

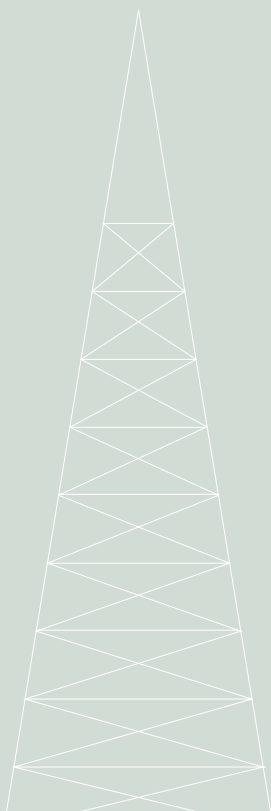
ROHAS-EUCO INDUSTRIES BHD. (4129-H)

ANNUAL REPORT 2002



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Third (43rd) Annual General Meeting of Rohas-Euco Industries Bhd. will be held at Perdana Room, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 28 May 2003 at 3.00 p.m. to transact the following ordinary and special business :

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2002 and the Reports of the Directors and Auditors thereon. resolution 1

2. To approve the payment of the Directors' Fees for the financial year ended 31 December 2002 and for each succeeding financial year thereafter the sum of RM35,000.00 for the Chairman, RM25,000.00 for each Director and additionally RM10,000.00 for the Chairman of the Audit Committee and RM7,500.00 for each independent member of the Audit Committee and proportionately for part of a year. resolution 2

3. To re-elect the following Directors retiring pursuant to Article 80 of the Company's Articles of Association :-
 - (i) Mustafa bin Mohamed Najimudin resolution 3
 - (ii) Tengku Yunus Kamaruddin resolution 4

4. To re-elect Chan Hua Eng retiring pursuant to Section 129 of the Companies Act 1965. resolution 5

5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. resolution 6

As Special Business :-

6. To consider and if thought fit, pass with or without any modification, the following ordinary resolution :-
 - (a) "That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised with full powers to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant government/ regulatory authorities being obtained for such issue and provided the aggregate number of shares to be issued pursuant to this resolution does not exceed 10 percent of the issued capital for the time being of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing of and quotation for the additional shares so issued." resolution 7

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

By Order Of The Board,

QUAH BOON HUAT (MAICSA 7032217)
Secretary

Kuala Lumpur
30 April 2003

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint not more than two (2) proxies to attend and vote in his stead, and where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company and the provisions of Section 149 (1) (b) of the Companies Act, 1965 shall not apply.
2. Where a member is an authorised nominee as defined under the Central Depositories Act, having more than one securities account holding ordinary shares of the Company standing to the credit of the said securities accounts, it shall be entitled to appoint only one proxy in respect of each of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney, duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney, duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Rumah Rohas, 2nd Floor, No. 61, Jalan Raja Abdullah, Kampung Baru, 50300 Kuala Lumpur not less than 48 hours before the appointed time of holding the meeting.
5. **Resolutions 3, 4 and 5**
Information on directors seeking re-election are provided in this Annual Report 2002 under Profile of Directors, Statement of Directors' Shareholdings and Analysis of Directors' Attendance at Board Meetings held during the financial year 2002.
7. **Resolution 7**
The Ordinary Resolution proposed, if passed, will give the Directors of the Company, from the date of the above Meeting, the authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

CORPORATE INFORMATION

ROHAS-EUCO INDUSTRIES BHD.
Company No. : 4129-H

Board of Directors

Chan Hua Eng R OBE
Non-Executive Chairman

George Sia Bun Chun
Managing Director

Tengku Yunus Kamaruddin
Independent Director

Mustafa Bin Mohamed Najimudin
Independent Director

Dr. W Mohamed @ Nik Azam Bin
Wan Hamzah
Non-Executive Director

Audit Committee

Tengku Yunus Kamaruddin
Chairman

Mustafa Bin Mohamed Najimudin

George Sia Bun Chun

Nomination Committee

Chan Hua Eng R OBE
Chairman

Tengku Yunus Kamaruddin

Mustafa Bin Mohamed Najimudin

Remuneration Committee

Dr. W Mohamed @ Nik Azam Bin
Wan Hamzah
Chairman

Tengku Yunus Kamaruddin

Mustafa Bin Mohamed Najimudin

Company Secretary

Quah Boon Huat (MAICSA 7032217)

Registered Office

Rumah Rohas, 2nd Floor
No. 61, Jalan Raja Abdullah
Kampung Baru
50300 Kuala Lumpur
Te : 603 – 2697 3900
Fax : 603 – 2697 0900
Email : rei@rohaseuco.com

Auditors

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

Share Registrars

Insurban Corporate Services Sdn. Bhd.
No. 149B, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel : 603 – 7729 5529
Fax : 603 – 7728 5948

Principal Bankers

RHB Bank Berhad
Nos. 1, 3 & 5, Jalan 52/18
New Town Centre
46200 Petaling Jaya
Selangor Darul Ehsan

Malayan Banking Berhad
Ground Floor, Wisma IJM
Jalan Yong Shook Lin
46200 Petaling Jaya
Selangor Darul Ehsan

Arab-Malaysian Bank Berhad
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur

Arab-Malaysian Merchant Bankers Berhad
22nd Floor, Bangunan Arab-Malaysian
Jalan Raja Chulan
50200 Kuala Lumpur

Listing of Shares

Main Board of the Kuala Lumpur Stock
Exchange (Industrial Products Sector)

BOARD OF DIRECTORS

TENGGU YUNUS KAMARUDDIN
Independent Director

CHAN HUA ENG
Non-Executive Chairman

GEORGE SIA BUN CHUN
Managing Director



**MUSTAFA BIN MOHAMED
NAJIMUDIN**
Independent Director

**DR. W. MOHAMED @ NIK
AZAM BIN WAN HAMZAH**
Non-Executive Director

PROFILE OF DIRECTORS

Chan Hua Eng R OBE, 74, holds a Bachelor of Law (Hons.) degree from University of Bristol and a Barrister at Law of Middle Temple, England. He is also an Associate Member of the Institute of Taxation, United Kingdom. He was a partner of a leading law firm in Kuala Lumpur since 1960 and retired as senior partner in 1987. He has been a non-executive member of the board of Rohas-Euco Industries since 1979 and was subsequently appointed as Chairman of the Company and its Nomination Committee on 28 May 2002. He also sits on the board of various public listed companies, namely, Carlsberg Brewery Malaysia Bhd., Malayan Cement Berhad, Lingui Development Berhad, Pacific & Orient Berhad and Glenealy Plantations (Malaya) Berhad.

George Sia Bun Chun, 55, a Singaporean, is an Electrical Engineer by profession and began his career in New Zealand in the microwave equipment installation division of a broadcasting company and later, a power transformer manufacturing concern. Prior to joining Rohas-Euco Industries in 1974, he gained some experience as logging camp engineer in Indonesia. He was appointed to the board of Rohas-Euco Industries as Managing Director in 1976. He also sits on the board of all subsidiaries and associated companies of Rohas-Euco Industries. He has been a member of its Audit Committee since 1996.

Tengku Yunus Kamaruddin, 62, holds a Bachelor of Economics (Hons.) from University of Wales and a Fellow of the Institute of Chartered Accountants of England & Wales. He has been an independent member of the board of Rohas-Euco Industries and chairman of its Audit Committee since 1997. In May 2002 he was appointed as member of its Nomination and Remuneration Committees. He was a partner of one of the big five international firms of accountants. He also sits on the board of various public listed companies namely Computer Systems Advisers (M) Berhad, Keck Seng (Malaysia) Berhad and Aluminium Company of Malaysia Berhad.

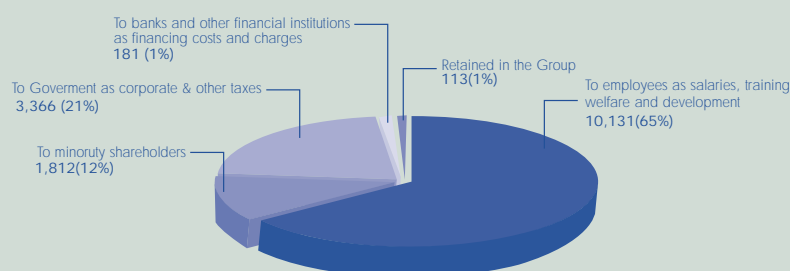
Mustafa bin Mohamed Najimudin, 53, obtained a Bachelor of Social Science (Political Science) degree from Universiti Sains Malaysia and a Master of Arts in Political Economy from the New School for Social Research in New York. He began his career as Research Fellow in the Centre for Policy Research in Universiti Sains Malaysia, thereafter as Research Analyst and Fellow for 10 years with the Institute of Strategic and International Studies. He is currently the Executive Director of the Malay Chamber of Commerce, a position he holds since 1992. He has been an independent member of the board of Rohas-Euco Industries since 1993, member of its Audit Committee since 1996. He has also been a member of its Nomination and Remuneration Committees since 2000.

Dr. W. Mohamed @ Nik Azam bin Wan Hamzah, 56, is a medical practitioner. He obtained his Bachelor of Medicine and Bachelor of Surgery, M.B.B.S. in 1972 from University of Nagpur, India and Diploma in Dermatological Sciences from College of Medicine, University of Wales in 1996. After serving three years with the Ministry of Health, he began practicing since 1975 as a private medical practitioner in his private clinic in Kelantan which is now a group practice. He has been a non-executive member of the board of Rohas-Euco Industries since 1993 and chairman of its Remuneration Committee since 2001. He also sits on the board of another public listed company, Bell & Order Berhad.

Unless otherwise stated, all Directors are Malaysian by nationality

VALUE ADDED STATEMENT

	GROUP									
	1998		1999		2000		2001		2002	
	RM'000		RM'000		RM'000		RM'000		RM'000	
Turnover	86,529		65,641		76,639		83,640		192,529	
Cost of materials, supplies, services bought and depreciation set aside	(68,710)		(43,014)		(48,873)		(66,415)		(177,809)	
Value added from operations	17,819		22,627		27,766		17,225		14,720	
Other income	168		197		142		1,455		884	
Financing interests	(2,239)		(850)		(582)		(280)		(181)	
Share of after tax profit/ (loss) of an associate	(351)		70		271		414		180	
Total Value Added	15,397		22,044		27,597		18,814		15,603	
Distribution:										
To employees as salaries, training welfare and development	7,524	47%	6,272	28%	8,521	31%	9,290	49%	10,131	65%
To Government as corporate & other taxes	2,474	15%	–	–	6,275	23%	3,399	18%	3,366	21%
To banks and other financial institutions as financing costs and charges	2,239	14%	850	4%	582	2%	280	2%	181	1%
To minority shareholders	(570)		14		(22)		123	1%	1,812	12%
To shareholders	612	4%	689	3%	858	3%	3,232	17%	–	0%
Retained in the Group	3,118	20%	14,219	65%	11,383	41%	2,490	13%	113	1%
Total Distribution	15,397	100%	22,044	100%	27,597	100%	18,814	100%	15,603	100%



GROUP FINANCIAL HIGHLIGHTS

ROHAS-EUCO INDUSTRIES BHD.

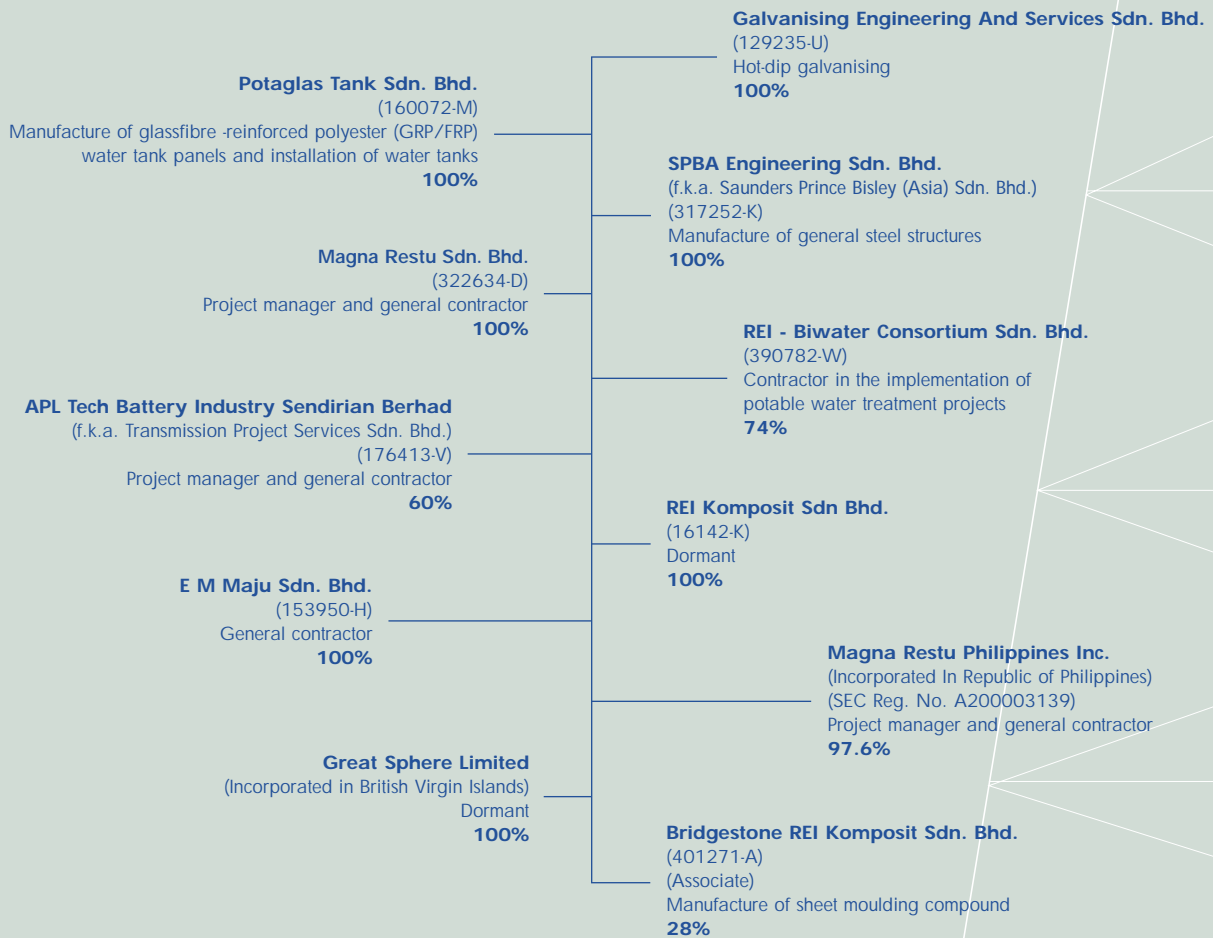
		1998	1999	2000	2001	2002
Turnover	RM'000	86,529	65,640	76,639	83,640	192,529
Profit from Operations	RM'000	6,709	15,575	18,508	8,822	3,379
Profit Before Taxation	RM'000	5,702	14,911	18,494	9,245	3,624
Profit Attributable to Shareholders	RM'000	3,730	14,908	12,241	5,722	113
Weighted Average Number of Shares	'000	56,667	56,697	63,325	64,304	65,693
Basic Earnings Per Share	Sen	7	26	19	9	0.2
Shareholders' Funds	RM'000	43,078	63,723	76,026	79,395	80,974
Issued & Paid-up Share Capital	'000	17,000	18,700	47,689	64,649	66,180
Net Tangible Assets Per Share	Sen	253	341	159	123	122

GROUP STRUCTURE



Rohas-Euco Industries Bhd.
(4129-H)

Design and fabrication of steel structures for high-tension transmission towers, microwave towers and substation structures, manufacture of pressed steel water tank panels and provision of other fabrication and installation works



CHAIRMAN'S STATEMENT

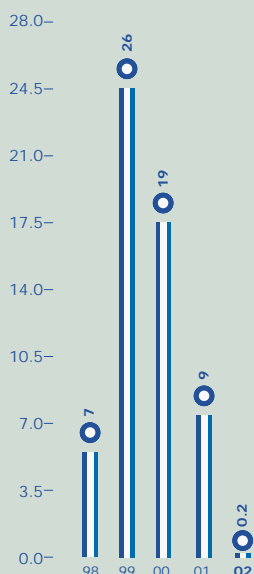
ROHAS-EUCO INDUSTRIES BHD.



CHAN HUA ENG R OBE
Non-Executive Chairman

On behalf of your Board of Directors I present herewith the Annual Report and Audited Financial Statements of your company for the financial year ended 31 December 2002 and of its affairs on that date.

**Basic Earnings Per Share
Sen**



Results

Overall, the Group recorded weaker performance for the year 2002 as its core business activities came under pressure against a highly competitive market and difficult business operating environment.

Profit from operations of the Group declined to RM3.4 million (-62%) on an increased revenue of RM192.5 million (+130%). Consolidated profit for the year declined to RM0.1 million (-98%). Basic earnings per share declined to 0.17 sen per share (2001: 8.90 sen).

