and recommending the remuneration of all the directors of the Company. The final decision on the remuneration of the directors lies with the whole Board.

The members of the Remuneration Committee and their attendance at meetings are as follows:

Director	Attendance
Dato' Mohd Desa Pachi - Chairman	1/1
Tan Koei Hiong @ Lie Koei Hiong	1/1
Jamaludin Osman	1/1

#### Tender Committee

The Tender Committee is responsible to oversee the tender process for contract valued at RM5 million and above, and recommends for the award of tender to the most appropriate bidder.

The members of the Tender Committee and their attendance at meetings are as follows:

Director	Attendance
Jamaludin Osman - Chairman	2/2
Ang Guan Seng	2/2
YM Tengku Dato' Ramli Tengku Shahrudin Shah	2/2
Tan Koei Hiong @ Lie Koei Hiong	1/2

#### Nomination Committee

The Nomination Committee was set up on 26 November, 2001 and is responsible for identifying and recommending new candidates to the Board and its Committees. In addition, the role of the Nomination Committee is to review the effectiveness of the Board as a whole as well as its members and to oversee the succession planning of all the top executives of the Group.

No meeting was held during the year ended 31 December, 2001. Prior to its formation, the duties of the Nomination Committee were carried out by the Board. The appointment of a new director to the Board and its Committee is still subject to approval by the Board.

## 5. Directors' Remuneration

The objective of the Company's policy on directors' remuneration is to attract, motivate and retain directors needed to run the Group successfully.

In the case of executive directors, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. Performance is measured against a predetermined set of key performance indicators designed to maximize shareholders' value. The Remuneration Committee recommends to the Board the framework of the executive directors' remuneration packages.

For non-executive directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive director concerned.



It is the responsibility of the entire Board to consider and approve the remuneration of all the directors.

The remuneration package comprises the following:

**i. Fees**

Fees payable to each of the non-executive directors are determined by the Board and approved by the shareholders of the Company at its Annual General Meeting.

**ii. Basic salary**

The basic salary (inclusive of statutory contribution to the EPF) for each executive director is recommended by the Remuneration Committee, taking into account the performance of individual, the inflation price index and information from independent sources on the rates of salary of similar positions in other comparable companies. Salaries are reviewed annually.

**iii. Performance related bonus**

The Group rewards its employees with performance related bonus based on the performance of the Group. Bonuses payable to the executive directors are based on the achievement of certain key performance indicators of the Group. The performance related bonuses of the executive directors are recommended by the Remuneration Committee to the Board for approval.

**iv. Benefits in kind**

Other customary benefits are made available to the directors as appropriate.

A summary of the remuneration of the directors for the financial year ended 31 December, 2001 are as follows:

	Executive	Non-Executive
	RM	RM
Fees	26,000	177,000
Salary	628,200	-
Bonus	327,300	-
Allowance	50,000	-
Benefits-in-kind	38,925	-
	<u>1,070,425</u>	<u>177,000</u>

The remuneration paid to the directors, analysed by bands of RM50,000 are as follows:

Bands of directors remuneration	Executive	Non-Executive
< RM50,000	-	6
Between RM150,000 to RM200,000	1	-
Between RM300,000 to RM350,000	1	-
Between RM550,000 to RM600,000	<u>1</u>	<u>-</u>

## 6. Shareholders' and Investors' Communication

The Company regularly communicates with shareholders and investors on all material business matters through timely announcements made to the Kuala Lumpur Stock Exchange.

The shareholders are encouraged to attend the Annual General Meeting and a dialogue is normally held at the end of the meeting for the shareholders to seek further clarification or convey concerns to the Board and the auditors.

To provide further avenue for shareholders to convey their queries and concerns regarding the Group, the Board has appointed **Encik Ahmad Muhammad Said** as a Senior Independent Director who can be contacted through the Company.

## 7. Financial Reporting

The directors aim to present a balanced and understandable assessment of the Group's position and prospect in presenting the annual financial statements and quarterly announcements to the shareholders.

## 8. Directors' Responsibility Statement for Preparing the Financial Statements

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

The directors consider that in preparing the financial statements of the Group and the Company:

- appropriate accounting policies have been adopted and consistently applied;
- reasonable and prudent judgements and estimates have been made;
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, which enable them to ensure that the financial statements complies with the Companies Act, 1965.

