



Malayan United Industries Berhad

Company No: 3809-W



LAPORAN TAHUNAN **2003** ANNUAL REPORT

CONTENTS

Notice of Meeting	2
Statement Accompanying Notice of Annual General Meeting	4
Corporate Information	5
Profile of Directors	6
Statement on Corporate Governance	9
Directors' Responsibilities in Respect of Financial Statements	14
Statement on Internal Control	15
Other Information	16
Report of the Audit Committee	18
The MUI Group Senior Management	21
Chairman's Statement	22
Statistics of Shareholdings	44
Group Financial Highlights	46
Directors' Report	47
Income Statements	52
Balance Sheets	53
Statements of Changes in Equity	54
Cash Flow Statements	55
Notes to the Financial Statements	60
Statement by Directors	103
Statutory Declaration	103
Report of the Auditors	104
Subsidiary and Associated Companies of Malayan United Industries Berhad	105
Subsidiary Companies of MUI Properties Berhad	107
Subsidiary and Associated Companies of Pan Malaysia Corporation Berhad	109
Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad	111
Subsidiary Companies and Joint Ventures of London Vista Hotel Limited	114
Properties Owned by The MUI Group	116
Form of Proxy	

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Third Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 25 June 2004 at 11.00 a.m. for the following purposes:-

1. To receive the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 31 December 2003.
2. To consider and, if thought fit, pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Md Khir Johari be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."
 - ii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Yong Ming Sang be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."
 - iii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dr Ngui Chon Hee be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."
3. To re-elect Mr Loy Yet King as a Director of the Company.
4. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.
5. As Special Business:-

To consider and, if thought fit, pass the following Ordinary Resolution:-

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being".
6. To transact any other business of which due notice shall have been received.

By order of the Board

Chik Wai Ming
Company Secretary

Kuala Lumpur
3 June 2004



Notes:-

- 1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but if he is not a member, he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in the particular case or a person approved by the Directors prior to the appointment.*
- 2. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member, other than an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- 3. The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.*
- 4. The Form of Proxy must be deposited at the registered office of the Company at 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

Explanatory Note On Special Business

The Ordinary Resolution proposed under item 5, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-appointment/re-election are:-

- | | |
|----------------------------------|---|
| (a) Tan Sri Dato' Md Khir Johari | – Retiring pursuant to Section 129 of the Companies Act, 1965 |
| (b) Yong Ming Sang | – Retiring pursuant to Section 129 of the Companies Act, 1965 |
| (c) Dr Ngui Chon Hee | – Retiring pursuant to Section 129 of the Companies Act, 1965 |
| (d) Loy Yet King | – Retiring pursuant to Article 109 of the Company's Articles of Association |

2. Details of Attendance of Directors at Board Meetings.

There were five (5) Board Meetings held during the financial year ended 31 December 2003. Details of attendance of the Directors are set out in the Profile of Directors appearing on pages 6 to 8 of the Annual Report.

3. The Thirty-Third Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 25 June 2004 at 11.00 a.m.



Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

CORPORATE INFORMATION

Board of Directors

Tan Sri Dato' Dr Khoo Kay Peng, P.S.M., D.P.M.J., K.M.N., J.P., HonD Litt, Hon LLD, *Chairman & Chief Executive*

Tan Sri Dato' Md Khir Johari, P.M.N., D.P.M.S.

Yong Ming Sang

Dr Ngui Chon Hee, J.S.M., K.M.N., S.M.T.

Ang Guan Seng

Dato' Paduka Nik Hashim Nik Yusoff, D.J.M.K.

Khet Kok Yin

Loy Yet King

Mohamad Faiz bin Abdul Hamid (*Alternate to Yong Ming Sang*)

Secretary

Chik Wai Ming

Auditors

BDO Binder *Chartered Accountants*

Principal Bankers

Bumiputra-Commerce Bank Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

Public Bank Berhad

RHB Bank Berhad

Southern Bank Berhad

United Overseas Bank (Malaysia) Berhad

Registrar

Pan Malaysia Management Sdn. Bhd.

6th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur

Tel. No. 21487696 Fax. No. 21442118

Registered Office

14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur

Tel. No. 21482566 Fax. No. 21445209 Website : www.mui-global.com

PROFILE OF DIRECTORS

Tan Sri Dato' Dr Khoo Kay Peng

Age 65. Chairman and Chief Executive of Malayan United Industries Berhad. Appointed as Director on 18 January 1971 and has been Chairman since 1987. Was conferred an Honorary Doctor of Letters by the Curtin University of Technology, Perth, Australia in 1993 and Honorary Doctor of Law by Northwest College, Kirkland, Washington, USA in 2000. In 1985, was awarded the Manager of the Year Award by the Harvard Business School Alumni Club of Malaysia and was also honoured with the Entrepreneur of the Year Award by the Asian Institute of Management Graduates' Association of Malaysia and the Association of Banks, Malaysia. Was the Chairman of the Tourist Development Corporation, Vice Chairman of Malayan Banking Berhad and a trustee of the National Welfare Foundation. Currently, also the Chairman and Chief Executive of MUI Properties Berhad. Also sits on the Boards of Pan Malaysian Industries Berhad and MUI Continental Insurance Berhad. A deemed substantial shareholder of Malayan United Industries Berhad. Is the brother-in-law of Dr Ngui Chon Hee, who is a non-executive Director of Malayan United Industries Berhad. Attended all the five (5) Board Meetings held during the financial year.

Tan Sri Dato' Md Khir Johari

Age 81. Independent Non-Executive Director. Appointed as Director on 21 November 1988. Chairman of the Audit Committee and member of the Remuneration Committee. Was awarded Honorary Doctorates by University of Malaya (Doctor of Law), Universiti Pertanian Malaysia (Doctor of Letter) and La Salle College of Manila (Doctor of Education & Science) respectively. Was actively involved in the political movement of Malaya from the beginning and later on became one of the founding fathers of Malaysia. He stood for Parliament in the Kuala Muda, Kedah constituency in Malaysia's first General Elections in 1955 and was elected and remained a Member of Parliament for 27 years until 1982. On Independence Day, 31 August 1957, he was made Minister of Education. In 1960, he changed portfolios and became the Minister of Commerce and Industry. In 1964 he was appointed Minister of Agriculture and returned to the Education Ministry three (3) years later where he remained as Minister of Education until 1973, thus completing a term of nine and a half (9½) years as Minister of Education. In February 1973, he was made Ambassador of Malaysia to the United States of America and later, concurrently, Ambassador to the United Nations in New York. He returned to Malaysia from the United States of America in 1976. Currently, also a Director of MUI Properties Berhad, Magnum 4D Berhad, and AXA Affin Assurance Berhad. Attended three (3) Board Meetings held during the financial year.

Yong Ming Sang

Age 73. Independent Non-Executive Director. Appointed as Director on 24 June 1980. Member of the Audit Committee and Nomination Committee. Also Chairman of the Remuneration Committee. He is a Fellow of the Royal Institution of Chartered Surveyors (United Kingdom) and of the Institution of Surveyors (Malaysia). Prior to joining the corporate sector in 1978, practised as a Chartered Quantity Surveying Consultant in a quantity-surveying firm of Messrs Yong Dan Mohamad Faiz of which he was the founder member. His corporate sector experience ranges from financial services, manufacturing, hotel, property development, airline industry to



tourism. Also serves as a Director of various public listed companies, which include MUI Properties Berhad, Pan Malaysia Holdings Berhad and Star Publications (Malaysia) Berhad. He is also the Chairman of Star Publications (Malaysia) Berhad. He had previously served as a Director of Malaysian Airline System Berhad, the national airline and of two statutory bodies, namely, Tourist Development Corporation and Keretapi Tanah Melayu. Currently, he is a member of the Board of Trustees of the National Art Gallery. Mr Yong was recently appointed a member of the Advisory Council of Corporate Malaysia Roundtable. Attended all the five (5) Board Meetings held during the financial year.

Dr Ngui Chon Hee

Age 70. Non-Independent Non-Executive Director. Appointed as Director on 21 November 1988. Member of the Remuneration Committee. A retired dental surgeon. Holds a Bachelor of Dental Surgery from the University of Singapore. Also, a Fellow in Dental Surgery of the Royal College of Surgeons of England. Had served in the Malaysian Health Service as a dental officer and retired as Senior Dental Consultant. Currently, he is also the Deputy Chairman and Director of Pan Malaysia Corporation Berhad. He also sits on the Boards of Pan Malaysian Industries Berhad, Metrojaya Berhad and MUI Continental Insurance Berhad. Is the brother-in-law of Tan Sri Dato' Dr Khoo Kay Peng, who is the Chairman and Chief Executive of Malayan United Industries Berhad. Attended all the five (5) Board Meetings held during the financial year.

Ang Guan Seng

Age 65. Independent Non-Executive Director. Appointed as Director on 18 August 1989. Chairman of the Nomination Committee. He completed his 'O' Level education in Trinity Grammar School Kew, Melbourne, Australia in 1959. Has extensive experience and knowledge in commerce industry, housing, building and trading. He also sits on the Boards of Petaling Garden Berhad and PPB Group Bhd. Attended all the five (5) Board Meetings held during the financial year.

Dato' Paduka Nik Hashim Nik Yusoff

Age 66. Independent Non-Executive Director. Appointed as Director on 25 July 1991. Member of the Nomination Committee. Holds a Bachelor of Arts (Honours) degree from Melbourne University, Australia and Master in Public Administration from Harvard University. Formerly, the Executive Director and Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad). Following the acquisition of MUI Bank Berhad by the Hong Leong Group in 1994, he was appointed as Advisor and continued to be on the Board of Hong Leong Bank Berhad until December 1995. He also sits on the Boards of Genting Berhad, Rashid Hussain Berhad, Utama Merchant Bank Berhad, Utama Banking Group Berhad, UBG Enterprise Berhad and CMS Trust Management Berhad. Attended all the five (5) Board Meetings held during the financial year.

PROFILE OF DIRECTORS (Cont'd)

Khet Kok Yin

Age 57. Non-Independent Non-Executive Director. Appointed as Director on 25 July 1991. Holds a Bachelor of Economics (Honours) from University of Malaya. Member of the Audit Committee. Currently, he is the Managing Director of Pan Malaysian Industries Berhad, Pan Malaysia Holdings Berhad and Pan Malaysia Capital Berhad. He also sits on the Boards of MUI Properties Berhad, MUI Continental Insurance Berhad and Pan Malaysia Corporation Berhad. Had served as Joint Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad), Managing Director of Metrojaya Berhad, President of the North American operations of The MUI Group in the United States of America and Managing Director of Morning Star Securities Ltd, Hong Kong. Attended all the five (5) Board Meetings held during the financial year.

Loy Yet King

Age 58. Non-Independent Non-Executive Director. Appointed as Director on 24 June 1980. He has many years of international experience in the sectors of food manufacturing and distribution, hospitality and real estate investments. Previously held the post of Executive Director of Central Sugars Berhad (now known as MUI Properties Berhad) and Chief Executive Officer of companies in Canada and the United States, related to hotel and real estate investments. Currently the Chief Executive Officer of Corus Hotels plc (formerly known as Corus & Regal Hotels plc) in the United Kingdom. He also sits on the board of a public company in Singapore. Attended three (3) Board Meetings held during the financial year.

Mohamad Faiz bin Abdul Hamid

(Alternate Director to Yong Ming Sang)

Age 64. Appointed as alternate Director on 24 June 1980. A Fellow of the Royal Institution of Chartered Surveyors, England in 1981 and the Institution of Surveyors, Malaysia in 1981. Was the Past President of the Institution of Surveyors, Malaysia. Has been a consultant quantity surveyor since 1968. Currently, a Director of Yong Dan Mohamad Faiz Sdn Bhd, a chartered quantity surveying and cost consultant firm. He also sits on the Boards of Press Metal Berhad and PMB Technology Berhad.

Note:-

Save as disclosed, none of the Directors and alternate Director has any family relationship with any Director and/or major shareholder of the Company. None of the Directors and alternate Director has any conflict of interest with the Company nor have they been convicted of any offences within the past ten (10) years.

All the Directors are Malaysians except for Mr Loy Yet King who holds a Canadian citizenship.



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to the principles of corporate governance in the Malaysian Code of Corporate Governance (the “Code”).

The Board of Directors will continuously evaluate the status of the Group’s corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable in the best interests of the shareholders of the Company. The Board considers that it has generally applied the Principles and Best Practices of the Code.

Set out below is the description on the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

1. Directors

1.1 The Board

An effective Board leads and controls the Group. The Board is responsible for the overall performance of the Company and focuses mainly on strategies, performance, standards of conduct and critical business issues.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. The Chairman is responsible for setting the agenda for Board meetings. Any Board member may, however, recommend the inclusion of items on the agenda. Such recommendations will be accommodated to the extent practicable. The agenda reaches the Board at least two (2) to three (3) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Five (5) Directors’ meetings were held during the financial year ended 31 December 2003. Details of the attendance of the Directors are disclosed on pages 6 to 8 of the Annual Report.

1.2 Board Balance

The Board currently consist of eight (8) Directors:-

- One (1) Chairman and Chief Executive
- Four (4) Independent Non-Executive Directors
- Three (3) Non-Independent Non-Executive Directors

There is an alternate Director on the Board.

The Chairman functions both as Chairman of the Board and Chief Executive. The Board is mindful of the combined roles but is comfortable that there is no concern as all related party transactions are dealt with in accordance with Bursa Malaysia Listing Requirements. All major matters and issues are referred to the Board for consideration and approval. The roles and contributions of independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

Together, the Directors bring a wide range of business and financial experience for effective direction and management of the Group's businesses. A brief description of the background of each Director is presented on pages 6 to 8 of the Annual Report.

The Board complies with Bursa Malaysia Listing Requirements that requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be independent Directors.

Mr Yong Ming Sang has been identified as the senior independent non-executive Director to whom concerns regarding the Company may be conveyed.

The Board has established Board committees, which operate within defined terms of reference. These committees are:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Report of the Audit Committee for the financial year ended 31 December 2003 is set out on pages 18 and 19 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out on pages 11 and 12 respectively of the Annual Report.

1.3 Supply of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties, which is not only quantitative but also any other information deemed suitable.

Board papers are distributed to Board members at least seven (7) days prior to the meeting. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company's shares may be discussed at the meeting without materials being distributed prior to the meeting.

In addition to Group performances that are discussed at the meeting, there is a schedule of matters reserved specifically for the Board's decision.

All Directors have access to the advice and service of the Company Secretary and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group's expense.

1.4 Appointments to the Board

The members of the Nomination Committee are as follows:-

Chairman	Ang Guan Seng	– Independent Non-Executive Director
Members	Yong Ming Sang	– Independent Non-Executive Director
	Dato' Paduka Nik Hashim	– Independent Non-Executive Director
	Nik Yusoff	

The duties and functions of the Nomination Committee are:-

- identifying and recommending new nominees for the Board and Board Committees
- annually assesses the effectiveness of the Board as a whole, the Board Committees and contribution of each Director on an on-going basis
- annually reviews the mix of skills, experience and other qualities, including core competencies of non-executive Directors
- annually reviews the Board structure, size and composition

The decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Directors have direct access to the services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Bursa Malaysia Listing Requirements and other regulatory requirements.

1.5 Directors' Training

All Directors have attended the Mandatory Accreditation Programme organised by the Research Institute of Investment Analysts Malaysia. Directors are also attending various training programmes accredited by Bursa Malaysia as specified under the guidelines on Continuing Education Programme for Directors issued by Bursa Malaysia in June 2003.

There is a familiarisation programme in place for new Board members, which include visits to the Group's businesses, and meetings with senior management as appropriate, to facilitate their understanding of the Group.

1.6 Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment. The Articles of Association of the Company also provide that, subject to the provisions of any contract between a Managing Director and the Company, all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election. Under the existing terms of his appointment as Chief Executive of the Company, Tan Sri Dato' Dr Khoo Kay Peng does not retire from office.

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.

2. Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of executive Directors, their remuneration are structured to link rewards to corporate and individual performance. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken by them.

The members of the Remuneration Committee are as follows:-

Chairman	Yong Ming Sang	– Independent Non-Executive Director
Members	Tan Sri Dato' Md Khir Johari	– Independent Non-Executive Director
	Dr Ngui Chon Hee	– Non-Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of executive Directors in all forms, drawing from outside advice as necessary. Nevertheless, the determination of remuneration packages of executive Directors is a matter for the Board as a whole and individual executive Directors are required to abstain from discussion of their own remuneration.

The Remuneration Committee shall also recommend to the Board the remuneration of non-executive Directors. The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole.

For the financial year ended 31 December 2003, the aggregate of remuneration received by Directors of the Company from the Company and the subsidiary companies categorised into appropriate components are as follows:-

	Salaries RM'000	Fees RM'000	Benefits- in-kind RM'000	Others RM'000	Total RM'000
Executive Director	969	125	29	1,807	2,930
Non-Executive Directors	1,765	72	38	227	2,102
	2,734	197	67	2,034	5,032

The number of Directors of the Company whose remuneration during the year falls within the respective bands are as follows:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	–	2
RM50,001 to RM100,000	–	1
RM500,001 to RM550,000	–	1
RM1,400,001 to RM1,450,000	–	1
RM2,900,001 to RM2,950,000	1	–



3. Relationship with Shareholders and Investors

In addition to various announcements made during the year, the timely release of quarterly financial results provides shareholders with a regular overview of the Group's performance and operations.

Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by accessing Bursa Malaysia's website.

Notice of the Annual General Meeting and the Annual Report are sent to all shareholders. At Annual General Meetings, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session.

4. Accountability and Audit

4.1 Financial Reporting

In presenting the annual and quarterly reports, the Directors aim to present a balanced and comprehensive assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring accuracy, adequacy and completeness of information for disclosure.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 103 of the Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.27(a) of Bursa Malaysia Listing Requirements is set out on page 14 of the Annual Report.

4.2 Internal Control

The Directors acknowledge their responsibilities for the internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets.

4.3 Relationship with the Auditors

The Company's external auditors, Messrs BDO Binder have continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the external auditors is set out in the Report of the Audit Committee on pages 18 and 19 of the Annual Report.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the results and cash flows of the Company and of the Group for that period.

The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

The Directors also ensure that applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965.



STATEMENT ON INTERNAL CONTROL

The Board of Directors (“Board”) is responsible for the Group’s system of internal control and for reviewing its adequacy and integrity. The system includes financial, operational and compliance controls and risk management. The system is designed to identify and manage risks in the pursuit of the Group’s business objectives as well as to safeguard shareholders’ investments and the Group’s assets. The system serves to provide reasonable but not absolute assurance against the risk of material loss. The concept of reasonable assurance recognises that the cost of control procedures is not to exceed the expected benefits.

The Group has in place an enterprise-wide risk management (ERM) framework and process which was implemented in the previous financial year. Within the ERM framework, operating companies have Risk Committees whose members represent key areas in operations. These committees are guided by documented terms of reference and meetings are held regularly to deliberate on risk and control issues. Risks and control measures are documented and compiled to represent the risk profile of the operating company. Key risks of operating companies are consolidated to form the risk profile of the Group. Risks and control measures are periodically communicated to the relevant personnel within the Group and to the Audit Committee. Risk profiles are reviewed and updated on a periodic basis.

During the financial year under review, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect current conditions. The updated risk profile was documented and presented to the Audit Committee for their review and acceptance.

Hence, in accordance with the *Statement on Internal Control: Guidance for Directors of PLCs*, the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and this process has operated during the financial year under review and up to the date of approval of the annual report.

The salient features of the Group’s internal control system include:

- a management structure with clearly defined lines of responsibility and authority limits
- written company values, code of conduct, policies and procedures
- monthly reporting of actual results which are reviewed against budget, with major variances being followed up and management action taken, where necessary
- an internal audit function that provides independent assurance on the effectiveness of the Group’s system of internal control and advice on areas which require further improvement

The Board, with the assistance of the internal audit team and external professional consultants (whenever deemed necessary), continuously reviews the adequacy and integrity of the Group’s system of internal control and management information systems, and compliance with laws, regulations, rules, directives and guidelines. Internal audit reports are tabled at Audit Committee meetings which are held at least once in every quarter. Control deficiencies and issues highlighted are addressed or rectified by management. There were no control deficiencies noted during the financial year under review which has a material impact on the Group’s financial performance or operations.

The Group’s system of internal control mainly applies to its operating companies and does not cover associated companies, inactive companies and dormant companies.

The Board is of the view that the monitoring arrangements in place provide reasonable assurance that the structure of controls and operations is adequate and appropriate to the Company’s and Group’s situation.

This statement was made in accordance with a resolution of the Board.

OTHER INFORMATION

1. MATERIAL CONTRACTS

There are no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2003 or entered into since the end of the previous year except as disclosed in the financial statements.

2. SANCTIONS AND/OR PENALTIES IMPOSED

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

3. NON-AUDIT FEES

During the financial year ended 31 December 2003, non-audit fees paid to the external auditors by the Company and its subsidiary companies amounted to RM794,000 (2002 : RM883,000).

4. REVALUATION POLICY

The Group has not adopted a policy of regular revaluation on landed properties.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The aggregate value of recurrent related party transactions of a revenue or trading nature conducted during the financial year ended 31 December 2003 by Malayan United Industries Berhad ("MUIB") and its unlisted subsidiaries in accordance with the shareholders' mandate were as follows:-

Name of company within the MUIB Group involved	Name of Related Party	Nature of transactions	Aggregate value of transactions (RM)
1. Malayan United Security Services Sdn Bhd	MUI Plaza Sdn Bhd, a wholly-owned subsidiary of MUI Properties Berhad ("MUIP") ^(a)	Provision of security services	60,000
2. Malayan United Management Sdn Bhd	MUI Plaza Sdn Bhd	Provision of company secretarial, accounting, legal, audit and support services	300,000
3. Malayan United Management Sdn Bhd	(i) MUIP ^(a) and its subsidiaries	Renting out computer equipment	30,000
	(ii) Pan Malaysian Industries Berhad ("PMI") ^(a) and its unlisted subsidiaries		28,000
4. MUI dotCom Sdn Bhd	(i) MUIP ^(a) and its subsidiaries	Provision of computer related services	10,220
	(ii) Metrojaya Berhad ("MJ") ^(a) and its subsidiaries		56,360



5. MUIB and its unlisted subsidiaries	MUI Plaza Sdn Bhd	Rental of office and car parking spaces at MUI Plaza, Jalan P. Ramlee, Kuala Lumpur and procurement of ancillary services such as refuse and office maintenance charges	1,415,325
6. Ming Court Hotel (KL) Sdn Bhd	Two Holdings Sdn Bhd, a wholly-owned subsidiary of MUIP ⁽¹⁾	Rental of tennis court	9,000

Notes:-

- (1) MUIP is a 70.75% owned subsidiary of MUIB.*
- (2) PMI is a major shareholder of MUIB.*
- (3) MJ is a 90.67% owned subsidiary of PMI.*

REPORT OF THE AUDIT COMMITTEE

MEMBERS

Name	Designation
Tan Sri Dato' Md Khir Johari - <i>Chairman</i>	<i>Independent Non-Executive Director</i>
Yong Ming Sang	<i>Independent Non-Executive Director</i>
Khet Kok Yin	<i>Non-Independent Non-Executive Director</i>

TERMS OF REFERENCE

1. Constitution

The Audit Committee was established on 5 July 1994. The Board shall ensure that the composition of the Audit Committee comply with Bursa Malaysia Listing Requirements as well as other regulatory requirements.

2. Authority

- The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- The Audit Committee shall have unlimited access to all information and documents relevant to its activities as well as to the internal and external auditors and senior management of the Group.
- The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Functions

The functions of the Audit Committee shall be:-

- to review the following and report to the Board of Directors:-
 - (a) the audit plan with the external auditors;
 - (b) the evaluation of the system of internal controls with the external auditors;
 - (c) the audit report with the external auditors;
 - (d) the assistance and co-operation given by the employees of the Company to the external auditors;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audits, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - i) changes in or implementation of major accounting policy changes;
 - ii) significant and unusual events;
 - iii) significant adjustments arising from the audit;
 - iv) the going concern assumption; and
 - v) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors;
 - (j) whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- to recommend the nomination of a person or persons as external auditors;
- to consider the external auditors' fee and any questions of dismissal;
- to review the external auditors' management letter and management's response;
- to discuss problems and reservations arising out of external or internal audits and any matters which the auditors may wish to bring up (in the absence of management or the Executive Directors of the Group where necessary);
- to consider the major findings of internal investigations and management's response;
- to review any appraisal or assessment of the performance of members of the internal audit function;



- to inform itself of any appointments or resignations of internal audit staff members and provide resigning staff member an opportunity to submit his reasons for resigning, together with such other functions as may be agreed to by the Audit Committee and Board of Directors.

4. Meetings

During the financial year ended 31 December 2003, six (6) Audit Committee Meetings were held. Dr Ngui Chon Hee, who resigned as an Audit Committee member on 30 April 2003, attended all the two (2) meetings held before his resignation. Tan Sri Dato' Md Khir Johari and Mr Yong Ming Sang attended all the six (6) meetings of the Audit Committee. Mr Khet Kok Yin who was appointed to the Audit Committee on 30 April 2003, attended all the four (4) meetings held since the date of his appointment as Audit Committee member.

In addition to the Committee members, the Chief Financial Officer and Head of Internal Audit are invited for attendance at each meeting. The respective head of companies/departments and their management team attend when audit reports on their companies/departments are tabled for discussion. The presence of the external auditors will be requested when required.

Upon the request of the external auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Board or shareholders.

5. Summary of Activities of the Audit Committee During the Financial Year Ended 31 December 2003

The Audit Committee reviewed and deliberated seven (7) audit reports on assignments conducted by the Internal Audit. The Audit Committee also appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

In addition, the unaudited quarterly interim financial reports and the audited financial statements of the Company and the Group were reviewed by the Audit Committee together with the Chief Financial Officer, prior to recommending the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities had been complied with.

The Audit Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed audit issues and concerns affecting the financial statements of the Company and its subsidiaries and discussed applicable accounting and auditing standards that may have significant implication on the Group's financial statements.

The Audit Committee reviewed and approved the Internal Audit Plan for the calendar year 2004. In its review of the Internal Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group. The Audit Committee also reviewed related party transactions carried out by the Group.

6. Internal Audit Function

The internal audit function is performed by the Group Internal Audit Department and is independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. The Internal Audit reports to the Audit Committee, and regularly reviews and appraises the Group's key operations. Its activities include:-

- facilitating and assisting in the Group's enterprise-wide risk management (ERM) process to identify risk exposures in key business processes and appropriate controls
- appraising the adequacy and integrity of internal controls and management information systems
- ascertaining the effectiveness of management in identifying principal risks and to manage such risks through appropriate systems of internal control
- ascertaining the level of compliance with the Group's plans, policies, procedures and adherence to laws and regulations
- appraising the effectiveness of administrative controls applied and the reliability and integrity of data that are produced within the Group
- ascertaining the adequacy of controls for safeguarding the Group's assets from losses of all kinds, and
- conducting special reviews or investigations requested by management or by the Audit Committee

The Internal Audit carries out audit assignments based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were presented to the Audit Committee and forwarded to the management concerned for attention and necessary action.



The MUI Group

strong • efficient • trustworthy



MUI Headquarters,
Kuala Lumpur



A Laura Ashley store in
the UK



Laura Ashley
Home Furnishings



Metrojaya Department
store, Kuala Lumpur



Corus Paradise resort,
Port Dickson, Malaysia



Products distributed by the
Network Foods Group



Morning Star Villa,
Zhongshan, China

The MUI Group, founded in 1960, is a Malaysian conglomerate with extensive local and international operations. Its diversified activities include such major businesses as retailing, hotels, food and confectionery, property, financial services, travel and tourism. Its geographical reach covers Malaysia, the United Kingdom, Continental Europe, the United States of America, Canada, Australia, Hong Kong, the People's Republic of China and Singapore.

The Group's expansion over the last four decades continues to be driven by three vital qualities which constitute its foundation: strength in character, efficiency in management, and trustworthiness in conduct.

Headquarters

MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

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Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

The MUI Group

Senior Management

Tan Sri Dato' Dr Khoo Kay Peng
Group Chief Executive

Dato' Rastam bin Abdul Hadi
Group Advisor

Khet Kok Yin
Managing Director
Pan Malaysia Holdings Berhad
PM Securities Sdn Bhd
Malayan United Management Sdn Bhd

Loy Yet King
Chief Executive Officer
Corus Hotels plc, United Kingdom

Wong Aun Phui
Chief Executive Officer
Pan Malaysia Corporation Berhad

Lillian Tan Lian Tee
Managing Director
Metrojaya Berhad
Malayan United Management Sdn Bhd

Dato' Ainum bt Mohd Saaid
Joint Chief Executive Officer
Laura Ashley Holdings plc, United Kingdom

Anthony Yap
Senior Executive Director
MUI Properties Berhad

Sally Cheong Siew Mooi
Senior Executive Director
Pan Malaysia Corporation Berhad
Group Corporate Communications

Woon See Soon
Executive Director
Network Foods International Ltd, Singapore

Chan Chong Lum
Executive Director
Network Foods Industries Sdn Bhd
Network Foods (Malaysia) Sdn Bhd

Rebecca A. Navarednam
Joint Chief Executive Officer
Laura Ashley Holdings plc, United Kingdom

G. Peter Kirschner
Executive Director
Corus Hotels plc, United Kingdom

Dato' Choong Kok Min
Executive Director
Pan Malaysia Holdings Berhad

Edward Chin Wooi Meng
Executive Director – Dealing
PM Securities Sdn Bhd

Hj Ramli bin Hj Mahmudin
Executive Director – Dealing
PM Securities Sdn Bhd

Robert Heng Fook Hee
Executive Director
Metrojaya Berhad

Lai Chee Leong
Group Chief Financial Officer

Iain W. Nairn
Joint Chief Operating Officer
Laura Ashley Holdings plc, United Kingdom

Michael N. Kingsbury
Joint Chief Operating Officer
Laura Ashley Holdings plc, United Kingdom

Tan Lai Huat
Chief Executive Officer
MUI Continental Insurance Berhad

Noorjehan Rahima bt Abdul Jumat
Executive Director – Dealing
PM Securities Sdn Bhd

Ivy Tan Meow Ai
Senior Vice President
Laura Ashley, Inc., United States of America

Fred Sim Chiaw Pheng
Senior Vice President
Metrojaya Berhad

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present herewith the Annual Report and financial statements of the Company and the Group for the financial year ended 31 December 2003.

ECONOMIC REVIEW

The global economy expanded by 3.2% in 2003 despite the adverse effects of the Severe Acute Respiratory Syndrome (SARS) outbreak and the war in Iraq in the first half of the year. The growth was driven by the economic recovery in the United States of America (USA), Europe and Japan. The Malaysian economy achieved a commendable growth rate of 5.2% in 2003 driven by strong aggregate domestic demand and recovery of exports in the second half of the year. On the supply side, the growth was broad based and balanced across sectors.

With a larger current account balance, sustained foreign direct investment and higher inflow of portfolio funds, Malaysia recorded a significantly higher surplus in the overall balance of payments for 2003. The country's international reserves stood at US\$44.9 billion as at 31 December 2003, an increase of US\$10.3 billion from the end of 2002. The international reserves position is equivalent to 6.8 months of retained imports and 4.9 times of the short term external debt.