Shareholders' equity retreated to RM80.9 million, representing a decrease of 2% to reflect net tangible assets of RM1.22 per share.

In spite of negatives, the Group is well poised to support its future growth with a strong cashflow position at RM53 million (2001: RM24 million) and its low gearing level.

Trends and Prospects

At the domestic front, our traditional markets experienced a significant slowdown with the sluggish pace of infrastructure spending and the consolidation of the telecommunication sector resulting in little or no investment in infrastructure. Problems arising from severe pricing competition in the steel-related industries have taken its toll on the competitiveness of your company's product as well. Your company's involvement in a new business venture in water treatment sector i.e. Phase 1 of the Bukit Badong project is progressing within expectations. We hope to secure Phase 2 of the project which could be anticipated in Year 2003. The group as a strategy is looking towards expanding aggressively to regional export markets and diversifying into new business ventures to register growth in the future. In January 2003, the Group embarked on a new business joint-venture in the manufacture of hi-tech battery cells mainly for the export market using the latest state-of-the-art polymer lithium-ion technology. In spite of the challenges ahead, we are confident that our focus, ongoing cost reduction exercise and counter-measure initiatives would provide the platform for the Group to stage a rebound in the near future.

Acknowledgement

During the year, Tan Sri Azmi Wan Hamzah retired from office as Chairman of the company after having served your company since 1993. Through his vision and leadership, he played a crucial role in steering your company from listing on the Second Board of the Kuala Lumpur Stock Exchange (KLSE) in 1995 to graduation to Main Board of the KLSE in late 2001. Your Board places on record its gratitude and appreciation to Tan Sri Azmi for his invaluable services rendered to your company. We are grateful to Tan Sri Azmi for obliging your Board to continue service as Advisor to your Board.

During the year under review Encik Marizan Nor Bin Basirun resigned from the Board.

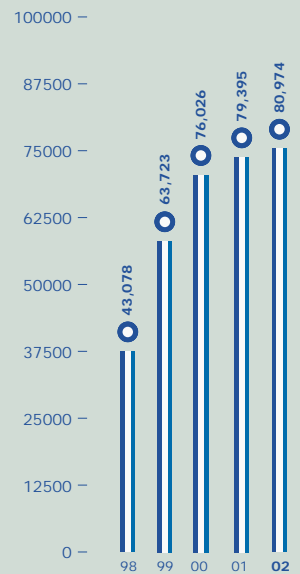
Management and Employees

During the year, our businesses have had to deal with difficult markets alongside a range of reorganization and restructuring that has placed an enormous demand upon our people. The Board would like to thank all of them for their considerable efforts during the year and for their continuing support and commitment.

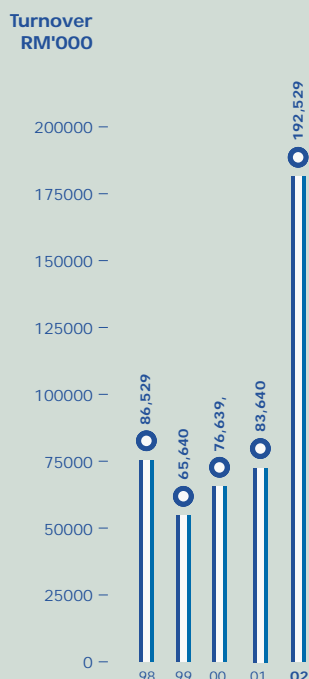
CHAN HUA ENG R OBE
Chairman

30 April 2003

**Shareholder's Fund
RM'000**



MANAGING DIRECTOR'S REVIEW OF OPERATIONS



Steel Lattice Structures

For the year under review, revenue for the power transmission tower sector suffered a 56 percent decline, as compared to the preceding financial year, mainly attributed to the insignificant tender awards for commissioning of transmission lines thereby creating an over-capacity position domestically. This sector contributed to 3.9 percent of group revenue. Trading conditions in its traditional markets remained difficult in the face of stiff market competition which impact on margins.

Revenue for the telecommunication tower and related project works on engineering, procurement and construction ("EPC") basis sectors has increased by 22 percent as compared to the preceding financial year as one of its major clients activated its network expansion program. This sector contributed to 5.5 percent of group revenue. The year saw significantly lower infrastructure spending of major telecommunication companies in the light of uncertainties surrounding the consolidation of the telecommunication industry and the co-sharing concept. Market for this sector will continue to be competitive.

Revenue for its export markets decreased by 35 percent as compared to the preceding financial year due to slowdown in the telecommunication industry regionally. The group will actively pursue new markets for its products overseas including non-traditional markets. This sector contributed to 9.6 percent of group revenue.

Water Tanks

This sector, consisting of pressed steel sectional water tanks ("PST") and glassfibre/fibreglass reinforced polyester (GRP/FRP) water tanks ("GRP") and its related installation works and accessories for commercial applications, generated weak performance. Revenue decreased by 59 percent as compared to the preceding financial year. This sector contributed to 1.5 percent of group revenue.

This sector is dependent on the property market which remains unexciting with commercial property space still facing glut. Uncertain property market coupled with severe market competition from competing products and to some extent competition from inferior products have adversely affected the performance of this sector. PST products were badly affected by the high

escalating cost of flat sheet materials arising from import duties imposed on them. Overall, margins are under tremendous pressure. The group will intensify efforts to expand into regional markets for its products to survive the competition.

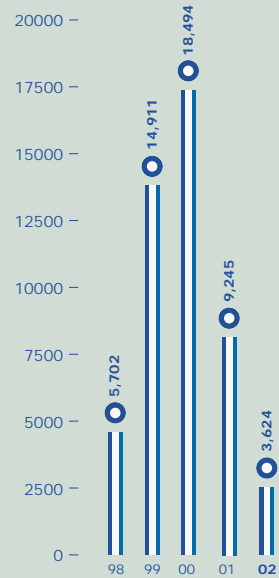
Composite Products

Business venture in the manufacturing of archery risers for the American market grounded into inactivity. In August 2002, the management decided to wind-down the business due to uncertain business outlook and the rampant model changes that entailed further commitment in research and development expenditure. The short life-cycle for each model makes such investment unjustifiable. Nevertheless, this sector’s contribution to group revenue is very insignificant.

Water Treatment

Contract works for Phase 1 of the Bukit Badong plant, comprised in the Sungai Selangor Phase 3 privatisation project, shifted to high gear during this financial period. It generated revenue of RM149 million for the financial year under review (2001 : RM22 million) representing an increase of 577 per cent. Physical progress of Phase 1 of the project as at 31 December 2002 stood at about 77 percent completion. This sector contributed to 77 percent of group revenue. It is performing within management’s expectations. The Group will continue to seek more business opportunities in this sector both in the domestic and regional markets as water-related sector offers attractive growth prospects.

**Profit Before Taxation
RM'000**



"....provide excellent service to our customers."

“Cost competitiveness, efficiency of operations, business innovations, quality consciousness and management of risks remain the key success factors of the Group.”

Overall Business Performance

Total group revenue for the financial year under review increased by 130 percent to RM192.5 million (2001: RM83.6 million). Consolidated net profit before tax declined by 61 percent to RM3.6 million (2001: RM9.2 million). The group registered a marginal consolidated net profit after taxation and minority interests of RM0.1 million (2001: RM5.7 million) representing a decrease of 98 percent.

Group cashflow position strengthened to RM53 million at the end of the current financial year under review (2001: RM24 million) with gearing at negligible level.

Quality Management System

The existing quality management system (QMS), implemented since December 2000, continued to be relevant to the business needs of the group. The management shall be committed to maintain the certification. The Group successfully completed the regular surveillance audit conducted by Lloyd's Register Quality Assurance on 26 August 2002. QMS continues to act as a strong platform for operational efficiency, continuous improvements and contribute effectively towards customer satisfaction. The company is currently at the preparatory stage of converting its QMS to comply to the new ISO 9001 : 2000 Standard. The Internal Quality Audit complements the Internal Audit function. All the internal audit members are also members of the internal quality auditors. Lead Auditor for the quality management system is represented by a member of the Internal Audit team.

Future Challenges

We have initiated operational rationalization and cost-reduction measures to enhance our competitive positioning. We shall continue to improve on our ability to provide excellent service to our customers. With our prudent financial management and strong cash flow position, we are well poised to take advantage of business opportunities to diversify into new sectors that offer attractive margins to help contribute towards group profitability. We have taken a step towards this direction by investing in the manufacturing of hi-tech battery cells using the latest state-of-the-art polymer lithium-ion technology.

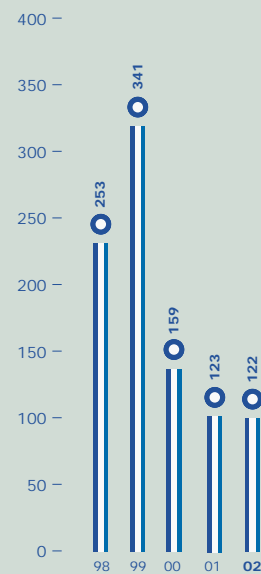
Cost competitiveness, efficiency of operations, business innovations, quality consciousness and management of risks remain the key success factors of the Group.

GEORGE SIA BUN CHUN

Managing Director

30 April 2003

**Net Tangible Assets Per Share
Sen**



CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Rohas-Euco Industries Bhd. have taken measures to ensure that the principles of corporate governance and best practices in corporate governance as set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance (“the Code”) are consistently applied to the business operations of the Group to protect and enhance shareholder value. Where the Group has not complied with the principles and best practices of the Code throughout the financial year, reason for such non-compliance is given.

The Board is pleased to make this statement, which sets out how the Group has applied the principles in Part 1 of the Code and also outlines the main corporate governance practices that were in place throughout the financial year, unless otherwise specified.

Board Responsibilities

The Board acknowledges the vital role it has to play in the stewardship of the directions and business operations of the Group, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has a schedule of matters reserved specifically for its decision which includes amongst other, the Group strategy and direction, annual budget, business plan, material investments, material acquisition and disposal of assets, major capital expenditure, review of financial and operating performance of the Group and consideration of significant financial matters.

The Group has established a framework to draw up training plans which are reviewed annually to continuously train and develop management and staff to increase their level of skills, efficiency and productivity. The Board will continue to deliberate upon the orderly succession of senior management. The Board has taken initiatives to establish an internal audit function within the organization to assist the Board through the Audit Committee on matters relating to the adequacy and integrity of the Group’s internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines on a formalized platform. This initiative shall also include identifying principal risks and implementing appropriate systems to manage those risks.

Board Meetings

The Board meets at least four (4) times a year, with additional meetings to be convened as and when considered necessary. Board approvals will be sought via circular resolutions on exceptional matters that require urgent Board decisions. Sufficient information is provided for an informed decision.

Board Papers are prepared for each meeting which encompass both qualitative and quantitative information to enable the Board to make informed decisions. All Board proceedings are minuted and signed by the Chairman of the meeting.

During the financial year ended 31 December 2002, a total of five (5) Board meetings were held with 100% attendance by all but one of the Directors. Details of Directors' attendance at board meetings held during the financial year 2002 are as follows :-

		Meeting Schedule					
Name of Directors		26 Feb	28 May	29 Aug	14 Nov	29 Nov	% of Attendance
1.	Chan Hua Eng	●	●	●	●	●	100
2.	George Sia Bun Chun	●	●	●	●	●	100
3.	Tengku Yunus Kamaruddin	Note 1	●	●	●	Note 1	60
4.	Mustafa Bin Mohamed Najimudin	●	●	●	●	●	100
5.	Dr. W. Mohamed @ Nik Azam Bin Wan Hamzah	●	●	●	●	●	100
6.	Azmi Wan Hamzah, Tan Sri (resigned on 28 May 2002)	●	●	-	-	-	-
7.	Marizan Nor Bin Basirun (resigned on 28 October 2002)	●	●	●	-	-	-

Note 1 – Absent by leave of the Board on account of personal commitments.

Board Balance

The Board currently has five (5) members comprising a non-executive Chairman, one (1) executive Director, one (1) non-executive Director and two (2) independent Directors. The Board has complied with the requirement that at least two (2) directors or 1/3rd of the Board comprise of independent Directors (paragraph 15.02 of the Listing Requirements of KLSE). The independent Directors provide a balanced and independent view on matters before the Board.

The Board is well represented by Directors from different backgrounds and areas of specialization. Collectively, the Directors bring a wide range of experience and expertise in areas such as business, financial, legal and engineering relevant to the Group. There is generally a good mix of skills background in the Board representation to effectively lead and control the business operations of the Group. The profile of each individual Directors are set out on pages 6 to 7 of this annual report.

There is a clear division of roles and responsibilities between the Chairman (non-executive) and the Managing Director (executive capacity) to ensure there is a balance of power and authority. The Chairman holds a non-executive position and is primarily responsible for matters pertaining to the board and overall conduct of the Group. The Managing Director oversees the business operations of the Group and the implementation of the Board's decisions and policies.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

The Board has taken an alternative view relating to the best practice requiring the Company to identify in the annual report a senior independent non-executive director to whom concerns may be conveyed (Part 2 AA. VII of Malaysian Code on Corporate Governance). The Board does not consider it necessary to do so considering the fact that shareholders have the fundamental right to direct any areas of concern to any member of the Board as they are, as a member of the Board, responsible and accountable for the actions of the Board as a whole.

Board Committees

The Board has delegated specific responsibilities to three (3) Board appointed committees i.e. Audit, Nomination and Remuneration Committees, details of which are set out below. Their respective scope of authorities and responsibilities are clearly described in their terms of reference duly approved by the full Board. These Committees examine related issues within their terms of references and make proposals and recommendations to the full Board for decision before they are implemented.

Supply of Information

The Board papers for each board meeting, includes, where appropriate, the following details :-

- agenda
- minutes of Board meeting
- minutes of Board appointed Committees meetings
- report by Managing Director
- report by Audit Committee Chairman which incorporate financial, business and internal audit matters
- the Group's quarterly financial and performance reports
- draft quarterly report announcement
- occupational safety and health report
- strategic plans

The Board is supplied with quality and timely information to enable them to carry out their duties and responsibilities effectively. Board papers are distributed to Board members not later than three (3) clear working days prior to the scheduled board meetings. This will give sufficient time for the Directors to prepare for the meetings and obtain clarifications, further explanations or information, where necessary, so that deliberations at the meeting are focused and constructive.

The Audit Committee reviews the quarterly report and make proposals and recommendations to the Board for approval before release of quarterly report announcements to the Kuala Lumpur Stock Exchange (KLSE) electronically via KLSE EDMS system.

Collectively the Board or, in their individual capacity, are accorded the absolute right to consult expert or external assistance for independent advice, where necessary, in the furtherance of their duties at the Group's expense. In July 2002, the Board, through the Audit Committee, approved the appointment of an external consultant to establish and implement Corporate Risk Scorecard software system to help the management and the operations teams to :-

- maintain a database of key risks affecting the operations of the company
- monitor management action plans
- tabulate gross and net risk profiles
- facilitate audit prioritization of high-risk areas

All Directors have access to the advice and services of the Company Secretary as well as to all information within the Group.

Appointments to the Board

The Group adopts the policy that nomination of new Director/s to the Board shall be reviewed by the Nomination Committee before proposals are made to the full Board for decision. New appointment follows a formal and transparent selection process. The Company Secretary will ensure that all appointments are properly made, that all information necessary is obtained as well as all legal and regulatory obligations complied with and necessary disclosures made.

New Board member shall undergo an orientation and education programme, which includes a visit to the factory and meetings with the Managing Director and its senior management team to better understand the operations and businesses of the Group.

Nomination Committee

The Nomination Committee, established on 16 February 2000, comprises the following members :-

Chairman	Chan Hua Eng (<i>Non-Executive Chairman</i>) (appointed as Chairman on 28 May 2002)
	Azmi Wan Hamzah, Tan Sri (<i>Non-Executive Chairman</i>) (resigned as Chairman on 28 May 2002)
Members	Tengku Yunus Kamaruddin (<i>Independent Director</i>) (appointed on 28 May 2002)
	Mustafa Bin Mohamed Najimudin (<i>Independent Director</i>)

The Nomination Committee recommends to the Board :

- new candidates nominated by the Managing Director or any director or shareholder ,
- new candidacy to the Board

In addition, this Committee reviews :

- the effectiveness of the Board as a whole ; and
- the performance and contribution of each individual Director.

The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies which the non-executive Directors should bring to the Board.

During the financial year, the full Board took full responsibility to collectively and objectively assess the performance of the Board and its individual members. The Board is of the opinion that peer evaluation of the performance of individual members of the Board would not be deemed necessary as it would be carried out collectively by the Board by virtue of the fact that Board members were appointed for their skills and experiences and have contributed positively to the Board. This Committee had one (1) meeting in the year 2002 which was adjourned to 24 January 2003 to coincide with the Remuneration Committee meeting which was held on the same day to consider the performance and salary review of the Managing Director including bonus payment. The said meetings were attended by all members who comprise exclusively of non-executive Directors.

