

Pan Malaysia Holdings Berhad

Company No: 95469-W

LAPORAN TAHUNAN **2003** ANNUAL REPORT

PM Securities

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 22 June 2004 at 9.00 a.m. for the following purposes:-

AGENDA

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 approve Directors' fees of RM36,000.00.
3. 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, Dato' Abdul Aziz bin Ahmad 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, Dato' Rastam bin Abdul Hadi 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, 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."
4. To re-elect Dato' Mohd Ibrahim bin Mohd Zain as a Director of the Company.
5. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.
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
31 May 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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are seeking re-appointment pursuant to Section 129(6) of the Companies Act, 1965 are:-

- (i) Dato' Abdul Aziz bin Ahmad
- (ii) Dato' Rastam bin Abdul Hadi
- (iii) Yong Ming Sang

The Director who is standing for re-election pursuant to Article 111 of the Company's Articles of Association is Dato' Mohd Ibrahim bin Mohd Zain.

2. Details of Attendance of Directors at Board Meetings.

There were four (4) 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 and 7 of the Annual Report.

3. The Twenty-First Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 22 June 2004 at 9.00 a.m..

CORPORATE INFORMATION

Board of Directors

Dato' Mohd Ibrahim bin Mohd Zain, D.S.P.N., D.I.M.P., *Chairman*

Khet Kok Yin, *Managing Director*

Dato' Choong Kok Min, D.P.T.J., P.J.K., *Executive Director*

Dato' Abdul Aziz bin Ahmad, D.S.D.K., D.P.M.J., J.M.N., K.M.N., J.B.S.

Dato' Rastam bin Abdul Hadi, P.G.D.K., D.C.S.M., D.P.M.T., K.M.N.

Yong Ming Sang

Tan Sri Dato' Seri Dr Ting Chew Peh, P.S.M., D.P.M.P., D.P.M.S., S.P.M.P.

Secretary

Chik Wai Ming

Registered Office

14th Floor, MUI Plaza

Jalan P. Ramlee

50250 Kuala Lumpur

Tel No: 03-21482566 Fax No: 03-21445209

Principal Place of Business

14th Floor, MUI Plaza

Jalan P. Ramlee

50250 Kuala Lumpur

Tel No: 03-20316722 Fax No: 03-20311299

Registrar

Pan Malaysia Management Sdn Bhd

6th Floor, MUI Plaza

Jalan P. Ramlee

50250 Kuala Lumpur

Tel No: 03-21487696 Fax No: 03-21442118

Auditors

BDO Binder *Chartered Accountants*

Principal Bankers

Malayan Banking Berhad

Southern Bank Berhad

United Overseas Bank (Malaysia) Bhd

Stock Exchange Listing

The Main Board of Bursa Malaysia

PROFILE OF DIRECTORS

Dato' Mohd Ibrahim bin Mohd Zain

Age 60. Malaysian. Independent Non-Executive Director and Chairman. Appointed as Director on 28 May 1998. Chairman of Audit Committee. Graduated from British Institute of Management and Institute of Marketing in United Kingdom. Holds a Masters in Business Administration from the University of Ohio. Upon graduation in 1965, was attached with University Technology MARA (formerly known as Institute Technology MARA) where later he was appointed as a Director, a position which he holds to date. Formerly, he was Chairman of the International Executive Service Corps Steering Committee, Malaysia and Chapter Chairman of Young Presidents' Organisation. He was also founding Board Member of the Penang Regional Development Authority ("PERDA") and had served as a Board Member of the Tourist Development Corporation Malaysia. Was also formerly, Chief Executive of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, Chairman and Chief Executive Officer of Setron (Malaysia) Berhad, Chairman of Bank Kerjasama Rakyat (M) Berhad, Bescorp Industries Berhad and Pan Malaysian Industries Berhad. Currently, he is also Chairman of Pan Malaysia Capital Berhad and Chemical Company of Malaysia Berhad, Deputy Chairman of Metrojaya Berhad and a Director of K & N Kenanga Holdings Berhad, Pan Malaysian Industries Berhad and AMMB Holdings Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Khet Kok Yin