Laura Ashley flagship store in Regent Street, London

FINANCIAL PERFORMANCE

The Group recorded higher consolidated revenues of RM1,393.9 million for the financial year ended 31 December 2003 compared to RM1,358.9 million in 2002 mainly due to increased revenue from the property and financial services divisions. However, the Group's performance was impacted inter alia by impairment of assets, loss on disposal of investments and allowance for diminution in value of investments. The recognition of the impairment of assets is in line with the requirements of MASB 23 "Impairment of Assets" which became operative in 2002. The Group reported a significantly lower pre-tax loss of RM160.4 million for the financial year ended 31 December 2003. The total assets and shareholders' funds of the Group stood at RM6.99 billion and RM1.05 billion respectively for the year ended 31 December 2003.



A Laura Ashley loft-style bedroom setting



Silk cushions by Laura Ashley



Accessories by Laura Asbley

CORPORATE DEVELOPMENTS

1. Proposed settlement of intercompany advances

The Company announced a major rationalization exercise to settle the intercompany advances amounting to approximately RM1,623 million due to its subsidiary companies, MUI Properties Berhad (MPB) and Pan Malaysia Corporation Berhad (“PMC”) via the issue of up to RM1,956 million nominal value of Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) comprising Class A1 and Class A2 ICULS. The Class A1 and Class A2 ICULS have a tenure of 8 years and do not bear interest for their entire tenure but the Class A1 and Class A2 ICULS are to be issued at a discount on the basis of RM1.00 nominal value of ICULS for every RM0.83 of intercompany advances. The Company also proposed to issue up to RM257 million nominal

value of Class A3 ICULS in year 6 as compensation in place of interest in cash being paid on the outstanding Class A1 and Class A2 ICULS, and is calculated by reference to an implied interest rate of 5% per annum for the 3 year period from years 6 to 8 discounted to net present value at 7% per annum. The Class A3 ICULS have a tenure of 2½ years and do not bear any interest. The Board of Directors of the Company retains the discretion to pay interest in cash of 5% per annum on the outstanding Class A1 and Class A2 ICULS for years 6 to 8 in lieu of the issuance of Class A3 ICULS in year 6.

The Class A1 ICULS are convertible into new ordinary shares of the Company during the first six (6) months commencing upon the expiry of the 5th year from the date of issue of the Class A1 ICULS (“First Conversion Period”). The conversion will be on the basis of RM1.00 nominal value of ICULS for every one (1) fully paid ordinary share of the Company at par value of RM1.00 each. The Class A2 ICULS together with any outstanding Class A1 ICULS which are not converted during the First Conversion Period are convertible into new ordinary shares of the Company during the last 6 months of the 8th year from the date of issue of the Class A1 and Class A2 ICULS on the basis of RM1.00 nominal value of ICULS for every one (1) fully paid ordinary share of the Company at par value of RM1.00 each. The Class A3 ICULS are convertible into new ordinary shares of the Company on the basis of RM1.00 nominal value of ICULS for every one (1) fully paid ordinary share of the Company at par value of RM1.00 each during the 6 months commencing upon the expiry of 2 years from the date of issue of the Class A3 ICULS.



Elegant ladies' fashion by Laura Asbley



Stylish Laura Asbley girls' wear

The Company will issue up to RM670 million and RM1,286 million nominal value of ICULS to MPB Group and PMC Group respectively in full settlement of intercompany advances due to them. The Class A1 and Class A2 ICULS which are held by MPB Group and PMC Group will eventually be distributed to their respective shareholders. The Company being the holding company of MPB and PMC, will receive in aggregate RM1,186 million nominal value of Class A1 and Class A2 ICULS and the said ICULS will be cancelled upon receipt by the Company. The remaining RM770 million nominal value of Class A1 and Class A2 ICULS held by the minority shareholders of MPB and PMC will subsequently be listed on Bursa Malaysia.

Upon successful completion of the above proposal, the Company's intercompany advances owing to MPB and PMC as at 31 December 2003 will be settled. Following the conversion of all the outstanding ICULS into new ordinary shares of the Company and upon cancellation of up to RM1,186 million nominal value of ICULS to be received by the Company pursuant to the distribution of the ICULS, the paid up share capital of the Company is expected to increase from RM1,941 million to about RM2,811 million. The proposed settlement will have a positive effect on the Group's shareholders funds, net tangible asset and gearing ratio. The proposal was approved by the Securities Commission on 24 March 2004 and is pending the approval of the shareholders of the Company and the approvals of the shareholders of MPB and PMC respectively and Bursa Malaysia's approval for the listing and quotation of the ICULS and new ordinary shares of the Company upon subsequent conversion of the ICULS.

2. Sale of Commercial Properties

The MPB Group entered into sale and purchase agreements on 25 March 2004 for the sale of landed property in the Golden Triangle of Kuala Lumpur



The perfect Laura Ashley living room in a fresh palette of plum and ivory

which comprise a vacant lot and a 22 storey office building, MUI Plaza, for an aggregate cash consideration of RM190 million. The net proceeds from the disposal will be used to repay bank borrowings and for additional working capital. The disposal of the said properties is in line with the Group's major rationalization exercise to dispose of surplus landed and other assets of the Group worldwide to substantially reduce Group borrowings and to channel the additional cash raised towards expansion of the core businesses of the Group.

3. Disposal of 42.2% of Lotus Chocolate Company Limited

On 22 August 2003, Network Foods International Ltd ('NFIL'), a 79.09% owned subsidiary of PMC, entered into a sale and purchase agreement with Mr Alapati Ramakrishna and Mr Devabhaktuni Durga Prasad for the disposal of 5,418,838 ordinary shares of Rps10 each and 7,396,600 preference shares of Rps10 each representing 42.2% equity interest in the



The handsome Garrat Collection in dark chestnut with classic antique brass handles by Laura Ashley



"It's all in the details" – Laura Ashley's photo frames



Metrojaya's flagship department store in Mid Valley Megamall, Kuala Lumpur

ordinary share capital and 100% of the preference share capital of Lotus Chocolate Company Limited, India ('Lotus') for a total cash consideration of Rps3.0 million. Lotus had incurred losses for several years. The disposal has been completed and the sale of the remaining 10% stake is in progress.

4. Subscription to Rights Issue of Network Foods Limited, Australia

In the year under review, PMC invested A\$5.0 million in Network Foods Limited ('NFL'). This increased its equity holding in NFL from 67.3% to 92.9% following the subscription of its entitlement of 116,280,910 new ordinary shares in NFL pursuant to NFL's rights issue.

5. Private Placement of 10% of share capital of PMC

On 21 October 2003, PMC proposed to undertake a private placement of up to 73,950,000 new ordinary shares of RM0.50 sen each in PMC

representing 10% of its issued and paid up share capital. The private placement will raise additional working capital for PMC. Approval from the Securities Commission for the private placement was obtained on 16 February 2004.

REVIEW OF OPERATIONS

Retail

The Group owns a 34.31% stake in Laura Ashley Holdings plc ('Laura Ashley'), a United Kingdom ('UK') based international retailer, and has an indirect interest in listed Metrojaya Berhad, a leading department store and specialty store operator in Malaysia.

Laura Ashley, which is listed on the London Stock Exchange, is principally involved in the design, manufacture, sourcing, distribution and sale of garments, accessories, and home furnishings which are renowned for their traditional English country living designs. Laura Ashley operates 401 stores directly and through franchise in the UK, Continental Europe, United States of America ('USA'), South America, the Middle East, Australia, Japan and other parts of Asia.

For the 53 weeks ended 31 January 2004, Laura Ashley recorded sales revenue of £283.5 million (RM1,765.3 million) compared to £292.0 million (RM1,666.4 million) in 2003. The slight decline in sales revenue was principally due to the European store closures. The company achieved a profit before tax and exceptional items of £3.1 million (RM19.3 million) compared to a loss in the previous year of £4.9 million (RM28.0 million). Home furnishings continued to record strong growth in the UK where measures were successfully taken to improve product margins. Fashion sales were marginally down for the year. However, management has strengthened the design team and it is anticipated that fashion sales will improve in the new financial year. Mail order and online sales



East India Company store in Bandar Utama, Kuala Lumpur



Somerset Bay outlet in Bandar Utama, Kuala Lumpur

through www.lauraashley.com generated very strong sales growth and this is expected to continue to improve.

Metrojaya Berhad ('Metrojaya') is a leading department store and specialty store operator in Malaysia. Currently, Metrojaya operates four (4) department stores and over sixty (60) specialty stores under the names of East India Company, Somerset Bay, Living Quarters, La Senza Girl and Reject Shop. It also holds a forty (40%) percent equity stake in Toys 'R' Us (Malaysia) Sdn Bhd. For the nine (9) months of trading ended 31 December 2003, Metrojaya achieved increased sales revenue of RM244.4 million compared with sales revenues of RM212.4 million in the previous year. During the year the specialty stores were refurbished and updated pursuant to a store refit programme.

Hotels

The Group owns and/or operates 73 hotels in the UK, Australia and Malaysia. The hotel operations of the Group are undertaken by Corus Hotels plc (formerly Corus and Regal Hotels plc) in the UK. The Corus brand focuses on the higher yield business travellers and meetings and events market besides the leisure business to ensure consistent occupancy throughout the year.

During the year under review, the hotel industry in the UK was adversely impacted by the outbreak of SARS and the war in Iraq. These had dampened demand for hotel rooms. The Group's hotels in Malaysia, however, performed well in 2003 while the hotel operations in Australia registered improved performance.



Reject Shop at The Mines Shopping Center, Kuala Lumpur



Living Quarters at Subang Parade shopping complex, Selangor

Food and Confectionery

The Group's food and confectionery business is carried out by subsidiary companies of PMC, namely Network Foods International Ltd ('NFIL') which is listed on the Stock Exchange of Singapore and Network Foods Limited ('NFL') which is listed on the Australian Stock Exchange.

The NFIL group distributes and markets food and confectionery products in Malaysia, Singapore, India and Hong Kong. It also owns a chocolate and confectionery manufacturing plant in Shah Alam, Malaysia through its subsidiary, Network Foods Industries Sdn Bhd (NFISB). NFISB produces chocolates and confectionery under its own successful labels such as Crispy, Tango, Kiddies and Tudor Gold for the domestic and export market. It also manufactures Van Houten chocolates under licence. The products manufactured by NFISB are exported to 35 countries worldwide and export growth continues to rise. For the financial year



Toys 'R' Us store at Bandar Utama shopping complex



Feminine wear by Somerset Bay of Metrojaya

ended 31 December 2003, NFIL achieved sales revenues of S\$45.0 million (RM98.1 million) and a pre-tax profit before exceptional items and minority interest of S\$1.2 million (RM2.6 million). The exceptional item of S\$1.2 million (RM2.6 million) was mainly due to loss on disposal of a subsidiary, Lotus, during the year.

NFL is a national independent wholesaler and distributor of confectionery products in Australia. NFL has sales teams and warehouses strategically located in the major states of Australia. It distributes international brands of chocolates and confectionery such as Cadbury, Nestle and Wrigley's as well as the Network Foods Group's private labels. In the financial year under review, NFL reported net sales revenues of A\$92.9 million (RM229.8 million), a decline of 4.5% from the previous year. Despite lower sales, NFL managed an operational turnaround to record an EBITDA of A\$1.3 million (RM3.2 million) and an after tax profit of A\$419,000 (RM1.0 million) before the write off of goodwill on

a subsidiary. With the completion of its rights issue during the year, NFL is expected to enhance its performance in the new financial year.

Financial Services

The financial services business of the Group in Malaysia comprise mainly its stockbroking, corporate advisory and general insurance operations. The stockbroking and corporate advisory services are carried out under PM Securities Sdn Bhd ('PM Securities'), a licensed Universal Broker and subsidiary of listed Pan Malaysia Capital Berhad ('PM Capital'). The general insurance operations of the Group are carried out by MUI Continental Insurance Berhad ('MCI').

PM Securities reported a significant improvement in commission revenues in the financial year under review as a result of a more robust stock market in the second half of 2003. The increase in brokerage, interest income from margin financing and fee income of PM Securities contributed to the increase in consolidated revenues of PM Capital to RM33.99 million in 2003 from RM16.74 million in 2002. As a result, PM Capital achieved a consolidated pre-tax profit of RM9.19 million for the financial year ended 31 December 2003 compared to a consolidated pre-tax loss of RM9.93 million in the previous year. The turnaround in performance was also due to the write back of allowances for doubtful debts and recognition of interest-in-suspense upon the settlement of debts.

The Group's general insurance business is carried out by MCI which has 14 branch offices throughout Malaysia. MCI offers a variety of products including fire, marine, health, engineering, motor, liability and other classes of insurance. For



La Senza Girl - the Canadian brand for 8-14 year olds



Metrojaya Home accessories

the financial year ended 31 December 2003, MCI recorded a positive growth in gross written premiums to RM104.8 million compared to RM90.3 million in the previous year. Pre-tax profit increased to RM9.4 million compared to RM7.7 million in 2002.

Properties

The Group is involved in property development, property investment and management through its listed subsidiary, MUI Properties Berhad ('MPB') in Malaysia and Morning Star Properties Ltd in the People's Republic of China.

The main property development project of the Group in Malaysia is Bandar Springhill, an integrated township spread over 1,990 acres and strategically located off the Seremban-Port Dickson highway. The mixed residential, commercial and industrial development is expected to be completed in several phases over a period of fifteen years with a target total of 11,000 units.

MUI Plaza, a 22 storey commercial building located in the Golden Triangle of Kuala Lumpur, has a net lettable area of 350,000 sq ft. Despite an oversupply of office space in the Klang Valley, MUI Plaza was able to maintain its occupancy at about 82% and at competitive rental rates in 2003.

During the year under review, Morning Star Properties Ltd commenced construction works of Phase VIII of Morning Star Villa ('MSV'), a property development project of the Group in Zhongshan, the People's Republic of China. MSV continued its marketing strategy to focus on its niche market which comprise government official and middle class income buyers. Part I and Part II of 'COLOURFUL CITY' on the western site of Morning Star Plaza was launched in September 2003 and the take up rate is encouraging.



Affordable and fun children's wear by Reject shop



Casual wear by East India Company

The Group owns 1,350 acres of golf and development land at Regent Park in North Carolina, USA through its 49% owned associated company Regent Corporation.

Travel and Tourism

The travel and tourism operation of the Group is conducted by Pan Malaysia Travel and Tours Sdn Bhd in Malaysia and Morning Star Travel Service Ltd ('MST') in Hong Kong. The outbreak of SARS and the war in Iraq in the first half of 2003 had adversely affected the travel business of the Group. However, the market environment improved in the second half of the year and business was better.

COMMUNITY RELATIONS

The MUI Group has, through the years, participated actively in charity programmes, community betterment projects and support of the performing



Trendy fashion wear by Emanuelle of Metrojaya



Corus hotel Kuala Lumpur, Malaysia

arts. In 2003 for instance, Corus hotel Kuala Lumpur hosted a party for Rumah Hope's children and the Corus Hobart team participated in the drive to raise funds for the Leukemia Foundation. MUI Continental Insurance organized a blood donation drive for a local hospital while Metrojaya, Network Foods Group and Reject Shop donated gifts to orphans and single mothers. The MUI Group believes in being a responsible corporate citizen which cares for the welfare of the community.

PROSPECTS FOR 2004

With the expected strong economic growth in the United States and sustained recovery in Japan and Europe, the global economy is envisaged to grow by 4.1% in 2004. With better growth prospects in the global economy, the Malaysian economy in 2004 is projected to expand by 6.0 to 6.5%. The economic growth will be driven by higher export growth and stronger domestic demand.



Corus Paradise resort, Port Dickson, Malaysia

The Group's core business operations are expected to return a better performance in 2004. Retailing, financial services, hotels, manufacturing, food and confectionery distribution operations have begun to show improved prospects. With the Securities Commission's approval of the Group's proposed rationalization exercise, the Group is expected to be financially much stronger upon completion of this exercise.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to express my sincere appreciation to all the loyal and dedicated executives and staff of the Group for their hard work and commitment. I would also like to thank fellow members of the Board for their continuing support. The Board expresses its gratitude to all our customers, shareholders, bankers and business associates who continue to support the Group.

In GOD We Trust

Tan Sri Dato' Dr Khoo Kay Peng

Chairman

Kuala Lumpur

10 May, 2004



Corus hotel Sydney, Australia

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya bentangkan Laporan Tahunan dan Penyata Kewangan Syarikat dan Kumpulan bagi tahun kewangan berakhir 31 Disember 2003.

TINJAUAN EKONOMI

Ekonomi global telah berkembang pada 3.2% pada tahun 2003 walaupun terdapat kesan-kesan negatif penyakit Sindrom Pernafasan Akut Yang Teruk atau Severe Acute Respiratory Syndrome (SARS) dan meletusnya peperangan di Iraq pada separuh pertama tahun berkenaan. Pertumbuhan ini dipacu oleh pemulihan ekonomi di Amerika Syarikat ("AS"), Eropah dan Jepun. Ekonomi Malaysia telah mencapai kadar perkembangan terpuji sebanyak 5.2% pada tahun 2003, dijana oleh permintaan dalaman agregat yang kukuh dan pemulihan eksport pada separuh kedua tahun itu. Bagi penawaran pula, perkembangan adalah berasas luas, dan seimbang meliputi semua sektor.

Dengan baki akaun semasa yang lebih besar, pelaburan terus asing yang bertahan dan aliran masuk dana portfolio yang lebih tinggi, Malaysia mencatatkan lebihan yang ketara lebih tinggi bagi keseluruhan imbalan pembayaran bagi tahun 2003. Rizab antarabangsa negara adalah US\$44.9 bilion pada 31

Disember 2003, satu penambahan sebanyak US\$10.3 bilion daripada akhir tahun 2002. Kedudukan rizab antarabangsa ini bersamaan dengan 6.8 bulan import tertahan dan 4.9 kali ganda hutang luaran jangka pendek.

PENCAPAIAN KEWANGAN

Kumpulan merakamkan hasil disatukan yang lebih tinggi sebanyak RM1,393.9 juta bagi tahun kewangan berakhir 31 Disember 2003 berbanding dengan RM1,358.9 juta pada tahun 2002, kebanyakannya hasil perolehan yang bertambah daripada bahagian hartanah dan khidmat kewangan. Namun, prestasi Kumpulan telah terjejas antara lain oleh kerana perosakan aset, kerugian daripada pemansuhan pelaburan dan peruntukan untuk pengurangan dalam nilai pelaburan. Pengambilan kira perosakan aset ini sejajar dengan kehendak MASB 23 "Impairment of Assets" yang mula beroperasi pada tahun 2002. Kumpulan telah merakamkan kerugian sebelum cukai yang ketara lebih berkurangan sebanyak RM160.4 juta bagi tahun kewangan berakhir 31 Disember 2003. Jumlah aset dan dana para pemegang saham Kumpulan adalah masing-masing RM6.99 bilion dan RM1.05 bilion bagi tahun berakhir 31 Disember 2003.



Corus hotel Hyde Park, London



The picturesque Belsfield hotel, Lake Windermere, UK

PERKEMBANGAN KORPORAT

1. Cadangan menjelaskan pendahuluan-pendahuluan antara syarikat.

Syarikat telah mengumumkan satu latihan rasionalisasi yang besar bagi menjelaskan pendahuluan-pendahuluan antara syarikat yang berjumlah lebih kurang RM1.623 juta yang terhutang kepada anak-anak syarikat, MUI Properties Berhad (MPB) dan Pan Malaysia Corporation Berhad (PMC), iaitu melalui penerbitan sehingga jumlah RM1,956 juta nilai nominal ICULS (Irredeemable Convertible Unsecured Loan Stocks atau Stok pinjaman tidak bercagar, tidak boleh tebus tetapi boleh ditukar) Class A1 dan Class A2. ICULS Class A1 dan A2 ini mempunyai tempoh pemegangan 8 tahun dan tidak mengeluarkan faedah sepanjang tempoh pemegangan tetapi ICULS Class A1 dan A2 akan diterbitkan dengan diskaun pada dasar RM1.00 nilai nominal ICULS untuk setiap RM0.83 daripada pendahuluan-pendahuluan antara syarikat. Syarikat juga mencadangkan penerbitan sehingga jumlah RM257 juta nilai nominal ICULS Class A3 pada tahun 6 sebagai pampasan menggantikan bayaran faedah wang tunai bagi ICULS Class A1 dan Class A2 yang belum jelas, dan dikira mengikut kadar faedah 5% setahun bagi jangka masa 3 tahun daripada tahun 6 ke 8 terdiskaun nilai bersih semasa 7% setahun. ICULS Class A3 mempunyai tempoh pemegangan 2½ tahun dan tidak mengeluarkan sebarang faedah. Lembaga Pengarah Syarikat memegang budi bicara menetapkan pembayaran faedah wang tunai

sebanyak 5% setahun bagi ICULS Class A1 dan Class A2 yang belum jelas bagi tahun 6 ke 8, sebagai ganti penerbitan ICULS Class A3 pada tahun 6.

ICULS Class A1 boleh ditukar kepada saham biasa baru Syarikat dalam masa enam (6) bulan pertama bermula apabila tamatnya tahun ke 5 daripada tarikh terbitan ICULS Class A1 (Tempoh Penukaran Pertama). Pertukaran ini berdasarkan RM1.00 nilai nominal ICULS bagi setiap satu (1) saham biasa berbayar Syarikat pada nilai setara RM1.00 setiap satu. ICULS Class A2 bersama dengan sebarang ICULS Class A1 yang belum dijelaskan dan yang tidak ditukar dalam Tempoh Penukaran Pertama boleh ditukar kepada saham biasa baru Syarikat pada 6 bulan terakhir pada tahun ke 8 daripada tarikh terbitan ICULS Class A1 dan A2 pada dasar RM1.00 nilai nominal ICULS bagi setiap satu (1) saham biasa berbayar Syarikat pada nilai setara RM1.00 setiap satu. ICULS Class A3 boleh ditukar kepada saham biasa baru syarikat berdasarkan RM1.00 nilai nominal ICULS bagi setiap satu (1) saham biasa berbayar syarikat pada nilai setara RM1.00 setiap satu dalam masa enam (6) bulan bermula apabila tamatnya tahun ke 2 daripada tarikh terbitan ICULS Class A3.

Syarikat akan menerbitkan sehingga jumlah RM670 juta dan RM1,286 juta nilai nominal ICULS kepada Kumpulan MPB dan Kumpulan PMC masing-masing sebagai penjelasan penuh pendahuluan-pendahuluan antara syarikat yang terhutang kepada mereka. ICULS Class A1 dan A2 yang dipegang oleh Kumpulan MPB dan PMC akhirnya akan diagih-agihkan kepada para pemegang saham masing-masing. Syarikat, sebagai syarikat pemegangan MBP dan PMC, akan menerima jumlah agregat RM1,186 juta nilai nominal ICULS Class A1 dan Class A2 dan



Burnham Beeches Hotel, Buckinghamshire, UK

ICULS itu akan dibatalkan apabila diterima oleh Syarikat. RM770 juta nilai nominal ICULS Class A1 dan Class A2 selebihnya yang dipegang oleh para pemegang saham minoriti MPB dan PMC akan seterusnya disenaraikan di Bursa Malaysia.

Apabila cadangan di atas berjaya diselesaikan, pendahuluan-pendahuluan antara syarikat-syarikat yang terhutang kepada MPB dan PMC pada 31 Disember 2003 akan dijelaskan. Menyusul pertukaran kesemua ICULS yang belum jelas kepada saham biasa baru Syarikat dan apabila pembatalan nilai nominal ICULS sehingga RM1,186 juta akan diterima oleh syarikat susulan kepada pengagihan ICULS, modal saham berbayar Syarikat dijangka meningkat daripada RM1,941 juta kepada lebih kurang RM2,811 juta. Penjelasan yang dicadangkan akan menghasilkan kesan positif ke atas dana para pemegang saham, aset ketara bersih dan *gearing ratio* Kumpulan. Cadangan ini telah diluluskan oleh Securities Commission pada 24 Mac 2004 dan sedang menunggu kelulusan para pemegang saham Syarikat, kelulusan para pemegang saham MPB dan PMC, dan kelulusan BMSB untuk senarai dan sebutharga ICULS dan saham biasa baru syarikat apabila selepas penukaran ICULS.

2. Penjualan Hartanah Komersil

Kumpulan MPB telah menandatangani perjanjian jual beli pada 25 Mac 2004 untuk menjual hartanah di kawasan Segi Tiga Emas Kuala Lumpur yang terdiri daripada satu lot tanah kosong dan satu bangunan pejabat 22 tingkat, MUI Plaza, bagi jumlah tunai agregat RM190 juta. Perolehan bersih daripada penjualan itu akan digunakan untuk membayar



Tewkesbury Park Hotel Golf & Country Club, Tewkesbury, UK



Edgwarebury Hotel, Hertfordshire, UK

hutang bank dan untuk modal kerja tambahan. Penjualan hartanah-hartanah tersebut adalah sejajar dengan latihan rasionalisasi besar Kumpulan untuk melepaskan hartanah dan lain-lain aset lebihan Kumpulan di seluruh dunia untuk mengurangkan dengan ketara jumlah pinjaman Kumpulan dan menyalurkan wang tunai tambahan yang diraih kepada perniagaan-perniagaan utama Kumpulan.

3. Penjualan 42.2% dalam Lotus Chocolate Company Ltd

Pada 22 Ogos 2003, Network Foods International Ltd ("NFL"), sebuah anak syarikat yang 79.09% dimiliki oleh PMC, menandatangani satu perjanjian jual beli dengan Encik Alapati Ramakrishna dan Encik Devabhaktuni Durga Prasad bagi penjualan 5,418,838 saham biasa pada Rps10 setiap satu dan 7,396,600 saham terutama pada Rps10 setiap satu, yang merupakan 42.2% kepentingan ekuiti dalam modal saham biasa dan 100% dalam modal saham terutama Lotus Chocolate Company Limited, India ("Lotus") bagi wang sejumlah Rps3.0 juta. Lotus telah menanggung kerugian selama beberapa tahun. Penjualan ini telah selesai dan penjualan 10% baki kepentingan sedang diuruskan.

4. Langganan kepada Terbitan Hak Network Foods Limited, Australia

Pada tahun dalam tinjauan, PMC melaburkan A\$5.0 juta dalam Network Foods Limited ("NFL"). Ini meningkatkan pegangan sahamnya dalam NFL daripada 67.3% kepada 92.9% berikutan langganan



MUI Plaza, Kuala Lumpur

kelayakan untuk 116,280,910 saham biasa baru dalam NFL menyusul terbitan hak NFL.

5. Penempatan Persendirian 10% dalam modal saham PMC

Pada 21 Oktober 2003, PMC telah mencadangkan untuk membuat penempatan persendirian sehingga kepada 73,950,000 saham biasa baru pada RM0.50 setiap satu dalam PMC, merupakan 10% daripada modal saham berbayar dan terbitan. Penempatan persendirian akan menghasilkan modal kerja tambahan bagi PMC. Kelulusan daripada Securities Commission telah diperolehi pada 16 Februari 2004.

TINJAUAN OPERASI

Peruncitan

Kumpulan memiliki 34.31% kepentingan dalam Laura Ashley Holdings plc ("Laura Ashley"), sebuah peruncit

antarabangsa bertempat di United Kingdom ("UK"), mempunyai kepentingan tidak langsung dalam Metrojaya Berhad, pengendali sebuah gedung unggul dan peruncit kedai khusus di Malaysia yang tersenarai.

Laura Ashley, yang tersenarai di Bursa Saham London banyak terlibat dengan rekabentuk, membuat, mencari sumber, mengedar dan menjual pakaian, perhiasan dan kemasan rumah yang terkenal dengan rekaan gaya hidup tradisional desa Inggeris. Laura Ashley mengendalikan 401 kedai secara langsung dan melalui francais di UK, Eropah, AS, Amerika Selatan, Timur Tengah, Australia, Jepun dan lain-lain negara Asia.

Bagi 53 minggu berakhir 31 Januari 2004, Laura Ashley merakamkan perolehan jualan sebanyak £283.5 juta (RM1,765.3 juta) berbanding dengan £292.0 juta (RM1,666.4 juta) pada 2003. Sedikit penurunan perolehan jualan ini pada umumnya disebabkan oleh penutupan kedai di Eropah. Syarikat telah mencapai keuntungan sebelum cukai dan perkara-perkara luarbiasa sebanyak £3.1 juta (RM19.3 juta) berbanding dengan kerugian pada tahun sebelumnya sebanyak £4.9 juta (RM28.0 juta). Kemasan rumah terus mencatat perkembangan kukuh di UK di mana langkah-langkah yang diambil telah berjaya meningkatkan margin keluaran. Penjualan bahagian fesyen agak menurun bagi tahun berkenaan. Namun, pengurusan telah memperkukuhkan pasukan pereka, dan penjualan fesyen dijangka akan menjadi lebih baik pada tahun kewangan yang baru. Penjualan melalui pos dan on-line melalui www.lauraashley.com telah menghasilkan perkembangan jualan amat baik dan dijangka akan berterusan pada tahun ini.



Vila Sri Ukay project near the City of Kuala Lumpur



Lush surroundings at Vila Sri Ukay Kuala Lumpur

Metrojaya Berhad (“Metrojaya”) merupakan gedung unggul dan peruncit kedai khusus di Malaysia. Kini, Metrojaya mengendalikan empat (4) gedung dan lebih daripada enam puluh (60) kedai-kedai khusus di bawah nama East India Company, Somerset Bay, Living Quarters, La Senza Girl dan Reject Shop. Ia juga memiliki empat puluh (40%) peratus kepentingan dalam Toys “R” Us (Malaysia) Sdn Bhd. Bagi sembilan (9) bulan dagangan berakhir 31 Disember 2003, Metrojaya mencapai peningkatan perolehan jualan RM244.4 juta berbanding dengan perolehan jualan RM212.4 juta pada tahun sebelumnya. Pada tahun tersebut, kedai-kedai khusus telah diperbaharui dan mengemaskini pelaksanaan program memasang pulih kedai.

Hotel

Kumpulan memiliki dan/atau mengendalikan 73 hotel di UK, Australia dan Malaysia. Operasi hotel Kumpulan dijalankan oleh Corus Hotel plc (dahulunya Corus and Regal Hotels plc) di UK. Jenama Corus menumpukan perhatian kepada tetamu usahawan yang menghasilkan pulangan lebih tinggi dan acara mesyuarat dan pemasaran, selain daripada cuti santai semuanya untuk memastikan tahap penghunian yang konsisten sepanjang tahun.

Bagi tahun dalam tinjauan, perusahaan hotel di UK terjejas dengan negatif oleh SARS dan peperangan di Iraq. Ini melembabkan permintaan bilik hotel. Namun, hotel-hotel Kumpulan di Malaysia menunjukkan prestasi yang baik pada tahun 2003 sementara operasi hotel di Australia mencatatkan prestasi meningkat.



Clove - the new semi-detached houses of Bandar Springhill



Double-storey shophouses at Bandar Springhill, Negeri Sembilan

Makanan dan Konfeksi

Perniagaan makanan dan konfeksi Kumpulan dijalankan oleh anak-anak syarikat PMC, iaitu Network Foods International Ltd (“NFIL”) yang tersenarai di Bursa Saham Singapura dan Network Foods Limited (“NFL”) yang tersenarai di Bursa Saham Australia.

Kumpulan NFIL mengedar dan memasarkan produk-produk makanan dan konfeksi di Malaysia, Singapura, India dan Hong Kong. Ia memiliki satu kilang pembikinan coklat dan konfeksi di Shah Alam, Malaysia melalui anak syarikatnya Network Foods Industries Sdn Bhd (“NFISB”). NFISB mengeluarkan coklat dan konfeksi di bawah jenama terkenal seperti Crispy, Tango, Kiddies dan Tudor Gold bagi pasaran dalam dan luar negara. Ia juga mempunyai lesen dalam pembuatan coklat Van Houten. Produk-produk keluaran NFISB dieksport ke seluruh dunia dan kadar pengeksportan semakin meningkat. Bagi tahun kewangan berakhir 31 Disember 2003, NFIL telah mencapai perolehan jualan S\$45.0 juta (RM98.1 juta) dan keuntungan sebelum cukai sebelum pengecualian butiran dan kepentingan minoriti daripada S\$1.2 juta (RM2.6 juta). Pengecualian butiran daripada S\$1.2 juta (RM2.6 juta) adalah disebabkan oleh kerugian di atas pelepasan anak syarikat, Lotus Chocolate Company Ltd, India (“Lotus”) pada tahun tersebut.