Directors' Training

During the year 2001, all Directors attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by Research Institute of Investment Analysts Malaysia, an affiliate of KLSE. The Directors shall be committed to continue with the Continuing Education Programme (CEP) training on an annual basis at such times as may be set by KLSE.

Re-Election

The Articles of Association provide that new Directors appointed during the year shall hold office only until the next following Annual General Meeting (AGM) and shall be eligible for re-election by shareholders (Article 87) thereat. The Articles also provide that at least one third of the other Directors shall be subject to retirement of Directors by rotation and may offer himself for re-election each year at the AGM provided always that all Directors including the Managing Director shall retire from office at least once in each three (3) years (Article 80).

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act 1965.

Remuneration Committee

The Remuneration Committee, established on 16 February 2000, comprises the following members :-

Chairman Dr. W. Mohamed @ Nik Azam Bin Wan Hamzah (*Non-Executive Director*)

Members Mustafa Bin Mohamed Najimudin (*Independent Director*)

Tengku Yunus Kamaruddin (*Independent Director*)
(appointed on 28 May 2002)

The Remuneration Committee recommends to the Board :

- the remuneration package of each executive Directors which are linked to corporate and individual performance ;
- the level of remuneration of non-executive Directors is reflective of their experience and level of responsibilities.

The executive Director has abstained from participation in meeting to deliberate and decide on matters relating to his own remuneration package.

The determination of the remuneration of non-executive Director is a matter for the full Board where individual Directors shall abstain from decisions in respect of their own remuneration.

The objective of the remuneration policy is to attract, retain and motivate the Directors required to lead and control the Group effectively.

The number of Directors whose remuneration are analysed into successive bands of RM50,000 are as follows :-

	Group/Company Number of Directors	
	2002	2001
Executive Directors :		
RM200,001 to RM250,000	1	1
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	1
RM350,001 to RM400,000	-	-
Non-Executive Directors :		
Less than RM50,000	5	5
Total	7	7

Particulars of Directors' remuneration are set out in Note No. 8 of the financial statements for the financial year ended 31 December 2002.

The movement in option shares granted to the executive Directors during the financial year ended 31 December 2002 is set out in page 36 of this annual report.

The Board has considered the Principles of corporate governance on disclosure of details of the remuneration of each director as set out in Part 1.B.III of the Code against the backdrop of compliance with a related disclosure required under Appendix 9C Part A (10)(b) of the Listing Requirements of KLSE i.e. disclosure of Directors' Remuneration into successive bands of RM50,000 as detailed above. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the 'band disclosure' made.

This Committee had one (1) meeting in the year 2002 which was adjourned to 24 January 2003 to coincide with the Nomination Committee meeting which was held on the same day to consider the performance and salary review of the Managing Director including bonus payment. The said meetings were attended by all members who comprise exclusively of non-executive Directors.

Dialogue between the Company and Investors

The Board recognizes the importance of an effective communication channel between the Board, shareholders and general public.

The annual reports, press releases, quarterly reports and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The AGM represents an appropriate forum for dialogue and interaction with shareholders. Shareholders are encouraged to participate in the question and answer session wherein Directors as well as the Group's Auditors are available to respond to any queries raised. As for significant questions that cannot be readily answered on the spot, the Chairman of the Board will undertake to furnish the shareholder with a written answer after the AGM. However, the Group shall remain cautious on disclosure of material information about the Group which could be used by competitors against its interest. Procedures have been established to ensure that material and price-sensitive information are handled in a controlled manner to ensure that the guidelines set out in the Listing Requirement of the KLSE are strictly adhered to. The AGM will normally be followed by a sessions with the press.

The Notice of AGM and related papers are circulated to shareholders entitled to receive such notice at least twenty-one (21) days before the meeting. The said notice will be accompanied by an explanatory note to set out the effects of a proposed resolution under special business/es.

Background information on the Group and its activities could be sourced from its website at www.rohaseuco.com which also acts as an effective channel of communication with shareholders. Related links to the KLSE website have been instituted to facilitate investors' easy access to all announcements made by the Company to the KLSE via KLSE EDMS system.

Financial Reporting

The Board aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual audited financial statements of the Group and announcement of quarterly reports to shareholders. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and quality of its financial reporting and the internal audit functions relating to internal controls and monitoring of risks affecting the operations of the Group.

Internal Control

The Internal Audit function, established on 15 October 2001, have implemented the risk management framework for the Group to identify, measure, control and monitor risks in accordance with the Risk Management Policy that is adopted by the Board. Major activities undertaken by the internal audit function are contained in the Audit Committee report as set out on pages 28 to 32 of this annual report.

Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors and the details of attendance of committee members at Audit Committee meetings held during the financial year are set out on page 28 of this annual report.

During the financial year 2002, the Audit Committee held two (2) meetings with representatives from the external auditors to review the report to the board and audit committee by the external auditors relating to audit findings on the financial statements of the Group for the financial year ended 31 December 2001 and to determine the audit scope relating to the audit of the financial statement for the financial year ending 31 December 2002. At every Annual General Meeting of the Company, the external auditors are represented to take any queries from the shareholders. The Audit Committee has convened a meeting on 18 March 2002 with the external auditors without executive Board members present to review the financial statement and the audit findings for the financial year ended 31 December 2001. There were no non-audit fees paid to external auditors during this period.

Signed for and on behalf of the Board of Directors in accordance with directors' circular resolution dated 16 April 2003.

CHAN HUA ENG R OBE
Chairman

GEORGE SIA BUN CHUN
Managing Director

DIRECTORS' RESPONSIBILITY STATEMENT

(Pursuant to Paragraph 15.27(a) of the Listing Requirements of the Kuala Lumpur Stock Exchange)

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their profit or loss and cashflows of the Group and of the Company for the financial year.

The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2002, the Group has used the appropriate accounting policies and applied them consistently and prudently and that measures have been taken to ensure that the accounting records are properly kept in accordance with the law.

Signed in accordance with a board resolution dated 16 April 2003.

CHAN HUA ENG R OBE
Chairman

GEORGE SIA BUN CHUN
Managing Director

STATEMENT ON INTERNAL CONTROL

The following is a statement by the Board of Directors ("Board") of Rohas-Euco Industries Bhd ("REI") about the state of internal control in REI as a group ("REI Group") during the financial year ended 31 December 2002.

Principal Board Responsibilities

The Board affirms its responsibilities for REI Group's system of internal control and for reviewing its adequacy and integrity, as outlined in KLSE's *Statement on Internal Control: Guidance for Directors of Public Listed Companies* ("Guidance"), that sets out the following relevant principle and best practice provisions, extracted from the Malaysian Code on Corporate Governance ("Code"):

- (i) Maintaining a sound system of internal control to safeguard shareholders' investment and the company's assets
- (ii) Identifying principal risks and ensure the implementation of appropriate systems to manage these risks
- (iii) Reviewing the adequacy and the integrity of the company's internal control systems and the management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines

However, the Board acknowledges that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Three-Pronged Approach

In meeting the above responsibilities, the Board has implemented the following action plans:

Setting up of an Internal Audit Department

- The Internal Audit Department was set up on 15 October 2001, with an appropriate set of terms of reference that ensures proper authority and independence to perform the internal audit function with impartiality, proficiency and due professional care.
- A risk-based approach is adopted in prioritizing the internal audit resources in its annual audit plan.
- Audit assignments conducted by the Internal Audit Department shall provide opinions to the Board on the state of internal control on every audited operation within the entire REI Group.
- The audit methodology is focused on recommending improvements to the operations, based on the guiding principles of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Risk Management Framework

- The risk management framework is embodied in a documented Risk Management Policy that sets out the responsibilities, risk assessment methodology, risk evaluation parameters, monitoring and review of the risk register, coverage of internal control reviews and basis of overall Board opinion on the state of internal control.
- An external consultant was appointed in September 2001 to assist in the setting up of the Risk Management Policy, risk assessment exercise and the establishment of an internal control review methodology in audit assignments.
- Awareness to risk management was introduced throughout the REI Group and principal risks were identified and evaluated. Subsequent internal control reviews by the Internal Audit Department will serve to monitor and review these risks.
- An external consultant was engaged in July 2002 to introduce an enterprise-wide risk management software, in order to put in place a systematic ongoing process of identifying, evaluating and managing the principal risks.
- Beginning 2003, the Internal Audit Department will be responsible for the gradual roll-out implementation of the enterprise-wide risk management software.

Regular monitoring and review

- The Audit Committee assists the Board in the overall responsibility in providing assurance to the Board on the adequacy, integrity and effectiveness of the internal control systems and risk management in REI Group.
- The Audit Committee fulfills this responsibility through the following processes:
 - (i) Review of periodic audit reports from the Internal Audit Department on the opinions and findings of internal control reviews and audits of operations;
 - (ii) Query management and Internal Audit Department on the internal control issues and findings;
 - (iii) Review of periodic management reports on the state of REI Group's affairs;
 - (iv) Query management on operational issues;
 - (v) Review of progress reports on the implementation of risk management, namely the identification, evaluation, controlling, monitoring and reviewing of risks and controls;
 - (vi) Query management and Internal Audit Department on risk and control issues;
 - (vii) Review of documented risk profile report arising from the implementation of risk management;
 - (viii) Approve the allocation of internal audit resources in the annual audit plan;
 - (ix) Review of periodic reports from the Internal Audit Department on the status of implementation of management actions; and
 - (x) Query management and Internal Audit Department on the implementation of management actions.

Board's Opinion on the State of Internal Control

The Board is pleased to disclose that, during the year under review, the Board has introduced a risk management framework to facilitate the ongoing process of identifying, evaluating and managing significant risks. The risk management framework is expected to be fully implemented and operational by the year 2003.

The Board is also pleased to disclose that, the Audit Committee has been closely monitoring and ensuring that the progress of the internal control reviews and other audits of operations conducted by the Internal Audit Department throughout the year 2002, were according to the annual audit plan, appropriately revised to reflect the practical utilization of audit resources.

Based strictly on the Risk Management Policy's basis of arriving at the overall Board opinion, REI Group's internal control systems need further improvement. Control weaknesses found by the Internal Audit Department when conducting internal control review on one operation within the REI Group have been subsequently addressed.

The Board of Directors wish to highlight that the following entities are excluded from the scope of the audit universe of the Internal Audit Department and REI Group's risk management framework due to:

- (i) REI-Biwater Consortium Sdn Bhd is a single-purpose company set up in joint-venture with Biwater Shellabear (Malaysia) Sdn Bhd to implement the contract works of the Sungai Selangor Phase 3 water treatment plant; and
- (ii) Bridgestone REI Komposit Sdn Bhd is an associate that has implemented the group policies of Bridgestone Corporation, Japan.

Signed for and on behalf of the Board of Directors in accordance with directors' resolution dated 27 February 2003.

CHAN HUA ENG R OBE
Chairman

GEORGE SIA BUN CHUN
Managing Director

AUDIT COMMITTEE

The Audit Committee, established on 11 March 1996, comprises the following members :

Chairman Tengku Yunus Kamaruddin
Independent Director

Members Mustafa Bin Mohamed Najimudin
Independent Director

George Sia Bun Chun
Managing Director

Activity Report For Year 2002

The Committee held six (6) meetings in the year 2002 and the attendance of Committee members at the various Committee meetings are detailed as follows :-

		Meeting Schedule						
Item	Name of Committee Members	18 Mar	8 May	23 May	27 Aug	27 Nov	30 Dec	% of Attendance
1.	Tengku Yunus Kamaruddin	●	●	●	●	●	●	100
2.	Mustafa Bin Mohamed Najimudin	●	●	●	●	●	●	100
3.	George Sia Bun Chun	●	●	●	●	●	●	100

The Committee carried out its duties in accordance with its terms of reference during the financial year.

The main activities undertaken by the Committee were described as follows :-

- Reviewed with the external auditors their Report to the Board and the Audit Committee relating to the audit of the financial statements for the financial year ended 31 December 2001 without executive Board members present. The report highlighted the audit findings, significant audit and accounting issues, significant internal control weaknesses, recommendations for improvements and management's response and report to the Board.
- Reviewed and approved the appointment of Roots Consulting Sdn. Bhd., as the consultant to establish and implement the Corporate Risk Scorecard system to help the management and the operations team to manage key risks affecting the operations of the Group.
- Reviewed and recommended the revised Audit Committee terms of reference to the Board which was subsequently approved by the Board in November 2002.
- Reviewed and approved the revised Internal Audit Department terms of reference in August 2002.
- Reviewed the quarterly unaudited financial results of the Group and make recommendations to the Board for the release of the announcement of the said results for the respective quarters to KLSE electronically via KLSE EDMS system except for that relating to the financial quarter ended 31 December 2001 where the full Board has taken full responsibility of the financial reporting due to the absence of the Audit Committee Chairman by leave of the Board on account of personal commitments.
- Reviewed the business performance and financial results of the Group on a quarterly basis and highlighted significant issues to the Board.
- Reviewed periodic reports by the Credit Controller on the Company's debtors' aging position and initiatives taken towards credit control management.
- Reviewed the audited financial statements of the Company prior to submission to the Board for their consideration and approval to ensure that they were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards approved by the MASB.
- Reviewed with the Board the related party transactions entered into by the Group.
- Reviewed, with the external auditors, Messrs PricewaterhouseCoopers, the audit scope and audit fees in relation to the audit of the financial statements for the financial year ending 31 December 2002 and make recommendations to the Board for approval.

- Reviewed the draft Statement on Internal Control for inclusion in the Annual Report 2002 of the Company.
- Reviewed and approved the Risk Management Policy of the Group incorporating :-
 - purpose of the policy
 - primary responsibility
 - supplementary responsibility
 - risk assessment methodology
 - risk evaluation parameters
 - monitoring and review of risk register
 - internal control reviews
 - overall opinion criteria
- Reviewed and approved revisions to the internal audit plan for Year 2002 and new internal audit plan for Year 2003.
- Reviewed the internal audit activity reports, covering the following areas :-
 - Internal Audit Department objectives for Year 2002
 - status of actual internal audit assignments completed compared against internal audit plan for the Year 2002
 - quarterly audit activity reports
 - performance appraisal of the internal audit team
 - continuing professional development of the internal audit team
 - resource level and budget for the internal audit team
- Reviewed the risk profile, risk table, audit universe and audit cycle.
- Reviewed the internal audit reports on all audit and consultancy assignments completed, including the audit opinions, issues raised, risks identified, management responses and highlights of the good controls and risky areas.
- Reviewed the report on the Strategic Enterprise-Wide Risk Management framework along with the Key Risk Profile generated from the Corporate Risk Scorecard Software arising from a management workshop conducted on 2nd and 3rd October 2002 which was facilitated by Roots Consulting Sdn. Bhd.
- Noted the confirmation of the Chief Internal Auditor of the Group that the internal audit team has been accorded unrestricted access to all transactions and records of the Group's operations in the course of carrying out the internal audit plan.

The terms of reference of the Audit Committee are set out below :

AUTHORITY

The Committee is authorized by the Board of Directors (*Board*):

- to investigate any matters within the terms of reference;
- to have access to resources required to perform its duties;
- to have full and unrestricted access to any information pertaining to the Group;
- to have direct communication channels with the external auditors and Internal Audit Department of the Group;
- to obtain external legal and other independent professional advice as necessary;
- to convene meetings with outsiders with relevant experience and expertise, excluding the attendance of the executive members of the Committee, whenever deemed necessary; and
- to request any information it seeks as relevant to its activities from any employee of the Group and all employees are directed to co-operate with any request made by the Committee.

DUTIES/FUNCTIONS

The duties/functions of the Committee shall be:

- to review, with the external auditors before the audit commences, the audit plan;
- to review with the external auditors, their evaluation of the system of internal controls and audit findings, in particular the external auditor's management letter and management response;
- to review, with the external auditors, their audit report (in the absence of management, where necessary);
- to discuss problems and reservations arising from the audit and any matters the external auditors may wish to discuss (in the absence of management, where necessary);
- to obtain access to the assistance given by the employees of the Group to the external auditors and internal auditors;
- to advise the appointment of the external auditors, the audit fee and any questions of resignation or dismissal, and to recommend the re-appointment of external auditors;
- to recommend the nomination of a person or persons as external auditors to the Board for approval;
- to review the adequacy of the scope (including frequency and areas of audit), functions and resources of the Internal Audit Department and that it has the necessary authority to carry out its work;
- to review the internal audit plan, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit Department;
- to review any appraisal or assessment of the senior staff members of the Internal Audit Department and approve any appointment or termination of senior staff members of the Internal Audit Department;
- to be informed of the resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning and possibility for an exit interview with the Committee members;
- to review the quarterly results and year-end financial statements, prior to the approval by the Board, focusing particularly on:
 - i. changes in or implementation of major accounting policies and practices;
 - ii. significant adjustments arising from the audit;
 - iii. the going concern assumption; and
 - iv. compliance with accounting standards and other legal requirements.
- to review any related party transactions and conflicts of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and to ensure that the internal control procedures with regards to such transactions are sufficient;
- to obtain assurance, or otherwise, that principal risks have been identified and an appropriate risk management system has been implemented in order to safeguard shareholders' investment and Group's assets;
- to review the adequacy and integrity of internal control systems and management information systems;
- to review and monitor compliance to the applicable laws, regulations, rules, directives and guidelines;
- to consider the major findings of internal investigations and management's response;
- any other functions as may be agreed to by the Committee and the Board.