Age 57. Malaysian. Managing Director. Appointed as Director on 28 May 1998. Member of Audit Committee. Holds a Bachelor of Economics (Hons) from University of Malaya. Currently, also a Managing Director of Pan Malaysian Industries Berhad and Pan Malaysia Capital Berhad. He also sits on the Boards of Malayan United Industries Berhad, MUI Properties Berhad, MUI Continental Insurance Berhad and Pan Malaysia Corporation Berhad. Had served as President of the North American operations of The MUI Group in the United States of America, Executive Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad), Managing Director of Metrojaya Berhad and Managing Director of Morning Star Securities Ltd, Hong Kong. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Dato' Choong Kok Min

Age 62. Malaysian. Executive Director. Appointed as Director on 8 January 1991. Graduated in Law from the University of London and Barrister-at-Law from Gray's Inn. Was formerly a Chairman of Alliance Finance Berhad, Director cum Legal Adviser and Company Secretary of Oriental Bank Berhad, Director of Setron (Malaysia) Berhad and partner of Messrs Ariffin & Ooi and Messrs Allen & Gledhill. He also sits on the Board of Alliance Finance Berhad and is the Chairman of its Audit Committee and also sits on the Board of Pan Malaysia Capital Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Dato' Abdul Aziz bin Ahmad

Age 76. Malaysian. Independent Non-Executive Director. Appointed as Director on 27 March 1990. Formerly a Government servant and had served in Polis DiRaja Malaysia. His last posting before retirement in May 1985 was in the Prime Minister's Department. He also sits on the Board of Pan Malaysia Capital Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Dato' Rastam bin Abdul Hadi

Age 73. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 15 August 1996. Member of Remuneration Committee and Chairman of Nomination Committee. Holds a Bachelor of Science (Hons) in Mathematics from University of Malaya, Singapore. Formerly, a State Financial Officer, Pahang and later Under-Secretary, Treasury of Ministry of Finance, Deputy Secretary General of Ministry of Defence and Deputy Governor of Bank Negara Malaysia. Was also formerly, Executive Director and later as Managing Director and finally as Senior Vice-President of Petroleum Nasional Berhad ("Petronas"). Currently, the Group Adviser to The MUI Group. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Yong Ming Sang

Age 73. Malaysian. Independent Non-Executive Director. Appointed as Director on 15 August 1996. Member of Nomination Committee and 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, he 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 Malayan United Industries Berhad, MUI Properties 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 Malaysia and Keretapi Tanah Melayu. Currently, he is a member of the Board of Trustees of the National Art Gallery. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended three (3) Board Meetings held during the financial year.

Tan Sri Dato' Seri Dr Ting Chew Peh

Age 60. Malaysian. Independent Non-Executive Director. Appointed as Director on 15 November 2001. Member of Nomination Committee and Chairman of Remuneration Committee. Holds a Bachelor of Arts from University of Malaya, Master of Science from University of London and Doctorate in Philosophy from University of Warwick. Formerly served as Minister of Housing and Local Government and was an Associate Professor in Sociology, University Kebangsaan Malaya. He is currently a Member of Parliament for Gopeng, Perak and the Chairman of Klang Port Authority. He also sits on the Boards of Puncak Niaga Holdings Berhad, Pan Malaysia Capital Berhad, Hua Yang Berhad, Malaysian South South Corporation Berhad, Malsuria Holdings Berhad and Johan Holdings Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

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.

Four (4) Directors’ meetings were held during the financial year ended 31 December 2003. Details of the attendance of the Directors are disclosed on pages 6 and 7 of the Annual Report.

1.2 Board Balance

The Board currently consist of seven (7) Directors:-

- One (1) Independent Non-Executive Chairman
- One (1) Managing Director
- One (1) Executive Director
- One (1) Non-Independent Non-Executive Director
- Three (3) Independent Non-Executive Directors

There is a clear division of responsibility between the Chairman and Managing Director to ensure there is a balance of power and authority. 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 and 7 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 10 and 11 respectively.