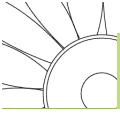
The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group to prevent and detect material fraud and other irregularities.

## 9. Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing their effectiveness whilst the role management is to implement the Board's policies on internal control and risk management.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks faced by the Group including those relating to compliance with laws and regulations. The Board reviews the adequacy and integrity of the Group's system of internal controls on a continuous basis.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable but not absolute assurance against material misstatement or loss.



The key processes that the Board has established in reviewing the adequacy and integrity of internal control system are:

- clearly defined delegation of responsibilities to Committees of the Board including authorization levels for all aspects of the business which are set out in the Approved Discretionary Powers and Authority Limits of the Group;
- clearly documented internal procedures set out in a series of accounting policies and procedures manuals for the whole Group;
- the establishment of internal audit department whose objectives include monitoring of compliance with Group policies and procedures and to recommend improvements to further enhance the system of internal controls;
- the provision of regular and comprehensive information to the management covering the financial and operational performance indicators for effective monitoring;
- the formation of the Risk Management Committee with the objectives of identifying, evaluating, monitoring and managing the significant risks faced by the Group; and
- regular visits to operating units by members of the Board and senior management of the Group.

#### **10. Relationship with the Auditors**

The Group maintains its relationship with the external auditors via the Audit Committee as presented on pages 21 to 23 of the Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated **17 April, 2002**.

**Tan Sri Dato' Seri (Dr) Ahmad Sarji Abdul Hamid**  
Chairman

**Ang Guan Seng**  
Managing Director

The Audit Committee was established on 16 May 1994 and currently comprises the following members:

<b>Ahmad Muhammad Said</b>	- Chairman/Senior Independent Non-Executive Director
<b>Dato' Mohd Desa Pachi</b>	- Non-Independent Non-Executive Director
<b>Ho Kian Guan</b>	- Independent Non-Executive Director (appointed on 26 November, 2001)
<b>YM Tengku Dato' Ramli Tengku Shahrudin Shah</b>	- Executive Director (resigned on 26 November, 2001)

On 26 November, 2001 the Board approved the proposed amendments to the terms of reference of the Committee, in compliance with the Listing Requirements of the Kuala Lumpur Stock Exchange.

## TERMS OF REFERENCE OF THE COMMITTEE

The amended terms of reference of the Committee are :-

### Objectives

The main objective of the Committee is to assist the Board of Directors in fulfilling its responsibilities. To achieve this, the Committee shall :-

- oversee and appraise the quality of the audits conducted both by the Group's internal and external auditors
- maintain open lines of communication between the Board of Directors and the internal and external auditor.
- determine the adequacy of the Group's administrative, operating and accounting controls.

### Composition

The Committee shall be appointed by the Board of Directors from among their number and shall comprise at least three (3) members, and at least one member shall be a member of the Malaysian Institute of Accountants or at

least fulfil the qualifications as specified in Para 15.10(1) (c) (ii) of the Listing Requirements.

A majority of the Committee members shall be independent non-executive directors.

The Chairman, who shall be an independent non-executive director, shall be appointed by the Board of Directors.

The term of office of members of the Committee shall be reviewed by the Board of Directors no less than once every three years to determine whether the Committee has carried out their duties in accordance with their terms of reference.

### Retirement and Resignation

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

### Meetings

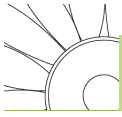
The Committee shall meet at least four (4) times a year and such additional meeting as the Chairman shall decide in order to fulfil its duties. The external or internal auditor may request a meeting if they consider that one is necessary.

The meeting shall be attended by the Executive Director (Finance) and the Internal Auditor. The presence of the external auditors will be requested if required. The Committee may request any member of the management team to be present at its meeting.

The quorum for any meeting of the Committee shall be two members, where the majority of the members present must be independent directors.