RISK MANAGEMENT

In line with the Malaysian Code on Corporate Governance and the requirements of the Listing Requirements of the Kuala Lumpur Stock Exchange, a risk management framework is implemented to identify, measure, control and monitor risks in accordance with the Risk Management Policy that is adopted by the Board. The Risk Management Policy sets out the purpose and responsibilities of the Board, the Audit Committee, Internal Audit Department, management and employees in relation to risk management. It also outlines the risk universe and the audit universe in which Internal Audit Department shall conduct internal control reviews.

INTERNAL AUDIT DEPARTMENT

An Internal Audit Department shall be established within the organization structure of the Group, as an extension of the authority and duties/functions of the Audit Committee. The mission of the Internal Audit Department is to provide independent and objective assurance and consulting services designed to add value and improve the Group's operational efficiency. It helps the Group accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

The scope of work of the Internal Audit Department is to determine whether the Group's network of risk management, controls and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Necessary interaction exists with the various governance groups.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programmes, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the Group's control processes.
- Significant legislative or regulatory issues impacting the Group are recognized and addressed appropriately.

Opportunities for improving management control, profitability and the Group's image may be identified during audits. They will be communicated to the appropriate level of management.

QUORUM

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

COMPOSITION

The Committee shall consist of:

- not less than three members;
- majority of Committee members must be independent directors as defined under the KLSE Listing Requirements;
- at least one Committee member:
 - i. must be a member of the Malaysian Institute of Accountants; or
 - ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience and:
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part III of the 1st Schedule of the Accountants Act 1967.

The members of the Committee shall select a Chairman from amongst their number, who fulfils the criteria of an independent director as defined under the KLSE Listing Requirements.

If a member of the Committee resigns, dies or for any other reason, ceases to be a member resulting in the number of members reduced to below three, the Board shall, within three months of occurrence of that event, appoint such number of new members as may be required, that fulfils the related criteria, to make up the minimum number of three members.

REVIEW OF TERMS OF REFERENCE

The terms of reference of the Audit Committee shall be reviewed by the Board no less than once every three years.

ROHAS-EUCO INDUSTRIES BHD.

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of design and fabrication of steel structures for high tension transmission towers, microwave towers and substation structures, manufacture of pressed steel sectional water tank panels and provision of other fabrication and installation works. The principal activities of the subsidiaries are as set out in Note 14 of the financial statements.

There was no significant change in the nature of these activities during the financial year except that the Group has ceased its manufacturing of composite-based materials business.

FINANCIAL RESULTS

	<u>Group</u> RM	<u>Company</u> RM
Profit/(loss) after taxation	1,924,428	(5,178,944)
Minority interests	(1,811,184)	-
	<hr/>	<hr/>
Net profit/(loss) for the financial year	113,244	(5,178,944)
	<hr/>	<hr/>

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2001 were as follows:

	RM
In respect of the financial year ended 31 December 2001, gross dividend of 5 sen per share less income tax at 28%, paid on 12 June 2002	3,301,422
	<hr/>

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2002.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

SHARE CAPITAL

During the financial year, the issued and paid-up share capital of the Company was increased from RM64,648,765 to RM66,179,540 as a result of issuance of 1,530,775 new ordinary shares of RM1.00 each under the Employees' Share Option Scheme at the following exercise prices:

	<u>Number of ordinary shares of RM1.00 each</u>
Exercise price of RM1.00 per ordinary share of RM1.00 each	785,834
Exercise price of RM1.03 per ordinary share of RM1.00 each	744,941
	<u>1,530,775</u>

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

DIRECTORS

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

Chan Hua Eng	
George Sia Bun Chun	
Tengku Yunus Kamaruddin	
Mustafa bin Mohamed Najimudin	
Dr. W. Mohamed @ Nik Azam bin Wan Hamzah	
Marizan Nor bin Basirun	(Resigned on 28 October 2002)
Tan Sri Wan Azmi bin Wan Hamzah	(Resigned on 28 May 2002)

In accordance with Article 80 of the Company's Articles of Association, Mustafa bin Mohamed Najimudin and Tengku Yunus Kamaruddin retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Under Section 129 of the Companies Act, 1965, Chan Hua Eng retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the options over shares granted to the Directors pursuant to the Employees' Share Option Scheme as disclosed in the Directors' interests in shares section of this report.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than disclosed in Note 8 to the financial statements and significant related party transactions disclosed in Note 32 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares and options over shares in the Company and its related corporations are as follows:

Number of ordinary shares of RM1.00 each in the Company

	At			At
	<u>1.1.2002</u>	<u>Bought</u>	<u>(Sold)</u>	<u>31.12.2002</u>
<u>Direct interest</u>				
George Sia Bun Chun	961,690	1,500,056	-	2,461,746
Dr. W. Mohamed @ Nik Azam bin Wan Hamzah	686,670	-	-	686,670
Mustafa bin Mohamed Najimudin	26,670	200,000	-	226,670

Indirect interest*

George Sia Bun Chun	6,156,810	-	(1,500,056)	4,656,754
Mustafa bin Mohamed Najimudin	200,000	-	(200,000)	-
Chan Hua Eng	1,981,167	-	-	1,981,167

* Includes shares held by other persons or body corporate in which the Directors are deemed to have an interest.

By virtue of George Sia Bun Chun holding more than 5% of the issued and fully-paid up share capital of the Company, he is deemed to have an interest in all the Company's subsidiaries to the extent that the Company has an interest.

Number of options over ordinary shares of RM1.00 each

	At			At
	<u>1.1.2002</u>	<u>Granted</u>	<u>(Exercised)</u>	<u>31.12.2002</u>
George Sia Bun Chun	121,000	-	-	121,000

None of the other Directors held any interest in shares in the Company and its related corporations during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

Pursuant to the Company's Employees' Share Option Scheme ('the Scheme') which became effective from 20 November 1998, the following are options granted since the date of the last report:

	<u>Options over ordinary shares of RM1.00 each</u>			
	<u>At</u> <u>1.1.2002</u>	<u>Granted</u>	<u>(Exercised/ Lapsed)</u>	<u>At</u> <u>31.12.2002</u>
1 st tranche at option price of RM1.00 per share (after adjusted for bonus issue) granted on 20 November 1998	1,347,064	–	(491,334)	855,730
2 nd tranche at option price of RM1.24 per share (adjusted to RM1.00 per share after bonus issue) granted on 12 May 1999	768,668	–	(294,500)	474,168
3 rd tranche at option price of RM1.37 per share (adjusted to RM1.03 per share after bonus issue) granted on 29 June 2001	1,841,996	–	(744,941)	1,097,055
	3,957,728	–	(1,530,775)	2,426,953

The main features of the Scheme are as follows:

- (a) Eligible employees are those who are Malaysian, at least eighteen years of age and have been confirmed in service for at least a continuous period of one year in the Company or its subsidiaries; or are full-time Executive Directors of the Company who are specifically approved as eligible to participate in the Scheme by the Company in a general meeting;
- (b) The total number of shares to be offered under the Scheme shall not exceed 10% of the issued and paid-up share capital of the Company at any time during the existence of the Scheme, which shall be in force for a period of five years up to 19 November 2003;
- (c) The option price of each share shall be the average market quotation of the shares of the Company as stated in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five market days immediately preceding the date of offer of the Scheme or at the par value of the shares, whichever is the higher;
- (d) No option shall be granted for less than 1,000 shares or more than 225,000 shares to any eligible employees; and
- (e) New ordinary shares to be allotted, upon any exercise of the option, shall rank pari passu with existing issued and paid-up shares of the Company except that the shares so issued will not rank for any dividends or other distribution, the record date for which is preceding the date of exercise of the option.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

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

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

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

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

- (a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

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.

In the opinion of the Directors:

- (a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) except as disclosed in Note 34 to the financial statements there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

CORPORATE INFORMATION

The number of employees at the end of the financial year amounted to 338 (2001: 333) employees in the Group and 192 (2001: 179) employees in the Company.

The address of the registered office and principal place of business of the Company is Rumah Rohas, 2nd Floor, No. 61, Jalan Raja Abdullah, Kampung Baru, 50300 Kuala Lumpur, Malaysia.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 16 April 2003.

GEORGE SIA BUN CHUN
DIRECTOR

CHAN HUA ENG
DIRECTOR

INCOME STATEMENTS

For the financial year ended 31 December 2002

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
REVENUE	5	192,529,298	83,639,598	25,355,916	32,403,679
COST OF SALES	6	(176,783,523)	(68,051,211)	(23,505,252)	(21,302,344)
GROSS PROFIT		15,745,775	15,588,387	1,850,664	11,101,335
OTHER OPERATING INCOME	7	1,427,189	1,716,881	1,685,931	2,025,833
SELLING AND DISTRIBUTION COSTS		(4,759,151)	(3,135,027)	(3,844,342)	(2,603,587)
ADMINISTRATIVE EXPENSES		(9,034,602)	(5,347,942)	(6,345,152)	(3,509,154)
PROFIT/(LOSS) FROM OPERATIONS	8	3,379,211	8,822,299	(6,652,899)	7,014,427
FINANCE COST	9	(20,310)	(137,153)	(18,795)	(127,276)
SHARE OF RESULTS OF AN ASSOCIATE		265,008	559,437	-	-
PROFIT/(LOSS) BEFORE TAXATION		3,623,909	9,244,583	(6,671,694)	6,887,151
TAXATION					
Company and subsidiaries	10	(1,614,801)	(3,254,451)	1,492,750	(2,465,440)
Associate		(84,680)	(145,040)	-	-
		(1,699,481)	(3,399,491)	1,492,750	(2,465,440)
PROFIT/(LOSS) AFTER TAXATION		1,924,428	5,845,092	(5,178,944)	4,421,711
MINORITY INTERESTS		(1,811,184)	(122,819)	-	-
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR		113,244	5,722,273	(5,178,944)	4,421,711
DIVIDENDS PER SHARE (sen)	11	5.00	2.50	5.00	2.50
EARNINGS PER SHARE (sen)	12				
Basic		0.17	8.90		
Diluted		0.17	8.90		

The notes to the financial statements on pages 46 to 83 form an integral part of these financial statements.

BALANCE SHEETS

As at 31 December 2002

ROHAS-EUCO INDUSTRIES BHD.

	Note	2002 RM	Group 2001 RM	2002 RM	Company 2001 RM
NON CURRENT ASSETS					
Property, plant and equipment	13	22,410,043	22,589,160	15,932,527	16,496,689
Subsidiaries	14	-	-	7,922,984	19,701,058
Associate	15	2,187,630	2,007,302	1,750,000	1,750,000
Other investments	16	5,116,340	2,788,090	5,116,340	2,788,090
Deferred tax assets	17	265,446	323,909	-	-
		29,979,459	27,708,461	30,721,851	40,735,837
CURRENT ASSETS					
Inventories	18	19,634,899	21,371,865	15,724,427	17,365,327
Receivables, deposits and prepayments	19	50,276,928	36,559,005	25,792,104	13,780,065
Deposits, bank and cash balances	20	56,203,843	26,614,070	13,023,048	22,617,270
		126,115,670	84,544,940	54,539,579	53,762,662
LESS: CURRENT LIABILITIES					
Trade and other payables	21	64,236,036	17,458,554	5,780,769	5,374,900
Short term borrowings	22	6,087,454	5,972,347	-	-
Taxation		2,396,073	3,758,210	2,744,459	3,711,008
		72,719,563	27,189,111	8,525,228	9,085,908
NET CURRENT ASSETS		53,396,107	57,355,829	46,014,351	44,676,754
LESS: NON CURRENT LIABILITIES					
Trade and other payables	21	105,507	235,497	33,654	112,014
Deferred tax liabilities	23	109,346	1,825,575	-	1,359,531
		214,853	2,061,072	33,654	1,471,545
		83,160,713	83,003,218	76,702,548	83,941,046
CAPITAL AND RESERVES					
Share capital		66,179,540	64,648,765	66,179,540	64,648,765
Share premium		5,383,053	5,360,705	5,383,053	5,360,705
Reserve on consolidation		155,277	155,277	-	-
Capital reserve		713,878	-	-	-
Revaluation reserve		-	-	3,697,662	4,008,917
Currency translation differences		(133,915)	(115,281)	-	-
Retained earnings	24	8,675,696	12,577,752	1,442,293	9,922,659
Shareholders' equity		80,973,529	82,627,218	76,702,548	83,941,046
MINORITY INTERESTS		2,187,184	376,000	-	-
		83,160,713	83,003,218	76,702,548	83,941,046

The notes to the financial statements on pages 46 to 83 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2002

	<u>Note</u>	<u>Issued and fully paid ordinary shares of RM1.00 each</u>		<u>Non-distributable</u>			<u>Distributable</u>	<u>Total</u> RM	
		<u>Number of shares</u>	<u>Nominal value</u> RM	<u>Share premium</u> RM	<u>Reserve on consolidation</u> RM	<u>Capital reserve</u> RM	<u>Currency translation differences</u> RM		<u>Retained earnings</u> RM
AT 1 JANUARY 2002									
- As previously reported		64,648,765	64,648,765	5,360,705	155,277	-	(115,281)	9,345,314	79,394,780
- Prior year adjustment	35	-	-	-	-	-	-	3,232,438	3,232,438
- As restated		64,648,765	64,648,765	5,360,705	155,277	-	(115,281)	12,577,752	82,627,218
NET PROFIT FOR THE FINANCIAL YEAR		-	-	-	-	-	-	113,244	113,244
DIVIDENDS - 31 DECEMBER 2001	11	-	-	-	-	-	-	(3,301,422)	(3,301,422)
TRANSFER OF RESERVES		-	-	-	-	713,878	-	(713,878)	-
CURRENCY TRANSLATION DIFFERENCES		-	-	-	-	-	(18,634)	-	(18,634)
ISSUE OF NEW SHARES Exercise of Employees' Share Option Scheme		1,530,775	1,530,775	22,348	-	-	-	-	1,553,123
AT 31 DECEMBER 2002		66,179,540	66,179,540	5,383,053	155,277	713,878	(133,915)	8,675,696	80,973,529
AT 1 JANUARY 2001									
- As previously reported		47,689,125	47,689,125	5,306,105	155,277	-	(90,427)	22,965,962	76,026,042
- Prior year adjustment	35	-	-	-	-	-	-	858,405	858,405
- As restated		47,689,125	47,689,125	5,306,105	155,277	-	(90,427)	23,824,367	76,884,447
NET PROFIT FOR THE FINANCIAL YEAR		-	-	-	-	-	-	5,722,273	5,722,273
DIVIDENDS - 31 DECEMBER 2000	11	-	-	-	-	-	-	(858,405)	(858,405)
CURRENCY TRANSLATION DIFFERENCES		-	-	-	-	-	(24,854)	-	(24,854)
ISSUE OF NEW SHARES Bonus issue Exercise of Employees' Share Option Scheme		16,110,483	16,110,483	-	-	-	-	(16,110,483)	-
		849,157	849,157	54,600	-	-	-	-	903,757
AT 31 DECEMBER 2001		64,648,765	64,648,765	5,360,705	155,277	-	(115,281)	12,577,752	82,627,218

The notes to the financial statements on pages 46 to 83 form an integral part of these financial statements.

COMPANY

STATEMENT OF CHANGES IN EQUITY

ROHAS-EUCO INDUSTRIES BHD.