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	Dato' Rastam bin Abdul Hadi	- Non-Independent Non-Executive Director
Members	Yong Ming Sang	- Independent Non-Executive Director
	Tan Sri Dato' Seri Dr Ting Chew Peh	- Independent Non-Executive Director

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 all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

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	Tan Sri Dato' Seri Dr Ting Chew Peh	- Independent Non-Executive Director
Members	Yong Ming Sang	- Independent Non-Executive Director
	Dato' Rastam bin Abdul Hadi	- 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 of the Directors received from the Company and its subsidiaries categorised into appropriate components were as follows:-

	Salaries RM	Fees RM	Benefits- in-kind RM	Other RM	Total RM
Executive Directors	498,000	—	40,100	94,860	632,960
Non-Executive Directors	—	60,000	10,200	246,000	316,200

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

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	—	2
RM50,001 to RM100,000	—	2
RM100,001 to RM150,000	1	—
RM150,001 to RM200,000	—	1
RM500,001 to RM550,000	1	—

3. Relationship with Shareholders and Investors

In addition to various announcements made during the year, the timely release of quarterly interim financial reports 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 77 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 13 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 has 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 the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

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 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 Group and of the Company 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 issue. 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. Sanctions and/or Penalties Imposed

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

2. Non-Audit Fees

For the financial year ended 31 December 2003, non-audit fees paid to the external auditors amounted to RM92,735.

3. Material Contracts

There were no material contracts including contracts relating to a loan 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 financial year except as disclosed in the financial statements.

4. Revaluation Policy

The Group does not have a revaluation policy on landed properties (see also Note 6 to the financial statements).

5. Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The aggregate value of recurrent related party transactions of revenue or trading nature conducted during the financial year ended 31 December 2003 by Pan Malaysia Holdings Berhad ("PMH") and its unlisted subsidiaries and associated companies in accordance with the shareholders' mandate were as follows:-

Company within the PMH Group involved	Related Party	Nature of Transaction	RM
Pan Malaysia Travel & Tours Sdn Bhd ("PMTT") (Note 1)	(i) Malayan United Industries Berhad ("MUIB") and its unlisted subsidiaries and associated companies. MUIB is the ultimate holding company of PMH (ii) MUI Properties Berhad ("MUIP"), a subsidiary of MUIB (iii) Pan Malaysia Corporation Berhad ("PMC") and its subsidiaries. PMC is a subsidiary of MUIB (iv) PMH and its unlisted subsidiaries (v) PM Securities Sdn Bhd ("PM Securities"), a subsidiary of Pan Malaysia Capital Berhad ("PM Capital"), which in turn is a subsidiary of PMH	Provision of travel and ancillary services	3,058,448

Company within the PMH Group involved	Related Party	Nature of Transaction	RM
Pengkalen Holiday Resort Sdn Bhd, a wholly-owned subsidiary of PMH	PMTT	Purchase of hotel rooms and food for tour groups conducted by PMTT at Corus Paradise resort, Port Dickson	61,068
GCIH Trademarks Limited ("GTL"), a former subsidiary of PMH (Note 2)	Network Foods Industries Sdn Bhd ("NFI"), a subsidiary of PMC	Receipt of royalty from trademarks on chocolate products owned by GTL	418,100
PMH	PM Securities	Provision of secretarial, accounting and other support services	360,000
PMTT	Ming Court Hotel (KL) Sdn Bhd, a wholly-owned subsidiary of MUIB	Purchase of hotel rooms and food for tour groups	196,476
PMH Group (Note 3)	(i) Network Foods (Malaysia) Sdn Bhd, a subsidiary of PMC (i) NFI	Purchase of chocolate and confectionery products, and other consumer items	4,297
PMH	MUI Plaza Sdn Bhd, a wholly-owned subsidiary of MUIP	Rental of office space on 14th Floor at MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur and procurement of ancillary services	53,952
PMTT	MUI Plaza Sdn Bhd	Rental of office space on 4th Floor and car parking space at MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur and procurement of ancillary services	209,532