NFL ialah pemborong dan pengedar produk konfeksi nasional bebas di Australia. NFL mempunyai pasukan-pasukan penjual dan gudang-gudang yang terletak dengan strategiknya di semua negeri utama di



Duplex apartments of Canale Di Venezia, Phase VII of Morning Star Villa, Zhongshan, China

Australia. Ia mengedarkan coklat dan konfeksi berjenama antarabangsa seperti Cadbury, Nestle dan Wrigley's, serta juga label-label tersendiri Kumpulan Network Foods. Bagi tahun kewangan dalam tinjauan, NFL melaporkan perolehan jualan bersih A\$92.9 juta (RM229.8 juta), satu penurunan sebanyak 4.5% daripada tahun sebelumnya. Walaupun jualan rendah, NFL berjaya menguruskan peningkatan operasi untuk merekodkan EBITDA sebanyak A\$1.3 juta (RM3.2 juta) dan keuntungan selepas cukai sebanyak A\$419,000 (RM1.0 juta) sebelum memutuskan hubungan dengan anak syarikatnya. Dengan selesainya terbitan hak pada tahun tersebut, NFL dijangka mempertingkatkan prestasi pada tahun kewangan akan datang.

Perkhidmatan Kewangan

Perniagaan khidmat kewangan Kumpulan di Malaysia kebanyakannya terdiri daripada

pemberokeran, operasi nasihat korporat dan insurans am. Pemberokeran dan khidmat nasihat korporat dijalankan di bawah PM Securities Sdn Bhd ("PM Securities"), sebuah Universal Broker berlesen dan anak syarikat Pan Malaysia Capital Berhad ("PM Capital") yang tersenarai. Operasi insurans am Kumpulan dijalankan oleh MUI Continental Insurance Berhad ("MCI").

PM Securities melaporkan pencapaian paling menggalakkan dalam perolehan komisen bagi tahun kewangan dalam tinjauan hasil daripada pasaran saham yang rancak pada separuh kedua tahun 2003. Peningkatan daripada pemberokeran, pendapatan faedah daripada pembiayaan margin dan yuran PM Securities mencarum kepada peningkatan hasil disatukan PM Capital kepada RM33.99 juta pada tahun 2003 daripada RM16.74 juta pada tahun 2002. Oleh kerana itu, PM Capital mencapai keuntungan disatukan sebelum cukai RM9.19 juta bagi tahun kewangan berakhir 31 Disember 2003 berbanding dengan kerugian disatukan sebelum cukai RM9.93 juta pada tahun sebelumnya. Peningkatan prestasi ini juga disebabkan oleh write back peruntukan bagi hutang ragu dan pengambilan kira faedah tergantung apabila hutang dijelaskan nanti.

Perniagaan insurans am Kumpulan dijalankan oleh MCI yang mempunyai 14 cawangan di seluruh Malaysia. MCI menawarkan pelbagai produk termasuk insurans kebakaran, marin, kesihatan, kejuruteraan, motor, liabiliti dan lain-lain kelas insurans. Bagi tahun kewangan berakhir 31 Disember 2003, MCI merakamkan perkembangan positif bagi premium kasar tertulis, lalu meningkatkan jumlah kepada RM104.8 juta berbanding dengan RM90.3 juta pada tahun



The interior of a Duplex apartment, Zhongshan, China



Morning Star Travel bus in Malaysia

sebelumnya. Keuntungan sebelum cukai telah meningkat kepada RM9.4 juta berbanding dengan RM7.7 juta pada tahun 2002.

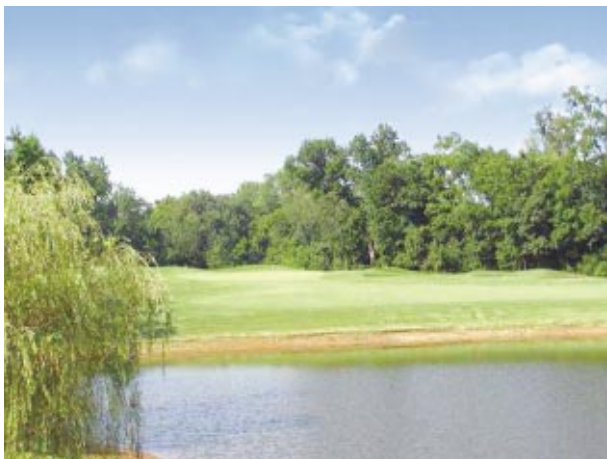
Hartanah

Kumpulan terlibat dengan pembangunan, pelaburan dan pengurusan hartanah melalui anak syarikat, MUI Properties Berhad ("MPB") di Malaysia dan Morning Star Properties Limited (sebelumnya MUI Hong Kong Ltd) di Republik Rakyat China.

Projek pembinaan hartanah terutama Kumpulan di Malaysia ialah Bandar Springhill, satu pekan bersepadu seluas 1,990 ekar dan terletak dengan strategiknya di sebelah lebuh raya Seremban-Port Dickson. Pembinaan campuran kediaman, komersil dan industri ini dijangka akan selesai melalui beberapa fasa yang memakan masa lima belas tahun dengan jumlah sasaran 11,000 unit.

MUI Plaza, sebuah bangunan komersil 22 tingkat yang terletak di Segi Tiga Emas Kuala Lumpur mempunyai ruang boleh sewa seluas 350,000 kaki persegi. Walaupun terdapat penawaran berlebihan ruang pejabat di Lembah Klang, MUI Plaza dapat mengekalkan tahap penghunian pada 82% dan pada kadar sewa kompetitif pada tahun 2003.

Pada tahun dalam tinjauan, Morning Star Properties Ltd memulakan pembinaan Fasa VIII Morning Star Villa ("MSV"), sebuah projek pembangunan hartanah Kumpulan di Zhongshan, Republik Rakyat China. MSV terus menjalankan strategi pemasaran yang bertumpu kepada pasaran khusus, terdiri daripada pegawai kerajaan dan pembeli berpendapatan menengah. Bahagian I dan II "BANDARAYA BERWARNA-WARNI" di barat



A scenic view at Regent Park Golf Resort, USA



Regent Park Golf Resort, North Carolina, USA

Morning Star Plaza ini dilancarkan pada September 2003 dan kadar pembelian amat menggalakkan.

Kumpulan memiliki 1,350 ekar tanah untuk golf dan pembinaan di Regent Park, North Carolina, AS, melalui syarikat sekutu Regent Corporation dalam mana Kumpulan memiliki 49% kepentingan.

Pelancongan dan Pengembaraan

Operasi pelancongan dan pengembaraan Kumpulan dijalankan oleh Pan Malaysia Travel and Tours Sdn Bhd di Malaysia dan Morning Star Travel Service Ltd ("MST") di Hong Kong. Penyakit SARS dan peperangan di Iraq pada separuh pertama tahun 2003 menjejaskan perniagaan pelancongan Kumpulan dengan teruk. Namun, suasana perniagaan bertambah baik pada separuh kedua tahun berkenaan.

HUBUNGAN MASYARAKAT

Tahun demi tahun, Kumpulan MUI telah bergiat cergas dalam program amal, projek peningkatan kebajikan masyarakat dan menyokong acara-acara seni. Umpamanya, pada tahun 2003, Corus hotel Kuala Lumpur menjadi tuan rumah kepada anak-anak Rumah Hope sementara Corus Hobart mengambil bahagian dalam usaha mengutip derma bagi Yayasan Leukaemia. MUI Continental Insurance pula menjayakan projek menderma darah untuk sebuah hotel tempatan, sementara Metrojaya, Kumpulan Network Foods dan Reject Shop menderma cenderamata kepada anak-anak yatim dan ibu-ibu tunggal. Kumpulan MUI percaya penuh



MUI Continental Insurance at MUI Plaza, Kuala Lumpur

kepada peranannya sebagai warga korporat yang bertanggungjawab dan prihatin terhadap kebajikan masyarakat.

PROSPEK BAGI 2004

Menjangkakan perkembangan ekonomi yang lebih kukuh di AS dan pemulihan bertahan di Jepun dan Eropah, ekonomi global dijangka akan berkembang pada 4.1% pada tahun 2004. Dengan prospek-prospek perkembangan global sebegini, ekonomi Malaysia pada tahun 2004 dianggar akan berkembang antara 6.0% ke 6.5%. Pertumbuhan ekonomi ini akan dijana oleh perkembangan eksport dan permintaan dalaman yang lebih kukuh.

Operasi-operasi utama Kumpulan dijangka akan menunjukkan prestasi lebih baik di tahun 2004. Peruncitan, khidmat kewangan, hotel, pembikinan, operasi pengedaran makanan dan konfeksi sudah pun menunjukkan prospek lebih baik. Dengan



Customer service counts at MUI Continental Insurance

kelulusan daripada Security Commissions dalam menjalankan latihan rasionalisasi yang dicadangkan, Kumpulan dijangka akan menjadi lebih kukuh dari segi kewangan apabila latihan ini selesai.

PENGHARGAAN

Bagi pihak Lembaga, saya ingin menyatakan penghargaan ikhlas saya kepada para eksekutif dan kakitangan Kumpulan yang setia, rajin berusaha dan terus dengan komitmen mereka. Saya juga ingin berterima kasih kepada rakan-rakan Lembaga di atas sokongan mereka. Lembaga merakamkan penghargaan kepada semua pelanggan, pemegang saham, para pegawai bank dan rakan niaga yang terus menyokong Kumpulan ini.

Kepada TUHAN Kita Bertawakal

Tan Sri Dato' Dr Khoo Kay Peng

Pengerusi

Kuala Lumpur

10 Mei, 2004



Pan Malaysia Travel's office at MUI Plaza, Kuala Lumpur

馬聯工業有限公司

2003 年度報告

主席獻詞

我謹代表本公司董事部向各位提呈本公司與集團截至2003年12月31日財務年的年報及財務報表。

經濟評論

雖然在2003年上半年受到非典型肺炎(SARS)的肆虐以及伊拉克戰爭的負面影響，全球經濟依然在去年增長了3.2%。帶動全球經濟成長的因素主要是美國、日本、及歐洲經濟復蘇。在2003年，馬來西亞經濟由于國內總需求強勁以及下半年的出口恢復，而使全年的成長率揚升到5.2%的可觀水平。在供應方面，各行各業的成長廣泛和平衡。

鑑于來往賬項擴大、外來直接投資延續以及流入證券市場的外資提高，馬來西亞的總收支平衡取得更高的盈餘。我國截至2003年12月31日的國際儲備金總達449億美元，比2002年底時的數額增加了103億美元。這個國際儲備金足以維持6.8個月的持續進口和相等于短期外債的4.9倍。

財務業績

在截至2003年12月31日財務年里，集團的綜合收益共達13億9千390萬零吉，而2002年為13億

5千890萬零吉。這個增幅主要是由于房地產及財務服務部門的收益提高所致。然而集團的業績由于資產減損，出售投資虧損及投資降值準備金而受到波及。賬目中確認資產減損，乃是符合馬來西亞會計標準局(MASB)第23項關於《資產減損》的規定。此規定于2002年生效。截至2003年12月31日財務年，集團稅前虧損銳減至1億6千零40萬零吉。在截至2003年12月31日財務年，集團總資產和股東基金分別達69億9千萬零吉及10億5千萬零吉。

企業發展

1. 償付公司間貸款建議

公司宣布一項重大的合理化計劃以償付總達16億2千300萬零吉欠於本公司的子公司，即馬聯產業有限公司("MPB")與泛馬企業有限公司("PMC")的公司間貸款。償付方法是通過發行面值高達19億5千6百萬零吉的A1級和A2級不可贖回可轉換無擔保債券。上述A1級和A2級債券期限8年，不含利息。A1級和A2級債券是以每RM1.00面值的債券對RM0.83公司間貸款的折扣率所發行。公司也建議在第六年發行面值高達2億5千7百萬零吉的A3級不可贖回可轉換無擔保債券，以補償支付給A1級和A2級債券的現金利息。上述A3級債券的發行是參照從A1級及A2級債券發行后第六至八年三年期間每年5%名目利率計算並以7%年率折算的淨現值。A3級債券期限二年半並不含利息。本公司董事部保留對



PM Securities branch in Seremban, Negeri Sembilan



PM Securities at MUI Plaza, Kuala Lumpur



Viewing gallery in PM Securities - Seremban

酌權，從第六至八年的三年期間對未轉換的A1級和A2級債券支付每年5%現金利息，以代替在第六年發行A3級債券。

A1級債券可在發行五年期滿後頭六個月(第一轉換期)內轉換成本公司新普通股；轉換比率為每面值1零吉債券轉換成公司一股面值1零吉已繳足的新普通股。A2級債券連同本在第一轉換期末轉換的A1級債券，可在發行後第八年最後六個月，轉換成本公司新普通股；轉換比率為每面值1零吉債券轉換成公司一股面值1零吉已繳足的新普通股。A3級債券可在發行二年期滿後的六個月內以每面值1零吉債券轉換成公司一股面值1零吉已繳足的新普通股。

本公司將發出面值高達6億7千萬零吉和12億8千6百萬零吉的不可贖回可轉換無擔保債券給MPB集團和PMC集團，以償清所欠于這兩家子公司的貸款。由MPB集團和PMC集團持有的A1級和A2級債券最終將分配給該兩家公司的股東。作為MPB和PMC的控股公司，本公司將獲得總共面值11億8千6百萬零吉的A1級和A2級債券，而上述債券在收到后將加以取消，其余由MPB和PMC少數股東持有的面值7億7千萬零吉A1級和A2級債券將隨後在馬來西亞證券交易所掛牌。

在上述建議成功落實后，本公司在2003年12月31日欠于MPB和PMC的公司間貸款將償付。當全部未轉換的債券轉換成本公司新普通股以及本公司在分配計劃下所獲得的11億8千6百萬零吉的債券被取消后，預料本公司的繳足股本將從19億4千1百萬零吉增至大約28億1千1百萬零吉。

本公司清還以上貸款的建議將對集團股東基金、淨有形資產及舉債率產生正面的影響。上述建議已獲得證券委員會于2004年3月24日批准，目前尚待本公司、MPB及PMC股東的通過和馬來西亞證券交易所對公司債券及以後由債券所轉換成的公司新普通股掛牌及報價的批准。

2. 出售商業房地產

MPB集團于2004年3月25日簽署買賣合約，以出售于位吉隆坡金三角的地產，即一段空地和一幢22層辦公大樓－馬聯大廈，總售價為1億9千萬零吉。出售以上地產的淨所得將用以償還銀行貸款和提供額外的運營資金。集團出售以上地產是配合集團重大的合理化計劃，脫售集團在全球的剩余地產及其他資產，以大幅度減少集團借貸，以及把額外現金注入集團的核心業務。

3. 出售 Lotus Chocolate 有限公司 42.2% 股權

2003年8月22日，PMC持有79.09%股權的子公司 Network Foods International Ltd ("NFL")與Alapati Ramakrishna 先生及Devabhaktuni Durga Prasad 先生簽訂買賣合約，以出售印度 Lotus Chocolate 有限公司("Lotus")共5,418,838股每股面值10盧比的普通股份，以及7,396,600股每股面值10盧比的優先股。上述股份共占Lotus普通股本的42.2%和優先股本的100%股權，總售價為現金3百萬盧比。Lotus在過去幾年都蒙受虧損。上述買賣已經完成而公司正著手出售其余10%的Lotus股權。

4. 認購澳洲Network Foods有限公司附加股

在檢討年內，PMC把5百萬澳元注入澳洲的Network Foods有限公司("NFL")，認購其應得的116,280,910股新普通股附加股后，使PMC在NFL的股權從67.3%增至92.9%。

5. 私下出售 PMC 10% 股本

2003年10月21日，PMC建議私下發售高達73,950,000股每股面值馬幣50仙的新普通股，即占PMC股本的10%。此項私下出售股份，目的在

于為PMC籌集更多營運資金。該私下發售在2004年2月16日獲得證券委員會批准。

業務檢討

零售業

集團持有總部設在英國的國際零售公司Laura Ashley Holdings plc ("Laura Ashley") 的34.31%股權，以及在馬來西亞掛牌的首要百貨公司和專賣店經營商美羅有限公司間接股權。

在倫敦證券交易所掛牌的 Laura Ashley 主要經營成衣、飾物及家居裝飾品的設計、制造、物色來源、分銷及銷售等。該公司的產品以傳統的英國田園風格設計而聞名遐邇。Laura Ashley 直接或通過特許權聯盟方式經營共 401 間分布于英國、歐洲大陸、美國、南美洲、中東、澳洲、日本及亞洲其他地區的分店。

在截至2004年1月31日的53周內，Laura Ashley 的銷售額共達2億8千350萬英鎊(17億6千530萬零吉)，而2003年則達到2億9千200萬英鎊(16億6千640萬零吉)。銷售額略減，主要是歐洲一些分店關閉。該公司獲取課稅及特殊項目前盈利310萬英鎊(1千930萬零吉)，而上一一年則蒙受虧損490萬英鎊(2千800萬零吉)。家居裝飾品在英國的銷量繼續強勁增長；該公司也成功採取步驟提升產品的毛利。時裝銷量在去年略減。公司管理層已加強設計陣容，因此預料時裝銷量在本財務年將有所提升。郵購和通過網站 www.lauraashley.com 的在線銷售也有長足的增加，而且預料在本財務年



Network Foods (Malaysia) Sdn Bhd, Shah Alam

會持續成長。

美羅有限公司("Metrojaya")為馬來西亞首要百貨公司和專賣店零售商。目前 Metrojaya 經營 4 家百貨公司以及采用 East India Company, Somerset Bay, Living Quarters, La Senza Girl 及 Reject Shop 等品牌經營的超過60間專賣店。該公司也持有 Toys "R" Us (Malaysia) Sdn Bhd 的 40% 股權。在截至2003年12月31日9個月的交易中，Metrojaya 的營業額增至 2 億 4 千 440 萬零吉，而上一一年則共計 2 億 1 千 240 萬零吉。在檢討年內該公司的專賣店依照一項商店裝修計劃下重新修飾及提升。

酒店業

集團在英國、澳洲及馬來西亞擁有或經營 73 間酒店。集團的酒店業務由 Corus Hotels plc (前稱 Corus and Regal Hotels plc) 負責經營。Corus 品牌



Tango chocolates by Network Foods Industries Sdn Bhd



Chocolate processing plant at Network Foods Industries Sdn Bhd



A variety of products distributed by the Network Foods Group

偏重于高檔的商務旅客、會議及活動市場，同時摻合休閒住宿以確保全年保持一定的住客率。

在檢討年內，非典的爆發及伊拉克戰事波及英國酒店業，使到酒店客房需求疲弱。然而集團在馬來西亞的酒店的2003年業績卻相當可觀，而澳洲的酒店業務業績也有所提升。

食品及糖果業

集團的食品及糖果業務由PMC的子公司即在新加坡證券交易所掛牌的 Network Foods International Ltd ("NFIL")和在澳洲證券交易所掛牌的 Network Foods Limited ("NFL")經營。

NFIL集團在馬來西亞、新加坡、印度及香港分銷及銷售食品和糖果產品，並透過其子公司 Network Foods Industries 私人有限公司("NFISB")在馬來西亞沙亞南設有一座巧克力和糖果制造廠。NFISB生產本身暢銷的品牌如 Crispy、Tango、Kiddies、Tudor Gold 供應國內及出口市場。它也在特許權下生產 Van Houten 巧克力。NFISB 的產品外銷全球35個國家，出口量不斷增加。截至2003年12月31日財務年內，NFIL的銷售額共達4千500萬新元(9千810萬零吉)和稅前及特別項目與少數股東權益前盈利120萬新元(260萬零吉)。120萬新元(260萬零吉)的特別項目主要是本年內出售子公司 Lotus 所蒙受的虧損。

NFL為澳洲全國性糖果產品獨立分銷商，從事批發及零售分銷業。NFL在澳洲各省主要地點派駐銷售隊伍和設立貨倉。它所分銷的國際巧克力和糖果品牌包括 Cadbury、Nestle 及 Wrigley's 和 Network Foods 集團本身的品牌。在檢討年內，NFL的淨銷售額達9千290萬澳元(2億2千980萬零吉)，比上一年減少4.5%。雖然銷售額遜退，NFL依然能夠在營運上轉虧為盈並獲得利息、折舊及稅前盈利130萬澳元(320萬零吉)。在其一子公司商譽攤銷前的稅後盈利為41萬9千澳元(100萬零吉)。附加股發行落實後，NFL預料將在新的一年獲得更好的表現。

財務服務

集團在馬來西亞的財務服務業主要包括證券經紀、企業諮詢及普通保險業。證券經紀業和企業諮詢業由PM證券私人有限公司("PM證券")負責經營。該公司為一家執照全方位經紀公司，也是掛牌的泛馬資本有限公司("PM資本")的子公司。集團的普通保險業務則由馬聯大洲保險有限公司("MCI")經營。

在檢討財務年內，由于股市在2003年下半年行情走高，PM證券的佣金收入大幅度增加。PM證券的經紀費、按金融資利息收入以及收費提高，使到PM資本2003年的綜合收入從2002年的1千674萬零吉增至3千399萬零吉。因此，PM資本在截至2003年12月31日財務年取得綜合稅前盈利919萬零吉，而上一一年則蒙受綜合稅前虧損993萬零吉。該公司業績反虧為盈的原因之一是



Wines distributed by Network Foods (Malaysia) Sdn Bhd

疑賬準備金的回撥及在債款清還后，未決利息的確認。

負責經營集團普通保險業務的 MCI 在全馬設有 14 間分辦事處，提供各種保險如火險、水險、保健險、工程險、車險、責任險等等。在截至 2003 年 12 月 31 日財務內，MCI 的承保毛保費從上一年的 9 千零 30 萬零吉增至 1 億零 480 萬零吉；稅前盈利從 2002 年的 770 萬零吉增至 940 萬零吉。

房地產業

集團通過在馬來西亞的掛牌子公司馬聯產業有限公司 (MPB) 和在中華人民共和國之星晨產業有限公司經營房地產發展、房地產投資及管理業務。

集團在馬來西亞的主要房地產項目是位于芙蓉—波德中高速公路旁占地 1,990 英畝的綜合新鎮《春泉鎮》。這項集住宅和工商業發展的項目分多期進行，全部工程在 15 年內建竣，共建 11,000 個單位。

位于吉隆坡金三角的 22 層商業大樓《馬聯大廈》共有可租用面積 350,000 方尺。雖然巴生河流域的辦公樓空間供過於求，馬聯大廈在 2003 年保持約 82% 的出租率和具競爭力的租金。

在檢討年內，星辰產業有限公司在中華人民共和國廣東省中山市推行的房地產項目《星晨別墅》展開了第八期工程。星晨別墅的營銷策略繼續以政府官員及中層買主的專有市場為對象。



Ms Lillian Tan, Datuk Paduka Abdul Kadir Sbeikb Fadzir, Minister of Culture, Arts & Tourism and Dato' Ahmad Khairummuzammil bin Mohd Yusoff during the launch of Malaysia Carnival Sale



YAB Dato' Seri Rafidab Aziz, Minister of International Trade and Industry, giving away bampers to single mums and orphans

另外，在星晨廣場西面場地推行的《繽紛城市》第一和第二期已在 2003 年 9 月發售，買者反應令人鼓舞。

集團通過持有 49% 股權的聯號 Regent 公司，在美國北卡羅來納州的 Regent 公園擁有 1,350 畝的高爾夫球和發展土地。

旅遊業

集團的旅遊業務由馬來西亞的泛馬旅游有限公司和香港的星晨旅游服務有限公司 ("MST") 經營。2003 年上半年發生的非典及伊拉克戰爭對集團旅遊業造成負面的影響。然而行情在 2003 年下半年出現好轉而生意也轉佳。



Ms Helen Ho, beside Dato' Seri Utama Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad, Menteri Besar (Chief Minister) of Negeri Sembilan, during the launch of Ingress and Motocross Park at Bandar Springhill



His Royal Highness, DYMM Seri Paduka Baginda Yang Di-Pertuan Agong XII Tuanku Syed Sirajuddin Ibni Al-Marhum Tuanku Syed Putra Jamalullail, King of Malaysia, flanked by Ron Cox and Penny Dato' Mohd Nurdin of Corus Hotel during his visit to the UK

公益關係

多年來，馬聯集團極積參與各種慈善活動、公益計劃及扶持表演藝術。例如在2003年，吉隆坡 Corus 酒店設宴款待《希望之家》的孤兒，而澳洲霍巴特的 Corus 酒店員工則參與血癌基金的款款運動。馬聯大洲保險為本地一所醫院主辦捐血運動；另外美羅、Network Foods 集團及 Reject Shop 則捐獻禮品和開齋節青包給孤兒及單親媽媽。這些公益活動體現了馬聯集團作為一個關心社會福利的負責任企業公民的信念。

2004年展望

鑑于美國的經濟將有強勁的成長以及日本和歐洲經濟持續成長，全球經濟料將在2004年取得

4.1%的增率。隨著全球經濟展望的改善，預期馬來西亞在2004年的經濟在出口增加及國內需求強勁的推動下，將取得6.0至6.5%的增長率。

預料集團的核心業務在2004年將取得更好的業績。集團的零售業、財務服務、酒店業、製造業、食品及糖果分銷業行情均開始轉佳。證券委員會批准了集團的合理化計劃后，集團的財務狀況在合理化計劃落實後將更趨穩健。

致謝

我謹代表董事部向集團全體忠心耿耿、鋌而不舍的執行員和員工致于由衷的謝忱。我也要感謝董事部同仁繼續給我鼎力支持。董事部謹此向全體顧客、股東、銀行界及商界伙伴、給予的繼續支持，表示致謝。

我們信賴主

丹斯里拿督邱繼炳博士
董事主席

吉隆坡
2004年5月10日



An exuberant Corus Hobart staff team taking part in the Leukemia Foundation's shave for a cure charity event



Mr Anthony Yap, Executive Director of MUI Properties Berhad, with the winners of the MUI Group intercompany games competition

STATISTICS OF SHAREHOLDINGS

As at 26 April 2004

Class of Share: Ordinary share of RM1 each

Voting Rights: 1 vote per ordinary share

Substantial Shareholders

as per Register of Substantial Shareholders

Name	Direct interest		Deemed interest	
	No. of Shares	%	No. of Shares	%
1. Pan Malaysian Industries Berhad	199,490,000	10.28	704,002,500	36.28
2. KKP Holdings Sdn Bhd	—	—	903,492,500	46.56
3. Soo Lay Holdings Sdn Bhd	—	—	903,492,500	46.56
4. Tan Sri Dato' Dr Khoo Kay Peng	—	—	903,492,500	46.56
5. Serveast Trading Sdn Bhd	260,022,400	13.40	—	—
6. Favourmark Corporation Sdn Bhd	155,900,000	8.03	—	—

Directors' Shareholdings In The Company And Related Corporations

as per Register of Directors' Shareholdings

	Direct interest		Deemed interest	
	No. of Shares	%	No. of Shares	%
Ordinary shares of RM1 each in Malayan United Industries Berhad				
Tan Sri Dato' Dr Khoo Kay Peng	—	—	903,492,500	46.56
Yong Ming Sang	1,981,800	0.10	549,640	0.03
Ang Guan Seng	—	—	68,353,800	3.52
Ordinary shares of 50 sen each in MUI Properties Berhad				
Tan Sri Dato' Dr Khoo Kay Peng	—	—	540,612,661	70.75
Dr Ngui Chon Hee	30,000	negligible	84,000	0.01
Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad				
Tan Sri Dato' Dr Khoo Kay Peng	—	—	420,364,500	53.63
Tan Sri Dato' Md Khir Johari	94,082	0.01	219,000	0.03
Ordinary shares of RM1 each in Pan Malaysia Holdings Berhad				
Tan Sri Dato' Dr Khoo Kay Peng	—	—	588,109,498	63.31
Ordinary shares of RM1 each in MUI Continental Insurance Berhad				
Tan Sri Dato' Dr Khoo Kay Peng	—	—	81,733,500	81.71

Distribution Of Shareholders

Holdings	No. of Holders	%	No. of Shares	%
Less than 100	89	0.15	2,238	0.00
100 to 1,000	8,017	13.59	7,907,760	0.41
1,001 to 10,000	38,675	65.57	181,437,297	9.35
10,001 to 100,000	11,318	19.19	328,528,054	16.93
100,001 to less than 5% of issued shares	884	1.50	809,214,029	41.70
5% and above of issued shares	3	0.00	613,442,400	31.61
Total	58,986	100.00	1,940,531,778	100.00



Thirty (30) Largest Securities Accounts Holders

<i>Name</i>	<i>No. of Shares</i>	<i>%</i>
1. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Serveast Trading Sdn Bhd	258,054,400	13.30
2. Pan Malaysian Industries Berhad	199,490,000	10.28
3. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Favourmark Corporation Sdn Bhd	155,898,000	8.03
4. Mayban Nominees (Asing) Sdn Bhd - Maybank International (L) Ltd, Labuan for Pamford Limited	88,392,000	4.56
5. Plenary Investments Pte Ltd	67,038,800	3.45
6. Permodalan Nasional Berhad	64,000,000	3.30
7. Rigap Prima Sdn Bhd	46,000,000	2.37
8. Peak Meadow Sdn Bhd	45,846,100	2.36
9. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Good Proffer Sdn Bhd	34,083,000	1.76
10. PM Nominees (Asing) Sdn Bhd - Morning Star Securities Limited for Morning Star Financial Services Limited	23,584,000	1.21
11. Nada Saujana Sdn Bhd	22,830,000	1.18
12. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Kiwiton Sdn Bhd	20,000,000	1.03
13. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Scopebright (M) Sdn Bhd	20,000,000	1.03
14. RC Nominees (Tempatan) Sdn Bhd - Hope Foundation	19,370,000	1.00
15. PM Nominees (Tempatan) Sdn Bhd - Morning Star Securities Limited for Hope Foundation	11,550,000	0.60
16. UOBM Nominees (Asing) Sdn Bhd - Securities Account for Prime View International Limited	10,000,000	0.52
17. PAB Nominee (Tempatan) Sdn Bhd - Securities Account for KOP Mantap Sdn Bhd	10,000,000	0.52
18. Lembaga Tabung Angkatan Tentera	9,069,900	0.47
19. UOBM Nominees (Tempatan) Sdn Bhd - Securities Account for Hope Foundation	8,500,000	0.44
20. PM Nominees (Asing) Sdn Bhd - Morning Star Securities Limited for Prime View International Limited	8,040,000	0.41
21. True Benefits Sdn Bhd	7,432,000	0.38
22. Lee Sui Hee	6,791,500	0.35
23. Employees Provident Fund Board	6,524,000	0.34
24. Milikita Sdn Bhd	5,279,000	0.27
25. Ke-Zan Nominees (Asing) Sdn Bhd - Kim Eng Securities Pte Ltd for Glen Holdings (Pte) Ltd	4,674,000	0.24
26. Menteri Kewangan Malaysia	4,120,117	0.21
27. Bank Kerjasama Rakyat Malaysia Berhad - Securities Account for Yayasan Islam Negeri Kedah	3,332,500	0.17
28. Amanah Ikhtiar Malaysia	3,000,000	0.15
29. Eng Nominees (Asing) Sdn Bhd - Kim Eng Securities Pte Ltd for Ee Tai Ting	2,790,000	0.14
30. Youn-Wen & Brothers Sdn Bhd	2,750,000	0.14
Total	1,168,439,317	60.21

GROUP FINANCIAL HIGHLIGHTS FIVE-YEAR SUMMARY

As at 31 December	2003	2002	2001	2000	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, Plant & Equipment	2,981,989	2,897,154	2,843,471	603,253	655,023
Investment Properties	141,000	141,000	141,000	141,000	141,000
Investments	1,236,693	1,329,989	1,812,669	1,895,337	1,846,690
Net Current Assets	253,025	185,525 [☆]	299,058 [☆]	566,310 [☆]	638,684 [☆]
Intangibles & Goodwill	604,291	618,256	1,114,646	1,023,080	1,024,311
Deferred Tax Assets	15,456	14,111 [☆]	14,111 [☆]	14,111 [☆]	14,111 [☆]
	5,232,454	5,186,035	6,224,955	4,243,091	4,319,819

Financed By:-					
Share Capital	1,940,532	1,940,532	1,940,532	1,940,532	1,940,532
Reserves	(867,055)	(730,209) [☆]	183,066 [☆]	218,483 [☆]	305,534 [☆]
Minority Interests	1,593,042	1,553,130 [☆]	1,704,981 [☆]	1,814,771 [☆]	1,795,758 [☆]
Deferred & Long Term Liabilities	2,565,935	2,422,582 [☆]	2,396,376 [☆]	269,305 [☆]	277,995 [☆]
	5,232,454	5,186,035	6,224,955	4,243,091	4,319,819

Financial year ended 31 December	2003	2002	2001	2000	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,393,946	1,358,885	692,839	705,111	697,097
(Loss)/Profit Before Taxation	(160,394)[*]	(1,063,111) ^{☆☆}	35,257 [☆]	(12,263) [☆]	63,068 [☆]
(Loss)/Profit After Taxation	(168,936)[*]	(1,094,866) ^{☆☆}	(8,281) [☆]	(49,321) [☆]	58,259 [☆]
Net (Loss)/Profit For The Financial Year	(174,043)[*]	(996,893) ^{☆☆}	(35,700) [☆]	(71,086) [☆]	42,378 [☆]

^{*} Includes the recognition of impairment of assets in compliance with MASB 23 "Impairment of Assets" which was effective in the financial year ended 31 December 2002.