For the financial year ended 31 December 2002

	Note	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable		Distributable	Total RM
		Number of shares	Nominal value RM	Share premium RM	Revaluation reserve RM	Retained earnings RM	
AT 1 JANUARY 2002							
– As previously reported		64,648,765	64,648,765	5,360,705	4,008,917	6,690,221	80,708,608
– Prior year adjustment	35	–	–	–	–	3,232,438	3,232,438
– As restated		64,648,765	64,648,765	5,360,705	4,008,917	9,922,659	83,941,046
NET LOSS FOR THE FINANCIAL YEAR		–	–	–	–	(5,178,944)	(5,178,944)
DIVIDENDS - 31 DECEMBER 2001	11	–	–	–	–	(3,301,422)	(3,301,422)
NET LOSS NOT RECOGNISED IN INCOME STATEMENT		–	–	–	(311,255)	–	(311,255)
ISSUE OF NEW SHARES Exercise of Employees' Share Option Scheme		1,530,775	1,530,775	22,348	–	–	1,553,123
AT 31 DECEMBER 2002		66,179,540	66,179,540	5,383,053	3,697,662	1,442,293	76,702,548
AT 1 JANUARY 2001							
– As previously reported		47,689,125	47,689,125	5,306,105	4,008,917	21,611,431	78,615,578
– Prior year adjustment	35	–	–	–	–	858,405	858,405
– As restated		47,689,125	47,689,125	5,306,105	4,008,917	22,469,836	79,473,983
NET PROFIT FOR THE FINANCIAL YEAR		–	–	–	–	4,421,711	4,421,711
DIVIDENDS - 31 DECEMBER 2000	11	–	–	–	–	(858,405)	(858,405)
ISSUE OF NEW SHARES Bonus issue		16,110,483	16,110,483	–	–	(16,110,483)	–
Exercise of Employees' Share Option Scheme		849,157	849,157	54,600	–	–	903,757
AT 31 DECEMBER 2001		64,648,765	64,648,765	5,360,705	4,008,917	9,922,659	83,941,046

The notes to the financial statements on pages 46 to 83 form an integral part of these financial statements.

CASH FLOW STATEMENTS

For the financial year ended 31 December 2002

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
OPERATING ACTIVITIES					
Net profit/(loss) for the financial year		113,244	5,722,273	(5,178,944)	4,421,711
Adjustments for non-cash items:					
Minority interests		1,811,184	122,819	-	-
Taxation		1,699,481	3,399,491	(1,492,750)	2,465,440
Share of results of an associate		(265,008)	(559,437)	-	-
Gain on waiver of debts		(201,658)	(247,930)	-	-
Property, plant and equipment:					
-depreciation:					
- charge for the financial year		2,040,951	1,900,373	1,327,531	1,345,084
- under charge in previous years		38,679	-	58,990	-
- written off		69,536	-	69,536	-
- net gain on disposals		(30,795)	(29,199)	(25,788)	(25,023)
Interest expense		20,310	137,153	18,795	127,276
Inventories written off		345,636	-	-	-
Bad debts written off		88,869	26,806	1,164,922	2,185,141
Allowance for diminution in					
- quoted investments		1,167,750	1,043,110	1,167,750	1,043,110
- subsidiaries		-	-	100,001	-
Allowance/(write-back) for doubtful debts					
		280,058	(3,885,295)	15,661	(4,625,644)
Net unrealised (gain)/loss in foreign exchange					
		241,849	(4,018)	(15,936)	(13,275)
Rental income		(30,100)	(16,200)	(157,100)	(200,770)
Interest income		(922,117)	(852,384)	(1,082,671)	(907,989)
Dividend income		-	-	-	(450,000)
		6,467,869	6,757,562	(4,030,003)	5,365,061
Changes in working capital:					
Inventories		1,375,633	1,875,049	1,640,900	3,018,912
Receivables, deposits and prepayments		(14,622,287)	19,955,937	5,473,466	25,221,489
Trade and other payables		47,415,987	(1,949,677)	405,877	(5,410,574)
Amounts due from subsidiaries		-	-	(7,526,187)	(1,527,038)
		40,637,202	26,638,871	(4,035,947)	26,667,850
Taxation paid		(4,643,125)	(2,966,964)	(833,330)	(1,923,093)
Net cash flow from/(used in) operating activities		35,994,077	23,671,907	(4,869,277)	24,744,757

CASH FLOW STATEMENTS

ROHAS-EUCO INDUSTRIES BHD.

For the financial year ended 31 December 2002 (continued)

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
INVESTING ACTIVITIES					
Purchase of additional shares in subsidiary		-	-	-	(99,998)
Acquisition of quoted investments		(3,496,000)	-	(3,496,000)	-
Purchase of property, plant and equipment		(2,080,524)	(7,181,336)	(717,824)	(4,886,077)
Proceeds from disposal of property, plant and equipment		110,667	67,955	43,700	39,746
Rental received		30,100	16,200	157,100	200,770
Interest received		964,494	526,260	1,133,541	581,865
Net cash flow used in investing activities		(4,471,263)	(6,570,921)	(2,879,483)	(4,163,694)
FINANCING ACTIVITIES					
Interest paid		(20,310)	(137,153)	(18,795)	(127,276)
Proceeds from minority interest		-	880	-	-
Placement of performance bond deposit		(2,177,696)	(722,710)	-	-
Repayment of hire purchase creditors		(234,991)	(372,173)	(78,368)	(344,077)
Drawdown/(repayment) in bank borrowings		1,574,057	1,417,568	-	(2,971,655)
Proceeds from issuance of share capital		1,553,123	903,757	1,553,123	903,757
Dividends paid		(3,301,422)	(858,405)	(3,301,422)	(858,405)
Net cash flow (used in)/from financing activities		(2,607,239)	231,764	(1,845,462)	(3,397,656)
NET CHANGE IN CASH AND CASH EQUIVALENTS		28,915,575	17,332,750	(9,594,222)	17,183,407
CASH AND CASH EQUIVALENTS BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR		24,421,227	7,111,070	22,617,270	5,433,863
FOREIGN EXCHANGE DIFFERENCES ARISING ON OPENING BALANCE		(44,548)	(22,593)	-	-
CASH AND CASH EQUIVALENTS BALANCE AT THE END OF THE FINANCIAL YEAR	25	53,292,254	24,421,227	13,023,048	22,617,270

The notes to the financial statements on pages 46 to 83 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

1 GENERAL INFORMATION

The principal activities of the Company consist of design and fabrication of steel structures for high tension transmission towers, microwave towers and substation structures, manufacture of pressed steel sectional water tank panels and provision of other fabrication and installation works. The principal activities of the subsidiaries are set out in Note 14 of the financial statements. During the financial year, the Group has ceased its manufacturing of composite-based materials business.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

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

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The new applicable accounting standards adopted in these financial statements are as follows:

(i) 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 19 Events After Balance Sheet Date
- MASB 20 Provisions, Contingent Liabilities and Contingent Assets

With the exception of MASB 19 (see note 35), there is no changes in accounting policy that affect net profit for the financial year as a result of the adoption of the above standard in these financial statements as the Group was already following the recognition and measurement principles in these standards.

(ii) Prospective application

MASB 24 Financial Instruments: Disclosure and Presentation

The Group has taken advantage of the exemption provided to apply this Standard prospectively. Accordingly, comparatives are not disclosed upon first application of MASB 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 reported period. Actual results could differ from those estimates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Group accounting

Subsidiaries

Subsidiaries are those enterprise in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date control ceases.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Investments in subsidiaries are stated at Directors' valuation based on the respective net tangible assets of the subsidiaries as at 31 December 1998. The surplus arising from the revaluation is transferred to a non-distributable revaluation reserve. Allowance is made where, in the opinion of the Directors, there is a permanent diminution in value of investments. Revaluation of investment in subsidiaries is conducted every five years.

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.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with goodwill on acquisition that has been written off to the income statement.

Associates

Associates are enterprises in which the Group exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies. Investments in associates are accounted for the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising in the income statement the Group's share of the results of associates for the period. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill (net of accumulated amortisation) on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

The gain or loss on disposal of an associate is the difference between net disposal proceeds and the Group's share of its net assets together with goodwill on acquisition that has been written off to the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Goodwill

Goodwill/capital reserve on consolidation represents the excess/shortfall of the purchase price over the fair value of the net assets of subsidiaries and associates at the date of acquisition. Goodwill is written off immediately to the income statement. Capital reserve on consolidation is credited to a reserve account.

(d) Investments

Investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately 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 such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

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

(e) Property, plant and equipment

All property, plant and equipment are initially stated at cost. A leasehold land and building were subsequently revalued by the Directors, based on professional valuation carried out by independent professional valuers. The Directors have applied the transitional provision of MASB 15 Property, Plant and Equipment, which allow these assets to be stated at their 1988 valuation. Accordingly, the above valuation have not been updated. All other property, plant and equipment are stated at cost less accumulated depreciation.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

Property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets or their revalued amounts, to their residual values over their estimated useful lives summarised as follows:

Leasehold land	Over the period of the lease, 57 - 66 years
Buildings	2%
Plant and equipment	10% - 20%
Furniture and office equipment	7½% - 20%
Motor vehicles	20%

Depreciation on assets under construction commences when the assets are ready for their intended use.

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

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average 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 (based on normal operating capacity) but excludes borrowing costs.

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

(g) Construction contracts

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Construction contracts (continued)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts under receivables, deposits and prepayments. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts under payables.

(h) Trade receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the period end. Bad debts are written off when identified.

(i) Hire purchase

Property, plant and equipment acquired under hire purchase are capitalised as non current assets in the financial statements and depreciated over the useful life of the assets. Corresponding obligations are treated as liabilities. Finance charges are allocated to the income statement over the hire purchase periods using the sum-of-digits method.

(j) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(k) 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 carry 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Foreign currencies

Foreign entities

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income statements of foreign entities are translated into Ringgit Malaysia at average exchange rates for the period and the balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken to "Currency translation differences" in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and are translated accordingly at the exchange rate ruling at the date of the transactions.

Foreign currency transactions

Foreign currency transactions in Group companies are accounted for at exchange rates prevailing at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

Closing rates

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

	<u>2002</u> RM	<u>2001</u> RM
Foreign currency:		
1 US Dollar	3.800	3.800
1 Australian Dollar	2.131	1.922
100 Japanese Yen	3.101	2.892
100 Philippines Peso	7.116	7.335
1 Euro	3.600	N/A
1 Sterling Pound	5.885	N/A
1 Singapore Dollar	2.162	N/A

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments

Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised in the balance sheet is disclosed in the individual policy statements associated with each item.

Financial instruments not recognised on the balance sheet

The Group is a party to financial instruments which comprise foreign currency forward contracts. This instrument is not recognised in the financial statements on inception.

Foreign currency forward contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

Fair value estimation for disclosure purposes

In assessing the fair value of non-traded derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. In particular, 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.

The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue recognition

Sales of goods are recognised upon delivery of products and customer acceptance, net of sales taxes and discounts, and after eliminating sales within the Group.

Sales relating to long term contracts are accounted for under the percentage of completion method - see accounting policy Note (g) on constructions contracts.

Other revenues earned by the Group are recognised on the following bases:

- Rental income from rental of plant and equipment – on the accrual basis in accordance with the substance of the relevant agreement
- Interest income – on the effective yield basis
- Dividend income – when the Group's rights to receive payment is established

(o) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, bank overdrafts 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.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES 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's overall financial risk management objective is to ensure that the Group creates value for its shareholders. 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 and internal control systems with approval from the Board of Directors.

The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain exposures. It does not trade in financial instruments.

Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than their functional currency. These companies enter into forward foreign currency exchange contracts to limit their exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debt.

Market risk

For key product purchases, the Group establishes floating and fixed priced levels that the Group considers acceptable and enters physical supply or derivative agreements, where necessary, to achieve these levels. The Group does not face significant exposure from the risk from changes in debt and equity prices.

Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers upon careful evaluation of the customer credit history.

Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

4 SEGMENTAL REPORTING

The Group is organised into four main business segments:

- Industrial products – manufacture of water tank panels, design and fabrication of steel structures for high tension transmission towers, microwave towers and substation structures and provision of other fabrication and installation works.
- Consumer products – manufacture of composite-based materials.
- Water treatment – implementation of potable water treatment projects.
- Rental – rental of plant and equipment.

During the financial year, the Group has ceased its consumer products segment operations.

Inter-segment sales comprise the sales of plant and equipment on an arms length basis.

4 SEGMENTAL REPORTING (CONTINUED)

(a) Primary reporting format - business segments

	<u>Industrial products</u>	<u>Consumer products</u>	<u>Water treatment</u>	<u>Rental</u>	<u>Eliminations</u>	<u>Group</u>
	RM	RM	RM	RM	RM	RM
<u>2002</u>						
<u>Revenue</u>						
External sales	43,227,714	494,726	148,562,676	491,600	(247,418)	192,529,298
Inter-segment sales	1,256,057	-	-	-	(1,256,057)	-
Total revenue	44,483,771	494,726	148,562,676	491,600	(1,503,475)	192,529,298
<u>Results</u>						
Segment result	(4,690,606)	268,063	10,129,071	(158,801)	788,795	6,336,522
Unallocated corporate expenses						(2,957,311)
Profit from operations						3,379,211
Finance cost	(20,310)	-	-	-	-	(20,310)
Share of results of an associate	265,008	-	-	-	-	265,008
Profit before taxation						3,623,909
Taxation						(1,699,481)
Profit after taxation						1,924,428
Minority interests						(1,811,184)
Net profit for the financial year						113,244

4 SEGMENTAL REPORTING (CONTINUED)

(a) Primary reporting format - business segments (continued)

	<u>Industrial products</u> RM	<u>Consumer products</u> RM	<u>Water treatment</u> RM	<u>Rental</u> RM	<u>Eliminations</u> RM	<u>Group</u> RM
<u>Other Information</u>						
Segment assets	84,559,827	18,115	68,464,777	3,438,965	(2,839,631)	153,642,053
Associate						2,187,630
Unallocated assets						265,446
Total assets						<u>156,095,129</u>
Segment liabilities	24,802,066	20,610	59,544,925	3,685,788	(17,624,392)	70,428,997
Unallocated liabilities						2,505,419
Total liabilities						<u>72,934,416</u>
Capital expenditure	1,295,455	28,406	410,217	1,485,856	(1,013,407)	2,206,527
Inventories written off	-	345,636	-	-	-	345,636
Bad debts written off	1,204,703	-	-	-	(1,115,834)	88,869
Gain on waiver of debts	(143,325)	(1,174,167)	-	-	1,115,834	(201,658)
Allowance for diminution in value:						
– subsidiaries	100,001	-	-	-	(100,001)	-
– other investments	1,167,750	-	-	-	-	1,167,750
Allowance for doubtful debts	15,661	265,969	-	-	-	281,630
Property, plant and equipment:						
– depreciation:						
– charge for the financial year	1,795,701	-	2,502	385,242	(142,494)	2,040,951
– under charge in previous years	38,679	-	-	-	-	38,679
Foreign exchange loss - unrealised	241,849	-	-	-	-	241,849

4 SEGMENTAL REPORTING (CONTINUED)

(a) Primary reporting format - business segments (continued)

	<u>Industrial products</u> RM	<u>Consumer products</u> RM	<u>Water treatment</u> RM	<u>Rental</u> RM	<u>Eliminations</u> RM	<u>Group</u> RM
<u>2001</u>						
<u>Revenue</u>						
External sales	60,288,329	1,022,233	22,099,569	12,900	216,567	83,639,598
Inter-segment sales	2,596,202	-	-	-	(2,596,202)	-
Total revenue	62,884,531	1,022,233	22,099,569	12,900	(2,379,635)	83,639,598
<u>Results</u>						
Segment result	11,665,032	(293,218)	1,299,005	(168,212)	(1,055,433)	11,447,174
Unallocated corporate expenses						(2,624,875)
Profit from operations						8,822,299
Finance cost	(137,153)	-	-	-	-	(137,153)
Share of results of an associate	559,437	-	-	-	-	559,437
Profit before taxation						9,244,583
Taxation						(3,399,491)
Profit after taxation						5,845,092
Minority interests						(122,819)
Net profit for the financial year						5,722,273
<u>Other Information</u>						
Segment assets	93,828,521	698,331	13,990,277	2,460,495	(1,055,434)	109,922,190
Associate	2,007,302	-	-	-	-	2,007,302
Unallocated assets						323,909
Total assets						112,253,401
Segment liabilities	20,432,665	941,389	11,744,794	2,599,516	(12,051,967)	23,666,397
Unallocated liabilities						5,583,786
Total liabilities						29,250,183

4 SEGMENTAL REPORTING (CONTINUED)

(a) Primary reporting format - business segments (continued)

	<u>Industrial products</u> RM	<u>Consumer products</u> RM	<u>Water treatment</u> RM	<u>Rental</u> RM	<u>Eliminations</u> RM	<u>Group</u> RM
Capital expenditure	5,099,417	261,836	393,182	2,384,569	(654,733)	7,484,271
Depreciation charge for the financial year	1,762,151	26,082	2,503	176,876	(67,239)	1,900,373
Allowance for diminution in quoted investments	1,043,110	-	-	-	-	1,043,110
Allowance for doubtful debts	1,095,313	-	-	-	-	1,095,313
Write back of allowance for doubtful debts	(4,980,608)	-	-	-	-	(4,980,608)

Segment assets consist primarily of property, plant and equipment, inventories, receivables and cash, net of allowances but exclude income tax assets. Segment liabilities comprise all operating liabilities such as trade and other payables, accrued liabilities and wages, but exclude income tax liabilities.

Capital expenditure represents additions to property, plant and equipment during the financial year.

(b) Secondary reporting format – geographical segments

The Group's business segments operate in two main geographical areas:

- Malaysia* – all business activities carried out by the four business segments.
- Other ASEAN countries – mainly installation works for industrial products.