Company within the PMH Group involved	Related Party	Nature of Transaction	RM
PMH	Pan Malaysia Management Sdn Bhd, a wholly-owned subsidiary of PMC	Procurement of share registration and related services	33,115
PMH Group	Malayan United Management Sdn Bhd, a wholly-owned subsidiary of MUIB	Procurement of legal, audit and other support services	4,310
PMH Group	MUI dotCom Sdn Bhd, a wholly-owned subsidiary of MUIB	Procurement of computer related services	1,160
PMH Group	PM Securities	Fees payable for procurement at corporate advisory services	2,000

Notes:- (1) PMTT is 80%-owned by PMH whilst the remaining 20% is held by Mr Kan Kok Leong @ Kan Kok Hoong, Madam Khor Poh Ian and Wisefox Consolidated Sdn Bhd ("Wisefox"). Mr Kan Kok Leong @ Kan Kok Hoong is a Director of PMTT. Mr Kan Kok Leong @ Kan Kok Hoong is also a Director of Wisefox and as at 6 May 2004, holds 20,000 shares representing 9.5% equity interest in Wisefox. Mr Kan Kok Leong @ Kan Kok Hoong does not hold any shares in PMH.

(2) GTL ceased to be a subsidiary of PMH on 29 December 2003 upon the completion of its disposal as disclosed in Note 44 (iv) to the financial statements.

(3) In this section on "Recurrent Related Party Transactions Of A Revenue Or Trading Nature", "PMH Group" refers to PMH, its unlisted subsidiaries and associated companies, excluding PM Capital and its subsidiaries.

REPORT OF THE AUDIT COMMITTEE

MEMBERS

Name	Designation
Dato' Mohd Ibrahim bin Mohd Zain - <i>Chairman</i>	Independent Non-Executive Director
Tan Sri Dato' Seri Dr Ting Chew Peh	Independent Non-Executive Director
Khet Kok Yin	Managing Director

TERMS OF REFERENCE

1. Constitution

The Audit Committee was established on 28 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 report to the Board of Directors after reviewing the following:-
 - (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 questions of dismissal;
- 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 review the external auditors' management letter and management's response; and
- to consider the major findings of internal investigations and management's response 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. All the Audit Committee members attended the six (6) meetings held during the financial year.

At each of these Audit Committee Meetings, the Vice-President of Finance & Administration and Head of Internal Audit were in attendance. 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 six (6) 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 Vice-President of Finance & Administration, 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 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.

CHAIRMAN'S STATEMENT

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

ECONOMIC REVIEW

For the year 2003, the Malaysian economy remained resilient to achieve a higher than expected gross domestic product growth rate of 5.2% despite adverse effects of the outbreak of the Severe Acute Respiratory Syndrome ("SARS") in the region and geopolitical developments, in particular the war in Iraq in the first half of the year. The economic growth was driven by the stronger aggregate domestic demand and recovery of exports in the second half of the year. On the supply side, all sectors achieved positive growth rates in 2003.

The Malaysia inbound tourist arrivals ("ITA") in 2003 totalled 10.6 million, a decline of 20.4% from the previous year. The decline in ITA was attributable to the outbreak of SARS and war in Iraq which resulted in a declining trend in ITA for the first four months of the year. ITA reversed its down trend in May 2003 and due to the aggressive promotions undertaken by the industry players, successive higher monthly ITA was registered with the highest monthly ITA in 2003 of 1.3 million recorded in December.



Online trading services available at PM Securities



PM Securities branch in Seremban

The overall balance of payments of Malaysia in 2003 recorded a large surplus of RM39.1 billion, reflecting the large current account surplus, continuing inflows of foreign direct investment activities and higher inflows of portfolio funds. Consequently, the country's international reserves stood at USD44.9 billion as at 31 December 2003, an increase of USD10.3 billion from end of 2002. The level of international reserves is sufficient to finance 6.8 months of retained imports and is 4.9 times of the short-term external debt.