[☆] The prior year figures have been restated due to the prior year adjustments as detailed in Note 33 of the Notes to the Financial Statements.



DIRECTORS' REPORT

The Directors present herewith their report and audited financial statements of the Company and of the Group for the financial year ended 31 December 2003.

Principal Activities

The Company is an investment holding company. The principal activities of its subsidiary and associated companies are retailing, hotels, food & confectionery, property, financial services, and travel and tourism.

There have been no significant changes in the Groups' activities during the financial year.

Financial Results

	Group RM	Company RM
Profit from operations before exceptional items	152,969,499	18,604,138
Exceptional items		
– Impairment of assets in compliance with MASB 23	(47,341,558)	–
– Allowance for diminution in value of long term investments	(34,821,492)	–
– Allowance for doubtful debts on amounts owing by subsidiary companies	–	(115,589,655)
– Others	(29,791,389)	–
	(111,954,439)	(115,589,655)
Profit/(Loss) from operations after exceptional items	41,015,060	(96,985,517)
Finance cost	(238,760,583)	(3,313,411)
Share of results of associated companies	32,787,429	–
Share of results in joint ventures	4,564,039	–
Loss before taxation	(160,394,055)	(100,298,928)
Taxation	(8,542,416)	146,144
Loss after taxation	(168,936,471)	(100,152,784)
Minority interests	(5,106,934)	–
Net loss for the financial year	(174,043,405)	(100,152,784)

Movements In Reserves And Provisions

Material movements in reserves and provisions during the financial year are shown in the financial statements.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the financial year ended 31 December 2003.

DIRECTORS' REPORT (Cont'd)

Directors

The Directors of the Company in office since the date of the last report and at the date of this report are:-

Tan Sri Dato' Dr Khoo Kay Peng (Chairman & Chief Executive)

Tan Sri Dato' Md Khir Johari

Yong Ming Sang

Dr Ngui Chon Hee

Ang Guan Seng

Dato' Paduka Nik Hashim Nik Yusoff

Khet Kok Yin

Loy Yet King

Mohamad Faiz bin Abdul Hamid (Alternate to Yong Ming Sang)

None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, any interest in the shares of the Company and its related corporations except as stated below:-

Ordinary shares of RM1 each in Malayan United Industries Berhad	Number of shares			Balance at 31.12.2003
	Balance at 1.1.2003	Bought	Sold	
Tan Sri Dato' Dr Khoo Kay Peng				
Indirect	895,216,400	8,276,100	—	903,492,500
Yong Ming Sang				
Direct	1,981,800	—	—	1,981,800
Indirect	549,640	—	—	549,640
Ang Guan Seng				
Indirect	68,353,800	—	—	68,353,800
Ordinary shares of 50 sen each in MUI Properties Berhad	Number of shares			Balance at 31.12.2003
	Balance at 1.1.2003	Bought	Sold	
Tan Sri Dato' Dr Khoo Kay Peng				
Indirect	540,612,661	—	—	540,612,661
Dr Ngui Chon Hee				
Direct	30,000	—	—	30,000
Indirect	84,000	—	—	84,000



Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad	Number of shares		
	Balance at 1.1.2003	Bought	Sold
Tan Sri Dato' Dr Khoo Kay Peng			
Indirect	420,364,500	—	—
Tan Sri Dato' Md Khir Johari			
Direct	94,082	—	—
Indirect	219,000	—	—

Ordinary shares of RM1 each in Pan Malaysia Holdings Berhad	Number of shares		
	Balance at 1.1.2003	Bought	Sold
Tan Sri Dato' Dr Khoo Kay Peng			
Indirect	576,968,075	11,141,423	—

Ordinary shares of RM1 each in MUI Continental Insurance Berhad	Number of shares		
	Balance at 1.1.2003	Bought	Sold
Tan Sri Dato' Dr Khoo Kay Peng			
Indirect	81,733,500	—	—

By virtue of his deemed interests in the shares of the Company, Tan Sri Dato' Dr Khoo Kay Peng is deemed to have an interest in the shares of all the other subsidiary companies of the Company to the extent that the Company has an interest.

In accordance with Section 129(2) of the Companies Act, 1965, Tan Sri Dato' Md Khir Johari, Mr Yong Ming Sang and Dr Ngui Chon Hee retire from the Board at the forthcoming Annual General Meeting, and the Directors recommend their re-appointment under Section 129(6) of the said Act.

Pursuant to Article 109 of the Company's Articles of Association, Mr Loy Yet King retires from the Board at the forthcoming Annual General Meeting, and he being eligible, offers himself for re-election.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement, to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (Cont'd)

Other Statutory Information

- (a) In the opinion of the Directors:-
 - (i) the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 6 to the financial statements;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made; and
 - (iii) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company or of the Group to meet their obligations as and when they fall due.
- (b) Before the income statements and balance sheets of the Company and of the Group were made out, the Directors took reasonable steps:-
 - (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (c) At the date of this report, the Directors are not aware of any circumstances which would render:-
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company and of the Group inadequate to any material extent; and
 - (ii) the values attributed to current assets in the financial statements of the Company and of the Group misleading.
- (d) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.
- (e) At the date of this report there does not exist:-
 - (i) any charge on the assets of the Company or of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Company or of the Group which has arisen since the end of the financial year.



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

Significant Corporate Developments

The significant corporate developments are disclosed in Note 38 to the financial statements.

Auditors

The auditors, BDO Binder, have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board in accordance
with a resolution by the Directors

Khet Kok Yin

Dr Ngui Chon Hee

Kuala Lumpur
30 April 2004

INCOME STATEMENTS

For the financial year ended 31 December 2003

		Group		Company	
	Note	2003 RM	2002 RM	2003 RM	2002 RM
Revenue	5	1,393,945,881	1,358,884,641	19,963,001	22,495,920
Cost of sales		(915,893,572)	(1,005,459,380)	–	–
Gross profit		478,052,309	353,425,261	19,963,001	22,495,920
Other operating income		43,333,609	42,832,360	–	–
Distribution costs		(22,753,297)	(19,496,545)	–	–
Administrative expenses		(303,886,264)	(182,897,453)*	(1,358,863)	(1,781,748)
Other operating expenses		(41,776,858)	(56,375,373)	–	–
Profit from operations before exceptional items		152,969,499	137,488,250	18,604,138	20,714,172
Exceptional items	6				
– Impairment of assets in compliance with MASB 23 [Footnote (i)]		(47,341,558)	(742,388,072)	–	(157,147,211)
– Allowance for diminution in value of long term investments		(34,821,492)	(133,067,333)	–	–
– Allowance for doubtful debts on amounts owing by subsidiary companies		–	–	(115,589,655)	(553,299,822)
– Others		(29,791,389)	39,688,543	–	–
		(111,954,439)	(835,766,862)	(115,589,655)	(710,447,033)
Profit/(Loss) from operations after exceptional items		41,015,060	(698,278,612)	(96,985,517)	(689,732,861)
Finance cost		(238,760,583)	(227,199,960)	(3,313,411)	(2,336,740)
Share of results of associated companies					
– Operating results		32,787,429	(60,394,552)	–	–
– Impairment of assets in compliance with MASB 23 [Footnote (ii)]		–	(80,570,000)	–	–
		32,787,429	(140,964,552)	–	–
Share of results in joint ventures	14	4,564,039	3,331,935	–	–
Loss before taxation	7	(160,394,055)	(1,063,111,189)	(100,298,928)	(692,069,601)
Taxation	8	(8,542,416)	(31,754,505)*	146,144	(4,961,498)
Loss after taxation		(168,936,471)	(1,094,865,694)	(100,152,784)	(697,031,099)
Minority interests		(5,106,934)	97,972,527*	–	–
Net Loss For The Financial Year		(174,043,405)	(996,893,167)	(100,152,784)	(697,031,099)
Loss Per Share	9	Sen (8.97)	Sen (51.37)		

Footnote:-

(i) The recognition of impairment of assets is in compliance with MASB 23 "Impairment of Assets" which became operative in the financial year ended 31 December 2002. The details of the impairment are included in Note 6 of the Notes to Financial Statements.

(ii) The share of impairment of assets of associated companies is in respect of their impairment of assets recognised during the financial year ended 31 December 2002 in compliance with MASB 23.

* These comparative figures have been restated due to the prior year adjustments as detailed in Note 33 of the Notes to Financial Statements.

The attached notes form an integral part of these financial statements.



BALANCE SHEETS

As at 31 December 2003

		Group		Company	
	Note	2003 RM	2002 RM	2003 RM	2002 RM
Property, Plant And Equipment	10	2,981,988,515	2,897,154,048	—	—
Investment Properties	11	141,000,000	141,000,000	—	—
Subsidiary Companies	12	—	—	1,116,857,669	1,116,857,669
Associated Companies	13	708,847,563	625,920,869	—	—
Joint Venture	14	18,376,171	9,402,047	—	—
Investments	15	454,353,495	629,786,678	—	—
Development Properties And Expenditure	16	55,116,025	64,878,959	—	—
Intangible Assets		144,037,021	144,037,021	—	—
Goodwill On Consolidation	17	460,253,504	474,219,025	—	—
Deferred Tax Assets	31	15,456,182	14,111,000*	—	—
Current Assets					
Development properties and expenditure	16	105,066,309	127,638,973	—	—
Inventories	18	68,633,433	54,610,955	—	—
Trade and other receivables	19	655,164,396	724,842,969	744,043,190	855,686,593
Amounts owing by brokers and clients	20	187,354,233	31,876,721	—	—
Government securities and bonds	21	28,040,397	29,583,615	—	—
Short term investments	22	34,167,042	23,157,360	—	—
Tax recoverable		23,704,272	34,665,749	—	—
Deposits, bank balances and cash	23	910,577,860	866,660,578	264,057	309,278
		2,012,707,942	1,893,036,920	744,307,247	855,995,871
Less: Current Liabilities					
Trade and other payables	24	420,953,299	304,384,316	103,815	124,533
Provisions	25	46,947,542	44,858,057*	—	—
Borrowings	26	1,266,599,114	1,300,966,661	20,000,000	20,000,000
Redeemable Convertible Bond	29	1,000,000	—	—	—
Provision for taxation		24,182,822	57,302,403	16,848,219	30,163,341
		1,759,682,777	1,707,511,437	36,952,034	50,287,874
Net Current Assets		253,025,165	185,525,483	707,355,213	805,707,997
		5,232,453,641	5,186,035,130	1,824,212,882	1,922,565,666
Financed By:-					
Share Capital	27	1,940,531,778	1,940,531,778	1,940,531,778	1,940,531,778
Reserves	28	(892,713,840)	(750,083,266)*	(150,712,869)	(50,560,085)
		1,047,817,938	1,190,448,512	1,789,818,909	1,889,971,693
Shareholders' Funds		1,593,042,159	1,553,130,170*	—	—
Minority Interests		—	—	—	—
Reserves For Unearned Premium		25,658,823	19,873,989	—	—
Redeemable Convertible Bond	29	—	1,000,000	—	—
Deferred And Long Term Liabilities					
Borrowings	26	2,383,468,220	2,242,299,771	—	—
Employee benefits	30	2,861,601	2,436,959*	—	—
Deferred liabilities	31	179,604,900	176,845,729*	—	—
Amount owing to subsidiary company	32	—	—	34,393,973	32,593,973
		2,565,934,721	2,421,582,459	34,393,973	32,593,973
		5,232,453,641	5,186,035,130	1,824,212,882	1,922,565,666

* These comparative figures have been restated due to the prior year adjustments as detailed in Note 33 of the Notes to Financial Statements.

The attached notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2003

Group

	Note	Non-Distributable				Distributable		Total RM
		Share Capital RM	Share Premium RM	Revaluation Reserve RM	Exchange Fluctuation Reserve RM	Capital Reserve RM	General Reserve RM	Accumulated Losses RM
At 1 January 2002								
- as previously stated		1,940,531,778	220,305,408	27,429,774	37,116,025	40,449,870	25,257,587	(184,684,778)
- prior year adjustments	33	-	-	-	-	(8,355,033)	-	9,411,530
- as restated		1,940,531,778	220,305,408	27,429,774	37,116,025	32,094,837	25,257,587	(175,273,248)
Group's share of post-acquisition reserves of associated companies		-	-	-	9,312,902	2,545,131	-	-
Difference on translation of net assets of overseas subsidiary and associated companies		-	-	-	40,652,936	-	-	-
Net profit not recognised in income statement		-	-	-	49,965,838	2,545,131	-	-
Reserves realised on the sale of investment in a subsidiary company		-	-	-	982,297	(9,033,536)	-	8,051,239
Reserves arising from investment in a subsidiary company's ICPS*		-	-	-	-	27,368,549	-	-
Redemption of preferences shares in a subsidiary company		-	-	-	-	12,637,588	-	(12,637,588)
Net loss for the financial year		-	-	-	-	-	-	(996,505,581)
- as previously stated		-	-	-	-	-	-	(387,586)
- prior year adjustments	33	-	-	-	-	-	-	(996,893,167)
- as restated		-	-	-	-	-	-	(996,893,167)
At 31 December 2002		1,940,531,778	220,305,408	27,429,774	88,064,160	65,612,569	25,257,587	(1,176,752,764)
At 1 January 2003		1,940,531,778	220,305,408	27,429,774	88,064,160	73,967,602	25,257,587	(1,185,776,708)
- as previously stated		-	-	-	-	(8,355,033)	-	9,023,944
- prior year adjustments	33	-	-	-	-	-	-	(1,176,752,764)
- as restated		1,940,531,778	220,305,408	27,429,774	88,064,160	65,612,569	25,257,587	(1,176,752,764)
Group's share of post-acquisition reserves of associated companies		-	-	-	5,165,972	-	-	-
Difference on translation of net assets of overseas subsidiary and associated companies		-	-	-	27,348,750	-	-	-
Impairment on property		-	-	-	-	(1,530,404)	-	-
Reversal of deferred tax		-	-	-	-	428,513	-	-
Net profit/(loss) not recognised in income statement		-	-	-	32,514,722	(1,101,891)	-	-
Net loss for the financial year		-	-	-	-	-	-	(174,043,405)
At 31 December 2003		1,940,531,778	220,305,408	27,429,774	120,578,882	64,510,678	25,257,587	(1,350,796,169)

* ICPS refers to Irredeemable Convertible Preference Shares

Company

	Non-Distributable			Distributable		Total RM
	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Unappropriated Profits/ (Accumulated Losses) RM		
At 1 January 2002	1,940,531,778	220,305,408	26,263,702	399,901,904		2,587,002,792
Net loss for the financial year	-	-	-	(697,031,099)		(697,031,099)
At 31 December 2002	1,940,531,778	220,305,408	26,263,702	(297,129,195)		1,889,971,693
At 1 January 2003	1,940,531,778	220,305,408	26,263,702	(297,129,195)		1,889,971,693
Net loss for the financial year	-	-	-	(100,152,784)		(100,152,784)
At 31 December 2003	1,940,531,778	220,305,408	26,263,702	(397,281,979)		1,789,818,909

The attached notes form an integral part of these financial statements.



CASH FLOW STATEMENTS

For the financial year ended 31 December 2003

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Loss before taxation	(160,394,055)	(1,063,111,189)	(100,298,928)	(692,069,601)
Adjustments for:-				
Exceptional items <i>[See (b) page 58]</i>	118,157,259	837,030,931	115,589,655	710,447,033
(Accretion of discounts) net of amortisation of premiums on government securities and bonds	(209,593)	428,518	—	—
(Writeback of)/Allowance for doubtful debts	(4,934,699)	2,828,911	—	—
Depreciation	78,458,995	76,390,174	—	—
Plant and equipment written off	1,058,973	437,692	—	—
Interest expense	238,760,583	227,199,960	3,313,411	2,336,740
Dividend income	(5,282,356)	(8,913,372)	(14,736,587)	(17,042,982)
Interest income	(61,760,932)	(62,388,485)	(5,226,414)	(5,452,938)
Investments written off	—	1,556,536	—	—
Gain on disposal of plant and equipment	(43,931)	(304,423)	—	—
(Gain)/Loss on disposal of short term investments	(1,737,696)	515,335	—	—
(Writeback of)/Allowance for diminution in value of short term investments	(4,931,205)	10,268	—	—
Provision for employee benefits	1,101,144	481,607	—	—
Reserves for unearned premiums	5,784,834	3,350,913	—	—
Share of results of associated companies	(32,787,429)	140,964,552	—	—
Share of results of joint ventures	(4,564,039)	(3,331,935)	—	—
Operating profit/(loss) before working capital changes	166,675,853	153,145,993	(1,358,863)	(1,781,748)
Increase in short term investments	(15,793,556)	(4,575,254)	—	—
(Increase)/Decrease in inventories	(633,478)	4,324,828	—	—
(Increase)/Decrease in receivables and amounts owing by brokers and clients	(206,519,381)	(24,316,885)	(16,991,917)	13,477
Increase/(Decrease) in payables	120,400,072	(21,383,468)	(20,718)	55,707
Cash generated from/(used in) operations	64,129,510	107,195,214	(18,371,498)	(1,712,564)
Deposits received from dealers and remisers maintained as trust monies	(5,234,434)	(1,263,690)	—	—
Interest paid	(204,681,570)	(227,548,037)	(1,513,411)	(536,740)
Interest received	61,760,932	62,388,485	2,730,699	8,675
Employee benefits paid	(682,780)	(108,954)	—	—
Tax refund	6,910,185	7,735,137	—	—
Tax paid	(49,987,518)	(60,421,860)	(11,560,349)	(17,040,543)
Net cash used in operating activities	(127,785,675)	(112,023,705)	(28,714,559)	(19,281,172)

CASH FLOW STATEMENTS (Cont'd)

For the financial year ended 31 December 2003

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Cash Flows From Investing Activities				
Advances to subsidiary companies	–	–	(24,150,577)	(60,627,669)
Repayments from subsidiary companies	–	–	39,222,392	47,618,759
Dividends received	16,196,327	8,913,372	13,597,523	12,270,947
Purchase of investments in associated companies	–	(53,340)	–	–
Purchase of investments in subsidiary companies	(11,164,506)	(19,351,083)	–	–
Purchase of government bonds and securities	(19,385,493)	(3,258,600)	–	–
Purchase of property, plant and equipment and development expenditure incurred	(33,391,089)	(72,295,684)	–	–
Proceeds from disposal of joint venture	–	7,939,517	–	–
Proceeds from disposal of subsidiary companies [See (c) page 59]	247,697	27,633,635	–	–
Proceeds from disposal of other investments	142,235,876	37,705,643	–	–
Proceeds from disposal of government bonds and securities	21,138,304	4,980,000	–	–
Proceeds from disposal of property, plant and equipment	160,092,432	77,678,828	–	–
Proceeds from winding up of an associated company	60,715	–	–	–
Subscription of rights issue of associated company	(78,746,003)	–	–	–
Placement of term deposits with licensed companies as sinking funds	(192,768,324)	(198,136,396)*	–	–
Capital distribution from investments	897,868	–	–	–
Bank overdrafts net of deposits, bank balances and cash disposed of on disposal of subsidiary companies [See (c) page 59]	812,266	657,242	–	–
Bank balances and cash of subsidiary companies not consolidated [See (d) page 59]	–	(196,744)	–	–
Net cash generated from/(used in) investing activities	6,226,070	(127,783,610)	28,669,338	(737,963)



For the financial year ended 31 December 2003

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Cash Flows From Financing Activities				
Proceeds from issue of shares to minority shareholders in subsidiary companies	16,122,020	–	–	–
Proceeds from drawdown of term loans and utilisation of revolving credits	281,953,375	106,831,969	–	20,000,000
Repayment of bank borrowings	(371,142,675)	(183,951,678)	–	–
Dividends paid to minority shareholders of subsidiary companies	(4,868,963)	(18,492,315)	–	–
Share issue expenses of a subsidiary company	(145,543)	–	–	–
Net cash (used in)/generated from financing activities	(78,081,786)	(95,612,024)	–	20,000,000
Effects of exchange rate changes	19,478,726	1,137,584	–	–
Net decrease in cash and cash equivalents	(180,162,665)	(334,281,755)	(45,221)	(19,135)
Cash and cash equivalents as at 1 January:-				
As previously stated	464,242,289	771,535,842	309,278	328,413
Effect of exchange rate changes on cash and cash equivalents	21,326,293	26,988,202	–	–
As restated	485,568,582	798,524,044	309,278	328,413
Cash and cash equivalents as at 31 December [See (a) below]	305,405,917	464,242,289	264,057	309,278

(a) Cash and cash equivalents consist of the following:-

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Deposits, bank balances and cash	910,577,860	866,660,578	264,057	309,278
Bank overdrafts	(200,483,957)	(195,733,061)	–	–
	710,093,903	670,927,517	264,057	309,278
Less: Term deposits with licensed companies as sinking funds	(390,904,720)	(198,136,396)*	–	–
Less: Dealers' and remisiers' deposits maintained as trust monies included in:-				
– bank balances and cash	(2,475,061)	(1,381,634)	–	–
– term and call deposits	(11,308,205)	(7,167,198)	–	–
	(13,783,266)	(8,548,832)	–	–
	305,405,917	464,242,289	264,057	309,278

CASH FLOW STATEMENTS (Cont'd)

For the financial year ended 31 December 2003

(b) Exceptional items as presented in the cash flow statements comprise:-

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Impairment of assets in compliance with MASB 23:-				
– goodwill	(18,334,000)	(500,557,000)	–	–
– investments in associated companies	(8,380,271)	(221,998,861)	–	–
– property, plant and equipment	(6,970,273)	(19,832,211)	–	–
– development property	(13,657,014)	–	–	–
– investments in subsidiary companies	–	–	–	(157,147,211)
	(47,341,558)	(742,388,072)	–	(157,147,211)
Allowance for diminution in value of long term investments	(34,821,492)	(133,067,333)	–	–
Allowance for doubtful debts on amounts owing by subsidiary companies	–	–	(115,589,655)	(553,299,822)
(Allowance for)/Writeback of doubtful debts	(122,103,141)	2,045,065	–	–
Bad debts written off	(1,639,605)	(1,293,649)	–	–
Unrealised gain in foreign exchange	94,539,728	38,635,061	–	–
Gain on disposal of properties	5,665,734	12,899,066	–	–
Gain on disposal of joint venture	–	2,604,720	–	–
Gain on settlement and assignment of debts by a subsidiary company	–	1,916,802	–	–
Interest waived	34,354,158	757,261	–	–
Loss on dilution of interest in an associated company	(9,345,846)	–	–	–
Loss on disposal of other investments	(34,944,709)	(20,029,725)	–	–
Loss on disposal of subsidiary companies	(2,581,846)	(330,133)	–	–
Surplus on winding up of an associated company	61,318	–	–	–
Surplus arising from subsidiary companies not consolidated	–	1,220,006	–	–
	(118,157,259)	(837,030,931)	(115,589,655)	(710,447,033)



For the financial year ended 31 December 2003

(c) The effects of the disposal of subsidiary companies are analysed as follows:-

	Group	
	2003	2002
	RM	RM
Assets and liabilities disposed:-		
Property, plant and equipment	5,411,388	38,577,478
Inventories	1,091,204	–
Trade and other receivables	1,912,395	1,335,269
Short term investments	–	4
Deposits, bank balances and cash	33,473	941,028
Goodwill on consolidation	–	4,088,817
Tax recoverable	55,788	–
Trade and other payables	(2,030,665)	(14,781,784)
Bank overdrafts	(845,739)	(1,598,270)
Taxation	–	(4)
Deferred and long term liabilities	(2,798,301)	(598,770)
Net assets disposed	2,829,543	27,963,768
Loss on disposal of subsidiary companies	(2,581,846)	(330,133)
Net proceeds received	247,697	27,633,635

(d) The effects of subsidiary companies under winding up not consolidated in the previous financial year are analysed as follows:-

	Group
	2002
	RM
Assets and liabilities not consolidated	
Property, plant and equipment	3,974,825
Trade and other receivables	29,452
Trade and other payables	(5,203,995)
Taxation	(215,000)
Minority interests	(2,032)
Surplus arising from subsidiary companies not consolidated	1,220,006
Bank balances and cash of subsidiary companies not consolidated	(196,744)

Note

* These comparative figures have been reclassified to conform with current year's presentation.

The attached notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

1. Principal Activities And General Information

The principal activity of the Company is investment holding whilst that of its subsidiary and associated companies are primarily engaged in retailing, hotels, food and confectionery, property, financial services, and travel and tourism. There have been no significant changes in the Group's principal activities during the financial year.

The number of employees in the Group as at 31 December 2003 is approximately 11,000 (2002 : 13,000).

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

The registered office of the Company is at 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

2. Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its financial risks. The Board reviews and adopts policies for managing the financial risks and the Group's policy is generally not to engage in speculative transactions.

The main areas of the financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows:-

(a) Foreign Currency Risk

The Group is exposed to foreign currency risk as a result of its normal operations, both external and intra-Group where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group's policy is to minimise the exposure of overseas operating subsidiary companies to transaction risk by matching local currency income against local currency costs.

(b) Interest Rate Risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

(c) Credit Risk

This is the risk that a counter party is unable to pay its debts or meet its obligations. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Term and call deposits and bank balances are held with financial institutions of good standing.

The management believes that concentration of credit risk is limited due to ongoing credit evaluations on all customers and maintaining an allowance for doubtful debts, which management believes will adequately provide for potential credit risks.

(d) Market Risk

The Group's principal exposure to market risk arises mainly from the changes in equity prices. Equity investments classified as current assets are available for sale and the Group manages disposal of its investments to optimise returns on realisation.



(c) Liquidity and Cash Flow Risks

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected borrowing needs are covered by committed facilities and also to ensure that the amount of debt maturing in any one year is within the Group's means to repay and refinance.

3. Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Company and of the Group have been prepared under the historical cost convention (as modified by the revaluation of land and buildings, investment properties and investments in certain subsidiary companies) unless otherwise indicated in the accounting policies.

The preparation of financial statements in conformity with 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 reporting period. Actual results could differ from those estimates.

The new accounting standards adopted in these financial statements include MASB 25 "Income Taxes", MASB 27 "Borrowing Costs", MASB 28 "Discontinuing Operations" and MASB 29 "Employee Benefits".

With the exception of MASB 25 and MASB 29 (see Note 33), there are no changes in accounting policies that affect net profit or shareholders' fund or changes in comparatives.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies for the financial year ended 31 December 2003, with the exception of those subsidiary companies referred to in Note 12. Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated using the acquisition method of accounting. Under this method, the results of the subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the Group financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiary companies' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation. Any negative goodwill arises from consolidation shall be deducted against the goodwill on consolidation. Goodwill on consolidation is stated at cost less impairment losses, if any.

Minority interest is measured at the minorities' share of net results and of net assets of subsidiary companies attributable to interests which are not owned, directly or indirectly through subsidiary companies, by the Company.

All intercompany transactions, balances and unrealised gains or transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

3. Significant Accounting Policies (cont'd)

(c) Associated Companies

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Associated companies are companies in which the Group exercises significant influence over the financial and operating policies of the investee company.

Equity accounting involves recognising in the income statement the Group's share of the results of associated companies for the period. The Group's investments in associated companies are carried in the balance sheet at an amount that includes the Group's share of post-acquisition reserves and retained earnings less losses which reflects the Group's share of the net assets of the associated companies and goodwill on acquisition. The goodwill on acquisition of associated companies is the difference between the cost of acquisition over the fair values of the Group's share of the net assets of the associated companies at the date of acquisition.

The results and reserves of the associated companies are based on the latest available audited or management financial statements.

(d) Joint Ventures

Investments in joint ventures are accounted for in the consolidated financial statements by the equity method of accounting. The joint ventures are jointly controlled entities over which there is contractually agreed sharing of control by the Group with one or more parties.

Equity accounting involves recognising in the income statement the Group's share of the results of joint ventures for the period. The Group's investments in joint ventures are carried in the balance sheet at an amount that reflects its share of the net assets of the joint ventures and includes goodwill or reserves on acquisition.

(e) Ordinary Shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to the income statement. Dividends to shareholders are recognised in equity in the period in which they are declared.

(f) Intangible Assets

Intangible assets relate to cost incurred on acquisition of stockbroking licences to enable the stockbroking subsidiary company to fulfil the requisite criteria of a "Universal Broker". Intangible assets are stated at cost less impairment losses, if any.

(g) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when known. Specific allowance is made for those debts considered doubtful. In respect of the stockbroking subsidiary companies, allowance for doubtful debts is made in accordance with the Rules of Bursa Malaysia.

(h) Investments

Investments in subsidiary companies, associated companies and joint ventures held on a long term basis are stated at cost, except for certain investments in subsidiary companies which are stated at valuation, less impairment losses, if any.

Investments in other long term investments are stated 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.



Malaysian Government Securities and Bonds are stated at cost adjusted for amortisation of premiums or accretion of discounts to maturity date.

(i) Investment Properties

Investment properties, principally comprising office buildings, are held for long term rental yields.

The Group has not adopted a policy of regular revaluation. However, the Directors periodically assess the carrying value of its investment properties based upon the advice of professional valuers. Where an indication of impairment exists, the carrying value of an investment property is assessed and written down to its recoverable amount.

(j) Property, Plant and Equipment

The gross carrying amounts of property, plant and equipment are initially measured at cost. Land and buildings which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is not depreciated. Leasehold land is amortised in equal instalments over the period of the lease ranging from 11 to 150 years.