* Company's home country

	<u>Sales</u>		<u>Total assets</u>		<u>Capital expenditure</u>	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Malaysia	177,540,547	57,136,287	134,859,370	99,813,881	1,839,444	7,329,249
Other ASEAN countries	14,988,751	26,503,311	18,782,684	11,163,743	367,083	155,022
	192,529,298	83,639,598	153,642,054	110,977,624	2,206,527	7,484,271
Associate Unallocated assets			2,187,630 265,445	2,007,302 (731,525)		
Total assets			156,095,129	112,253,401		

In determining the geographical segments of the Group, sales are based on the country in which the external customer is located. Total assets and capital expenditure are determined based on where the assets are located.

5 REVENUE

	<u>2002</u> RM	<u>2001</u> RM
Group:		
Sale of goods	15,353,144	27,619,440
Contract revenue	176,684,554	56,007,258
Rental of plant and equipment	491,600	12,900
	192,529,298	83,639,598
Company:		
Sale of goods	14,772,700	22,619,666
Contract revenue	10,583,216	9,784,013
	25,355,916	32,403,679

6 COST OF SALES

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Cost of inventories sold	36,708,067	21,090,458	15,678,102	18,526,134
Contract costs	140,075,456	46,960,753	7,827,150	2,776,210
	176,783,523	68,051,211	23,505,252	21,302,344

7 OTHER OPERATING INCOME

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Interest income	922,117	852,384	1,082,671	907,989
Gain on waiver of debts	201,658	247,930	-	-
Management fee	-	-	251,500	290,000
Rental income	30,100	16,200	157,100	200,770
Dividend income	-	-	-	450,000
Refund of withholding tax	-	198,400	-	-
Others	273,314	401,967	194,660	177,074
	1,427,189	1,716,881	1,685,931	2,025,833

8 PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Profit/(loss) from operations is arrived at after charging/(crediting):				
Auditors' remuneration:				
– audit fees	92,492	78,472	25,750	25,000
– non-audit fees	–	50,000	–	50,000
Staff cost (include Directors' remuneration)	9,438,568	8,833,858	6,703,541	5,848,332
Rental expenses	687,184	444,853	384,062	362,870
Property, plant and equipment:				
– depreciation:				
– charge for the financial year	2,040,951	1,900,373	1,327,531	1,345,084
– under charge in previous years	38,679	–	58,990	–
– written off	69,536	–	69,536	–
– net gain on disposals	(30,795)	(29,199)	(25,788)	(25,023)
Allowance for diminution in:				
– quoted investments	1,167,750	1,043,110	1,167,750	1,043,110
– subsidiaries	–	–	100,001	–
Bad debts written off	88,869	26,806	1,164,922	2,185,141
Inventories written off	345,636	–	–	–
Allowance for doubtful debts	281,630	1,095,313	15,661	343,082
Foreign exchange loss/(gain):				
– unrealised	241,849	(4,018)	(15,936)	(13,275)
– realised	113,870	131,503	6,968	34,572
Write back of allowance for doubtful debts	(1,572)	(4,980,608)	–	(4,968,726)
Bad debt recovered	(15,000)	–	(15,000)	–
Other operating income (Note 7)	(1,427,189)	(1,716,881)	(1,685,931)	(2,025,833)

Particulars of Directors' remuneration are as follows:

	Group/Company	
	<u>2002</u> RM	<u>2001</u> RM
Executive Directors:		
– Fees	25,000	50,000
– Basic salary and bonus	498,448	537,600
– Estimated money value of benefit-in-kind	9,510	9,116
	532,958	596,716
Non-executive Directors:		
– Fees	137,916	152,500
	670,874	749,216

9 FINANCE COST

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Interest expenses	20,310	137,153	18,795	127,276

10 TAXATION

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Tax charge for the financial year:				
In respect of the current financial year:				
– Malaysian income tax	2,925,366	1,900,153	–	1,524,986
– Foreign tax	256,261	265,375	83,331	–
Deferred tax				
– Transfer from/(to) deferred assets (Note 17)	49,537	(177,891)	–	–
– Transfer (from)/to deferred liabilities (Note 23)	(1,716,229)	1,266,814	(1,359,531)	940,454
	1,514,935	3,254,451	(1,276,200)	2,465,440
Under/(over) provision in previous financial years				
– Malaysian income tax	99,866	–	(216,550)	–
	1,614,801	3,254,451	(1,492,750)	2,465,440

There is no tax charge for the Company for the financial year as there is no taxable income. The foreign tax incurred by the Company is in respect of withholding tax suffered.

The effective tax rate of the Group was higher due to losses of the Company and certain subsidiaries that are not available for set off against taxable profits of other companies within the Group and the effect of higher tax rate in a foreign subsidiary.

10 TAXATION (CONTINUED)

	<u>2002</u> RM	<u>Company</u> <u>2001</u> RM
<u>Tax losses</u>		
Tax losses for which the related tax credit has not been recognised in the financial statements	1,872,000	-

11 DIVIDENDS

Dividends declared or paid since the end of the previous financial year are as follows:

	<u>Group/Company</u>			
	<u>2002</u> Gross per share sen	<u>Amount of</u> tax exempt dividend RM	<u>2001</u> Gross per share sen	<u>Amount of</u> dividend net of tax RM
First and final dividend paid	5.00	3,301,422	2.50	858,405

The Directors do not proposed the payment of any dividend for the financial year ended 31 December 2002.

12 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	<u>2002</u>	<u>2001</u>
Net profit for the financial year (RM)	113,244	5,722,273
Weighted average number of ordinary shares in issue	65,692,956	64,303,835
Basic earnings per share (sen)	0.17	8.90

(b) Diluted earnings per share

The fully diluted earnings per share for the Group are not presented as the assumed conversion from options over shares under the Employees' Share Option Scheme during the financial year would be antidilutive.

13 PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Furniture and office equipment</u>	<u>Motor vehicles</u>	<u>Capital work-in progress</u>	<u>Total</u>
	RM	RM	RM	RM	RM	RM	RM
Group							
<u>2002</u>							
COST/VALUATION							
At 1.1.2002							
– at valuation	760,000	840,000	–	–	–	–	1,600,000
– at cost	5,022,494	9,216,726	12,709,784	2,246,941	2,238,950	597,813	32,032,708
Additions	–	75,112	1,263,457	569,102	298,856	–	2,206,527
Disposals	–	–	(13,513)	(39,581)	(141,438)	–	(194,532)
Written off	–	–	(69,536)	–	–	–	(69,536)
Reclassification	–	–	597,813	–	–	(597,813)	–
Currency translation differences	–	–	(2,933)	(5,534)	(5,030)	–	(13,497)
At 31.12.2002	5,782,494	10,131,838	14,485,072	2,770,928	2,391,338	–	35,561,670
– at valuation	760,000	840,000	–	–	–	–	1,600,000
– at cost	5,022,494	9,291,838	14,485,072	2,770,928	2,391,338	–	33,961,670

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>Leasehold land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Furniture and office equipment</u>	<u>Motor vehicles</u>	<u>Capital work-in progress</u>	<u>Total</u>
	RM	RM	RM	RM	RM	RM	RM
ACCUMULATED DEPRECIATION							
At 1.1.2002	677,025	1,095,733	6,460,832	1,084,707	1,725,251	-	11,043,548
Charge for the financial year	94,929	204,462	1,293,723	355,452	240,162	-	2,188,728
Under/(over) charge in respect previous years	-	2,280	76,122	58,590	(98,313)	-	38,679
Disposals	-	-	(5,182)	(17,516)	(91,962)	-	(114,660)
Currency translation differences	-	-	(825)	(2,331)	(1,512)	-	(4,668)
At 31.12.2002	771,954	1,302,475	7,824,670	1,478,902	1,773,626	-	13,151,627
NET BOOK VALUE							
At 31.12.2002							
– at valuation	584,615	588,000	-	-	-	-	1,172,615
– at cost	4,425,925	8,241,363	6,660,402	1,292,026	617,712	-	21,237,428
	5,010,540	8,829,363	6,660,402	1,292,026	617,712	-	22,410,043
At 31.12.2001							
– at valuation	596,308	604,800	-	-	-	-	1,201,108
– at cost	4,509,161	8,356,193	6,248,952	1,162,234	513,699	597,813	21,388,052
	5,105,469	8,960,993	6,248,952	1,162,234	513,699	597,813	22,589,160

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>Leasehold land</u> RM	<u>Buildings</u> RM	<u>Plant and equipment</u> RM	<u>Furniture and office equipment</u> RM	<u>Motor vehicles</u> RM	<u>Total</u> RM
<u>Company</u>						
COST/VALUATION						
At 1.1.2002						
– at valuation	760,000	840,000	–	–	–	1,600,000
– at cost	3,579,391	7,501,880	8,407,462	1,790,494	1,773,897	23,053,124
Additions	–	72,499	501,165	336,143	–	909,807
Written off	–	–	(69,536)	–	–	(69,536)
Disposals	–	–	–	(31,900)	(79,594)	(111,494)
At 31.12.2002	4,339,391	8,414,379	8,839,091	2,094,737	1,694,303	25,381,901
– at valuation	760,000	840,000	–	–	–	1,600,000
– at cost	3,579,391	7,574,379	8,839,091	2,094,737	1,694,303	23,781,901
ACCUMULATED DEPRECIATION						
At 1.1.2002	502,154	845,455	4,318,854	887,720	1,602,252	8,156,435
Charge for the financial year	71,385	168,288	746,065	234,890	106,903	1,327,531
Under/(over) charge in respect of previous years	–	–	91,965	65,338	(98,313)	58,990
Disposals	–	–	–	(13,988)	(79,594)	(93,582)
At 31.12.2002	573,539	1,013,743	5,156,884	1,173,960	1,531,248	9,449,374
NET BOOK VALUE						
At 31.12.2002						
- at valuation	596,308	604,800	–	–	–	1,201,108
- at cost	3,169,544	6,795,836	3,682,207	920,777	163,055	14,731,419
	3,765,852	7,400,636	3,682,207	920,777	163,055	15,932,527
At 31.12.2001						
– at valuation	596,308	604,800	–	–	–	1,201,108
– at cost	3,240,929	6,891,625	4,088,608	902,774	171,645	15,295,581
	3,837,237	7,496,425	4,088,608	902,774	171,645	16,496,689

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Net book value of buildings is analysed as follows:

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Freehold building	848,820	868,092	848,820	868,092
Long term leasehold buildings	7,980,543	8,092,901	6,551,816	6,628,333
	8,829,363	8,960,993	7,400,636	7,496,425

The Company's long term leasehold land and building were revalued in 1988 based on independent professional valuation on an existing use basis. The net book value of these revalued land and buildings, had these assets been carried at cost less accumulated depreciation, are as follows:

	Group/Company	
	<u>2002</u> RM	<u>2001</u> RM
Long term leasehold land	584,950	596,460
Buildings	252,420	260,050
	837,370	856,510

The deferred tax effects on the revaluation surplus on the land and buildings are not provided for because the Group and Company have no intention to dispose these assets in the foreseeable future.

Assets under hire purchase agreements are analysed as follows:

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Motor vehicles:				
– additions during the financial year	126,003	285,284	–	–
– net book value at financial year end	340,240	404,841	117,742	176,614

14 SUBSIDIARIES

	<u>Company</u>	
	<u>2002</u> RM	<u>2001</u> RM
Unquoted shares, at valuation	7,182,980	7,594,236
Unquoted shares, at cost	740,004	740,004
Amounts due from subsidiaries	-	11,859,111
Amounts due to subsidiaries	-	(492,293)
	7,922,984	19,701,058

The amounts due from subsidiaries are unsecured, not repayable within the next twelve months and interest free, except for RM10,260,000, which is chargeable at interest rate of 6% per annum.

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

Details of the subsidiaries, all of which are incorporated in Malaysia, except for Magna Restu Philippines, Inc. and Great Sphere Limited, which are incorporated in the Republic of Philippines and British Virgin Islands respectively, are as follows:

<u>Name of company</u>	<u>Group's effective interest</u>		<u>Principal activities</u>
	<u>2002</u>	<u>2001</u>	
Galvanising Engineering and Services Sdn. Bhd. (129235-U)*	100%	100%	Hot-dip galvanising.
Potaglas Tank Sdn. Bhd. (160072-M)*	100%	100%	Manufacture and sale of glassfibre-reinforced polyester (GRP/FRP) water tank panels and installation of water tanks.
E M Maju Sdn. Bhd. (153950-H)*	100%	100%	General contractor. Build and rent plant and equipment on a long term basis.
APL Tech Battery Industry Sendirian Berhad. (formerly known as Transmission Project Services Sdn. Bhd.) (176413-V)*	70%	70%	Project management and general contracting. The company remain dormant during the financial year.
REI Komposit Sdn. Bhd. (16142-K)*	100%	100%	Manufacture of composite - based materials. Ceased operations during the financial year.
Magna Restu Sdn. Bhd. (322634-D)*	100%	100%	Project management and general contracting.

14 SUBSIDIARIES (CONTINUED)

<u>Name of company</u>	<u>Group's effective interest</u>		<u>Principal activities</u>
	<u>2002</u>	<u>2001</u>	
Great Sphere Limited (IBC 333550)*	100%	100%	Dormant.
SPBA Engineering Sdn. Bhd. (formerly known as Saunders Prince Bisley (Asia) Sdn. Bhd.) (317252-K)*	100%	100%	Fabrication of general steel structures.
REI-Biwater Consortium Sdn. Bhd. (390782-W)*	74%	74%	Contractor in the implementation of potable and water treatment projects.
Magna Restu Philippines, Inc. ** (S.E.C. Reg. No. A200003139)	97.6%	97.6%	General contractor, primarily tower construction for communication facilities and in other allied businesses except the construction and repair of locally funded public works.

* Shares held directly by the Company and audited by PricewaterhouseCoopers, Malaysia.

** Shares held indirectly by a subsidiary, Magna Restu Sdn. Bhd. and audited by PricewaterhouseCoopers, Republic of Philippines. Even though equity interest is only 40%, being the majority participant in the profit distribution (at 97.6%), Magna Restu Sdn. Bhd. is deemed the majority stakeholder of shareholders' equity with a controlling interest.

15 ASSOCIATE

	<u>2002</u>	<u>2001</u>
	<u>RM</u>	<u>RM</u>
Company:		
Unquoted shares, at cost	1,750,000	1,750,000
Group:		
Share of net assets of associate	2,187,630	2,007,302

15 ASSOCIATE (CONTINUED)

The Group's share of the assets, liabilities and capital commitments of the associate is as follows:

	<u>2002</u> RM	<u>2001</u> RM
Property, plant and equipment	1,083,124	978,507
Current assets	2,630,171	2,461,322
Current liabilities	(1,455,945)	(1,384,927)
Long term liabilities	(69,720)	(47,600)
Net assets	2,187,630	2,007,302
Capital commitments for property, plant and equipment	21,280	226,800

The Group's share of the revenue and expenses of the associate is as follows:

	<u>2002</u> RM	<u>2001</u> RM
Revenue	3,899,857	4,784,306
Profit before taxation	265,008	559,437
Taxation	(84,680)	(145,040)
Profit after taxation	180,328	414,397

The details of the associate, which is incorporated in Malaysia, is as follows:

<u>Name of company</u>	<u>Group's interest</u>		<u>Principal activities</u>
	<u>2002</u>	<u>2001</u>	
Bridgestone REI Komposit Sdn. Bhd. (401271-A) *	28%	28%	Manufacturing of moulding compound for sectional water tank, bathtub and machinery, and high strength composite thermoset moulding polymers for the aerospace, electrical and electronics and automotive business.

* Shares held directly by the Company.

16 OTHER INVESTMENTS

	Group/Company	
	<u>2002</u> RM	<u>2001</u> RM
<u>At cost</u>		
Shares in corporations, quoted in Malaysia	7,364,400	3,868,400
Allowance for diminution in value	(2,248,060)	(1,080,310)
	5,116,340	2,788,090
Market value of quoted shares	4,045,990	2,788,090

All quoted investments were written down to market price as at 31 December 2002 except for cost amounting to RM3,496,000 (2001: Nil), which is secured against:

- (i) a buy back arrangement with the vendor exercisable after a lapse of a year from date of the agreement, i.e. 16 October 2002, with a further grace period of 1 month; and
- (ii) deposit of 3 million of the said shares held in trust by the Company's lawyer as stakeholders.

The market value of these investments as at 31 December 2002 is RM2,425,350 (2001: Nil).