The Kuala Lumpur Composite Index ("KLCI") commenced the year 2003 strongly by gaining 18.45 points in January following the establishment of the RM10 billion ValueCap Sdn Bhd. However, the uncertainty brought about by the war in Iraq and the outbreak of SARS adversely affected the sentiment and performance of the equity market in the following months. The KLCI reached a year low of 615.77 in March 2003. The KLCI was on a robust recovery trend in June 2003 following the announcement of the RM7.3 billion economic stimulus package. The stronger than expected second quarter GDP growth, robust second quarter corporate earnings and oil discovery off the coast of Sabah further extended the KLCI uptrend. The KLCI reached an intraday year high of 818.57 on 31 October 2003, a 26.65% appreciation from the end of 2002 and subsequently the KLCI closed at 793.94 on 31 December 2003, 22.84% higher than a year ago.

The KLSE, a company limited by guarantee, completed its conversion to Kuala Lumpur Stock Exchange Berhad ("KLSE Bhd"), a public company



The grand entrance to Corus Paradise resort Port Dickson

limited by shares, on 5 January 2004 and the operating stock exchange was changed to Malaysia Securities Exchange Berhad ("MSEB"). In April 2004, KLSE Bhd and MSEB changed their names to Bursa Malaysia Berhad and Bursa Malaysia Securities Berhad respectively. With the completion of the legal conversion of KLSE to Bursa Malaysia Berhad, the practical implementation of the transformation is expected to be completed by 2005. In order to improve efficiencies in capital raising in the Malaysian equity market, the Securities Commission introduced a new framework to shorten the time-to-market for Initial Public Offerings with public offer sizes up to 20 million shares to 13 market days from 25 market days effective 1 December 2003.

To enhance the liquidity and marketability of shares listed on Bursa Malaysia, board lot sizes of securities traded on Bursa Malaysia were reduced to 100 units in 2003. In addition, share splits were introduced on 1 December 2003 for shares listed on Bursa Malaysia.

FINANCIAL HIGHLIGHTS AND REVIEW OF OPERATIONS

The Group reported a consolidated revenue and profit before tax of RM67.48 million and RM2.03 million respectively for the financial year ended 31 December 2003 compared to a consolidated revenue and loss before tax of RM56.14 million and RM18.40 million respectively for the preceding financial year. The increase in consolidated revenue by 20.2% was mainly attributable to increase in revenue of the Group's stockbroking and corporate advisory businesses due to higher volume and value of

market transactions of Bursa Malaysia. The improvement in the Group's performance was mainly due to higher revenue from its stockbroking arm, gain on foreign exchange, write back of allowance for doubtful debts and lower finance costs in the financial year under review.

The Financial Services Division mainly comprises its stockbroking operations, corporate advisory services and asset management. Pan Malaysia Capital Berhad ("PM Capital"), a 73.89% subsidiary, recorded an increase in revenue by 102.99% to RM33.98 million for the financial year ended 31 December 2003 from RM16.74 million for the preceding financial year. The significant increase in revenue was mainly due to increase in brokerage, interest income from margin financing and fees generated by corporate advisory services. For the financial year ended 31 December 2003, PM Capital recorded profit before tax of RM9.19 million compared to a loss before tax of RM9.93 million for the preceding financial year, representing an improvement in results of 192.55%. The turnaround in performance was mainly due to higher revenue, write back of allowance for doubtful debts and recognition of interest-in-suspense upon settlement of debts.

During the year under review, the Hotel and Travel Division performed satisfactorily despite operating under an adverse economic environment. Pengkalen Holiday Resort Sdn Bhd which owns and operates the Corus Paradise resort in Port Dickson, achieved a commendable recovery in the second half of the year to maintain its revenue at RM7.21 million. The performance of Pan Malaysia Travel & Tours Sdn Bhd for 2003 was adversely affected by the outbreak of SARS and Iraq war and accordingly



Laguna Restaurant in Corus Paradise resort Port Dickson

recorded a lower revenue compared to the preceding financial year.

In line with the rationalisation exercise of the Group to focus its resources in its core businesses and income generating operations, PM Options & Futures Berhad, a subsidiary of PM Capital, ceased its broking activities in 2003.