All other property, plant and equipment are depreciated on a straight line basis to write off the costs of the assets over their estimated useful lives at the following annual rates:-

	%
Buildings	0.7 to 2.5
Plant & machinery	4 to 10
Motor vehicles	15 to 30
Furniture, fittings & equipment	5 to 33.3
Renovation	5 to 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 an asset is assessed and written down immediately to its recoverable amount.

(k) Liabilities

Trade and other payables are stated at costs which is the fair value of the consideration to be paid in the future for goods and services received. Borrowings are interests-bearing and are recorded at the amount of proceeds received, net of transaction costs.

(l) Leases and Hire-Purchase Commitments

Assets under finance leases and hire-purchase contracts which in substance transfer the risks and benefits of ownership of the assets to the Group have been capitalised under property, plant and equipment and the corresponding liabilities are taken up under lease and hire-purchase creditors. The assets are depreciated on the same basis as that of the Group's other assets. The finance charges are allocated to the income statement so as to give a constant periodic rate of charge on the remaining leases and hire-purchase liabilities.

Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statement as incurred.

3. Significant Accounting Policies (cont'd)

(m) General Insurance Underwriting Results

The general insurance underwriting results, other than those arising from inward treaty business, are determined for each class of business after taking into account inter alia reinsurances, commissions, unearned premiums and claims incurred.

Premium is recognised in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers while facultative reinsurance premiums are recognised on inception date.

Underwriting results relating to reinsurance inward treaty transactions, regardless of the underwriting years to which they pertain, are included in current operations to the extent that such transactions are reported by the brokers and reinsurers in their statements of accounts received by the Group as at the end of the financial year.

The unearned premium reserve ("UPR") represent the portion of net premium of insurance policies written that relate to the unexpired period of the policies at the end of the financial year. UPR is computed on the 25% method for marine business; 1/24th method for all other classes of general Malaysian business; and 1/8th method for all other classes of overseas inward treaty business.

The UPR calculation is adjusted for additional UPR as required under the guidelines issued by Bank Negara Malaysia in respect of premium ceded to overseas reinsurers.

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

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

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

(n) Provisions

Provisions, other than provision for outstanding insurance claims, are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(o) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.



Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) **Defined contribution plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(p) Income Taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principal, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(q) Short Term Investments

Short term investments are stated at the lower of cost and market value.

(r) Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances and cash, deposits, bank overdrafts and other short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

(s) Currency Translation

In the Group financial statements, assets and liabilities of overseas subsidiary companies are translated at exchange rates ruling at the balance sheet date. Income statement items are translated at average exchange rates for the financial year. All exchange differences are dealt with through the exchange fluctuation reserve account.

Foreign currency transactions in Group companies are accounted for at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date. 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.

3. Significant Accounting Policies (cont'd)

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

Foreign Currencies	31.12.2003	31.12.2002
1 US Dollar	RM3.800	RM3.800
1 Singapore Dollar	RM2.232	RM2.192
1 Sterling Pound	RM6.756	RM6.093
1 Australian Dollar	RM2.845	RM2.153
1 Hong Kong Dollar	RM0.490	RM0.487

(t) Revenue Recognition

Revenue from sale of goods and rendering of services is recognised upon delivery of products and customer acceptance, if any, or performance of service, net of sales taxes and discounts.

Revenue from hotels is recognised upon occupancy of rooms and delivery of food and beverages.

Brokerage fees are recognised on accrual basis upon completion of the trading contract.

Interest income is recognised on an accrual basis. For the stockbroking subsidiary companies, where margin accounts and contra losses of share trading accounts are considered non-performing in accordance with the Rules of Bursa Malaysia, the recognition of interest income is suspended. In this case, interest income is recognised upon receipt until all arrears have been paid.

Revenue from development properties is recognised on percentage of completion method in cases where the outcome of the development can be reliably estimated. Anticipated losses are provided for in full.

Property rental income is recognised on an accrual basis.

Dividend from subsidiary and associated companies and other investments are included in the income statements of the Company and the Group when the shareholder's right to receive payment is established.

Underwriting commission is recognised on an accrual basis once the underwriting exercise is concluded.

Corporate finance and advisory fees are recognised progressively in accordance with the terms of engagement.

(u) Development Property and Expenditure

Development property and expenditure includes the cost of land held for development, related development costs common to the whole development project, direct costs of construction and where applicable attributable profit on construction in progress and less progress billings and impairment losses, if any.

Costs charged to income statement in respect of completed properties sold comprise all direct costs of construction and related land and development costs.

The portion of the development property and expenditure relating to projects where development works have been undertaken and are expected to be completed within the normal operating cycle, is shown as current assets.



(v) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to its present location and condition. Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation.

Completed properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and comprises cost of land, construction and appropriate development overheads.

(w) Impairment of Assets

The carrying amounts of the Group's assets, other than inventories and financial assets (other than investments in subsidiaries, associated companies and joint ventures), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued assets where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(x) Capitalisation of Borrowing Costs

Borrowing costs incurred 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. Borrowing costs incurred to finance property development activities are accounted for in a similar manner. All other borrowing costs are expensed.

(y) Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and bank borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

4. Authorisation For Issue Of Financial Statements

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 30 April 2004.

5. Revenue

Revenue of the Group and of the Company comprise the following:-

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Revenue from hotel operations	819,113,694	832,352,796	—	—
Sales of goods	348,785,530	319,961,632	—	—
Gross written insurance premium	103,534,607	89,404,874	—	—
Income from sales of tickets and travel related services	25,024,382	30,638,572	—	—
Income recognised on property development	28,351,887	24,574,617	—	—
Interest income	25,508,744	24,360,921	5,226,414	5,452,938
Brokerage fees	27,510,380	13,482,537	—	—
Property rental income	8,132,053	8,466,363	—	—
Dividend income	4,469,754	4,722,872	14,736,587	17,042,982
Corporate advisory fees, underwriting commission & other commissions	3,428,781	1,822,761	—	—
Education fees	—	8,780,893	—	—
Others*	86,069	315,803	—	—
	1,393,945,881	1,358,884,641	19,963,001	22,495,920

* Comprise mainly revenue from share registration and secretarial services, computer related services and equipment rental.

6. Exceptional Items

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Impairment of assets in compliance with MASB 23				
– goodwill	(18,334,000)	(500,557,000)	—	—
– investments in associated companies	(8,380,271)	(221,998,861)	—	—
– property, plant and equipment	(6,970,273)	(19,832,211)	—	—
– development properties	(13,657,014)	—	—	—
– investments in subsidiary companies	—	—	—	(157,147,211)
	(47,341,558)	(742,388,072)	—	(157,147,211)
Allowance for diminution in value of long term investments	(34,821,492)	(133,067,333)	—	—
Allowance for doubtful debts on amounts owing by subsidiary companies	—	—	(115,589,655)	(553,299,822)
(Allowance for)/Writeback of doubtful debts	(122,103,141)	2,045,065	—	—
Bad debts written off	(1,639,605)	(1,293,649)	—	—
Bad debts recovered	6,460,294	1,192,437	—	—



	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Gain/(Loss) in foreign exchange				
– unrealised	94,539,728	38,635,061	–	–
– realised	(257,474)	71,632	–	–
Gain on disposal of properties	5,665,734	12,899,066	–	–
Gain on disposal of joint ventures	–	2,604,720	–	–
Gain on settlement and assignment of debts	–	1,916,802	–	–
Interest waived	34,354,158	757,261	–	–
Loss on dilution of interest in an associated company	(9,345,846)	–	–	–
Loss on disposal of other investments	(34,944,709)	(20,029,725)	–	–
Loss on disposal of subsidiary companies	(2,581,846)	(330,133)	–	–
Surplus on winding up of an associated company	61,318	–	–	–
Surplus arising from subsidiary companies not consolidated	–	1,220,006	–	–
	(111,954,439)	(835,766,862)	(115,589,655)	(710,447,033)

7. Loss Before Taxation

Loss before taxation is stated after charging:-

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Auditors' remuneration				
– current	2,433,997	2,240,204	51,000	50,000
– (over)/Under provision in prior years	(12,073)	(22,059)	1,000	–
Allowance for diminution in value of short term investments	190,510	10,268	–	–
Allowance for doubtful debts	–	2,828,911	–	–
Amortisation of premiums net of accretion of discounts on government securities and bonds	–	428,518	–	–
Depreciation	78,458,995	76,390,174	–	–
Directors' remuneration:-				
Directors of the Company				
– fees	196,536	690,140	–	324,000
– other emoluments	4,649,570	5,212,837	255,000	322,000
– defined contribution plan	119,174	138,670	–	–
– benefits-in-kind	67,110	90,502	3,265	3,186
Other Directors				
– fees	573,295	1,337,069	–	–
– other emoluments	3,177,196	3,359,115	–	–
– benefits-in-kind	30,066	87,316	–	–
Interest expense				
– bank overdrafts	13,817,188	12,380,457	–	–
– term loans	71,855,794	77,239,937	–	–
– other borrowings	153,087,601	137,579,566	1,513,411	536,740
– subsidiary company	–	–	1,800,000	1,800,000

7. Loss Before Taxation (cont'd)

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Investment written off	—	1,556,536	—	—
Loss on disposal of short term investments	—	515,335	—	—
Plant and equipment written off	1,058,973	437,692	—	—
Provision for employee benefits (<i>net</i>)	1,101,144	481,607	—	—
Rental of buildings	3,269,604	4,916,009	—	—
Rental of equipment	1,734,400	2,830,846	—	—
Staff costs				
– Defined contribution plan	7,347,262	6,697,046	—	—
– Salary and wages and other costs	350,842,292	347,735,967	—	—
and after crediting:-				
Gross dividends				
Subsidiary companies				
– quoted in Malaysia	—	—	4,028,087	17,002,982
– unquoted	—	—	10,708,500	40,000
Other investments				
– quoted in Malaysia	713,942	715,158	—	—
– quoted overseas	4,523,414	8,153,214	—	—
– unquoted	45,000	45,000	—	—
Interest income				
– subsidiary companies	—	—	5,225,715	5,444,263
– government securities	1,748,998	1,547,942	—	—
– others	60,011,934	60,840,543	699	8,675
Accretion of discounts net of amortisation of premiums on government securities and bonds	209,593	—	—	—
Gain on disposal of short term investments	1,737,696	—	—	—
Gain on disposal of plant and equipment	43,931	304,423	—	—
Property rental income	6,368,989	6,051,376	—	—
Writeback of diminution in value of short term investments	5,121,715	—	—	—
Writeback of doubtful debts	4,934,699	—	—	—

The number of Directors of the Company whose remuneration during the financial year falls within the respective bands are as follows:-

	Number of Directors	
	2003	2002
Executive		
RM2,900,001 to RM2,950,000	1	—
RM3,450,001 to RM3,500,000	—	1
Non-executive		
Below RM50,000	2	2
RM50,001 to RM100,000	1	2
RM100,001 to RM150,000	—	1
RM500,001 to RM550,000	1	—
RM700,001 to RM750,000	—	1
RM1,400,001 to RM1,450,000	1	—
RM1,500,001 to RM1,550,000	—	1



8. Taxation

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Current taxation				
– Malaysia	23,428,486	28,160,020	1,157,176	4,972,460
– Foreign	2,725,788	7,379,598	–	–
Recoverable effect of tax credit in respect of dividends received from subsidiary companies	(3,990,886)	(11,544,634)	–	–
Deferred taxation (Note 31)	(14,820,697)	7,432,553	–	–
	7,342,691	31,427,537	1,157,176	4,972,460
Group's share of taxation of associated companies	2,465,012	1,062,512	–	–
Group's share of taxation of joint ventures	(2,764,220)	1,026,393	–	–
	7,043,483	33,516,442	1,157,176	4,972,460
Under/(Over) provision in respect of prior years	1,498,933	(1,761,937)	(1,303,320)	(10,962)
	8,542,416	31,754,505	(146,144)	4,961,498

A reconciliation between the average effective tax rate and the applicable tax rate to the loss before taxation of the Group and the Company is as follows:-

	Group		Company	
	2003	2002	2003	2002
	%	%	%	%
Tax at applicable tax rate on loss before taxation	(28.00)	(28.00)	(28.00)	(28.00)
Tax effects of:-				
Different tax rates in other countries	3.28	0.05	–	–
Changes in tax rates on opening deferred tax assets	(0.09)	0.01	–	–
Tax exempt income	(1.68)	(0.37)	–	–
Utilisation of current year's tax losses, capital allowances and reinvestment allowances	(0.14)	(0.53)	–	–
Movement in deferred tax assets not recognised during the financial year	(17.73)	(0.74)	–	–
Double tax deduction of certain expenses	–	(0.01)	–	–
Non-allowable expenses	72.51	33.35	32.80	28.81
Losses not available to set-off	6.96	0.74	–	–
Income not subject to tax	(30.72)	(1.34)	(3.65)	(0.09)
Average effective tax rate	4.39	3.16	1.15	0.72

9. Loss Per Share

Loss per share of the Group is calculated by dividing the net loss for the financial year of RM174,043,405 [2002 : RM996,893,167 (as restated - refer Note 33)] by the number of ordinary shares in issue during the financial year of 1,940,531,778 (2002 : 1,940,531,778).

10. Property, Plant And Equipment

Group

	Long Term		Short Term			Plant &		Motor		Furniture		Construction		Total	
	Freehold	Leasehold	Land	Land		Buildings	Machinery	Vehicles		Fittings &		Progress	Renovation	2003	2002
	RM	RM	RM	RM		RM	RM	RM		Equipment	RM	RM	RM	RM	RM
Cost or Valuation															
At 1 January	805,306,851	21,759,896	1,199,757	1,199,757		1,798,725,954	72,639,834	17,877,913		740,214,054		8,221,420	21,829,387	3,487,775,066	3,267,634,002
Exchange difference	77,300,184	(3,950)	3,169	3,169		187,362,839	(1,355,567)	97,629		77,693,486		199,733	-	341,297,523	292,033,178
Reclassifications	129,905	-	-	-		-	(2,704)	-		276,223		(403,424)	-	-	-
	882,736,940	21,755,946	1,202,926	1,202,926		1,986,088,793	71,281,563	17,975,542		818,183,763		8,017,729	21,829,387	3,829,072,589	3,559,667,180
Additions	-	-	-	-		10,760,842	948,442	91,396		20,834,225		15,840	487,397	33,138,142	67,484,020
Disposals	(47,175,466)	-	-	-		(89,272,217)	(23,111)	(1,765,789)		(48,983,879)		-	-	(187,220,462)	(84,212,822)
Written off	-	-	-	-		(50,986)	(3,695,045)	(307,894)		(1,301,733)		-	(840,264)	(6,195,922)	(608,534)
Disposal of subsidiary companies	(20,084)	-	-	-		(1,557,587)	(10,749,136)	(71,408)		(365,966)		-	-	(12,764,181)	(48,565,104)
Transfer from development properties	4,726,638	-	-	-		-	-	-		-		-	-	4,726,638	-
Subsidiary companies under winding up not consolidated	-	-	-	-		-	-	-		-		-	-	-	(5,989,674)
At 31 December	840,268,028	21,755,946	1,202,926	1,202,926		1,905,968,845	57,762,713	15,921,847		788,366,410		8,033,569	21,476,520	3,660,756,804	3,487,775,066
Accumulated Depreciation															
At 1 January	-	1,145,337	136,010	136,010		163,460,678	51,484,143	15,982,125		324,789,719		-	13,790,795	570,788,807	489,041,175
Exchange difference	-	(10,709)	11,612	11,612		15,511,129	(1,507,055)	97,779		38,196,523		-	-	52,299,279	37,268,258
Reclassifications	-	-	-	-		-	-	-		(10,015)		-	10,015	-	-
	-	1,134,628	147,622	147,622		178,971,807	49,977,088	16,079,904		362,976,227		-	13,800,810	623,088,086	526,309,433
Charge for the financial year	-	258,259	14,430	14,430		9,962,288	3,654,004	677,549		61,296,281		-	2,596,184	78,458,995	76,390,174
Disposals	-	-	-	-		(15,607,810)	(23,111)	(1,710,494)		(21,280,524)		-	-	(38,621,939)	(19,737,483)
Written off	-	-	-	-		-	(3,304,911)	(307,892)		(683,882)		-	(840,264)	(5,136,949)	(170,842)
Disposal of subsidiary companies	-	-	-	-		(548,949)	(6,464,656)	(53,556)		(285,632)		-	-	(7,352,793)	(9,987,626)
Subsidiary companies under winding up not consolidated	-	-	-	-		-	-	-		-		-	-	-	(2,014,849)
At 31 December	-	1,392,887	162,052	162,052		172,777,336	43,838,414	14,685,511		402,022,470		-	15,556,730	650,435,400	570,788,807
Accumulated Impairment															
At 1 January	7,242,211	-	-	-		12,590,000	-	-		-		-	-	19,832,211	-
Impairment for the financial year	-	-	-	-		3,500,678	3,630,129	-		1,369,871		-	-	8,500,678	19,832,211
At 31 December	7,242,211	-	-	-		16,090,678	3,630,129	-		1,369,871		-	-	28,332,889	19,832,211
Net Book Value															
At 31 December 2003	833,025,817	20,363,059	1,040,874	1,040,874		1,717,100,831	10,294,170	1,236,336		384,974,069		8,033,569	5,919,790	2,981,988,515	-
At 31 December 2002	798,064,640	20,614,559	1,063,747	1,063,747		1,622,675,276	21,155,691	1,895,788		415,424,335		8,221,420	8,038,592	-	2,897,154,048



- (a) Property, plant and equipment stated at valuation are as follows:-

	Group	
	2003	2002
	RM	RM
<i>Freehold land and buildings</i>		
Valuation in 1982	150,000	150,000
Valuation in 1983	91,412,937	91,412,937
Valuation in 1986	16,960,356	16,960,356
	108,523,293	108,523,293

The valuations for 1982 and 1983 were based on valuations by independent professional valuers whilst that for 1986 was based on valuation by the Directors. All valuations were on the basis of open market. The valuations have not been updated as the Group has not adopted a policy of regular revaluation. The said assets are stated at their valuation less accumulated depreciation. The carrying amounts of the said assets that would have carried at cost less accumulated depreciation cannot be determined from available records.

- (b) The impairment of the property, plant and equipment of the Group is recognised during the financial year to reflect its recoverable amount which is based on the estimated market value.
- (c) Certain land and buildings, furniture, fittings and equipment, and plant and machinery of the subsidiary companies with net book value totalling RM2,596,892,503 (2002 : RM2,460,827,039) are pledged to financial institutions for banking facilities granted to these subsidiary companies.
- (d) Plant and equipment of the Group with net book value totalling RM192,973 (2002 : RM375,403) have been acquired under hire-purchase and lease arrangement.

11. Investment Properties

	Group	
	2003	2002
	RM	RM
At Directors' valuation (1983)		
Freehold land	56,004,200	56,004,200
Building	84,995,800	84,995,800
	141,000,000	141,000,000

The valuation in 1983 was on the basis of open market.

The Group has not adopted a policy of regular revaluation. However, the Directors periodically assess the carrying value of the Group's investment properties based upon the advice of professional valuers. The investment properties are stated at valuation less impairment losses, if any.

Subsequent to the balance sheet date, the Group has entered into a sale and purchase agreement for the disposal of the investment properties as detailed in Note 38(g) for cash consideration of RM166,000,000. The proposed disposal is pending completion.

12. Subsidiary Companies

	<i>Company</i>	
	2003	2002
	RM	RM
Investments in subsidiary companies		
Quoted shares		
At cost	500,097,532	500,097,532
At Directors' valuation (1983)	56,529,299	56,529,299
	556,626,831	556,626,831
Unquoted shares		
At cost	692,373,946	692,373,946
At Directors' valuation:-		
– 1983	38,717,769	38,717,769
– 1987	6,900,000	6,900,000
	737,991,715	737,991,715
Total investments	1,294,618,546	1,294,618,546
Less: Impairment	(177,760,877)	(177,760,877)
	1,116,857,669	1,116,857,669
Market value of quoted shares	181,729,438	170,791,617

- (a) Certain investments in subsidiary companies are carried at revalued amounts based on valuations made by Directors in 1983 and 1987. The valuation of the quoted investments in subsidiary companies were based on the market values of the shares in the relevant subsidiary companies at that point in time, whereas the valuations of the unquoted investments in subsidiary companies were based on the adjusted net tangible assets of the relevant subsidiary companies. The valuations have not been updated as the Company has not adopted a policy of regular revaluation. As IAS 25 "Accounting For Investments" became operative in Malaysia for financial statements covering period beginning on or after 1 January 1993, the investments in subsidiary companies are stated at its previous valuations less impairment losses, if any.
- (b) The impairment of certain investments in subsidiary companies is recognised to reflect their recoverable amounts which are based on the net assets of each subsidiary company.
- (c) The consolidated financial statements do not deal with the following subsidiary companies:-

- Asia Entertainment Network Sdn Bhd
- ** GCIH (Singapore) Pte Ltd ("GSPL")
- * Grand Union General and Motor Insurance Company Limited ("GUGM")
- Grand Union Insurance Company Limited
- ** Heng's Food & Beverage Industries Pte Ltd ("HFBI")



Office Business Systems (Malacca) Sdn Bhd
Office Business Systems (Penang) Sdn Bhd
Office Business Systems Sdn Bhd
Pengkalen Building Materials Sdn Bhd
Pengkalen Electronics Industries Sdn Bhd
Pengkalen Engineering & Construction Sdn Bhd
Pengkalen Heights Sdn Bhd
Pengkalen Pasar Borong Sdn Bhd
Pengkalen Raya Sdn Bhd
Sensor Equipment Sdn Bhd
Technitone (M) Sdn Bhd

** Welland Investment Pte Ltd ("WIPL")

These companies are subsidiary companies of Pan Malaysia Holdings Berhad ("PM Holdings") and were placed under winding-up or receivership prior to 2002. The companies which were placed under receivership were also subsequently placed under winding-up.

* *GUGM was dissolved on 23 January 2003 pursuant to Section 266A(2) of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong consequent to the winding-up order made by the Hong Kong High Court against GUGM on 12 December 1990.*

** *GSPL, HFBI and WIPL which were under winding-up were dissolved on 9 June 2003 pursuant to Section 308(5) of the Companies Act, (Cap. 50) of the Laws of Singapore subsequent to their final meeting on 10 March 2003 and the lodgement by their liquidator of the returns in March 2003.*

- (d) The consolidated financial statements of the Group do not deal with the following subsidiary companies from the date its control in these subsidiary companies ceased:-

2003

- (i) Marcel's Patisserie (S) Pte Ltd ("MP(S)") and MUI Internet (Singapore) Pte Ltd ("MI(S)")

MP(S) and MI(S) were wholly-owned subsidiaries of Network Foods International Ltd and were de-registered on 5 May 2003 from the Registrar of Companies and Business of Singapore following the applications by the said companies for de-registration as MP(S) and MI(S) had been dormant since 1987 and 1981 respectively. There are no financial effects arising on the de-registration.

2002

- (ii) Fibercorp (Sarawak) Sdn Bhd ("FSB") and Cocoa Specialities (Malaysia) Sdn Bhd ("CSM"),

FSB and CSM are subsidiary companies of PM Holdings and were placed under voluntary winding-up during the financial year ended 31 December 2002. Accordingly, the consolidated income statement for the previous financial year included the financial results of these companies up to the date when these companies were placed under winding-up.

12. Subsidiary Companies (cont'd)

The effects of the non-consolidation of FSB and CSM during the financial year ended 31 December 2002 on the financial results of the Group were as follows:-

	<i>2002</i> <i>At the date of</i> <i>non-consolidation</i> <i>RM</i>
Revenue	–
Operating cost	(48,264)
Surplus arising from subsidiary companies not consolidated	1,220,006
	<hr/>
Profit before taxation	1,171,742
Taxation	–
	<hr/>
Decrease in Group net loss for the financial year	1,171,742
	<hr/>
Assets and liabilities not consolidated	
Property, plant and equipment	3,974,825
Trade and other receivables	29,452
Bank balances and cash	196,744
Taxation	(215,000)
Trade and other payables	(5,203,995)
Minority interests	(2,032)
	<hr/>
Net liabilities not consolidated	(1,220,006)
	<hr/>

The effects of the non-consolidation of the above mentioned companies on the cash flows of the Group are disclosed in Note (d) to the cash flow statements.

(ii) Sparkton Investment Limited (“SIL”)

SIL is a subsidiary company of Network Foods International Ltd and was de-registered on 13 December 2002 from the Companies Registry of Hong Kong following the application by the company for de-registration as the company was dormant. There were no financial effects arising on the de-registration.



(e) Acquisition of subsidiary companies

2002

- (i) On 26 September 2002, the Group acquired two (2) ordinary shares of RM1 each representing 100% of the issued and paid-up share capital of Destiny Aims Sdn Bhd ("DASB") for a cash consideration of RM2. DASB was a dormant company and its intended principal activity was inbound tours business. There were no financial effects arising from the acquisition for the financial year ended 31 December 2002.

(f) Disposals of subsidiary companies

2003

- (i) During the financial year, the Group disposed of Lotus Chocolate Company Limited ("Lotus")

The effects of the disposal of Lotus on the financial results of the Group for the financial year ended 31 December 2003 are as follows:-

	2003 <i>Up to the date of</i> <i>disposal</i> RM	2002* RM
Revenue	3,733,826	4,513,281
Operating costs	(4,420,432)	(5,446,917)
Loss on disposal of subsidiary company	(2,581,846)	–
Loss from operations	(3,268,452)	(933,636)
Finance cost	(320,416)	(432,868)
Loss before taxation	(3,588,868)	(1,366,504)
Taxation	–	–
Increase in Group net loss for the financial year	(3,588,868)	(1,366,504)

12. Subsidiary Companies (cont'd)

The effects of the disposal of Lotus on the financial position of the Group as at 31 December 2003 are as follows:-

	2003 <i>At the date of disposal</i> RM	<i>2002*</i> RM
Assets and liabilities disposed		
Property, plant and equipment	5,411,388	6,558,273
Inventories	1,091,204	843,272
Trade and other receivables	1,912,395	1,849,241
Bank balances and cash	33,473	16,041
Tax recoverable	55,788	–
Trade and other payables	(2,030,665)	(1,271,783)
Bank borrowings	(3,644,040)	(4,136,158)
Taxation	–	(130,616)
	<hr/>	<hr/>
Net assets disposed	2,829,543	3,728,270
	<hr/>	<hr/>

* These are the comparative financial results/position for the financial year ended/as at 31 December 2002 in respect of the above subsidiary company disposed of.

The effects of the disposal of Lotus on the cash flow of the Group at the date of disposal are disclosed in Note (c) to the cash flow statements.

2002

- (i) The Group completed the disposal of Excel Education Pty (“Excel”) on 11 December 2002.

The effects of the disposal of Excel on the financial results of the Group for the financial year ended 31 December 2002 were as follows:-

	<i>2002</i> <i>At the date of disposal</i> RM
Revenue	8,793,522
Operating costs	(12,685,684)
Loss on disposal of subsidiary company	(330,133)
	<hr/>
Loss from operations	(4,222,295)
Finance cost	(51,146)
	<hr/>
Loss before taxation	(4,273,441)
Taxation	–
	<hr/>
Increase in Group net loss for the financial year	(4,273,441)
	<hr/>



The effects of the disposal of Excel on the financial position of the Group as at 31 December 2002 were as follows:-

	<i>2002</i> <i>At the date</i> <i>of disposal</i> <i>RM</i>
Assets and liabilities disposed	
Property, plant and equipment	38,577,478
Short term investment	4
Trade and other receivables	1,335,269
Bank balances and cash	941,028
Goodwill on consolidation	4,088,817
Trade and other payables	(14,781,784)
Bank borrowings	(1,598,270)
Taxation	(4)
Deferred taxation	(598,770)
	<hr/>
Net assets disposed	27,963,768
	<hr/>

(g) The subsidiary companies consolidated are listed on pages 105 to 115.

13. Associated Companies

	<i>Group</i> <i>2003</i> <i>RM</i>	<i>2002</i> <i>RM</i>
Investments in associated companies:-		
Quoted shares, at cost		
Malaysian	821,355,974	742,609,971
Overseas	336,278,477	336,278,477
	<hr/>	<hr/>
	1,157,634,451	1,078,888,448
Unquoted shares, at cost	123,770,450	123,771,215
	<hr/>	<hr/>
	1,281,404,901	1,202,659,663
Group's share of post-acquisition reserves and retained profits less losses	(342,184,040)	(354,739,993)
	<hr/>	<hr/>
	939,220,861	847,919,730
Less : Impairment of investments	(230,373,298)	(221,998,861)
	<hr/>	<hr/>
	708,847,563	625,920,869
	<hr/>	<hr/>
Market value of quoted shares		
Malaysian	320,707,452	187,078,160
Overseas	186,959,355	152,677,842
	<hr/>	<hr/>
	507,666,807	339,756,002
	<hr/>	<hr/>

13. Associated Companies (cont'd)

- (a) The Group's interests in associated companies comprises:-

	Group
	2003
	RM
	2002
	RM
Group share of net assets	460,684,879
Goodwill on acquisition	372,483,113
	253,437,756
	708,847,563
	625,920,869

- (b) Certain quoted shares in an overseas associated company held by an overseas subsidiary company were pledged to an overseas financial institution for a credit facility of HK\$811.3 million (RM394.9 million) granted to another overseas subsidiary company.
- (c) The impairment of certain investments in associated companies is recognised during the financial year to reflect their recoverable amounts based on the market prices of the shares or net assets of the associated companies.
- (d) The associated companies are listed on pages 105 to 115.

14. Joint Venture

	Group
	2003
	RM
	2002
	RM
Investment in joint venture	
Unquoted shares, at cost	2,197,301
Group's share of post-acquisition reserves and retained profits less losses	1,981,669
	16,178,870
	7,420,378
	18,376,171
	9,402,047

- (a) The Group's share of the assets, liabilities and capital commitments of the joint venture are as follows:-

	Group
	2003
	RM
	2002
	RM
Property, plant and equipment	121,322,079
Current assets	109,443,770
Current liabilities	2,946,812
Non-current liabilities	7,583,549
	(10,623,729)
	(9,964,669)
	(95,268,991)
	(97,660,603)
Net assets	18,376,171
	9,402,047

There are no share of capital commitments as at 31 December 2003 (2002 : Nil).



(b) The Group's share of the revenue and expenses of the joint venture are as follows:-

	Group	
	2003	2002
	RM	RM
Revenue	41,455,998	42,578,860
Expenses	(36,891,959)	(39,246,925)
Profit before taxation	4,564,039	3,331,935
Taxation	2,764,220	(1,026,393)
Profit after taxation	7,328,259	2,305,542

(c) The joint venture is listed on page 115.

15. Investments

	Group	
	2003	2002
	RM	RM
Quoted shares		
Malaysian, at cost	93,612,191	93,612,191
Overseas, at cost	256,095,271	468,365,194
	349,707,462	561,977,385
Less : Allowance for diminution in value	(129,117,344)	(175,330,585)
	220,590,118	386,646,800
Unquoted shares, at cost	484,141,934	459,499,438
Less : Allowance for diminution in value	(250,378,557)	(216,359,560)
	233,763,377	243,139,878
	454,353,495	629,786,678
Market value of quoted shares		
Malaysian	36,663,136	23,377,469
Overseas	127,368,198	225,758,119
	164,031,334	249,135,588

Certain overseas quoted investments held by overseas subsidiary companies are pledged to overseas financial institutions for credit facilities of HK\$811.3 million (RM397.2 million) (which are included in the credit facilities as mentioned in Note 26) granted to another overseas subsidiary company.