### Secretary

The Company Secretary shall be the Secretary of the Committee. The Secretary in conjunction with the Chairman shall be responsible for drawing up the agenda and circulating it to the Committee members prior to each



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

#### Responsibilities and Duties

The specific powers of the Audit Committee are provided in the Discretionary Powers and Authority Limits as approved by the Board of Directors. Generally, where applicable, the Audit Committee, subsequent to its review or consideration, will make the necessary recommendations to the Board of Directors for their approval and adoption. The specific duties of the Audit Committee are as follows:

- To consider all matters pertaining to the appointment or otherwise of the external auditors and their remuneration.
- To discuss with external auditors before the audit commences, the nature and scope of audit, and ensure co-ordination where more than one audit firm is involved.
- To discuss problems and reservations arising from the interim and final audit, and any matters the auditors may wish to discuss (in the absence of management where necessary).
- To review external auditors' management letters and management's response thereon.
- To review the quarterly and year-end financial statements of the Group and the Company, focusing particularly on any changes in or implementation of major accounting policies and procedures, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirements.
- To consider any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- To review any significant transactions which are not part of the Company's normal business activities.
- To review the effectiveness of management information and other systems of control within the Company.
- To perform, among others, the following in respect of the Internal Audit Department (IAD):
  - review the adequacy of the scope, functions and resources of the internal audit function, and ensure that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the IAD;
  - review any appraisal or assessment of the performance of members of the IAD;
  - recommend any appointment or termination of the head of IAD; and
  - request IAD to perform internal investigations and to consider the findings and management's response thereon.
- To have explicit authority to investigate certain matters and to procure adequate resources, such as professional advice and unrestricted access to information, to do so.
- To promptly report to the Kuala Lumpur Stock Exchange on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Kuala Lumpur Stock Exchange.
- To recommend to the Board of Directors any appropriate extension or changes in the duties of the Committee.
- To consider other areas as defined or requested by the Board of Directors.

**SUMMARY OF ACTIVITIES OF THE COMMITTEE**

The Committee held five (5) meetings during the financial year ended 31st December 2001.

Details of attendance of the Committee members were as follows:-

Member	Attendance
Ahmad Muhammad Said	4/5
Dato' Mohd Desa Pachi	3/5
YM Tengku Dato' Ramli Tengku Shahrudin Shah	5/5

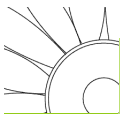
During the financial year, the Audit Committee:-

- reviewed and approved the internal and external auditors' Annual Audit Plan;
- reviewed with the external auditors on audit strategy and scope for the statutory audits of the Group;
- reviewed and appraised the financial statements of the Group prior to the submission to the Board of Directors;
- approved and ensured timely disclosure of the quarterly and annual audited financial statements prepared by management to the regulatory authorities;
- reviewed the financial statements to ensure compliance with approved accounting standards;
- reviewed the accounting policies and procedures manual for the Group; and
- reviewed the audit charter of the IAD, its terms of reference and reporting procedures.

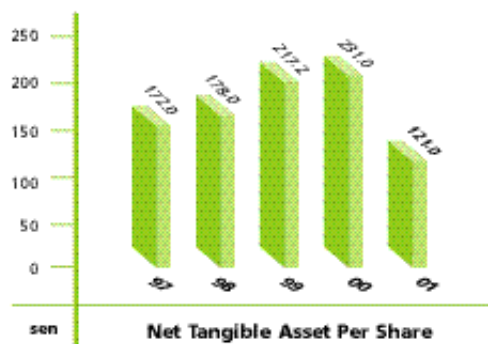
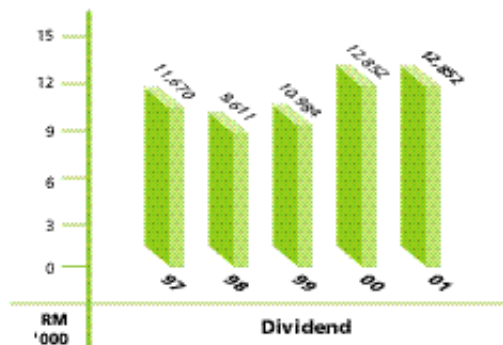
When reviewing the financial statements, the Committee particularly focused on:-

- changes in accounting policies and practices
- significant adjustments arising from the audit
- significant and unusual events
- compliance with accounting standards and other legal requirements

The Internal Audit Department was set up on 1 June, 2001 with the recruitment of the Head of IAD to assist and advise on the internal control and risk management systems of the Group.