OUTLOOK FOR 2004

Following the strong growth in the second half of 2003, the global economy is envisaged to grow at a higher rate of 4.1%, led by economic growth in the United States of America, Europe, Japan and China. Driven by the expected stronger domestic demand and reinforced by more favourable external demand, the Malaysian economy is estimated to achieve a gross domestic product growth of 6.0% to 6.5% for 2004. Against this backdrop, activities on Bursa Malaysia are expected to remain buoyant in 2004.

With better equity market sentiment, the Financial Services Division is expected to achieve an improved performance in 2004. However, the trading environment of the hotel and travel operations is envisaged to remain challenging. Barring unforeseen circumstances, the Group expects to achieve satisfactory operating results in 2004.

Furthermore, the financial position of the Group would, based on the Company's present shareholding in PM Capital, by itself be regularised in December 2004 with the conversion of irredeemable convertible preference shares of PM Capital and the exchange of redeemable exchangeable preference shares of Pan Malaysia Equities Sdn Bhd into new ordinary shares of PM Capital in December 2004.

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to our shareholders and bankers for their continuing support and confidence in the Management and the Board. To the Management and staff, I would like to thank them for their dedication and hardwork. I would also like to express my appreciation to the various regulatory authorities and my fellow colleagues on the Board for their support and counsel.

Dato' Mohd Ibrahim bin Mohd Zain
Chairman

Kuala Lumpur
28 April, 2004



Corus Paradise resort Port Dickson

Directors' Report

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

Principal Activities

The Company is an investment, property holding and management company. The principal activities of the Group consist of the following:-

- Stockbroking
- Hotel
- Travel
- Property and investment holding

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year under review except that in line with the rationalisation exercise of the Group to focus its resources in its core businesses and income generating operations, PM Options & Futures Sdn Bhd, a subsidiary company, ceased its broking activities. The Group also ceased its business operation in licensing of trademarks with the disposal of its entire equity interest in GCIH Trademarks Limited, a subsidiary company, during the financial year.

Results

	Group RM'000	Company RM'000
Profit/(Loss) after taxation	2,908	(20,005)
Minority interests	29	-
Net profit/(loss) for the financial year	<u>2,937</u>	<u>(20,005)</u>

Movements In Reserves And Provisions

Material movements in reserves and provisions during the financial year are disclosed in the notes to the financial statements.

Dividends

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

Issue Of Shares And Debentures

The Company has not issued any new shares or debentures during the financial year.

Directors

The Directors who held office since the date of the last report and at the date of this report are:-

Dato' Mohd Ibrahim bin Mohd Zain (Chairman)
Khet Kok Yin (Managing Director)
Dato' Choong Kok Min (Executive Director)
Dato' Abdul Aziz bin Ahmad
Dato' Rastam bin Abdul Hadi
Yong Ming Sang
Tan Sri Dato' Seri Dr Ting Chew Peh

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 RM1.00 each in Pan Malaysia Holdings Berhad	Number of shares		
	Balance as at 1.1.2003	Bought	Sold
			Balance as at 31.12.2003
Dato' Abdul Aziz bin Ahmad Indirect	10,000	—	—
Dato' Choong Kok Min Direct	1,342,000	—	—
Indirect	20,311,332	—	—
Dato' Rastam bin Abdul Hadi Indirect	—	650,000	—

Ordinary shares of RM1.00 each in Pan Malaysia Capital Berhad	Number of shares		
	Balance as at 1.1.2003	Bought	Sold
			Balance as at 31.12.2003
Dato' Choong Kok Min Direct	30,000	—	—
Indirect	3,166,500	—	—
Dato' Rastam bin Abdul Hadi Indirect	—	250,000	30,000

**Irredeemable Convertible
Preference shares ("ICPS")
of RM1.00 each in**

Pan Malaysia Capital Berhad	Number of ICPS		
	Balance as at 1.1.2003	Bought	Sold
			Balance as at 31.12.2003
Dato' Choong Kok Min Direct	—	360,000	—
Indirect	—	1,800,000	—