16. Development Properties And Expenditure

	Group
	2003
	RM
	2002
	RM
Land	
At cost	104,943,417
Less: Transfer to Property, plant and equipment	(2,952,778)
Less: Impairment	(13,657,014)
	88,333,625
Development expenditure	196,178,405
Less: Transfer to Property, plant and equipment	(1,773,860)
	194,404,545
	282,738,170
Non-current portion	(55,116,025)
	227,622,145
Portion of profit attributable to development work performed	31,381,238
	259,003,383
Progress billings received and receivable	(153,937,074)
Current portion	105,066,309

Interest expense included in development expenditure amounted to RM16,087,959 (2002 : RM15,065,147).

17. Goodwill On Consolidation

	Group
	2003
	RM
	2002
	RM
Positive goodwill, at cost	1,090,570,930
Less: Impairment	(518,891,000)
	571,679,930
Negative goodwill, at cost	(111,426,426)
	460,253,504

The impairment of goodwill in certain subsidiary companies is recognised to reflect their recoverable amounts based on their value in use, which is measured by reference to the individual subsidiary company based on the net realisable value.

18. Inventories

Inventories are stated at cost and comprise the following:-

	Group
	2003
	RM
	2002
	RM
Food, beverages and hotel supplies	7,467,163
Sundry stores and consumables	1,294,859
Raw materials	4,056,867
Finished goods	40,901,429
Completed development property units	14,480,204
Work-in-progress	432,911
	68,633,433



19. Trade And Other Receivables

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Trade receivables	567,980,085	539,413,835	–	–
Less : Allowance for doubtful debts net of bad debts written off of RM2,359 (2002 : RM775,857) for the Group	(130,009,782)	(8,763,359)	–	–
	437,970,303	530,650,476	–	–
Other receivables	148,926,351	153,684,798	60,736	68,819
Less : Allowance for doubtful debts	(50,727,961)	(50,755,846)	–	–
	98,198,390	102,928,952	60,736	68,819
Amounts owing by associated companies	25,098,726	13,261,511	–	–
Less : Allowance for doubtful debts	(1,120,010)	(1,140,696)	–	–
	23,978,716	12,120,815	–	–
Amounts owing by subsidiary companies	–	–	1,395,871,931	1,408,917,596
Less : Allowance for doubtful debts	–	–	(668,889,477)	(553,299,822)
	–	–	726,982,454	855,617,774
Sundry deposits & prepayments	40,048,421	26,660,421	17,000,000	–
Amounts owing by joint venture	54,968,566	52,482,305	–	–
	655,164,396	724,842,969	744,043,190	855,686,593

(a) The foreign currency exposure profile of trade receivables is as follows:-

	Group	
	2003	2002
	RM	RM
Sterling Pound	40,672,613	34,532,004
Australian Dollar	25,939,009	20,019,587
US Dollar	5,366,758	322,151
Hong Kong Dollar	3,108,480	2,502,693
Singapore Dollar	803,339	1,481,454
Brunei Dollar	40,166	–
Indian Rupees	–	1,527,476
	75,930,365	60,385,365

(b) The amounts owing by associated companies represent balances arising from advances, which are unsecured, bear interest at 6.8% (2002 : 6.8%) per annum and are repayable on demand.

19. Trade And Other Receivables (cont'd)

- (c) The amounts owing by subsidiary companies, which represent balances arising from advances and payments made on behalf by the Company, are unsecured, have no fixed terms of repayment and are interest-free except for amounts totalling RM136,118,423 (2002 : RM139,998,130) which bear interest at 2% to 8% per annum (2002 : 3% to 8% per annum).
- (d) The amount owing by joint venture, which represents balances arising from advances by overseas subsidiary companies, are secured, repayable within the next twelve months after end of the financial year and bear interest at 3.5% per annum above LIBOR (2002 : 3.5% per annum above LIBOR).
- (e) Normal trade credit terms ranges from 7 days to 130 days. Other credit terms are assessed and approved on a case-by-case basis.

Concentration of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are internationally dispersed.

20. Amounts Owning By Brokers And Clients

The amounts owing by brokers and clients are stated net of allowance for doubtful debts amounting to RM441,412,966 (2002 : RM445,036,382) after netting of bad debts written off amounting to RM79,749 (2002 : Nil). The settlement term for the amount owing to brokers and clients is transaction date plus three market days.

21. Government Securities And Bonds

	Group	
	2003	2002
	RM	RM
At Cost		
Malaysian Government Securities - quoted	18,456,050	14,487,610
Cagamas Bonds - quoted	3,039,940	8,761,190
Corporate Bonds - unquoted	7,022,400	7,022,400
	28,518,390	30,271,200
Accretion of discounts/(Amortisation of premiums)		
Malaysian Government Securities	(546,368)	(755,513)
Cagamas Bonds	(34,307)	(43,272)
Corporate Bonds	102,682	111,200
	(477,993)	(687,585)
	28,040,397	29,583,615
Market value of quoted securities and bonds		
Malaysian Government Securities	17,909,682	14,068,240
Cagamas Bonds	3,005,633	8,862,170
	20,915,315	22,930,410



	<i>Effective Interest Rate %</i>	<i>Amount RM</i>	<i>Maturity</i>		
			<i>1 year RM</i>	<i>1 to 5 years RM</i>	<i>After 5 years RM</i>
2003					
Debt securities held to maturity:-					
Malaysian Government Securities	6.26	17,909,682	2,620,575	15,289,107	—
Cagamas Bonds	6.00	3,005,633	3,005,633	—	—
Corporate Bonds	6.94	7,125,082	—	2,025,083	5,099,999
2002					
Debt securities held to maturity:-					
Malaysian Government Securities	8.03	13,732,097	4,344,413	9,387,684	—
Cagamas Bonds	5.13	8,717,918	5,701,021	3,016,897	—
Corporate Bonds	6.54	7,133,600	—	2,033,600	5,100,000

22. Short Term Investments

	<i>Group</i>	
	<i>2003 RM</i>	<i>2002 RM</i>
Quoted shares, at cost less allowance for diminution in value of RM12,317,671 (2002 : RM17,531,703)	34,167,042	23,157,360
Market value of quoted shares	34,167,042	23,157,360

23. Deposits, Bank Balances And Cash

	<i>Group</i>		<i>Company</i>	
	<i>2003 RM</i>	<i>2002 RM</i>	<i>2003 RM</i>	<i>2002 RM</i>
Term deposits with:-				
– Licensed banks	373,005,520	508,517,226	223,335	274,999
– Licensed finance companies	505,438,973	335,637,242	—	—
– Other corporations	250,000	250,000	—	—
Call deposits	3,013,468	803,863	—	—
Bank balances and cash	28,869,899	21,452,247	40,722	34,279
	910,577,860	866,660,578	264,057	309,278

(a) The foreign currency exposure profile of deposits, bank balances and cash is as follows:-

Sterling Pound	381,523,356	210,316,487	—	—
Singapore Dollar	31,033,387	22,850,812	—	—
Australian Dollar	30,508,459	16,473,208	—	—
US Dollar	172,908	14,799,552	22,295	18,711
Hong Kong Dollar	628,502	1,257,539	201,040	256,288
Canadian Dollar	79,612	57,363	—	—
Others	314	17,860	—	—
	443,946,538	265,772,821	223,335	274,999

23. Deposits, Bank Balances And Cash (cont'd)

- (b) The weighted average interest rates of deposits, bank balances and cash that were effective during the financial year are as follows:-

	Group		Company	
	2003	2002	2003	2002
	%	%	%	%
Term and call deposits with licensed banks	2.83	2.58	0.21	0.25
Term and call deposits with licensed finance companies	3.68	3.62	0.21	0.25
Term and call deposits with other corporations	2.70	2.80	—	—
Bank balances and cash	0.49	1.17	—	—

The average maturity for deposits ranges from 1 day to 30 days.

- (c) Included in deposits, bank balances and cash of the Group are the following:-
- (i) Amounts totalling Nil (2002 : RM36,980) belonging to a subsidiary company representing customers' segregated funds which has been segregated and separately accounted for under Section 52A of the Futures Industry Act, 1993.
 - (ii) Amounts totalling RM4,866,383 (2002 : RM4,330,261) held under the Housing Development Accounts which are interest bearing pursuant to Section 7A of the Housing Developers Act, 1966.
 - (iii) Amounts totalling RM36,023,629 (2002 : RM15,376,305) maintained as trust monies in accordance with the requirement of Bursa Malaysia and the Security Industry Act, 1983.
 - (iv) Amounts totalling RM390,904,720 (2002 : RM198,136,396) of certain overseas subsidiary companies are placed as sinking funds.

24. Trade And Other Payables

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Trade payables	226,542,592	117,157,681	—	—
Other payables	76,200,128	54,809,108	103,815	124,533
Accrued administrative & other expenses	70,759,850	62,171,648	—	—
Dealers' and remisiers' commission & deposits	12,437,828	8,614,119	—	—
Tenant deposits	4,010,439	4,163,807	—	—
Amounts owing to associated companies	31,002,462	57,467,953	—	—
	420,953,299	304,384,316	103,815	124,533

- (a) The amounts owing to associated companies represent balances arising from advances received by overseas subsidiary companies and are unsecured, have no fixed terms of repayment and interest-free.



(b) The foreign currency exposure profile of trade payables is as follows:-

	Group	
	2003	2002
	RM	RM
Sterling Pound	41,904,004	42,071,513
Australian Dollar	18,597,108	21,315,802
Hong Kong Dollar	1,874,460	278,320
US Dollar	1,069,746	1,543,699
Singapore Dollar	412,827	1,238,913
New Zealand Dollar	240,478	188,236
Indian Rupees	—	1,187,793
Others	68,499	69,991
	64,167,122	67,894,267

(c) The normal trade credit term ranges from 3 to 90 days.

25. Provisions

	Group	
	2003	2002
	RM	RM
Provision for outstanding insurance claims		
At 1 January	37,224,269	31,776,167
Net claims incurred	29,085,188	24,558,124
Less : Net claims paid	(27,148,674)	(19,110,022)
Net outstanding claims	39,160,783	37,224,269
Provision for corporate guarantees	5,184,238	5,184,238
Employee benefits (refer Note 30)	2,602,521	2,449,550
	46,947,542	44,858,057

The provision for corporate guarantees is in respect of corporate guarantees given by Pan Malaysia Holdings Berhad for banking facilities granted to unconsolidated subsidiary companies.

26. Borrowings

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Current				
Bank overdrafts				
– secured	—	1,174,644	—	—
– unsecured	200,483,957	194,558,417	—	—
Bills payable				
– secured	6,883,867	8,765,353	—	—
– unsecured	4,168,442	5,752,688	—	—
Bank revolving credits				
– secured	50,000,000	68,675,415	—	—
– unsecured	907,975,813	940,365,152	20,000,000	20,000,000
Current portion of term loans	96,978,457	81,486,272	—	—
Hire-purchase and lease liabilities	108,578	188,720	—	—
	1,266,599,114	1,300,966,661	20,000,000	20,000,000

26. Borrowings (cont'd)

	2003	Group
	RM	2002
		RM
Non-Current		
Term loans		
– secured	1,117,993,816	1,070,403,531
– unsecured	193,581,555	200,482,420
Debenture and loan notes	1,168,788,000	1,052,711,288
Hire-purchase and lease liabilities	83,306	188,804
Current portion of term loans	(96,978,457)	(81,486,272)
	2,383,468,220	2,242,299,771

- (a) The maturities of non-current term loans, debenture and loan notes are as follows:-

Between 1 year to 5 years	2,173,526,961	1,726,765,973
More than 5 years	209,857,953	515,344,994
	2,383,384,914	2,242,110,967

- (b) Details of hire-purchase and finance lease liabilities are as follows:-

Hire-purchase and minimum lease payments		
Within 1 year	131,951	239,327
Between 1 year to 5 years	110,116	227,752
	242,067	467,079
Future finance charges	(50,183)	(89,555)
	191,884	377,524
Portion payable:-		
Within 1 year (current)	108,578	188,720
Between 1 year to 5 years (non-current)	83,306	188,804
	191,884	377,524

- (c) The foreign currency exposure profile of borrowings is as follows:-

Sterling Pound	1,897,024,307	1,715,576,252
Hong Kong Dollar	396,198,591	514,450,834
Australian Dollar	43,764,573	29,537,109
Singapore Dollar	256,623	1,709,370
Indian Rupees	–	3,953,467
	2,337,244,094	2,265,227,032



- (d) The weighted effective interest rates of borrowings during the financial year are as follows:-

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Bank overdrafts	7.1	7.6	—	—
Bills payable	6.5	5.6	—	—
Bank revolving credits	4.8	4.9	4.6	4.6
Term loans	5.2	5.8	—	—
Debenture & loan notes	8.8	8.8	—	—
Hire-purchase and lease liabilities	7.2	7.2	—	—

- (e) The interest risk exposure is as follows:-

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Fixed rate borrowings	1,296,440,888	1,144,227,597	—	—
Floating rate borrowings	2,353,626,446	2,399,038,835	20,000,000	20,000,000
	3,650,067,334	3,543,266,432	20,000,000	20,000,000

- (f) Bills payable, bank overdrafts and bank revolving credits bear interests at between 0.5% to 2.5% per annum (2002 : 0.5% to 2.5% per annum) above base lending rate/cost of funds of the lending institutions.
- (g) The banking facilities of certain subsidiary companies are secured by the following:-
- (i) fixed charges over certain landed properties, fixed deposits, marketable securities and plant and machinery of the subsidiary companies.
 - (ii) floating charges over all the other assets of these subsidiary companies.
- (h) Term loans in respect of overseas subsidiary companies amounting to RM512,425,137 (2002 : RM435,566,199) bear interests at between 6.7% to 9.0% per annum (2002 : 6.3% to 9.0% per annum). The other term loans bear interests at between 1.25% to 2.5% per annum (2002 : 1.25% to 2.5% per annum) above the base lending rates/costs of funds of the lending institutions.
- (i) The debenture and loan notes are secured by fixed and floating charges over the assets of certain overseas subsidiary companies and bear interests at 9% and 8.5% (2002 : 9% and 8.5%) respectively. The debenture is repayable at par in June 2006 if not already previously redeemed and the loan notes are repayable in September 2007.
- (j) The fair values of the non-current borrowings of the Group have been reviewed and their fair values are not anticipated to be significantly different from the carrying amounts recorded at the balance sheet date.

27. Share Capital

	<i>Group/Company</i>	
	2003	2002
	RM	RM
Authorised		
3,000,000,000 ordinary shares of RM1 each	3,000,000,000	3,000,000,000
Issued & fully paid		
1,940,531,778 ordinary shares of RM1 each	1,940,531,778	1,940,531,778

28. Reserves

	<i>Group</i>		<i>Company</i>	
	2003	2002	2003	2002
	RM	RM	RM	RM
Non-Distributable				
Share premium	220,305,408	220,305,408	220,305,408	220,305,408
Revaluation reserve	27,429,774	27,429,774	26,263,702	26,263,702
Exchange fluctuation reserve	120,578,882	88,064,160	—	—
Capital reserve	64,510,678	65,612,569	—	—
Distributable				
General reserve	25,257,587	25,257,587	—	—
Accumulated losses	(1,350,796,169)	(1,176,752,764)	(397,281,979)	(297,129,195)
	(892,713,840)	(750,083,266)	(150,712,869)	(50,560,085)

- (a) The capital reserve comprises mainly the Group's portion of the share premium arising from special issues to approved Bumiputera investors by subsidiary companies in previous years and reserve arising from investments in a subsidiary company's ICPS.

The general reserve comprises mainly gains from disposal of property, plant and equipment by subsidiary companies in previous years.

- (b) Accumulated losses are absorbed by:-

	<i>Group</i>	
	2003	2002
	RM	RM
The Company	(397,281,979)	(297,129,195)
Subsidiary companies	(644,346,950)	(544,039,265)
Associated companies	(309,167,240)	(335,584,304)
	(1,350,796,169)	(1,176,752,764)

- (c) As at 31 December 2003, the Company has tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt accounts of approximately RM14.5 million and RM46.7 million respectively, subject to agreement by the Inland Revenue Board.



29. Redeemable Convertible Bond

The principal terms of the redeemable convertible bond ("Bond") are as follows:-

(a) convertible up to 1,000,000 ordinary shares of RM1 each in Pan Malaysia Capital Berhad ("PM Capital") within a five (5) year period to 28 December 2004 or redeemable for cash at maturity on 29 December 2004; and

(b) no coupon rate is attached to and no interest is payable on the Bond.

As the bond is redeemable, it is classified as liability.

30. Employee Benefits

	Group	
	2003	2002
	RM	RM
At 1 January		
– as previously stated	2,156,732	2,358,628
– prior year adjustments	2,729,777	2,436,225
– as restated	4,886,509	4,794,853
Exchange adjustments	295,339	127,995
Provision for the financial year	1,101,144	481,607
Disposal of subsidiary companies	(136,090)	(408,992)
Paid during the financial year	(682,780)	(108,954)
At 31 December	5,464,122	4,886,509
Less : Current portion included in provision (<i>refer Note 25</i>)	(2,602,521)	(2,449,550)
	2,861,601	2,436,959

31. Deferred Taxation

	Group	
	2003	2002
	RM	RM
At 1 January		
– as previously stated	166,563,641	160,296,948
– prior year adjustments	(3,828,912)	(3,996,158)
– as restated	162,734,729	156,300,790
Exchange adjustments	16,985,280	15,844,652
Disposal of subsidiary companies	–	(598,770)
Transfer to tax recoverable account	–	(16,706,552)
Transfer to Capital Reserves	(428,513)	–
Transfer (to)/from tax provision account	(322,081)	462,056
Transfer (to)/from income statement (<i>refer Note 8</i>)	(14,820,697)	7,432,553
At 31 December	164,148,718	162,734,729

31. Deferred Taxation (cont'd)

- (a) The amounts, determined after appropriate offsetting, are as follows:-

	Group	
	2003	2002
	RM	RM
Deferred tax liabilities	179,604,900	176,845,729
Deferred tax assets	(15,456,182)	(14,111,000)
	164,148,718	162,734,729

- (b) The component of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group	
	2003	2002
	RM	RM
Deferred Tax Liabilities		
Property, plant and equipment		
– Capital allowance in excess of depreciation	170,283,823	127,790,842
– Revaluation, net of related depreciation	59,199,535	58,998,958
	229,483,358	186,789,800
Deferred Tax Assets		
Unutilised tax losses and capital allowances	(42,810,562)	(19,527,118)
Advance corporate taxation	(18,247,882)	(655,729)
Provisions	(2,730,407)	(3,872,224)
Others	(1,545,789)	–
	(65,334,640)	(24,055,071)

- (c) The Group has not recognised the followings deferred tax assets in the financial statements:

	Group	
	2003	2002
	RM	RM
Unutilised tax losses	254,919,604	272,256,224
Unutilised capital allowances	6,411,442	11,223,401
Deductible temporary differences	1,364,363	437,042
	262,695,409	283,916,667

The deferred tax assets are not recognised in the balance sheets as the Group is uncertain of the extent that is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

32. Amount Owning To Subsidiary Company

The amount owing to subsidiary company represents advance from a subsidiary company which is unsecured, not repayable within the next twelve months after the end of the financial year and bears interest at 6.0% (2002 : 6.0%) per annum.



33. Changes In Accounting Policies And Prior Year Adjustments

(a) Changes in Accounting Policies

During the financial year, the Group adopted MASB 25 “Income Taxes” and MASB 29 “Employee Benefits”, which became effective from 1 January 2003 and accordingly certain accounting policies have been modified. The changes in accounting policies which resulted in prior year adjustments are as follows:-

(i) MASB 25 “Income Taxes”

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group has commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

(ii) MASB 29 “Employee Benefits”

The adoption of MASB 29 resulted in the Group making provision for employee entitlements accumulated as a result of employees rendering services up to the reporting date. These benefits include annual leave, long service leave and retirement gratuity.

(b) Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:-

	Group	
	2003	2002
	RM	RM
Accumulated losses		
At 1 January, as previously stated	(1,185,776,708)	(184,684,778)
Effects of adopting MASB 25	11,582,323	11,686,533
Effects of adopting MASB 29	(2,558,379)	(2,275,003)
	9,023,944	9,411,530
At 1 January, as restated	(1,176,752,764)	(175,273,248)
Capital reserve		
At 1 January, as previously stated	73,967,602	40,449,870
Effects of adopting MASB 25	(8,355,033)	(8,355,033)
At 1 January, as restated	65,612,569	32,094,837
Net loss for the financial year		
As previously stated	(172,100,849)	(996,505,581)
Effects of adopting MASB 25	(1,417,680)	(104,210)
Effects of adopting MASB 29	(524,876)	(283,376)
	(1,942,556)	(387,586)
As restated	(174,043,405)	(996,893,167)

33. Changes In Accounting Policies And Prior Year Adjustments (cont'd)

- (c) Comparative amounts in the Income Statement, Balance Sheet and Cash Flow Statement for the financial year ended/as at 31 December 2002 have been restated as follows:-

	<i>As Previously Stated RM</i>	<i>Group 2002 Adjustments RM</i>	<i>As Restated RM</i>
Income Statement			
Administrative expenses	(182,603,901)	(293,552)	(182,897,453)
Taxation	(31,587,259)	(167,246)	(31,754,505)
Balance Sheet			
Deferred tax assets	–	14,111,000	14,111,000
Provisions	43,807,902	1,050,155	44,858,057
Reserves	(750,752,177)	668,911	(750,083,266)
Minority interests	1,552,699,946	430,224	1,553,130,170
Employee benefits	757,337	1,679,622	2,436,959
Deferred tax liabilities	166,563,641	10,282,088	176,845,729
Cash Flow Statement			
Loss before taxation	(1,062,817,637)	(293,552)	(1,063,111,189)
Provision for employee benefits	188,055	293,552	481,607

34. Segment Information Of The Group

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments while the secondary information is reported geographically.

(i) Business Segments

The Group's operations comprise the following segments:-

- Retailing – Design, manufacture, sourcing, distribution & sale of garments, accessories & home furnishings
- Hotels – Holding of hotel properties and hotel operations
- Food & confectionery – Manufacturing, marketing & distribution of confectionery & other food products
- Property – Property development and investment
- Financial services – Stockbroking and general insurance
- Travel & tourism – Travel agent & provision of travel-related services
- Investment holding – Investment activities

During the previous financial year, the education services operation ceased upon the disposal of the subsidiary company concerned.

The inter-segment transactions were entered in the normal course of business and at terms mutually agreed between the parties.



34. Segment Information Of The Group (cont'd)

(i) Business segment (cont'd)

2003	Retailing RM'000	Hotels RM'000	Foods & Confectionery RM'000	Financial Services RM'000	Property RM'000	Travel & Tourism RM'000	Investment Holding RM'000	Total RM'000	Elimination RM'000	Group RM'000
REVENUE										
- External revenue	642,529	862,321	346,645	162,149	40,583	42,914	262,886	2,360,027	-	2,360,027
- Inter-segment revenue	-	724	41	1,375	3,078	600	1,041	6,859	(6,859)	-
Total revenue	642,529	863,045	346,686	163,524	43,661	43,514	263,927	2,366,886		2,360,027
Less : Group's share of associated companies' revenue										(924,625)
Less : Group's share of joint ventures' revenue										(41,456)
RESULTS										1,393,946
Segment results (external)	-	90,017	(661)	2,545	23,306	(87)	1,623	116,743		116,743
Interest income	-	17,697	441	5,122	340	5	12,620	36,225		36,225
Profit/(Loss) from operations	-	107,714	(220)	7,667	23,646	(82)	14,243	152,968		152,968
before exceptional items										
Exceptional items	-	-	-	-	(18,657)	-	(28,685)	(47,342)		(47,342)
- Impairment of assets in compliance with MASB 23	-	-	-	-	-	-	(34,821)	(34,821)		(34,821)
- Allowance for diminution in value of long term investments	-	2,491	(3,233)	6,436	(5)	-	(35,479)	(29,790)		(29,790)
- Others	-	2,491	(3,233)	6,436	(18,662)	-	(98,985)	(111,953)		(111,953)
Profit/(Loss) from operations after exceptional items	-	110,205	(3,453)	14,103	4,984	(82)	(84,742)	41,015		41,015
Finance cost	-	(131,551)	(2,411)	(4,105)	(8,145)	(49)	(92,499)	(238,760)		(238,760)
Share of results of associated companies	6,761	208	-	57	(271)	(264)	26,296	32,787		32,787
Share of results of joint ventures	-	4,564	-	-	-	-	-	4,564		4,564
Profit/(Loss) before taxation	6,761	(16,574)	(5,864)	10,055	(3,432)	(395)	(150,945)	(160,394)		(160,394)
Taxation										(8,542)
Loss after taxation before minority interests										(168,936)
Minority interests										(5,107)
Net loss for the financial year										(174,043)
OTHER INFORMATION										6,225,753
Segment assets	-	3,236,673	173,088	906,194	690,718	4,351	1,214,729			6,225,753
Investments in associated companies	221,642	208	-	1,197	815	68,599	416,386			708,847
Joint ventures	-	18,376	-	-	-	-	-			18,376
Unallocated corporate assets										39,160
Consolidated total assets										6,992,136
Segment liabilities	-	1,833,283	66,874	690,242	168,014	3,217	1,360,199			4,121,829
Unallocated corporate liabilities										203,788
Consolidated corporate liabilities										4,325,617
Capital expenditure	-	30,038	1,536	1,105	50	271	138			33,138
Depreciation	-	66,357	4,209	4,023	1,081	60	2,749			78,459
Non-cash expenses other than depreciation	-	2,247	3,756	2,714	13,754	-	230,967			253,438

34. Segment Information Of The Group (cont'd)

(i) Business segment (cont'd)

2002

	Retailing RM'000	Hotels RM'000	Foods & Confectionery RM'000	Financial Services RM'000	Property RM'000	Travel & Tourism RM'000	Discontinuing Operation - Education Services RM'000	Investment Holding RM'000	Total RM'000	Elimination RM'000	Group RM'000
REVENUE											
- External revenue	753,520	876,556	317,542	131,794	39,694	54,623	8,830	223,717	2,406,276		2,406,276
- Inter-segment revenue	-	568	-	742	2,817	897	-	604	5,628	(5,628)	-
Total revenue	753,520	877,124	317,542	132,536	42,511	55,520	8,830	224,321	2,411,904		2,406,276
Less : Group's share of associated companies' revenue											(1,004,812)
Less : Group's share of joint ventures' revenue											(42,579)
											1,358,885
RESULTS											
Segment results (external)	-	110,285	(6,990)	15,464	3,665	(823)	(3,652)	(18,312)	99,637		99,637*
Interest income	-	16,613	184	4,554	9	-	59	16,433	37,852		37,852
Profit/(Loss) from operations	-	126,898	(6,806)	20,018	3,674	(823)	(3,593)	(1,879)	137,489		137,489
before exceptional items											
Exceptional items	-	-	-	-	-	-	-	(742,388)	(742,388)		(742,388)
- Impairment of assets in compliance with MASB 23	-	-	-	-	-	-	-	(133,067)	(133,067)		(133,067)
- Allowance for diminution in value of long term investments	-	14,223	3,246	3,477	-	-	(558)	19,300	39,688		39,688
- Others	-	14,223	3,246	3,477	-	-	(558)	(856,155)	(835,767)		(835,767)
Profit/(Loss) from operations after exceptional items	-	141,121	(3,560)	23,495	3,674	(823)	(4,151)	(858,034)	(698,278)		(698,278)
Finance cost	-	(121,876)	(1,730)	(25,820)	(1,097)	-	(51)	(76,626)	(227,200)		(227,200)
Share of results of associated companies	(43,385)	-	-	(56)	651	176	-	(98,351)	(140,965)		(140,965)
Share of results of joint ventures	-	3,332	-	-	-	-	-	-	3,332		3,332
Profit/(Loss) before taxation	(43,385)	22,577	(5,290)	(2,381)	3,228	(647)	(4,202)	(1,033,011)	(1,063,111)		(1,036,111)
Taxation											(31,755)*
Loss after taxation before minority interests											(1,094,866)
Minority interests											97,973*
Net loss for the financial year											(996,893)
OTHER INFORMATION											
Segment assets	-	2,942,969	173,266	868,537	680,452	4,525	-	1,539,698	6,209,447*		6,209,447*
Investments in associated companies	222,225	-	-	1,140	1,086	77,243	-	324,227	625,921		625,921
Joint ventures	-	9,402	-	-	-	-	-	-	9,402		9,402
Unallocated corporate assets	-	-	-	-	-	-	-	-	48,777*		48,777*
Consolidated total assets									6,893,547		6,893,547
Segment liabilities	-	1,394,832	80,210	148,119	174,766	3,576	-	2,093,443	3,894,946		3,894,946
Unallocated corporate liabilities									234,148*		234,148*
Consolidated corporate liabilities									4,129,094		4,129,094
Capital expenditure	-	51,919	5,188	8,694	772	2	146	763	67,484		67,484
Depreciation	-	64,419	4,182	4,077	1,074	26	632	1,980	76,390		76,390
Non-cash expenses other than depreciation	-	726	1,531	5,644	247	-	312	897,965	906,425		906,425

* These comparative figures have been restated due to the prior year adjustments as detailed in Note 33.



34. Segment Information Of The Group (cont'd)

(ii) Geographical segments

	Revenue		Assets Employed		Capital Expenditure	
	2003	2002	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	464,203	409,554	2,581,485	2,679,290	1,834	10,825
Asia-Pacific	122,924	141,263	794,867	875,936	1,005	5,325
Australia	286,502	245,321	214,052	182,764	1,086	675
North America	60,420	67,553	133,981	227,988	—	3
United Kingdom	1,425,978	1,542,585	3,267,751	2,927,569	29,213	50,656
	2,360,027	2,406,276	6,992,136	6,893,547	33,138	67,484
Less : Group's share of associated companies' revenue	(924,625)	(1,004,812)	—	—	—	—
Less : Group's share of joint ventures' revenue	(41,456)	(42,579)	—	—	—	—
	1,393,946	1,358,885	6,992,136	6,893,547	33,138	67,484

35. Financial Instruments

(a) Recognised financial instruments

Fair values

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

	Group		Company	
	<i>Carrying Amount</i>	<i>Fair Value</i>	<i>Carrying Amount</i>	<i>Fair Value</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Subsidiary companies	—	—	1,116,857,669	*
Unquoted investments	233,763,377	*	—	—

* A reasonable estimate of fair value could not be made without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable value. Such investments are stated at cost less impairments, if any.

35. Financial Instruments (cont'd)

(b) Off balance sheet financial instruments

In accordance with the scheme of arrangement by Pan Malaysia Holdings Berhad ("PM Holding"), the indebtedness to the class of creditors referred to as the secured creditors and unsecured guarantee creditors were settled by issuance of new ordinary shares of RM1 each in PM Holdings ("New Shares") at par on a Ringgit-to-Ringgit basis.

Also, in accordance with the scheme, the Company and Loyal Design Sdn Bhd ("LDSB"), a wholly-owned subsidiary company, have on 27 December 1999 entered into put option agreements with the said creditors whereby the Company and LDSB granted put options to buy these New Shares at a maximum of RM1 per share. These New Shares were issued on 29 December 1999. The details of the put options are as follows:-

<u>Put Options Granted By</u>	<u>No. Of New Shares Under The Put Options</u>	<u>Exercise Period</u>
The Company	40,000,000	Commencing thirty-six (36) months from the date of issuance of the New Shares and ending on the day falling fourteen (14) trading days thereafter (inclusive of the commencement date and the day it ends), unless otherwise extended by the Company.
LDSB	45,894,302	Commencing thirty-six (36) months from the date of issuance of the New Shares and ending on the day falling on the second anniversary thereafter (inclusive of the commencement date and the day it ends).