17 DEFERRED TAX ASSETS

	Group	
	<u>2002</u> RM	<u>2001</u> RM
At 1 January	323,909	154,213
Transfer to/(from) income statement (Note 10)	(49,537)	177,891
Foreign exchange differences arising on opening balance	(8,926)	(8,195)
At 31 December	265,446	323,909

18 INVENTORIES

	Group		Company	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM	RM	RM	RM
<u>At cost:</u>				
Raw materials	6,746,196	8,709,043	5,755,456	7,447,352
Work-in-progress	131,436	102,283	124,505	1,076
Finished goods	10,534,569	11,454,823	7,642,599	8,845,251
Packing materials and consumables	38,629	45,315	17,798	16,608
	17,450,830	20,311,464	13,540,358	16,310,287
<u>At net realisable value:</u>				
Raw materials	1,138,984	593,478	1,138,984	588,117
Finished goods	1,045,085	466,923	1,045,085	466,923
	19,634,899	21,371,865	15,724,427	17,365,327

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM	RM	RM	RM
Trade receivables	47,439,305	26,031,248	8,201,281	13,616,094
Less: Allowance for doubtful debts	(2,244,307)	(1,927,964)	(637,117)	(621,456)
	45,194,998	24,103,284	7,564,164	12,994,638
Amounts due from customers on contract (Note 28)	4,151,220	11,297,590	350,641	392,779
Amount due from subsidiaries	-	-	17,601,124	-
Amount due from a corporate shareholder of a subsidiary	15,948	-	-	-
Amounts receivable from:				
- Staff	44,472	113,057	34,537	69,156
- Other	448,583	454,773	23,318	53,205
Deposits	183,355	173,662	81,630	86,380
Prepayments	238,352	416,639	136,690	183,907
	50,276,928	36,559,005	25,792,104	13,780,065

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	<u>Group</u> <u>2002</u> RM	<u>Company</u> <u>2001</u> RM
The currency exposure profile of trade receivables is as follows:		
– Ringgit Malaysia	36,081,238	6,693,301
– Philippines Peso	8,242,897	–
– US Dollar	870,863	870,863
	<hr/> 45,194,998	<hr/> 7,564,164

Credit terms of trade receivables as at 31 December 2002 range from 30 days to 120 days.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, cover a broad spectrum of manufacturing, water treatment and telecommunication and have a variety 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 that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The amount due from subsidiaries and a corporate shareholder of a subsidiary are unsecured, interest free and have no fixed terms of repayment.

20 DEPOSITS, BANK AND CASH BALANCES

	<u>2002</u> RM	<u>Group</u> <u>2001</u> RM	<u>2002</u> RM	<u>Company</u> <u>2001</u> RM
Deposits with licensed banks	26,881,582	11,783,510	7,400,000	9,260,800
Deposits with licensed finance companies	2,500,000	10,400,000	2,500,000	10,400,000
	<hr/> 29,381,582	<hr/> 22,183,510	<hr/> 9,900,000	<hr/> 19,660,800
Bank and cash balances	26,822,261	4,430,560	3,123,048	2,956,470
	<hr/> 56,203,843	<hr/> 26,614,070	<hr/> 13,023,048	<hr/> 22,617,270

Included in deposits with the Group are deposits amounting to RM2,900,406 (2001: RM722,710) which is used as security for bank guarantees.

20 DEPOSITS, BANK AND CASH BALANCES (CONTINUED)

	Group	Company
	<u>2002</u>	<u>2002</u>
	RM	RM
The currency exposure profile of deposits, bank and cash balances is as follows:		
– Ringgit Malaysia	52,832,739	11,518,160
– US Dollar	2,823,370	1,496,233
– Euro	4,518	–
– Sterling Pound	1,683	–
– Japanese Yen	10,261	–
– Singapore Dollar	2,692	2,692
– Philippines Peso	522,617	–
– Australian Dollar	5,963	5,963
	56,203,843	13,023,048

The weighted average interest rates of deposits and bank balances as at 31 December 2002 were as follows:

	Group	Company
	<u>2002</u>	<u>2002</u>
	RM	RM
	%	%
Deposits with licensed banks	2.86	3.46
Deposits with licensed finance companies	4.05	4.05
Bank balances	0.08	0.72

The average maturity period of the deposits are as follows:

Deposits with licensed banks	1-12 months	1-12 months
Deposits with licensed finance companies	12 months	12 months

Bank balances are deposits held at call with banks.

21 TRADE AND OTHER PAYABLES

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Trade payables	17,940,244	9,704,029	1,702,638	2,482,450
Amounts due to customers on contract (Note 28)	33,374,893	618,974	-	-
Advance from customers	86,532	-	80,756	-
Trade accruals	8,969,403	3,591,754	2,957,373	1,718,532
Payroll liabilities	323,025	314,411	213,980	211,307
Duties and other taxes payable	236,375	63,105	64,772	19,102
Accrued expenses	1,442,243	1,326,853	544,402	724,681
Foreign value added tax liabilities	849,836	685,910	-	-
Other payables	355,448	396,483	129,801	146,187
Hire purchase creditors	283,544	392,532	106,287	184,655
Amount due to subsidiaries	-	-	14,414	-
Amount due to a Director of a subsidiary	-	120,000	-	-
Amount due to corporate shareholder of a subsidiary	480,000	480,000	-	-
	64,341,543	17,694,051	5,814,423	5,486,914
Less: Amount due after 12 months	(105,507)	(235,497)	(33,654)	(112,014)
Amount due within 12 months	64,236,036	17,458,554	5,780,769	5,374,900
The currency exposure profile of trade payables is as follows:				
- Ringgit Malaysia	15,236,914		1,657,614	
- US Dollar	2,353,721		45,024	
- Sterling Pound	80,333		-	
- Philippines Peso	269,276		-	
	17,940,244		1,702,638	

The details of the hire purchase creditors are as follows:

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Hire purchase creditors	306,593	441,129	114,402	206,886
Less: Interest in suspense	(23,049)	(48,597)	(8,115)	(22,231)
Amount due within 12 months	283,544	392,532	106,287	184,655
	(178,037)	(157,035)	(72,633)	(72,641)
Amount due after 12 months	105,507	235,497	33,654	112,014

21 TRADE AND OTHER PAYABLES (CONTINUED)

The breakdown of amount due after 12 months is as follows:

	<u>2002</u> RM	<u>Group</u> <u>2001</u> RM	<u>2002</u> RM	<u>Company</u> <u>2001</u> RM
Amount due between 1 to 2 years	105,507	235,497	33,654	112,014
Amount due between 2 to 5 years	-	-	-	-
	105,507	235,497	33,654	112,014

Credit terms of trade payables as at 31 December 2002 granted to the Group vary from 30 days to 60 days. The amounts due to subsidiaries, a Director of a subsidiary and corporate shareholder of a subsidiary are unsecured, interest free and have no fixed terms of repayment.

22 SHORT TERM BORROWINGS

	<u>2002</u> RM	<u>Group</u> <u>2001</u> RM	<u>2002</u> RM	<u>Company</u> <u>2001</u> RM
<u>Secured</u>				
Revolving credits	5,000,000	4,100,000	-	-
<u>Unsecured</u>				
Bank overdrafts	11,183	1,470,133	-	-
Bills payable	1,076,271	402,214	-	-
	6,087,454	5,972,347	-	-

The weighted average interest rates as at 31 December 2002 was as follows:

	<u>Group</u> <u>2002</u> %	<u>Company</u> <u>2002</u> %
Revolving credits	5.92	-
Bank overdrafts	7.40	-
Bills payable	3.85	-

The range of interest rates charged during the financial year are as follows:

	<u>2002</u> %	<u>Group</u> <u>2001</u> %	<u>2002</u> %	<u>Company</u> <u>2001</u> %
Revolving credits	3.7 – 5.1	5.1 – 6.6	-	-
Bank overdrafts	7.4 – 8.9	7.4 – 8.9	-	-
Bills payable	3.7 – 3.8	3.8 – 3.9	-	-

22 SHORT TERM BORROWINGS (CONTINUED)

The contractual terms of bills payable range from 30 days to 120 days.

The revolving credits of the Group are secured against:

- (a) Assignment over all receivables of a subsidiary under the water treatment projects;
- (b) Floating charge over a subsidiary's project bank account;
- (c) Memorandum of deposit over fixed deposit receipts for 5%-15% of the value of performance bond issued by a subsidiary;
- (d) Letter of comfort from the parent company of a minority shareholder in a subsidiary;
- (e) Corporate guarantee from the Company.

23 DEFERRED TAX LIABILITIES

	<u>2002</u> RM	<u>Group</u> <u>2001</u> RM	<u>2002</u> RM	<u>Company</u> <u>2001</u> RM
At 1 January	1,825,575	558,761	1,359,531	419,077
Transfer (to)/from income statement (Note 10)	(1,716,229)	1,266,814	(1,359,531)	940,454
At 31 December	109,346	1,825,575	–	1,359,531

All timing differences of the Group have been accounted for as they are expected to reverse in the foreseeable future.

The deferred tax effects on the revalued surplus on property, plant and equipment are not provided for because the Group and Company have no intention to dispose the revalued assets in the foreseeable future.

24 RETAINED EARNINGS

Subject to agreement by the Inland Revenue Board, the Company has:

- (i) tax credit under Section 108(6) of the Income Tax Act, 1967 amounting to RM14,820,000 (2001: RM14,543,000); and
- (ii) tax exempt account of RM21,022,000 (2001: RM21,022,000)

which is sufficient to frank the payment of dividends of all its retained earnings as at 31 December 2002.

25 CASH AND CASH EQUIVALENTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Deposits, bank and cash balances (Note 20)	56,203,843	26,614,070	13,023,048	22,617,270
Amount used as security for bank guarantees (Note 20)	(2,900,406)	(722,710)	-	-
Unrestricted amount	53,303,437	25,891,360	13,023,048	22,617,270
Bank overdrafts (Note 22)	(11,183)	(1,470,133)	-	-
	53,292,254	24,421,227	13,023,048	22,617,270

26 SHARE CAPITAL

	Group/Company	
	2002 RM	2001 RM
Authorised 100,000,000 ordinary shares of RM1.00 each	100,000,000	100,000,000

During the financial year, 1,530,775 new ordinary shares of RM1.00 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employees' Share Option Scheme. Those shares ranked pari passu in all respect with the existing ordinary shares of the Company.

The movements during the financial year in the number of options over the shares of the Company are as follows:

	Number of options over ordinary shares					
	2002			2001		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
	Option price per share at RM1.00	Option price per share at RM1.00	Option price per share at RM1.03	Option price per share at RM1.00	Option price per share at RM1.00	Option price per share at RM1.03
At 1 January	1,347,064	768,668	1,841,996	1,610,375	959,875	-
Granted	-	-	-	-	-	1,381,500
Bonus issue	-	-	-	286,847	107,792	460,496
Exercised/lapsed	(491,334)	(294,500)	(744,941)	(550,158)	(298,999)	-
At 31 December	855,730	474,168	1,097,055	1,347,064	768,668	1,841,996

26 SHARE CAPITAL (CONTINUED)

The exercisable period of the options over shares are as follows:

Option shares under:-	Exercisable period
- Tranche 1	20 November 1998 – 19 November 2003
- Tranche 2	12 May 1999 – 19 November 2003
- Tranche 3	29 June 2002 – 19 November 2003

27 NON CASH TRANSACTIONS

The principal non cash transactions during the financial year are the acquisition of property, plant and equipment by means of hire purchase (Note 13).

28 CONSTRUCTION CONTRACTS

	<u>Group</u>		<u>Company</u>	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Aggregate costs incurred to date	166,074,512	24,666,296	3,142,574	2,024,936
Recognised profits less recognised losses to date	12,442,777	2,323,910	646,785	753,887
Less: Progress billings	178,517,289 (207,740,962)	26,990,206 (16,311,590)	3,789,359 (3,438,718)	2,778,823 (2,386,044)
	(29,223,673)	10,678,616	350,641	392,779
Amounts due from customers on contracts (Note 19)	4,151,220	11,297,590	350,641	392,779
Amounts due to customers on contracts (Note 21)	(33,374,893)	(618,974)	-	-
	(29,223,673)	10,678,616	350,641	392,779
Retentions on contracts	17,496,336	3,767,470	2,062,007	1,106,487

Included in Group aggregate cost is materials in transit of RM nil (2001: RM272,292).

28 CONSTRUCTION CONTRACTS (CONTINUED)

Included in contract cost incurred during the financial year:

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Property, plant and equipment				
– depreciation of property, plant and equipment	147,777	83,308	–	–
– loss on disposal	1,639	–	–	–
Interest expenses	965,541	198,147	–	–
Staff cost	3,073,291	2,198,678	–	–
Cost of contract workers	166,386	47,767	–	–
Rental of apartment for contract workers	4,900	–	–	–
Realised foreign exchange loss	67,937	32	–	–

29 CAPITAL COMMITMENTS

	Group		Company	
	<u>2002</u> RM	<u>2001</u> RM	<u>2002</u> RM	<u>2001</u> RM
Authorised and contracted	1,992,259	98,000	15,372	98,000
Analysed as follows:				
– property, plant and equipment	62,259	98,000	15,372	98,000
– acquisition of business from APL Tech Battery Sdn. Bhd. (Note 34)	1,930,000	–	–	–
	1,992,259	98,000	15,372	98,000

The Group's interest in the capital commitments of associate is disclosed in Note 15.

30 OPERATING LEASE COMMITMENTS

	Group/Company	
	<u>2002</u> RM	<u>2001</u> RM
Rental of office:		
– within one year	37,900	303,600
– between 1 to 5 years	–	37,900
	37,900	341,500

31 CONTINGENT LIABILITIES

	<u>Company</u>	
	<u>2002</u> RM	<u>2001</u> RM
<u>Unsecured</u>		
Corporate guarantees given to secure bank borrowings for subsidiaries	19,566,000	22,810,000

32 SIGNIFICANT 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.

(a) Related party and relationship

Related party

Tan Sri Wan Azmi bin Wan Hamzah
George Sia Bun Chun
Rohas Sdn. Bhd.
Rohas Composite Sdn. Bhd.
Bernhard Brandstaetter

Relationship

Substantial shareholder
Director and Substantial shareholder
Company owned by Tan Sri Wan Azmi bin Wan Hamzah
Company owned by Tan Sri Wan Azmi bin Wan Hamzah
Former Director of a subsidiary

(b) Related party transactions

	<u>Group</u>	
	<u>2002</u> RM	<u>2001</u> RM
Rental of office paid to:		
– Rohas Sdn. Bhd.	327,300	305,682
Purchase of raw materials and consumables from:		
– Rohas Composite Sdn. Bhd.	–	3,555
– associate	295,098	2,340,326
Purchase of property, plant and equipment from:		
– Bernhard Brandstaetter	–	145,500
Management fees paid to:		
– Rohas Sdn. Bhd.	18,000	27,000

The purchase price of the property, plant and equipment purchased from Bernhard Brandstaetter is based on a valuation carried out by an independent valuer.

No mandate is required to be obtained from shareholders for transactions with these companies as these transactions falls under the mandate exclusion clause.

32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Related party transactions (continued)

The details of option over ordinary shares of the Company under Employees' Share Options Scheme granted to Directors of the Company are as follows:

	<u>Number of options over ordinary shares of RM1.00 each</u>			
	<u>Granted/bonus issue during the financial year</u>		<u>Unexercised options at the financial year end</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
George Sia Bun Chun	-	64,750	121,000	121,000

The options over shares were given to the Director on the same terms and conditions as those offered to other employees of the Group (Note 26).

33 FINANCIAL INSTRUMENTS

(a) Forward foreign exchange contracts

Forward foreign exchange contracts are entered into by a subsidiary in currencies other than their functional currency and manage exposure and fluctuations in foreign currency exchange rates on specific transactions.

At 31 December 2002, the settlement date on the open forward contract is a week. The foreign currency amounts to be paid and contractual exchange rate of the Group's outstanding contract is as follows:

<u>Hedged item</u>	<u>Currency to be paid</u>	<u>RM equivalent</u>	<u>Contractual rate</u>
Trade payables USD607,264	US Dollar	2,308,697	3.802

The Group does not fair value the outstanding forward contract as this is a perfect hedge, which will result in a no gain no loss situation.

(b) Credit risk

The Company has no significant concentrations of credit risk except that all deposits are placed with major financial institutions in Malaysia. The Group has no significant concentrations of credit risk other than as set out below:

- (i) all of the Group's deposits were placed with major financial institutions in Malaysia; and
- (ii) 61% of trade receivables of the balance sheet date was due from Gamuda Berhad. Majority of these receivables have been paid since the financial year end.

33 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values

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:

	<u>Note</u>	<u>Carrying amount</u> RM	<u>Group Fair value</u> RM	<u>Carrying amount</u> RM	<u>Company Fair value</u> RM
Unquoted shares in subsidiaries	14	–	–	7,922,984	*
Other investments (quoted shares in corporations)	16	5,116,340	5,116,640	5,116,340	5,116,640
		5,116,340	5,116,640	13,039,324	5,116,640
Foreign currency forward exchange contracts	33(a)	–	**	–	–
		5,116,340	5,116,640	13,039,324	5,116,640

* it was not practicable within the constraints of timeliness and cost to estimate these fair values reliably.