Ordinary shares of RM1.00 each in Malayan United Industries Berhad	Number of shares		
	Balance as at 1.1.2003	Bought	Sold
			Balance as at 31.12.2003
Dato' Choong Kok Min Direct	1,150,000	—	—
Yong Ming Sang Direct	1,981,800	—	—
Indirect	549,640	—	—
Tan Sri Dato' Seri Dr Ting Chew Peh Indirect	10,000	—	—

Ordinary shares of RM0.50 each in MUI Properties Berhad	Number of shares		
	Balance as at 1.1.2003	Bought	Sold
Dato' Choong Kok Min Direct	5,000	—	—
			Balance as at 31.12.2003
			5,000

Ordinary shares of RM0.50 each in Pan Malaysia Corporation Berhad	Number of shares		
	Balance as at 1.1.2003	Bought	Sold
Dato' Rastam bin Abdul Hadi Direct	5,000	—	5,000
Indirect	1,204,000	50,000	916,000
			Balance as at 31.12.2003
			338,000

In accordance with Section 129(2) of the Companies Act, 1965, Dato' Abdul Aziz bin Ahmad, Dato' Rastam bin Abdul Hadi and Mr Yong Ming Sang 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.

In accordance with Article 111 of the Company's Articles of Association, Dato' Mohd Ibrahim bin Mohd Zain 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 benefits as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than remuneration received by certain Directors as directors of related companies.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangements, 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 except for Dato' Choong Kok Min who has been purportedly granted options to subscribe for 500,000 ordinary shares of RM1.00 each at an exercise price of RM3.02 per share pursuant to the Executive Share Option Scheme ("ESOS" or "Scheme") of the Company. The validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The case has now been fixed for further case management on 29 April 2004.

Share Options

Pursuant to the Company's ESOS which was approved by the shareholders on 12 October 1994 and revised on 29 September 1995, options for a total of 19,553,000 ordinary shares of the Company have been purportedly granted to eligible executive employees of the Group. However, the validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The case has now been fixed for further case management on 29 April 2004.

The details of the ESOS are contained in the Bye-Laws and the salient features thereof are as follows:-

- The Scheme is set up for participation in the ordinary share capital of the Company only. The total number of shares offered under the ESOS shall not exceed 10% of the total number of the issued and paid-up ordinary shares of the Company at any time during the duration of the Scheme.

- (b) Eligible executives are those who have been employed full-time by any company within the Group for at least three (3) years prior to the date of offer of the option under the ESOS, and includes any full-time salaried executive Director of any company within the Group.
- (c) The ESOS was in force for a duration of five (5) years and expired on 27 October 2000.
- (d) The Scheme shall be administered by a Committee appointed by the Board and comprised Directors of the Company who are not participating in the ESOS.
- (e) An option granted under the ESOS shall be capable of being exercised by the grantee at any time within the period of five (5) calendar years from the date of offer of the option or such shorter period as may be specifically stated in such offer but not beyond 27 October 2000, by notice in writing to the Company. The option granted shall be exercisable by the grantee in multiples of not less than 1,000 shares.
- (f) The persons to whom the options are granted under the Scheme shall not be entitled to participate in any other share option schemes of any other company within the Group.
- (g) The exercise price for each RM1.00 ordinary share under the Scheme shall be the average of the mean market quotation of the shares as quoted and shown in the Daily Official List issued by Bursa Malaysia for the five (5) preceding market days prior to the date of offer or at the par value of the shares of the Company, whichever is higher.
- (h) In the event of any alteration in the capital structure of the Company during the option period, corresponding alterations (if any subject to the provisos as stated in the Bye-Laws) shall be made in:-
 - (i) the number of shares relating to the option so far as unexercised;
 - (ii) the exercise price for the option; and
 - (iii) the terms of exercise of the option.