The Company and LDSB are in the process of finalising new arrangements on the put option matters with the said creditors. In the event that the put options are exercised, a potential loss would arise from the impairment of the carrying value of the additional investment in PM Holdings of approximately RM67.0 million based on its net realisable value as at 31 December 2003.

36. Capital And Other Commitments

- (a) At 31 December 2003, the Group has commitments in respect of capital expenditure contracted but not provided for amounting to RM32.8 million (2002 : RM2.4 million) and capital expenditure authorised but not contracted for amounting to RM10.3 million (2002 : RM70.2 million).
- (b) Operating Lease Commitments

	Group	
	2003	2002
	RM	RM
Non cancellable operating lease commitments not provided for in the financial statements:-		
Within 1 year	1,509,208	1,119,932
Between 1 year to 5 years	2,512,145	2,398,871
More than 5 years	12,748,560	21,007,341
	16,769,913	24,526,144



37. Contingent Liabilities – Unsecured

Group

A suit was filed on 17 May 1996, in the High Court of Kuala Lumpur by LDSB against PM Holdings and all its former directors for breach of directors' duties in conducting the affairs of PM Holdings during the period involved with the takeover offer by the Company for PM Holdings. The suit also seeks to declare, inter alia, that various options granted by PM Holdings under the PM Holdings' Executive Share Option Scheme are void. The case has now been fixed for further case management on 25 May 2004. The Group's solicitors are of the opinion, based on the documents available, that LDSB's chance of success on the claim is good.

The parties have consented to an order ("Order") essentially restraining PM Holdings from issuing any new shares such as to increase the capital beyond 197,804,678 ordinary shares of RM1.00 each except for such shares as are exempted by the Order of Court dated 3 August 1996. Subsequently, the Order was varied to the extent that PM Holdings be at liberty to issue further new shares for the purposes of carrying out a rights issue, a special issue and schemes of arrangement.

Company

At 31 December 2003, the Company has guaranteed the bank credit facilities of subsidiary companies for a total of RM808.1 million (2002 : RM827.6 million).

38. Significant Corporate Developments

The significant corporate developments of the Group during and subsequent to the financial year ended 31 December 2003 are as follows:-

- (a) In May 2003, Laura Ashley Holdings plc ("Laura Ashley") completed a rights issue of 149,207,073 new shares on a 1 for 4 basis at 6 pence per new share. MUI Asia Limited ("MUI Asia"), a wholly-owned subsidiary, which had an equity interest of 42.88% in Laura Ashley, did not subscribe for the rights issue. Consequently, the equity interest in Laura Ashley held by MUI Asia was diluted to 34.31%.
- (b) On 9 July 2003, PMRI Investments (Singapore) Pte Ltd ("PMRI"), a wholly-owned subsidiary company of Pan Malaysia Corporation Berhad ("PMC"), increased its equity interest in Network Foods Limited ("NFL") from 67.3% to 92.9% following the subscription of 116,280,910 new ordinary shares at an issue price of Australian 4.3 cents per new ordinary share pursuant to NFL's rights issue.
- (c) On 22 August 2003, Network Foods International Ltd ("NFIL"), a 79.09% owned subsidiary company of PMC, entered into a sale and purchase agreement with Mr Alapati Ramakrishna and Mr Devabhaktuni Durga Prasad for the disposal of 5,418,838 ordinary shares of Rps10 each and 7,396,600 preference shares of Rps10 each representing 42.2% equity interest in the ordinary share capital and 100% of the preference share capital of Lotus Chocolate Company Limited ("Lotus") for a total cash consideration of Rps3.0 million (approximately RM248,000) (the "Disposal"). The Disposal has been completed and the equity interest held by NFIL in Lotus was reduced from 52.2% to 10.0%.
- (d) On 21 October 2003, PMC proposed to undertake a private placement of up to 73,950,000 new ordinary shares of RM0.50 each in PMC representing 10% of the then existing issued and paid-up share capital of PMC ("Private Placement"). The Private Placement is to raise additional working capital for PMC. The Private Placement was approved by SC on 16 February 2004.

38. Significant Corporate Developments (cont'd)

- (e) On 16 January 2004, the Company entered into two settlement agreements with MUI Properties Berhad (“MUI Prop”) and PMC respectively whereby the Company proposed to settle the inter-company advances owing to MUI Prop Group and PMC Group amounting to approximately RM556 million and RM1,067 million respectively as at 31 December 2003 by the issuance of up to RM2,213 million nominal value of Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) comprising:-
 - (i) Up to RM1,956 million nominal value of Class A1 and Class A2, 8-year ICULS to be issued on the basis of RM1.00 nominal value of Class A1 and Class A2, 8-year ICULS for every RM0.83 of inter-company advances owing; and
 - (ii) Up to RM257 million nominal value of Class A3, 2¹/₂-year ICULS being issuance of additional ICULS as compensation in place of interest in cash on the outstanding Class A1 and Class A2, 8-year ICULS.

(“Proposed Settlement”)

The Proposed Settlement is subject to approvals being obtained from SC, Bursa Malaysia Securities Berhad, the shareholders of the Company, MUI Prop and PMC and any other relevant authorities. The approval from SC was obtained on 24 March 2004. The Proposed Settlement is pending implementation. Further details of the Proposed Settlement are contained in the announcements by the Company on 16 January 2004 and 26 March 2004.

- (f) The schemes of arrangement of PM Holdings and certain of its subsidiaries (“Scheme”), including PM Capital, PM Securities Sdn Bhd (“PM Securities”) and Pan Malaysia Equities Sdn Bhd (“PM Equities”) which were implemented on 29 December 1999 have been completed except for settlement with certain scheme creditors.

As at 29 December 2001, a total of up to 5,184,238 Irredeemable Convertible Preference Shares (“ICPS”) could not be issued by PM Holdings to two scheme creditors to settle the indebtedness due to them pursuant to the Scheme as they had either not provided to PM Holdings within the relevant time frame the relevant Central Depository System details required for the allotment and issue of the ICPS or had finalised and submitted their claim on the amount of indebtedness. It was the intention of PM Holdings to settle all indebtedness pursuant to the Scheme and as such, PM Holdings’ Directors proposed the direct issuance of up to 5,184,238 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share to these scheme creditors in substitution of the issuance of up to 5,184,238 ICPS of PM Holdings as proposed earlier in the Scheme (“Share Issue”). The SC had on 23 October 2002 and 16 March 2004 respectively approved the Share Issue. On 13 January 2004, the SC approved an extension of 6 months to 22 April 2004 for PM Holdings to complete the Share Issue. On 14 April 2004, PM Holdings allotted and issued to the two scheme creditors 4,043,033 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share pursuant to the Share Issue to settle the indebtedness due to them pursuant to the Scheme.

- (g) On 25 March 2004, MUI Plaza Sdn Bhd (“MPSB”), a wholly-owned subsidiary of MUI Prop, entered into a sale and purchase agreement with Euro-Asia Agrochemicals Sdn Bhd (the “Purchaser”) for the disposal of two pieces of freehold land held under Lot Nos. 593 and 594 of Section 57, Town and District of Kuala Lumpur, Wilayah Persekutuan together with a building erected thereon and known as MUI Plaza for a cash consideration of RM166.0 million (“Proposed Disposal 1”).



On the same date, Ming Fung Sendirian Berhad (“Ming Fung”) and Shun Fung Sendirian Berhad (“Shun Fung”), both wholly-owned subsidiary companies of MPSB, entered into a sale and purchase agreement with Oriental Horticulture (Malaysia) Sdn Bhd (the “Purchaser”) for the disposal of two pieces of freehold vacant land held under the Geran No. 26089 No. 1246 and Geran No. 1031 Lot No. 546 both situated at Section 57, Town and District of Kuala Lumpur, Wilayah Persekutuan for a cash consideration of RM24.0 million (“Proposed Disposal 2”).

The proposed disposals are conditional upon the simultaneous completion of Proposed Disposal 1 and Proposed Disposal 2 and approval of FIC being obtained by the Purchasers. The approval from FIC is pending.

39. Significant Related Party Transactions

The significant related party transactions undertaken by the Group during the financial year and the respective balances outstanding as at the financial year end are as follows:-

	<i>Transactions</i>		<i>Balance Outstanding</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Insurance premium income from:-				
- Pan Malaysian Industries Berhad (“PMI”)	163,414	129,793	—	—
- Metrojaya Berhad (“MJ”) and its subsidiary companies	342,572	489,349	—	—
Travel related revenue from:-				
- Laura Ashley Holdings plc	387,897	248,971	—	—
- Morning Star Travel Services Ltd	3,058,448	5,186,129	—	—
- MJ and its subsidiary companies	154,932	323,580	—	—
Office rental income from:-				
- PMI	104,286	104,556	—	9,149
- MJ	1,287,407	1,290,500	—	116,377
- Hikari Builders Sdn Bhd (“HBSB”)	—	29,684	—	29,684
Corporate advisory services fee income from:-				
- PMI	175,000	—	—	—
- MJ	25,000	—	—	—
Share registration fee income from MJ	13,222	13,592	13,222	—
Interest income from Regent Corporation	653,663	803,429	653,663	803,429
Interest expenses charged by Regent Corporation	—	1,067,048	—	1,067,048
Provision of construction works by HBSB	—	2,013,556	—	—

39. Significant Related Party Transactions (cont'd)

	Transactions		Balance Outstanding	
	2003	2002	2003	2002
	RM	RM	RM	RM
Hotel management fees charged by:-				
Vista Hotel Management Sdn Bhd	589,100	399,321	—	—
Vista International Hotels Pty Ltd	749,695	—	563,920	—
Advance to Regent Corporation	11,754,868	7,653,200	11,754,868	7,653,200
Advance from Firstway International Investment Limited	3,916,113	7,622,238	3,916,113	4,857,740

The relationship between the Group and the related parties are as follows:-

Related parties

Pan Malaysian Industries Berhad ("PMI")
Metrojaya Berhad ("MJ")
Hikari Builders Sdn Bhd ("HBSB")

Relationship with the Group

PMI is a major shareholder of the Company.
MJ and HBSB are subsidiary companies of PMI.
(HBSB is currently under creditors' voluntary liquidation.)

Laura Ashley Holdings plc
Regent Corporation
Morning Star Travel Services Ltd
Vista Hotel Management Sdn Bhd
Vista International Hotel Pty Ltd
Firstway International Investment Limited

These companies are associated companies of the Group.

The related party transactions are in the normal course of business and at terms mutually agreed between the parties.



STATEMENT BY DIRECTORS

We, Khet Kok Yin and Dr Ngui Chon Hee, being two of the Directors of Malayan United Industries Berhad, state that in the opinion of the Directors, the financial statements set out on pages 52 to 102 are drawn up in accordance with the applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Company and of the Group as at 31 December 2003; and
- (ii) the results and cash flows of the Company and of the Group for the financial year ended 31 December 2003.

Signed on behalf of the Board in accordance
with a resolution by the Directors

Khet Kok Yin

Dr Ngui Chon Hee

Kuala Lumpur
30 April 2004

STATUTORY DECLARATION

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

I, Lai Chee Leong, the person primarily responsible for the financial management of Malayan United Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 102 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lai Chee Leong at Kuala Lumpur in the Federal Territory on 30 April 2004.

Lai Chee Leong

Before me

Robert Lim Hock Kee
Commissioner for Oaths

REPORT OF THE AUDITORS

To the members of Malayan United Industries Berhad

We have audited the financial statements set out on pages 52 to 102. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:-
 - (i) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2003 and of their results and the cash flows for the financial year then ended.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors as indicated on pages 105 to 115 being financial statements that have been included in the consolidated financial statements.

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

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

BDO Binder

AF: 0206

Chartered Accountants

Tan Kim Leong, JP

235/06/05 (J/PH)

Partner

Kuala Lumpur
30 April 2004



SUBSIDIARY AND ASSOCIATED COMPANIES OF MALAYAN UNITED INDUSTRIES BERHAD

As at 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
1. Acquiline Sdn Bhd	100	100	Investment holding	Malaysia
2. Alameda Enterprises Limited	100	100	Investment holding	British Virgin Islands
3. Ample Line Sdn Bhd	100	100	Investment holding	Malaysia
4. Ascada Sdn Bhd	100	100	Investment holding	Malaysia
5. Carulli Holdings Sdn Bhd	100	100	Investment holding	Malaysia
6. Continental Capitals Sdn Bhd	100	100	Investment holding	Malaysia
7. Creative Vest (M) Sdn Bhd	100	100	Investment holding	Malaysia
+ 8. CSB-Canada Trading Ltd	100	100	Investment holding	Canada
+ 9. Davson Limited	100	100	Investment holding	Hong Kong
10. Farrago Sdn Bhd	100	100	Investment holding	Malaysia
11. Fuchsia Enterprises Limited	100	100	Investment holding	British Virgin Islands
12. Grand Oak Sdn Bhd	100	100	Investment holding	Malaysia
13. Honoraire Sdn Bhd	100	100	Inactive	Malaysia
14. Libertyray (M) Sdn Bhd	100	100	Investment holding	Malaysia
* 15. London Vista Hotel Limited	100	100	Investment holding	United Kingdom
16. Loyal Design Sdn Bhd	100	100	Investment holding	Malaysia
17. Malayan United Management Sdn Bhd	100	100	Management services	Malaysia
18. Malayan United Nominees (Asing) Sdn Bhd	100	100	Dormant	Malaysia
19. Malayan United Nominees (Tempatan) Sdn Bhd	100	100	Inactive	Malaysia
20. Malayan United Security Services Sdn Bhd	100	100	Security services	Malaysia
21. Malayan United Trading Sdn Bhd	100	100	Investment holding	Malaysia
22. Marco Polo Trading Sdn Bhd	100	100	Investment holding	Malaysia
23. Mayang Unggul Sdn Bhd	100	100	Investment holding	Malaysia
24. Megah Nominees (Tempatan) Sdn Bhd	100	100	Inactive	Malaysia
25. Merchant Network Sdn Bhd	100	100	Investment holding	Malaysia
26. Ming Court Beach Hotel (P.D.) Sdn Bhd	100	100	Hotel ownership	Malaysia
27. Ming Court Hotel (KL) Sdn Bhd	100	100	Hotel operations	Malaysia
28. Ming Court Inn (Penang) Sdn Bhd	100	100	Inactive	Malaysia
+ 29. Ming Court Hotels International Limited	100	100	Dormant	Hong Kong
30. Ming Court Hotels International Sdn Bhd	100	100	Inactive	Malaysia
+ 31. MUI Asia Limited	100	100	Investment holding	Hong Kong
32. MUI Capital Sdn Bhd	100	100	Moneylending	Malaysia
+ 33. MUI China Limited	100	100	Investment holding	Hong Kong
* 34. MUI Continental Insurance Berhad	81.71	81.71	General insurance	Malaysia
35. MUI dotCom Sdn Bhd	100	100	Information technology	Malaysia
+ 36. MUI Enterprises Limited	100	100	Investment holding	Hong Kong
37. MUI Enterprises Sdn Bhd	100	100	Investment holding	Malaysia
+ 38. MUI Resources Limited	100	100	Investment holding	Hong Kong
+ 39. MUI Media Limited	100	100	Dormant	United Kingdom
40. MUI Media Ltd	100	100	Investment holding	British Virgin Islands

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
+ 41. MUI Philippines, Inc	100	100	Investment holding	Philippines
* 42. MUI Properties Berhad	70.75	70.75	Investment holding	Malaysia
43. MUI Property Management Sdn Bhd	100	100	Dormant	Malaysia
44. MUI Security Services Sdn Bhd	100	100	Dormant	Malaysia
45. MUI Sdn Bhd	100	100	Investment holding	Malaysia
+ 46. MUI Singapore Pte Ltd	100	100	Dormant	Singapore
+ 47. MUI (UK) Limited	100	100	Investment holding	United Kingdom
48. Natloyal (M) Sdn Bhd	100	100	Property investment	Malaysia
49. Novimax (M) Sdn Bhd	100	100	Investment holding	Malaysia
50. Oriental Omega Sdn Bhd	100	100	Investment holding	Malaysia
* 51. Pan Malaysia Corporation Berhad	56.84	56.84	Investment holding	Malaysia
52. Pan Malaysia Holdings Berhad	63.52	62.32	Investment, property holding & management company	Malaysia
53. Prizewood Sdn Bhd	100	100	Investment holding	Malaysia
54. Pure Capital Sdn Bhd	100	100	Investment holding	Malaysia
55. Regal Classic Sdn Bhd	100	100	Investment holding	Malaysia
56. Sergap Makmur Sdn Bhd	100	100	Investment holding	Malaysia
57. Southern Challenger (M) Sdn Bhd	100	100	Investment holding & trading	Malaysia
58. Tarrega Holdings Sdn Bhd	100	100	Investment holding	Malaysia
59. United Continental Properties Sdn Berhad	81.71	81.71	Property investment	Malaysia
60. United Review (M) Sdn Bhd	100	100	Investment holding	Malaysia
61. Universal Growth Limited	100	100	Investment holding	British Virgin Islands
62. Vista Hotels Sdn Bhd	100	100	Investment holding	Malaysia

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
1. Asia Pacific Media Corporation	50	50	Inactive	U.S.A.
2. Asian Capital Equities, Inc	20	20	Inactive	Philippines
3. Farrago Holdings, Inc	40	40	Investment holding	Philippines
4. Firstway International Investment Limited	25	25	Investment holding	Hong Kong
5. Hernando Holdings Limited (Liquidated)	–	33.33	Inactive	British Virgin Islands
6. Laura Ashley Holdings plc	34.31	42.88	Design, manufacture, sourcing, distribution & sale of garments, accessories & home furnishings	United Kingdom
7. Mansara International Limited	35	35	Investment holding	British Virgin Islands
8. Porchlight Entertainment, Inc	50	50	Development & production of animation entertainment	U.S.A.
9. Regent Corporation	49	49	Investment holding	U.S.A.
10. Zhaodaola Limited	26.25	26.25	Inactive	Bermuda



Associated Companies of Firstway International Investment Limited

At 31 December 2003

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
1. Morning Star Resources Limited (formerly known as MUI Hong Kong Ltd)	40.57	40.57	Hotel, travel services & property development	Cayman Islands

Subsidiary Companies of Regent Corporation

(The list comprises major subsidiary companies only)

At 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
1. Laura Ashley (North America), Inc	69.01	69.01	Retailing of garments, home furnishings & accessories & licensing	U.S.A.
2. Regent Carolina Corporation	100	100	Resort operation & property investment	U.S.A.
3. Regent Park Corporation	100	100	Golf course operation & property development	U.S.A.

SUBSIDIARY COMPANIES OF MUI PROPERTIES BERHAD

At 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
* 1. AIGM Sdn Bhd	100	100	Inactive	Malaysia
* 2. Appreplex (M) Sdn Bhd	100	100	Investment holding	Malaysia
* 3. Bahtera Muhibbah Sdn Bhd	100	100	Investment holding	Malaysia
* 4. Bashan Sdn Bhd	100	100	Inactive	Malaysia
* 5. Cesuco Trading Limited	100	100	Investment holding	Hong Kong
* 6. C.S. Investments Private Limited	100	100	Inactive	Singapore
* 7. CSB Sdn Bhd	100	100	Investment holding	Malaysia
* 8. CSB Holdings Sdn Bhd	100	100	Investment holding	Malaysia
* 9. Delray Sdn Bhd	100	100	Property investment	Malaysia
* 10. Dirnavy Pty Limited	100	100	Hotel operations	Australia
* 11. Dondang Sayang Holdings Sdn Bhd	100	100	Investment holding	Malaysia
* 12. Elegantplex (M) Sdn Bhd	100	100	Investment holding	Malaysia

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
* 13. Green Nominees (Tempatan) Sdn Bhd	100	100	Inactive	Malaysia
* 14. Heritage Challenger (M) Sdn Bhd	100	100	Investment holding	Malaysia
* 15. Indanas Sdn Bhd	100	100	Investment holding	Malaysia
* 16. Integrated Mark (M) Sdn Bhd	100	100	Investment holding	Malaysia
* 17. Intercontinental Properties Sdn Bhd	100	100	Investment holding	Malaysia
* 18. Lambaian Maju Sdn Bhd	100	100	Investment holding	Malaysia
* 19. Lembaran Makmur Sdn Bhd	100	100	Investment holding	Malaysia
			& trading	
* 20. Lunula Pty Limited	100	100	Hotel operations	Australia
* 21. Malayan United Properties Sdn Bhd	100	100	Inactive	Malaysia
* 22. Malayan United Realty Sdn Bhd	100	100	Property investment & investment holding	Malaysia
* 23. Mecomas Pty Limited	100	100	Hotel operations	Australia
* 24. Ming Court Hotel (Vancouver) Ltd	100	100	Investment holding	Canada
* 25. Ming Fung Sendirian Berhad	100	100	Property investment	Malaysia
* 26. Miranex Sdn Bhd	100	100	Moneylending	Malaysia
* 27. MUI Australia Pty Ltd	100	100	Investment holding	Australia
* 28. MUI Investments (Canada) Ltd	100	100	Investment holding	Canada
* 29. MUI Plaza Sdn Bhd	100	100	Property investment	Malaysia
* 30. MUI Property Services Sdn Bhd	100	100	Property services	Malaysia
* 31. MUI Resorts Sdn Bhd	100	100	Investment holding	Malaysia
* 32. MUP Sdn Bhd	100	100	Property investment	Malaysia
* 33. MUR Sdn Bhd	100	100	Inactive	Malaysia
* 34. Peristal Enterprise Sdn Bhd	100	100	Investment holding	Malaysia
* 35. Pistole Holdings Sdn Bhd	100	100	Inactive	Malaysia
* 36. Polacre Sdn Bhd	100	100	Property development	Malaysia
* 37. Portico Sdn Bhd	100	100	Property development	Malaysia
* 38. Prescada Sdn Bhd	100	100	Investment holding	Malaysia
* 39. Resona Resources Sdn Bhd (formerly known as Peters Ice Cream (M) Sdn Bhd)	100	100	Dormant	Malaysia
* 40. Resort & Leisure Homes Sdn Bhd	100	100	Property development	Malaysia
* 41. Shun Fung Sendirian Berhad	100	100	Property investment	Malaysia
* 42. Superex Sdn Bhd	100	100	Property investment	Malaysia
* 43. Two Holdings Sdn Bhd	100	100	Property investment	Malaysia
* 44. Unique Octagon Sdn Bhd	100	100	Investment holding	Malaysia
* 45. West Synergy Sdn Bhd	60	60	Property investment & development	Malaysia



SUBSIDIARY AND ASSOCIATED COMPANIES OF PAN MALAYSIA CORPORATION BERHAD

At 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
* 1. Acmes Investment Limited	100	100	Investment holding	Hong Kong
* 2. Baiduri Pertama Sdn Bhd	100	100	Investment holding	Malaysia
* 3. Bidou Holdings Sdn Bhd	100	100	Investment holding	Malaysia
* 4. Chalpillar (M) Sdn Bhd	100	100	Property management	Malaysia
* 5. Cherubim Nominees (Tempatan) Sdn Bhd	100	100	Inactive	Malaysia
* 6. Clacton Holdings Sdn Bhd	100	100	Investment holding	Malaysia
* 7. Delight Consolidated Sdn Bhd	100	100	Investment holding	Malaysia
* 8. Faith Nominees (Tempatan) Sdn Bhd	100	100	Inactive	Malaysia
^+ 9. GCIH Trademarks Limited	100	–	Licensing of trademarks	Hong Kong
* 10. Gelombang Sinar Sdn Bhd	100	100	Investment holding	Malaysia
* 11. Jaguh Padu Sdn Bhd	100	100	Investment holding	Malaysia
* 12. Jerico Sdn Bhd	100	100	Investment holding	Malaysia
* 13. Jomuda Sdn Bhd	100	100	Investment holding	Malaysia
* 14. Lembaran Megah Sdn Bhd	100	100	Investment holding	Malaysia
* 15. Megafine Nominees (Asing) Sdn Bhd	100	100	Inactive	Malaysia
* 16. Megafort Sdn Bhd	100	100	Investment holding	Malaysia
* 17. Megawise Sdn Bhd	100	100	Moneylending	Malaysia
* 18. Mikonwadi Sdn Bhd	100	100	Investment holding	Malaysia
+ 19. Network Foods International Ltd	79.09	79.09	Investment holding	Singapore
+ 20. Network Foods Limited	92.92	67.27	Marketing & distribution of confectionery & other food products	Australia
* 21. Pan Malaysia Management Sdn Bhd	100	100	Management services	Malaysia
+ 22. Pan Malaysia-Singapore Holdings (Pte) Ltd	100	100	Investment holding	Singapore
* 23. Panorama Scope Sdn Bhd	100	100	Investment holding	Malaysia
* 24. Plumblin Sdn Bhd	100	100	Investment holding	Malaysia
* 25. PMCW Enterprises Sdn Bhd	100	100	Investment holding	Malaysia
* 26. PMCW Holdings Sdn Bhd	100	100	Investment holding	Malaysia
+ 27. PMRI Investments (Singapore) Pte Ltd	100	100	Investment holding	Singapore
* 28. Syahdu Pinta Sdn Bhd	100	100	Investment holding	Malaysia
* 29. Taraf Sanjung (M) Sdn Bhd	100	100	Investment holding	Malaysia
* 30. Tunas Juara Sdn Bhd	100	100	Investment holding	Malaysia
* 31. Ultipac Sdn Bhd	100	100	Inactive	Malaysia
* 32. United Pace Sdn Bhd	100	100	Investment holding	Malaysia
* 33. Uniwell Nominees (Tempatan) Sdn Bhd	100	100	Inactive	Malaysia

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
@ 1. Pan Malaysian Industries Berhad	32.90	26.39	Investment holding	Malaysia
2. Chemical Company of Malaysia Berhad	22.65	23.10	Investment holding and management company	Malaysia

Subsidiary Companies of Network Foods Limited

At 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
+ 1. Balfour Grange Pty Ltd	100	100	Property investment	Australia
+ 2. Dinnie Rundle Pty Ltd	100	100	Dormant	Australia
+ 3. Universal Confectionery Pty Ltd	100	100	Dormant	Australia

Subsidiary Companies of Network Foods International Ltd

At 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
1. Danau Gelombang Sdn Bhd	100	100	Inactive	Malaysia
* 2. Lotus Chocolate Company Limited (ceased to be a subsidiary company in 2003)	–	52.20	Manufacturing of chocolate & confectionery	India
3. Marcel's Patisserie (S) Pte Ltd (De-registered in 2003)	–	100	Dormant	Singapore
4. MUI Internet (Singapore) Pte Ltd (De-registered in 2003)	–	100	Dormant	Singapore
+ 5. Network Foods Distribution Pte Ltd	100	100	Distribution of confectionery & other food products	Singapore
+ 6. Network Foods (Hong Kong) Limited	100	100	Distribution of confectionery & cocoa-based and other food products	Hong Kong
7. Network Foods Industries Sdn Bhd	81.54	81.54	Manufacturing of consumer chocolate products	Malaysia
8. Network Foods (Malaysia) Sdn Bhd	100	100	Marketing and distribution of confectionery & cocoa-based and other food products	Malaysia
+ 9. Quintrinox Pte Ltd	100	100	Investment holding	Singapore
+ 10. Specialist Food Retailers Pte Ltd	100	100	Inactive	Singapore
11. Tiffany Enterprise Sdn Bhd	100	100	Dormant	Malaysia
+ 12. Tiffany Hampers & Gifts Pte Ltd	100	100	Inactive	Singapore



SUBSIDIARY AND ASSOCIATED COMPANIES OF PAN MALAYSIA HOLDINGS BERHAD

At 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
1. Destiny Aims Sdn Bhd	80	80	Dormant	Malaysia
+ 2. Golden Carps Pte Ltd	100	100	Inactive	Singapore
+ 3. Grandvestment Company Limited	100	100	Investment holding	Hong Kong
4. Kayangan Makmur Sdn Bhd	100	100	Investment holding	Malaysia
5. Pan Malaysia Capital Berhad	73.89	73.86	Investment holding	Malaysia
+ 6. Pengkalen Company Limited	100	100	Dormant	United Kingdom
7. Pengkalen Equities Sdn Bhd	100	100	Investment holding & dealing	Malaysia
8. Pengkalen Foodservices Sdn Bhd	100	100	Inactive	Malaysia
9. Pengkalen Holiday Resort Sdn Bhd	100	100	Operating a hotel	Malaysia
10. Pengkalen Properties Sdn Bhd	100	100	Inactive	Malaysia
11. Pan Malaysia Travel & Tours Sdn Bhd	80	80	Travel agent & provision of travel-related services	Malaysia
+ 12. Pengkalen (UK) Plc	84.12	84.12	Investment holding	United Kingdom
13. Twin Phoenix Sdn Bhd	100	100	Dormant	Malaysia

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
1. Excelpac Industries Sdn Bhd (a 25% associated company of Pan Malaysia Travel & Tours Sdn Bhd)	20	20	Inactive	Malaysia

Subsidiary Companies of Pan Malaysia Capital Berhad

At 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
1. Bayan Niaga Sdn Bhd	100	100	Inactive	Malaysia
2. KESB Nominees (Asing) Sdn Bhd	99.99	99.99	Dormant	Malaysia
3. KESB Nominees (Tempatan) Sdn Bhd	99.99	99.99	Nominee & custodian services	Malaysia
4. Meridian Nominees (Tempatan) Sdn Bhd	99.99	99.99	Share registration, nominee & custodian services	Malaysia
5. Pan Malaysia Equities Sdn Bhd	99.99	99.99	Property & investment holding	Malaysia
6. PCB Asset Management Sdn Bhd	100	100	Research & fund management services	Malaysia
7. PM Asset Management Sdn Bhd	100	100	Investment holding	Malaysia
8. PM Nominees (Asing) Sdn Bhd	99.99	99.99	Nominee & custodian services	Malaysia
9. PM Nominees (Tempatan) Sdn Bhd	99.99	99.99	Nominee & custodian services	Malaysia
10. PM Options & Futures Sdn Bhd	100	100	Inactive	Malaysia
11. PM Securities Sdn Bhd	99.99	99.99	Stock and sharebroking and corporate advisory services	Malaysia

Subsidiary and Associated Companies of Pengkalen (UK) Plc

At 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
1. Anglo Pacific Corporation (Malaysia) Sdn Bhd	100	100	Investment holding	Malaysia
2. Anglo Pacific Holdings (Malaysia) Sdn Bhd	100	100	Investment holding	Malaysia
* 3. Aqua Lanka (Private) Limited	100	100	Dormant	Sri Lanka
+ 4. Central Cocoa Pte Ltd	100	100	Dormant	Singapore
+ 5. GCIH Property Limited	100	100	Investment holding	Hong Kong
+^ 6. GCIH Trademarks Limited	—	100	Licensing of trademarks	Hong Kong
* 7. Grand Central (Ceylon) Rubber Estates, Limited	100	100	Dormant	United Kingdom
* 8. Grand Central Limited	100	100	Dormant	Sri Lanka
* 9. Highland Tea Company of Ceylon, Limited	100	100	Dormant	United Kingdom
10. Kuril Plantations Sdn Berhad	100	100	Inactive	Malaysia
+ 11. Meltis Holdings Limited	84	84	Investment holding	United Kingdom
* 12. Nagolle Holdings Limited	100	100	Dormant	United Kingdom
* 13. Nagolle (Ceylon) Rubber and Tea Plantations, Limited	100	100	Dormant	United Kingdom
* 14. Network Foods International Limited	100	100	Dormant	United Kingdom
* 15. The Panawatte Tea and Rubber Estate, Limited	100	100	Dormant	United Kingdom
* 16. The Yatiyantota Ceylon Rubber Company Limited	100	100	Dormant	United Kingdom
17. Upali Group Sdn Bhd	100	100	Dormant	Malaysia
+ 18. Wellon Distribution Pte Ltd	100	100	Dormant	Singapore