# financial HIGHLIGHTS

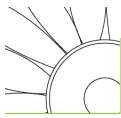


**GROUP FIVE YEAR FINANCIAL HIGHLIGHTS**

	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Operating revenue	33,603	171,673	259,986	236,375	178,445
Profit before taxation	163,636	51,097	104,738	84,178	61,503
Profit after taxation	115,281	34,243	105,048	57,821	43,186
Profit available for appropriation	176,538	190,692	256,264	288,204	217,451
Appropriation - dividend	11,670	9,611	10,984	12,852	12,852
Issued share capital	95,344	95,344	95,344	95,344	190,688
Shareholder's funds	335,301	351,515	421,352	447,002	467,853
Total assets	514,998	512,349	543,799	583,150	598,106
Profit after taxation but before minority interest as percentage of operating revenue	34.6%	19.9%	40.4%	24.5%	24.2%
Profit after taxation and minority interest as percentage of shareholder's funds	25.5%	7.3%	19.2%	9.6%	7.9%
Earning per share (sen)	44.8	13.5	42.4	22.5	14.5
Net tangible asset per share	172.0	178.0	217.2	231.0	121.0
<b>KLSE share market price in ringgit:</b>					
Highest	4.28	3.50	2.90	2.65	2.63
Lowest	2.55	1.69	1.68	1.99	1.01

**FINANCIAL CALENDAR 2001 / 2002**

Financial year end	31 December 2001
<b>Announcement:</b>	
Unaudited 1st quarter results	28 May 2001
Unaudited 2nd quarter results	30 August 2001
Unaudited 3rd quarter results	26 November 2001
Unaudited 4th quarter results	27 February 2002
Annual published accounts issued	24 May 2002
Annual general meeting	18 June 2002
<b>Dividends:</b>	
<b>Interim:</b>	
Interim dividend declared	26 November 2001
Interim dividend payment	28 December 2001
Dividend entitlement date	20 December 2001
<b>Final:</b>	
Final dividend approved	18 June 2002
Final dividend payment	8 August 2002
Dividend entitlement date	10 July 2002



**GROUP FIVE YEAR FINANCIAL STATEMENTS**

	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
<b>INCOME STATEMENT</b>					
Operating Revenue	333,603	171,673	259,986	236,375	178,445
Operating Profit	158,722	47,009	100,430	80,583	59,046
Share of Profit of Associated Companies	4,637	3,813	4,308	3,595	2,457
Exceptional Items	277	275	-	-	-
Taxation	48,355	16,853	(310)	26,357	18,317
Profit after Tax*	115,281	34,243	105,048	57,821	43,186
Profit After Tax**	85,437	25,825	80,806	42,924	36,932
<b>BALANCE SHEET</b>					
Share Capital	95,344	95,344	95,344	95,344	190,688
Share Premium	40,072	40,072	40,072	40,072	40,072
Revaluation and Other Reserves	35,621	35,621	40,656	36,234	32,224
Retained Profits	164,264	180,478	245,281	275,352	204,599
Shareholders' Funds	335,301	351,515	421,353	447,002	467,583
Property , Plant and Equipment	140,702	138,320	166,485	169,013	168,400
Associated Companies	66,227	66,154	69,005	69,959	72,189
Investments	24,148	24,643	22,570	14,086	14,818
Goodwill on Consolidation	6,374	12,411	7,106	6,523	5,939
Land Held for Development	-	-	89,302	114,153	117,083
Intangible Assets	26	30	37	-	-
Currents Assets	277,521	270,791	189,294	209,416	219,677
Current Liabilities	(115,276)	(96,143)	(49,921)	(49,538)	(46,062)
Minority Interest	(49,032)	(55,445)	(61,892)	(73,890)	(76,505)
Refundable Security sum	(7,909)	(7,909)	(7,909)	(7,909)	(7,909)
Bank Borrowings	(4,520)	(111)	(2,049)	(4,181)	-
Deferred Taxation	(2,960)	(1,226)	(675)	(630)	(47)
<b>Total Net Assets</b>	<b>335,301</b>	<b>351,515</b>	<b>421,353</b>	<b>447,002</b>	<b>467,583</b>

NOTE \* Profit after taxation but before minority interest  
 \*\* Profit after taxation and minority interest but extraordinary item.