** the contract is not fair valued as it is a perfect hedge, which will result in a no gain no loss situation.

34 SIGNIFICANT POST BALANCE SHEET EVENT

On 10 January 2003, Rohas-Euco Industries Bhd. acquired the remaining shares of APL Tech Battery Industry Sendirian Berhad (formerly known as Transmission Project Services Sdn. Bhd.). As a result, the Company's interest increased to 100%.

On 23 January 2003, a wholly-owned subsidiary, APL Tech Battery Industry Sendirian Berhad (formerly known as Transmission Project Services Sdn. Bhd.) acquire all the assets and liabilities of APL Tech Battery Sdn. Bhd. in accordance with the Joint Venture and Shareholders Agreement entered between the Company and APL Tech Battery Sdn. Bhd. for an initial purchase consideration of RM1,930,000. The final purchase consideration is to be determined in accordance with the Joint Venture and Shareholders Agreement.

On 23 January 2003, the issued and fully-paid share capital of APL Tech Battery Industry Sendirian Berhad (formerly known as Transmission Project Services Sdn. Bhd.) was increased from RM25,000 to RM1,500,000 by way of allotment of:

- (i) 600,000 ordinary shares of RM1 each as part of the purchase consideration for the above acquisition; and
- (ii) 875,000 ordinary shares of RM1 each to Rohas-Euco Industries Bhd. for cash.

As a result of the above allotments, the interest of Rohas-Euco Industries Bhd. was diluted to 60%.

35 PRIOR YEAR ADJUSTMENT

During the financial year, the Group and Company changed its accounting policy with respect to recognition of proposed final dividend after balance sheet date in compliance with the new MASB 19 Event After the Balance Sheet Date.

In previous years, final dividend were accrued as a liability when proposed by Directors, but before shareholders' approval in the Annual General Meeting. As such, dividend was recognised as a liability in the balance sheet and as an appropriation of retained earnings in the financial year in which the dividend was proposed.

The Group has now changed this accounting policy to recognise the proposed final dividend in the shareholders equity in the financial year in which the obligation to pay is established in accordance with MASB 19. Therefore, final dividends are now accrued as a liability after approval by shareholders at the Annual General Meeting.

This new accounting policy has the effect of increasing the consolidated retained earnings as at 1 January 2002 by RM3,232,438. The effects of the above change of accounting policy on the Group's financial statements are as follows:

	<u>As previously reported</u> RM	<u>Effect of changes in policy</u> RM	<u>As restated</u> RM
<u>Group</u>			
At 1 January 2001			
– Retained earnings	22,965,962	858,405	23,824,367
– Proposed dividend as at 31 December 2000	858,405	(858,405)	–
At 1 January 2002			
– Retained earnings	9,345,314	3,232,438	12,577,752
– Proposed dividend as at 31 December 2001	3,232,438	(3,232,438)	–
<u>Company</u>			
At 1 January 2001			
– Retained earnings	21,611,431	858,405	22,469,836
– Proposed dividend as at 31 December 2000	858,405	(858,405)	–
At 1 January 2002			
– Retained earnings	6,690,221	3,232,438	9,922,659
– Proposed dividend as at 31 December 2001	3,232,438	(3,232,438)	–

STATEMENT BY DIRECTORS

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

We, George Sia Bun Chun and Chan Hua Eng, two of the Directors of Rohas-Euco Industries Bhd., state that, in the opinion of the Directors, the financial statements set out on pages 40 to 83 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2002 and of the results and cash flow of 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.

Signed on behalf of the Board of Directors in accordance with their resolution dated 16 April 2003.

GEORGE SIA BUN CHUN
DIRECTOR

CHAN HUA ENG
DIRECTOR

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Chow Wing Harn, the officer primarily responsible for the financial management of Rohas-Euco Industries Bhd., do solemnly and sincerely declare that the financial statements set out on pages 40 to 83 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHOW WING HARN (MIA 14652)

Subscribed and solemnly declared by the abovenamed Chow Wing Harn
at Kuala Lumpur on 16 April 2003

Before me.

TEONG KIAN MENG
COMMISSIONER FOR OATHS
(W 147)

REPORT OF THE AUDITORS

To the members of Rohas-Euco Industries Bhd.
(Company No. 4129-H)

We have audited the financial statements set out on pages 40 to 83. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 the 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 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 subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The name of the subsidiary of which we have not acted as auditors is indicated in note 14 to the financial statements. We have considered the financial statements of the subsidiary and the auditors' report thereon.

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

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

PRICEWATERHOUSECOOPERS

(No. AF: 1146)
Chartered Accountants

THAYAPARAN A/L S. SANGARAPILLAI

(No. 2085/09/04 (J))
Partner of the firm

Kuala Lumpur
16 April 2003

PROPERTIES OF THE GROUP

ROHAS-EUCO INDUSTRIES BHD.

As at 31 December 2002

No.	Registered Owner and Location	Description/ Existing Use	Land/ Built-up Area (sq ft)	Year of Acquisition or Revaluation	Tenure of Land/ Year Built (Age of Building)	Net Book Value at 31.12.2002 RM
1. Rohas-Euco Industries Bhd.						
a.	Lot No. 10, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 4488 HS(D) 4017	Land and building/ steel fabrication factory and office	217,800/ 48,420	1988 (revaluation)	Leasehold expiring 22.3.2053/ 1987 (15 years)	584,615 (land) 1,485,757 (building)
b.	Lot No. 16, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 12184 HS(D) 8882	Industrial land/ vacant	59,388 (land)	2000 (acquisition)	Leasehold expiring 25.1.2060	469,526 (land)
c.	Lot No. 18, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 4642 HS(D) 4231	Land and building/ store	219,909/ 33,823	1996 (acquisition)	Leasehold expiring 16.9.2053/ 2001 (2 years)	1,163,587 (land) 1,820,388 (building)
d.	Lot No. 20D, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 12364 HS(D) 8878	Land and building/ steel fabrication factory and office	130,680/ 45,200	1992 (acquisition)	Leasehold expiring 25.1.2060/ 1995 (7 years)	407,789 (land) 2,150,847 (building)
e.	Lot No. 57, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 12185 HS(D) 8883	Land and building/ store	33,163/ 8,415	1998 (acquisition)	Leasehold expiring 25.1.2060/ 1990 (12 years)	290,212 (land) 228,285 (building)

No.	Registered Owner and Location	Description/ Existing Use	Land/ Built-up Area (sq ft)	Year of Acquisition or Revaluation	Tenure of Land/ Year Built (Age of Building)	Net Book Value at 31.12.2002 RM
1. Rohas-Euco Industries Bhd. (cont'd)						
f.	Lot No. 58, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 12002 HS(D) 10966	Land and building/ store	42,883/ 10,600	1998 (acquisition)	Leasehold expiring 8.4.2059/ 1990 (12 years)	374,588 (land) 240,833 (building)
g.	Lot No. 59, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 4510 HS(D) 4039	Land & building/ factory, store and office	44,487/ 10,648	1996 (acquisition)	Leasehold expiring 22.3.2053/ 1987 (15 years)	250,327 (land) 544,425 (building)
h.	Units B3-11 to B3-14 Units B4-13 to B4-16 Taman Benus Jaya Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur Lot No. 15239, GM 879/M2/3/99-102, GM 879/M2/4/117-120	8 units of low-cost flats/ staff quarters	3,660 (built-up)	1993 (acquisition)	Freehold 1994 (8 years)	188,042 (building)
i.	27, Jalan Cempaka SD 12/2 Bandar Sri Damansara 52200 Kuala Lumpur PT 21602 HS(D) 72764	3 storey shop office/ office	1760/ 4471	1998 (acquisition)	Freehold 1995 (7 years)	660,779 (building)

No.	Registered Owner and Location	Description/ Existing Use	Land/ Built-up Area (sq ft)	Year of Acquisition or Revaluation	Tenure of Land/ Year Built (Age of Building)	Net Book Value at 31.12.2002 RM
2. Galvanising Engineering And Services Sdn. Bhd.						
a.	Lot No. 12, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 11714 HS(D) 10964	Land and building/ steel galvanising factory	30,680/ 10,100	1989 (acquisition)	Leasehold expiring 8.4.2059/ 1990 (12 years)	81,747 (land) 271,158 (building)
b.	Lot No. 13, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 11715 HS(D) 10965	Industrial land/ store yard	45,375 (land)	1993 (acquisition)	Leasehold expiring 8.4.2059	119,900 (land)
c.	Lot No. 14, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 12366 HS(D) 8880	Industrial land/ store yard	45,703 (land)	1995 (acquisition)	Leasehold expiring 25.1.2060	244,880 (land)
3. Potaglas Tank Sdn. Bhd.						
a.	Lot No. 8/9, Kawasan Perindustrian Bentong Mukim of Bentong 28700 Bentong Pahang Darul Makmur PT 4487 HS(D) 4016	Land and building/ water tanks factory	91,488/ 26,072	1994 (acquisition)	Leasehold expiring 22.3.2053/ 1996 (6 years)	291,847 (land) 1,234,288 (building)

ANALYSIS OF SHAREHOLDINGS

As At 31 March 2003

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Capital	:	RM66,179,540.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote for each Ordinary Shares held (on a poll)
Quotation on KLSE Main Board	:	19 November 2001 (Initially quoted on the KLSE Second Board on 16 March 1995 and subsequently transferred to KLSE Main Board on 19 November 2001)

Distribution of Shareholdings

Size Of Shareholdings	No. Of Shareholders	No. Of Shares Held	% Of Issued Capital
Less than 1,000	83	33,458	0.05
1,000 – 10,000	2,167	8,171,201	12.35
10,001 – 100,000	316	7,923,329	11.97
100,001 to less than 5% of issued shares	45	25,002,056	37.78
5% and above of issued shares	3	25,049,496	37.85
TOTAL	2,614	66,179,540	100.00

TOP 30 SHAREHOLDERS

ROHAS-EUCO INDUSTRIES BHD.

Ordinary Shares of RM1.00 Each
As At 31 March 2003

Rank	Shareholders' Name	Shareholdings	% Of Issued Capital
1.	Nik Anida Binti Nik Manshor	17,575,667	26.56
2.	Chan Liew Hoon	4,126,496	6.24
3.	Southern Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Nik Awang @ Wan Azmi Bin Wan Hamzah</i>	3,347,333	5.06
4.	Sia Bun Chun	3,000,000	4.53
5.	Tengku Uzir Bin Tengku Ubaidillah	2,082,000	3.15
6.	Chan Kok Tien Realty Sdn. Bhd.	1,954,500	2.95
7.	Sia Bun Han @ Sia Boon Han	1,752,000	2.65
8.	Permodalan Nasional Berhad	1,632,700	2.47
9.	Low Beng Choo	1,330,350	2.01
10.	Ismail Hariith Merican	1,133,340	1.71
11.	Marizan Nor Bin Basirun	916,666	1.39
12.	Sia Bun Han @ Sia Boon Han	872,000	1.32
13.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary : PHEIM Asset Management Sdn. Bhd. for Employees Provident Fund</i>	750,000	1.13
14.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary : PHEIM Asset Management Sdn. Bhd. for Employees Provident Fund (029)</i>	750,000	1.13
15.	<i>W Mohamed @ Nik Azam Bin Wan Hamzah</i>	686,670	1.04
16.	Tengku Uzir Bin Tengku Ubaidillah	642,333	0.97
17.	Toh May Fook	572,333	0.86
18.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary : Public Growth Fund</i>	535,000	0.81
19.	Sia Ping Hap	526,667	0.80
20.	Mayban Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary: Mayban Trustees Berhad for Avenue Syariah Extra Fund (N14011960240)</i>	520,000	0.79
21.	BIMSEC Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary : Syarikat Takaful Malaysia Berhad</i>	500,000	0.76
22.	Euco International Sdn. Bhd.	456,660	0.69
23.	Nik Awang @ Wan Azmi Bin Wan Hamzah	393,000	0.59
24.	Green Country Valley Sdn. Bhd.	327,000	0.49
25.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Soong Ik Lin</i>	287,000	0.43
26.	Razif Bin Abdullah	228,000	0.34
27.	Mustafa Bin Mohamed Najimudin	226,670	0.34
28.	Nik Anida Binti Nik Manshor	200,000	0.30
29.	BIMSEC Nominees (Tempatan) Sdn. Bhd. <i>Beneficiary : Syarikat Takaful Malaysia Berhad</i>	198,668	0.30
30.	AMSEC Nominees (Asing) Sdn. Bhd. <i>Beneficiary: Fraser Securities Pte Ltd for Koo Sui Kem (27346)</i>	196,667	0.30
	TOTAL	47,719,720	72.11

LIST OF SUBSTANTIAL SHAREHOLDERS

As At 31 March 2003

Name	No. of Shares Held		Total	% of Capital Issued
	Direct	Indirect		
1. Azmi Wan Hamzah, Tan Sri	3,740,333 (a)	17,775,667 (b)	21,516,000	32.51
2. Puan Sri Nik Anida Binti Nik Manshor	17,775,667	3,740,333 (a)	21,516,000	32.51
3. George Sia Bun Chun	3,000,000	4,126,500 (c)	7,126,500	10.77
4. Chan Liew Hoon	4,126,496	3,000,004 (d)	7,126,500	10.77

Notes :

(a) Held under personal name (393,000 shares) and held in trust by Southern Nominees (Tempatan) Sdn. Bhd. (3,347,333 shares).

(b) By virtue of his spouse, Puan Sri Nik Anida Binti Nik Manshor (17,775,667 shares).

(c) By virtue of his spouse, Chan Liew Hoon (4,126,496 shares) and his late father, Peter Sia (4 shares).

(d) By virtue of her spouse, George Sia Bun Chun (3,000,000 shares) and her late father-in-law, Peter Sia (4 shares).

DIRECTORS' SHAREHOLDINGS

ROHAS-EUCO INDUSTRIES BHD.

Ordinary Shares of RM1.00 Each
As At 31 March 2003

Directors	Direct	Indirect	Total Shareholdings	Percentage of paid-up capital
1. Chan Hua Eng	0	1,981,167 (Note 1)	1,981,167	2.99
2. George Sia Bun Chun	3,000,000	4,126,500 (Note 2)	7,126,500	10.77
3. Tengku Yunus Kamaruddin	0	0	0	0
4. Mustafa Bin Mohamed Najimudin	226,670	0	226,670	0.34
5. Dr. W. Mohamed @ Nik Azam Bin Wan Hamzah	686,670	0	686,670	1.04
TOTAL	3,913,340			

Notes :

1. By virtue of his children's holdings in Chan Kok Tien Realty Sdn. Bhd. (1,954,500 shares) and by virtue of his direct and indirect interest, in Tysim Holdings Sdn. Bhd. (26,667 shares).
2. By virtue of his spouse, Chan Liew Hoon (4,126,496 shares) and his late father, Peter Sia (4 shares).

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FORM OF PROXY

ROHAS-EUCO INDUSTRIES BHD.

I/We _____ NRIC No. _____

of _____

being a member/members of ROHAS-EUCO INDUSTRIES BHD. hereby appoint _____

_____ NRIC No. _____

of _____ or whom failing,

_____ NRIC No. _____

of _____ as my/our proxy to vote for me/us and on my/our behalf at the Forty-Third Annual General Meeting of the Company to be held at Perdana Room, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday 28 May 2003 at 3.00 p.m. and at every adjournment thereof, and to vote as indicated below:-

		For	Against
Ordinary Resolution 1	Adoption of Accounts		
Ordinary Resolution 2	Approval of Payment of Directors' Fees		
Ordinary Resolution 3	Re-Election of the following Directors: (i) Mustafa bin Mohamed Najimudin		
Ordinary Resolution 4	(ii) Tengku Yunus Kamaruddin		
Ordinary Resolution 5	(iii) Chan Hua Eng		
Ordinary Resolution 6	Re-appointment of Auditors		
Ordinary Resolution 7	Section 132D of the Companies Act, 1965		

As witness my hand this _____ day of _____ 2003

No. of Shares: _____

Signature of member(s)

Notes :

1. To be valid, this Form of Proxy, duly signed or sealed, must be deposited at the Registered Office of the Company at Rumah Rohas, 2nd Floor, No. 61, Jalan Raja Abdullah, Kampung Baru, 50300 Kuala Lumpur not less than forty-eight (48) hours before the appointed time of holding this meeting.
2. If you wish to appoint a proxy, please insert the full name of the proxy (in block letters) in the space provided. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 need not be complied with.
3. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. If the appointor is a corporation, this form must be executed under its common seal or under the hand of its duly authorised officer or attorney.
5. In the case of joint holder, the Form of Proxy signed by the first named member shall be accepted to the exclusion of the other registered joint holder of the shares.
6. If neither "for" nor "against" is indicated above, the proxy shall vote or abstain from voting at his discretion.

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AFFIX STAMP

The Secretary
ROHAS-EUCO INDUSTRIES BHD.
Rumah Rohas, 2nd Floor
No. 61, Jalan Raja Abdullah
Kampung Baru
50300 Kuala Lumpur

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