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
1. Desa Kuril Sdn Berhad	50	50	Dormant	Malaysia



Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad which are under liquidation

At 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>	
	<i>%</i>	<i>%</i>	
1. Asia Entertainment Network Sdn Bhd	60	60	Malaysia
2. Cocoa Specialities (Malaysia) Sdn Bhd	84.12	84.12	Malaysia
3. Grand Union Insurance Company Limited	55	55	Hong Kong
4. Office Business Systems (Malacca) Sdn Bhd	41.67	41.67	Malaysia
5. Office Business Systems (Penang) Sdn Bhd	64.10	64.10	Malaysia
6. Office Business Systems Sdn Bhd	64.10	64.10	Malaysia
7. Pengkalen Building Materials Sdn Bhd	100	100	Malaysia
8. Pengkalen Electronics Industries Sdn Bhd	67	67	Malaysia
9. Pengkalen Engineering & Construction Sdn Bhd	100	100	Malaysia
10. Pengkalen Heights Sdn Bhd	70	70	Malaysia
11. Pengkalen Pasar Borong Sdn Bhd	80	80	Malaysia
12. Pengkalen Raya Sdn Bhd	100	100	Malaysia
13. Sensor Equipment Sdn Bhd	64.10	64.10	Malaysia
14. Technitone (M) Sdn Bhd	64.10	64.10	Malaysia
<i>Associated Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>	
	<i>%</i>	<i>%</i>	
1. Pufrut Preserving Works (Malaysia) Sdn Bhd	42.06	42.06	Malaysia
2. Schwartau (Far East) Sdn Bhd	42.06	42.06	Malaysia

SUBSIDIARY COMPANIES AND JOINT VENTURES OF LONDON VISTA HOTEL LIMITED

At 31 December 2003

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2003</i>	<i>2002</i>		
	<i>%</i>	<i>%</i>		
* 1. Belsfield Hotels Limited	99.99	99.99	Dormant	United Kingdom
* 2. Bistro Bistrot Limited	62.49	62.49	Dormant	United Kingdom
* 3. Catermax Limited	99.99	99.99	Dormant	United Kingdom
* 4. Corus Hotels plc (formerly known as Corus & Regal Hotels plc)	99.99	99.99	Investment holding and hotel operations	United Kingdom
* 5. Corus Corporation UK Limited	99.99	99.99	Dormant	United Kingdom
* 6. Regal Hotels Limited (formerly known as Corus Hotels Limited)	99.99	99.99	Dormant	United Kingdom
* 7. County Hotels Group Plc	99.99	99.99	Investment holding and hotel operations	United Kingdom
* 8. County Hotels Limited	99.99	99.99	Hotel operations	United Kingdom
* 9. Delaquest Limited	99.99	99.99	Investment holding and hotel operations	United Kingdom
* 10. Dionball Limited	99.99	99.99	Investment holding and hotel operations	United Kingdom
* 11. Dudley Hotels Limited	99.99	99.99	Hotel operations	United Kingdom
* 12. Earl Grey Tea Rooms Limited	62.49	62.49	Dormant	United Kingdom
* 13. Echostand Limited	99.99	99.99	Hotel operations	United Kingdom
* 14. Etrop Grange Limited	99.99	99.99	Hotel operations	United Kingdom
* 15. Experience Inns Limited	62.49	62.49	Dormant	United Kingdom
* 16. Flamepro Limited	99.99	99.99	Hotel operations	United Kingdom
* 17. Historic Country Inns Limited	62.49	62.49	Dormant	United Kingdom
■ * 18. No. 1 Cigar Club Limited	36.83	36.75	Restaurant operations	United Kingdom
* 19. Patrolmake Limited	99.99	99.99	Investment holding and hotel operations	United Kingdom
# * 20. Plaza On Hyde Park Limited	60.00	60.00	Hotel operations	United Kingdom
* 21. Pub (Nico) Limited	62.49	62.49	Dormant	United Kingdom
* 22. Rose & Crown VCT Limited	99.99	99.99	Hotel operations	United Kingdom
* 23. Shandwick Leisure Limited	99.99	99.99	Hotel operations	United Kingdom
* 24. Simply Nico Limited	62.49	62.49	Dormant	United Kingdom
* 25. Styletune Limited	99.99	99.99	Hotel operations	United Kingdom
* 26. The Bowler Hat Limited	99.99	99.99	Hotel operations	United Kingdom
* 27. The Imperial Crown Hotel Limited	99.99	99.99	Hotel operations	United Kingdom
* 28. The Reservation Company Limited	99.99	99.99	Reservation bookings	United Kingdom
* 29. The Restaurant Partnership plc	62.49	62.49	Restaurant operations	United Kingdom
* 30. TRP Belgium S.A.NV	62.49	62.49	Restaurant operations	Belgium
* 31. TRP (Langan's) Limited	62.49	62.49	Dormant	United Kingdom
* 32. TRP (Nico) Limited	62.49	62.49	Dormant	United Kingdom
* 33. Woodmount Limited	99.99	99.99	Dormant	United Kingdom
* 34. Wright Hotels (North Queensferry) Limited	99.99	99.99	Hotel operations	United Kingdom
* 35. Wright Hotels Limited	99.99	99.99	Investment holding and hotel operations	United Kingdom



Joint Venture	Equity Interest		Principal Activities	Country of Incorporation
	2003	2002		
	%	%		
1. Elmvile Limited	50.00	50.00	Hotel and leisure club operations	United Kingdom

+ *Subsidiary companies audited by overseas member firms associated with BDO Binder, Malaysia.*

* *Subsidiary companies not audited by member firms associated with BDO Binder, Malaysia.*

London Vista Hotel Limited has a direct equity interest of 11% whilst Corus & Regal Hotels plc has a direct equity interest of 49%.

■ *The Restaurant Partnership plc held 58.95% equity interest in No. 1 Cigar Club Limited.*

@ *Pan Malaysian Industries Berhad held 46.56% equity interest in Malayan United Industries Berhad as at 31 December 2003.*

^ *GCIH Trademarks Limited became a wholly-owned subsidiary company of PMRI Investments (Singapore) Pte Ltd on 29 December 2003.*

PROPERTIES OWNED BY THE MUI GROUP

As at 31 December 2003

<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
MALAYSIA			
Federal Territory of Kuala Lumpur			
2 lots of freehold land with a 22-storey office complex known as MUI Plaza at nos. 1 & 3, Jalan P. Ramlee, Kuala Lumpur (Year of last valuation : 1983)	7,436	31	141,000,000
1 lot of freehold land with a 6 1/2-storey office block at nos. 54-56, Jalan Hang Lekiu, Kuala Lumpur (Date of acquisition : April 1978)	204	25	1,020,372
1 lot of freehold land with a 13-storey hotel, known as Corus hotel Kuala Lumpur, Jalan Ampang, Kuala Lumpur (Date of last valuation : December 1982)	7,289	19	71,886,778
2 lots of freehold land at nos. 13 & 15, Jalan Sultan Ismail, Kuala Lumpur, held for commercial development (Year of last revaluation : 1986)	2,897	–	14,023,338
1 lot of freehold land at Section 43, Jalan Mayang, Kuala Lumpur, held for proposed condominium development (Date of acquisition : May 1981)	1,478	–	853,335
3 lots of leasehold land with a 4-storey shoplot each at nos. 14, 16 & 18, Taman Indrahana, Jalan Kuchai Lama, Kuala Lumpur (Lease expires in 2077) (Date of acquisition : June/November 1990)	468	20	1,506,202
1 unit of freehold residential apartment at UBN Tower, 10, Jalan P. Ramlee, Kuala Lumpur (Date of acquisition : July 1990)	59	16	230,433
1 lot of freehold land with two units of double-storey buildings at 189, Jalan Ampang, Kuala Lumpur (Date of acquisition : August 1991)	3,540	11	9,504,489
1 lot of freehold land with a 15-storey office building known as Menara Pengkalen at no. 2, Jalan Changkat Ceylon, Kuala Lumpur (Date of acquisition : September 1996)	2,459	17	31,977,789
1 lot of freehold residential apartment at KL Court Penthouse, Rooftop, KL Plaza, Jalan Bukit Bintang, Kuala Lumpur (Date of acquisition : January 1999)	1,051	17	1,289,280



<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
State of Selangor Darul Ehsan			
4 lots of leasehold land with a double-storey bungalow at no. 326, Lorong Tiga D, Subang New Village, Selangor Darul Ehsan, held for future development (Lease expires in 2065) (Date of acquisition : May 1982)	31,424	36	815,552
6 lots of freehold land with a 2-storey pre-war shophouse at Seksyen 3, Pekan Satu Tiga, Mukim Damansara, Selangor Darul Ehsan, held for future development (Date of acquisition : December 1982)	771	pre-war	165,000
Balance of freehold land held for residential development known as Vila Sri Ukay at Mukim Ulu Kelang, Selangor Darul Ehsan (Date of acquisition : April 1995)	12,855	–	10,376,601
1 unit of freehold condominium at Phase 1A, Gasing Heights, Section 19, Mukim and District of Petaling Jaya, Selangor Darul Ehsan (Date of acquisition : September 1996)	144	12	362,613
1 lot of leasehold industrial land with a factory and office building at Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2071) (Date of acquisition : September 1996)	10,800	33	10,255,727
1 lot of freehold industrial land at Lot no. 1811, Mukim Cheras, Daerah Ulu Langat, Selangor Darul Ehsan, held for development into a factory building (Date of acquisition : April 1996)	7,333	–	2,094,777
2 lot of leasehold land with 2 continuous units of 4-storey shop/office building at no. 18 and 20, Jalan Tiara 2, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan. (Lease expires in 2093) (Date of acquisition : May 2002)	306	9	2,673,557

<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
State of Pulau Pinang			
1 lot of freehold land at Lot 773, TS 12 NED, Jalan Macalister, Pulau Pinang (Date of acquisition : 6 November 1974)	380	pre-war	214,784
1 lot of leasehold land with an office and warehouse at no. 101-G, Lintang Kampong Jawa, Lot 4, Kawasan MIEL, Bayan Baru, Pulau Pinang (Lease expires in 2040) (Date of acquisition : September 1996)	976	22	1,241,874
State of Johor Darul Takzim			
4 lots of freehold land at nos. 1-7, Jalan Trus, no. 17, Jalan Ibrahim and no. 13, Jalan Tan Hiok Nee, Johor Bahru, Johor Darul Takzim, held for future development (Date of acquisition : February 1982/January 1983)	433	–	1,968,021
1 lot of freehold land with a warehouse at no. 35, Jalan Mashyur 3, Taman Perindustrian Cemerlang, Ulu Tiram, Johor Bahru, Johor Darul Takzim (Date of acquisition : September 1996)	446	10	562,898
State of Negeri Sembilan Darul Khusus			
3 lots of freehold land with a 4-storey hotel building, at 7 1/2 Mile, Jalan Pantai, Teluk Kemang, Port Dickson, Negeri Sembilan Darul Khusus (Year of last valuation : 1983)	11,892	29	13,185,746
1 lot of freehold land at 5 1/2 Mile, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus held for development into 366 units of resort condominiums known as Pasirindu (Date of acquisition : June 1980)	20,259	–	9,474,308
Balance of freehold land held for township development known as Bandar Springhill at Mukim of Jimah, District of Port Dickson, Negeri Sembilan Darul Khusus (Date of acquisition : January 1995)	6,346,939	–	109,739,959
1 unit of leasehold condominium at Unit A8-10, 8th Floor, Tanjung Tuan Apartment, 5th Mile, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus (Lease expires in 2081) (Date of acquisition : September 1996)	117	19	230,400



<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
4 lots of leasehold land with a hotel known as Corus Paradise resort Port Dickson at Lots 286,288 & 289, PT 5855, Batu 2 1/2, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus (Lease expires in 2059/2087) (Date of acquisition : September 1996)	55,745	8	63,906,971
9 lots of freehold land at Mukim Si Rusa, Port Dickson, Negeri Sembilan Darul Khusus, held for residential development (Date of acquisition : June 1996/July 2000)	49,148	–	19,000,000
1 lot of freehold land with 4-storey shop-office at Lot no. 926, no. 18, Jalan Kong Sang, Seremban, Negeri Sembilan Darul Khusus (Date of acquisition : July 2001)	177	4	915,672
1 lot of freehold land with 4-storey office building at nos. 19, 20 & 21, Jalan Kong Sang, Seremban, Negeri Sembilan Darul Khusus (Date of acquisition : July 2001)	474	14	2,749,146
1 lot of freehold land with 2-storey shophouse at no. 22, Jalan Kong Sang, Seremban, Negeri Sembilan Darul Khusus (Date of acquisition : July 2001)	177	pre-war	593,250
State of Pahang Darul Makmur			
1 lot of freehold land at Lot 301, Di Simpang Jalan Beserah & Jalan Telok Sisek, Kuantan, Pahang Darul Makmur, held for future development (Date of acquisition : September 1996)	10,825	–	9,015,800
1 lot of freehold bungalow land at HS 10468 PT 11291, Bentong, Pahang Darul Makmur (Date of acquisition : September 1996)	1,115	–	180,015
AUSTRALIA			
1 lot of freehold land with a 27-storey 268-room deluxe hotel known as Corus hotel Sydney at nos. 7-9, York Street, Sydney, New South Wales (Date of acquisition : July 1995)	1,011	34	91,569,919

<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
1 lot of freehold land with a factory and office building at no. 31, Fargo Way, Welshpool, Perth, Western Australia (Date of acquisition : September 1996)	4,000	21	2,486,217
1 lot of freehold land with a factory and office building at nos. 57-61, Meadow Avenue, Coopers Plains, Queensland (Date of acquisition : September 1996)	4,113	24	2,459,230
1 lot of freehold land with a 60-room hotel known as Pacific Vista Hotel at no. 20, Kirby Court, West Hobart, Tasmania, currently undergoing redevelopment into a luxurious boutique hotel (Date of acquisition : October 1996)	24,970	26	6,030,642
1 lot of freehold land with a 140-room hotel known as Corus hotel Hobart at no. 156, Bathurst Street, Hobart, Tasmania (Date of acquisition : September 1996)	3,569	27	23,930,581
UNITED STATES OF AMERICA			
A condominium complex with 110 units in a freehold 7-storey residential building located within the Regent Park Complex in Fort Mill, South Carolina (Date of acquisition : March 1993)	33,913	8	10,738,129
HONG KONG			
1 unit of leasehold warehouse at Block 1, Unit C, 23rd Floor, Kingsford Industrial Building, nos. 26-32 Kwai Hei Street, Kwai Chung, New Territories (Lease expires in 2038) (Date of acquisition : September 1996)	771	25	1,353,373
SINGAPORE			
1 lot of leasehold land with a warehouse and office at no. 12, Woodlands Link, Singapore (Lease expires in 2055) (Date of acquisition : September 1996)	7,442	6	17,347,681
1 unit of leasehold residential apartment at no. 152, Prince Charles Crescent, Singapore (Lease expires in 2096) (Date of acquisition : July 1999)	194	–	3,933,913



<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
UNITED KINGDOM			
1 lot of leasehold apartment at Flat 53, 5th Floor, Park Mansion, 141-149, Knightsbridge, London (Lease expires in 2252) (Date of acquisition : September 1996)	111	10	1,038,598
1 lot of freehold land with a 48-room hotel known as The Barns Hotel, Bedford at Cardington Road, Bedford MK44 3SA (Date of acquisition : November 2001)	12,800	902	29,340,288
1 lot of freehold land with a 56-room hotel known as The Beverley Arms Hotel, Beverley at North Bar Within, Beverley HU17 8DD (Date of acquisition : November 2001)	3,227	202	25,004,706
1 lot of freehold land with a 58-room hotel known as Westmead Hotel at Redditch Road, Hopwood, Birmingham B48 7AL (Date of acquisition : November 2001)	17,700	77	28,653,349
1 lot of leasehold land with a 44-room hotel known as The Plough & Harrow Hotel at 135, Hagley Road, Edgbaston, Birmingham B16 8LS (Lease expires in 2141) (Date of acquisition : November 2001)	6,769	152	24,496,824
1 lot of freehold land with a 112-room hotel known as Redwood Lodge Hotel & Country Club at Beggar Bush Lane, Failand, Bristol BS8 3TG (Date of acquisition : November 2001)	62,840	62	135,630,808
1 lot of freehold land with a 28-room hotel known as The Roebuck Hotel at North End, Buckhurst Hill, Epping Forest, Essex IG9 5QY (Date of acquisition : November 2001)	2,392	82	16,427,153
1 lot of freehold land with a 56-room hotel known as The Roman Way Hotel at Watling Street, Hatherton, Cannock, Staffordshire WS11 1SH (Date of acquisition : November 2001)	11,570	77	27,989,412
1 lot of freehold land with 48-room hotel known as The Falstaff Hotel at 8-10 St Dunstan Street, Canterbury, Kent CT2 8AF (Date of acquisition : November 2001)	10,000	402	20,011,819

<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
1 lot of freehold land with a 57-room hotel known as Hotel de la Bere at Southam, Cheltenham, Gloucestershire GL52 3NH (Date of acquisition : November 2001)	54,250	202	25,627,481
1 lot of freehold land with a 97-room hotel known as Hoole Hall Hotel at Warrington Road, Hoole, Chester, Cheshire CH2 3PD (Date of acquisition : November 2001)	26,660	152	48,103,537
1 lot of freehold land with a 66-room hotel known as The Chace Hotel at London Road, Toll Bar End, Coventry CV3 4EQ (Date of acquisition : November 2001)	13,240	152	23,011,058
1 lot of freehold land with a 84-room hotel known as The George Hotel at High Street, Crawley, West Sussex RH10 1BS (Date of acquisition : November 2001)	5,562	352	35,876,691
1 lot of freehold land with a 58-room hotel known as The Waterloo Hotel at Duke's Ride, Crowthorne, Berkshire RG45 6DW (Date of acquisition : November 2001)	5,530	152	38,948,799
1 lot of freehold land with a 41-room hotel known as Hall Garth Golf & Country Club Hotel at Coatham Mundeville, Darlington, Co. Durham DL1 3LU (Date of acquisition : November 2001)	265,310	402	38,440,343
1 lot of freehold land with a 72-room hotel known as The Ward Arms Hotel at Birmingham Road, Dudley DY1 4RN (Date of acquisition : November 2001)	5,600	77	20,667,347
1 lot of leasehold land with a 73-room hotel known as The Himley Country Hotel at School Road, Himley, Dudley, West Midlands DY3 4LG (Lease expires in 2018) (Date of acquisition : November 2001)	15,000	77	8,247,759
1 lot of freehold land with a 62-room hotel known as The West Retford Hotel at 24 North Road, East Retford, Nottinghamshire DN22 7XG (Date of acquisition : November 2001)	14,540	82	21,366,863



<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
1 lot of freehold land with a 121-room hotel known as The Carrick Hotel at 377 Argyle Street, Glasgow G2 8LL (Date of acquisition : November 2001)	928	52	50,930,390
1 lot of leasehold land with a 124-room hotel known as The St James' Hotel at St James Square, Grimsby DN31 1EP (Lease expires in 2071) (Date of acquisition : November 2001)	3,709	52	1,580,803
1 lot of freehold land with a 56-room hotel known as Imperial Crown Hotel at 42-46 Horton Street, Halifax, West Yorkshire HX1 1QE (Date of acquisition : November 2001)	1,001	252	19,358,433
1 lot of freehold land with a 55-room hotel known as The Green Man Hotel at Mulberry Green, Old Harlow, Essex CM17 0ET (Date of acquisition : November 2001)	5,227	602	21,551,640
1 lot of freehold land with a 121-room hotel known as The Crown Hotel at Crown Place, Harrogate HG1 2RZ (Date of acquisition : November 2001)	6,631	152	41,048,693
1 lot of freehold land with a 52-room hotel known as The Old Golf House Hotel at New Hey Road, Outlane, Near Huddersfield, West Yorkshire HD3 3YP (Date of acquisition : November 2001)	15,040	62	28,394,029
1 lot of freehold land with a 71-room hotel known as The Duke's Head Hotel at Tuesday Market Place, King's Lynn, Norfolk PE30 1JS (Date of acquisition : November 2001)	2,964	202	28,115,972
1 lot of freehold land with a 53-room hotel known as The Manor House Hotel at Avenue Road, Royal Leamington Spa, Warwickshire CV31 3NJ (Date of acquisition : November 2001)	6,153	102	24,191,898
1 lot of freehold land with a 48-room hotel known as Time Out at Enderby Road, Blady, Leicester LE8 4GD (Date of acquisition : November 2001)	6,824	52	23,320,368
1 lot of freehold land with a 47-room hotel known as Edgwarebury Hotel at Barnet Lane, Elstree, Hertfordshire WD6 3RE (Date of acquisition : November 2001)	40,000	152	40,510,388

<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
1 lot of freehold land with a 91-room hotel known as The Chiltern Hotel at Waller Avenue, Luton, Bedfordshire LU4 9RU (Date of acquisition : November 2001)	6,958	52	30,605,153
1 lot of freehold land with a 52-room hotel known as Larkfield Priory Hotel at London Road, Larkfield, near Maidstone, Kent ME20 6HJ (Date of acquisition : November 2001)	7,086	102	21,860,700
1 lot of freehold land with a 57-room hotel known as The Chequers Hotel at Oxford Street, Newbury, Berkshire RG14 1JB (Date of acquisition : November 2001)	3,772	202	23,254,801
1 lot of freehold land with a 77-room hotel known as Queensferry Lodge Hotel at St Margaret's Head, North Queensferry, Fife KY11 1HP (Date of acquisition : November 2001)	27,880	52	38,339,651
1 lot of freehold land with a 54-room hotel known as The Potters Heron Hotel at Ampfield, Nr. Romsey, Hampshire SO51 9ZF (Date of acquisition : November 2001)	13,200	252	29,819,599
1 lot of freehold land with a 47-room hotel known as Brownsover Hall Hotel at Brownsover Lane, Old Brownsover, Rugby CV21 1HU (Date of acquisition : November 2001)	20,000	152	21,076,045
1 lot of freehold land with a 48-room hotel known as The Chimney House Hotel at Congleton Road, Sandbach, Cheshire CW11 4ST (Date of acquisition : November 2001)	28,360	52	30,613,834
1 lot of freehold land with a 50-room hotel known as The Beauchief Hotel at 161 Abbeydale Road South, Sheffield, South Yorkshire S7 2QW (Date of acquisition : November 2001)	16,940	52	37,987,326
1 lot of leasehold land with a 103-room hotel known as Grosvenor House Hotel at Charter Square, Sheffield, South Yorkshire S1 3EH (Lease expires in 2065) (Date of acquisition : November 2001)	1,500	52	18,866,454



<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
1 lot of freehold land with a 59-room hotel known as The Lion Hotel at Wyle Cop, Shrewsbury, Shropshire SY1 1UY (Date of acquisition : November 2001)	1,000	302	27,406,241
1 lot of freehold land with a 112-room hotel known as The Regency Hotel at Stratford Road, Shirley, Solihull B90 4EB (Date of acquisition : November 2001)	16,400	52	94,466,101
1 lot of freehold land with a 60-room hotel known as The Garth Hotel at Wolverhampton Road, Stafford ST17 9JR (Date of acquisition : November 2001)	15,560	52	28,060,256
1 lot of freehold land with a 50-room hotel known as Stone House Hotel at Stafford Road, Stone, Staffordshire ST15 0BQ (Date of acquisition : November 2001)	40,990	52	32,993,480
1 lot of freehold land with a 94-room hotel known as The Madison Inn at Oxford Road, Stratton St Margaret, Swindon, Wiltshire SN3 4TL (Date of acquisition : November 2001)	19,330	52	40,586,055
1 lot of freehold land with a 78-room hotel known as Tewkesbury Park Hotel, Golf & Country Club at Lincoln Green Lane, Tewkesbury, Gloucestershire GL20 7DN (Date of acquisition : November 2001)	689,610	52	67,278,606
1 lot of freehold land with a 62-room hotel known as Honiley Court Hotel & Conference Centre at Meer End Road, Honiley, Nr. Warwick, Warwickshire CV8 1NP (Date of acquisition : November 2001)	15,040	52	27,151,925
1 lot of freehold land with a 50-room hotel known as The Hillcrest Hotel at Cronton Lane, Widnes, Cheshire WA8 9AR (Date of acquisition : November 2001)	2,000	52	27,892,403
1 lot of freehold land with a 64-room hotel known as The Belsfield Hotel at Kendal Road, Bowness-on-Windermere, Cumbria LA23 3EL (Date of acquisition : November 2001)	28,050	152	33,876,908

<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
1 lot of freehold land with a 48-room hotel known as Clumber Park Hotel at Clumber Park, near Worksop, Nottinghamshire S80 3PA (Date of acquisition : November 2001)	28,210	52	24,013,283
1 lot of freehold land with a 64-room hotel known as The County Hotel at Bramhall Lane South, Bramhall, Stockport, Cheshire SK7 2EB (Date of acquisition : November 2001)	6,441	52	28,820,096
1 lot of freehold land with a 82-room hotel known as Burnham Beeches Hotel at Grove Road, Burnham, Buckinghamshire SL1 8DP (Date of acquisition : November 2001)	31,830	52	84,692,696
1 lot of freehold land with a 110-room hotel known as The Blackwell Grange Hotel at Blackwell Grange, Darlington, Co. Durham DL3 8QH (Date of acquisition : November 2001)	26,830	52	40,623,254
1 lot of freehold land with a 108-room hotel known as The Forth Bridges Hotel at 1 Ferrymuir Gait, South Queensferry, Edinburgh, West Lothian EH30 9SF (Date of acquisition : November 2001)	40,940	52	27,968,414
1 lot of freehold land with a 99-room hotel known as The County Hotel at Epping Forest, Oak Hill, Woodford Green, Essex IG8 9NY (Date of acquisition : November 2001)	7,214	52	35,869,394
1 lot of freehold land with a 100-room hotel known as The Kelvin Park Lorne Hotel at 923 Sauchiehall Street, Glasgow, G3 7TE (Date of acquisition : November 2001)	1,036	102	21,181,749
1 lot of freehold land with a 76-room hotel known as Harpenden House at 18 Southdown Road, Harpenden, Hertfordshire AL5 1PE (Date of acquisition : November 2001)	11,700	252	51,104,654
1 lot of freehold land with a 76-room hotel known as The County Hotel at Copdock, Ipswich, Suffolk IP8 3JD (Date of acquisition : November 2001)	21,640	52	34,280,289



<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
1 lot of freehold land with a 84-room hotel known as The Maids Head Hotel at Tombland, Norwich, Norfolk NR3 1LB (Date of acquisition : November 2001)	12,000	602	48,360,509
1 lot of freehold land with a 28-room hotel known as The Rose & Crown Hotel at Harnham Road, Salisbury, Wiltshire SP2 8JQ (Date of acquisition : November 2001)	4,911	602	19,170,109
1 lot of freehold land with a 54-room hotel known as Briggens House Hotel at Briggens Park, Stanstead Road (A414), Stanstead Abbots, Nr. Harlow, Herts SG12 8LD (Date of acquisition : November 2001)	294,510	302	51,009,185
1 lot of freehold land with a 76-room hotel known as The Cromwell Hotel at High Street, Old Town, Stevenage, Hertfordshire SG1 3AZ (Date of acquisition : November 2001)	5,626	302	35,219,352
1 lot of freehold land with a 84-room hotel known as The Falcon Hotel at Chapel Street, Stratford-upon-Avon, Warwickshire CV37 6HA (Date of acquisition : November 2001)	4,407	502	49,985,421
1 lot of freehold land with a 70-room hotel known as The Charlecote Pheasant Hotel at Charlecote, Nr. Stratford-upon-Avon, Warwickshire CV35 9EW (Date of acquisition : November 2001)	37,070	102	29,387,343
1 lot of freehold land with a 96-room hotel known as Telford Golf & Country Club at Great Hay Drive, Sutton Heights, Telford, Shropshire TF7 4DT (Date of acquisition : November 2001)	579,420	52	47,748,348
1 lot of freehold land with a 32-room hotel known as The Bowler Hat Hotel at 2 Talbot Road, Prenton, Nr. Birkenhead CH43 2HH (Date of acquisition : November 2001)	4,410	82	11,401,493
1 lot of freehold land with a 45-room hotel known as Windlestrae Hotel, The Muirs, Kinross KY13 8AS (Date of acquisition : November 2001)	30,000	62	23,081,246

<i>Location, Description and Usage</i>	<i>Approximate Land Area Sq. Metres</i>	<i>Approximate Age of Building Years</i>	<i>Net Book Value RM</i>
1 lot of freehold land with a 401-room hotel known as The Plaza on Hyde Park Hotel at Lancaster Gate, London W2 3LG (Date of acquisition : February 2001)	2,010	102	343,539,735
1 lot of freehold land with a 64-room hotel known as Etrop Grange at Thorley Lane, Manchester Airport M90 4EG (Date of acquisition : November 2001)	4,773	202	52,954,764
1 lot of leasehold land with a 4-storey restaurant at 30 Charlotte Street, London W1 1HP (Lease expires in 2019) (Date of acquisition : November 2001)	87	102	2,828,616
1 lot of leasehold land with a 3-storey restaurant at 2 Greek Street, London W1V 6NB (Lease expires in 2021) (Date of acquisition : November 2001)	36	102	1,093,080
1 lot of leasehold land with a 2-storey restaurant at 342 Kings Road, London SW3 5UR (Lease expires in 2012) (Date of acquisition : November 2001)	30	82	1,430,833
1 lot of leasehold land with a single storey restaurant at 48a Rochester Row, London SW1P 1JU (Lease expires in 2011) (Date of acquisition : November 2001)	57	82	3,246,711
1 lot of leasehold land with a 2-storey restaurant at 35 Great Portland Street, London W1N 5NN (Lease expires in 2008) (Date of acquisition : November 2001)	149	31	1,167,552
1 lot of leasehold land with a single storey restaurant at Midland Hotel Conference Centre Mount Street, Manchester M60 20S (Lease expires in 2008) (Date of acquisition : November 2001)	377	101	571,477
1 lot of leasehold land with a single storey restaurant at Crown Plaza, Heathrow Stockley Road, West Drayton Middlesex UB7 9NA (Lease expires in 2008) (Date of acquisition : November 2001)	213	27	422,426



Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

FORM OF PROXY

No. of Shares Held

I/We _____ NRIC No. _____
of _____ Tel. No. _____
being a member of MALAYAN UNITED INDUSTRIES BERHAD, hereby appoint *THE CHAIRMAN
OF THE MEETING or _____ NRIC No. _____
of _____ Occupation _____
or failing him, _____ NRIC No. _____
of _____ Occupation _____

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 25 June 2004 at 11.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

Resolutions	For	Against
1. To receive the audited financial statements for the financial year ended 31 December 2003 and the Reports of the Directors and the Auditors thereon.		
2. To re-appoint Tan Sri Dato' Md Khir Johari as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
3. To re-appoint Mr Yong Ming Sang as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
4. To re-appoint Dr Ngui Chon Hee as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.		
5. To re-elect Mr Loy Yet King as Director of the Company.		
6. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.		
7. As special business:- Approval of Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965.		

* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting" and insert the name(s) of the person(s) desired.

(Please indicate with (X) how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signature

Date:

Notes:-

1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but if he is not a member, he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in the particular case or a person approved by the Directors prior to the appointment.
2. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member, other than an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.
4. The Form of Proxy must be deposited at the registered office of the Company at 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Seal

Stamp

The Company Secretary
Malayan United Industries Berhad
14th Floor, MUI Plaza
Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia

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