During the period from the expiry of the Scheme on 27 October 2000 to the end of the financial year, there has been no change in the position of the Company's unissued ordinary shares of RM1.00 each under options which have purportedly been granted as shown below:-

	<i>Number of shares</i>		
	<i>Balance on expiry of the Scheme on 27.10.2000</i>	<i>Granted</i>	<i>Balance as at 31.12.2003</i>
Number of unissued ordinary shares under options which have purportedly been granted	16,465,000	—	16,465,000

To the best of the Directors' knowledge, on expiry of the Scheme on 27 October 2000, the number of unissued ordinary shares under the options which have purportedly been granted and their exercise prices per share were:-

<i>Number of unissued ordinary shares under options</i>	<i>Exercise price per share RM</i>
10,000	2.57
4,597,000	3.02
11,571,000	3.09
287,000	3.14
16,465,000	

In the event the Court finds that the options have been validly granted, the paid-up share capital of the Company will be increased accordingly.

Other Statutory Information

- (a) In the opinion of the Directors:-
 - (i) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature;
 - (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 Group or of the Company 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 Group or of the Company to meet their obligations as and when they fall due.
- (b) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:-
 - (i) to ascertain that proper action had 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 values 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:-
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) As at the date of this report, there does not exist:-
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (e) 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 Group and of the Company which would render any amount stated in the financial statements misleading.

Significant Events

The significant events are disclosed in Note 44 to the financial statements.

Subsequent Event

The subsequent event is disclosed in Note 45 to the financial statements.

Ultimate Holding Company

The Directors regard Malayan United Industries Berhad, a company incorporated in Malaysia and quoted on the Main Board of Bursa Malaysia, as the ultimate holding company.

Auditors

The auditors, BDO Binder, have expressed their willingness to accept re-appointment as auditors and a resolution proposing their appointment will be submitted at the forthcoming Annual General Meeting.

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

Khet Kok Yin

Director

Dato' Choong Kok Min

Director

Kuala Lumpur

28 April 2004

Balance Sheets

As at 31 December 2003

		Group		Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Property, Plant And Equipment	6	88,133	90,270	30,558	33,627
Investment In Subsidiary Companies	7	—	—	114,148	114,918
Investment In Associated Companies	8	—	—	—	—
Long Term Investments	9	17,241	21,213	1,219	1,565
Goodwill On Consolidation	10	8,368	8,368	—	—
Intangible Assets	11	144,037	144,037	—	—
Deferred Tax Assets	29	11,000	11,000	—	—
Current Assets					
Inventories	12	753	823	—	—
Development property	13	—	4,727	—	—
Short term investments	14	10,346	8,898	2	2
Receivables	15	181,650	40,068	1,896	1,923
Amounts owing by subsidiary companies	16	—	—	87,618	94,510
Amount owing by an associated company	17	—	—	—	—
Amount owing by a related company	18	625	—	622	—
Term and call deposits	19	40,604	73,787	10,979	21,922
Cash and bank balances	20	24,160	8,165	71	241
		258,138	136,468	101,188	118,598
Current Liabilities					
Payables	21	178,125	46,792	689	671
Provision	22	5,184	5,184	5,184	5,184
Amounts owing to subsidiary companies	16	—	—	2	2
Amount owing to an associated company	17	3	3	—	—
Amounts owing to related companies	18	1,465	2,189	70	778
Redeemable convertible bond	23	1,000	—	—	—
Borrowings	24	15,017	4,710	4,140	900
Tax liabilities		1,148	1,550	717	717
		201,942	60,428	10,802	8,252
Net Current Assets		56,196	76,040	90,386	110,346
		324,975	350,928	236,311	260,456
Financed By:-					
Share Capital	27	924,824	924,824	924,824	924,824
Reserves	28	(1,202,900)	(1,198,409)	(750,473)	(730,468)
		(278,076)	(273,585)	174,351	194,356
Minority Interests		480,385	480,414	—	—
Deferred And Long Term Liabilities					
Provision	22	—	—	40,000	40,000
Amount owing to a related company	18	54,384	66,000	—	—
Borrowings	24	67,987	76,804	21,960	26,100
Redeemable convertible bond	23	—	1,000	—	—
Deferred tax liabilities	29	295	295	—	—
		324,975	350,928	236,311	260,456

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

Income Statements

For the financial year ended 31 December 2003

		Group		Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	30				
– Continuing Operations		67,065	55,656	917	1,468
– Discontinuing Operation	31	418	483	–	–
		67,483	56,139	917	1,468
Cost Of Sales		(36,516)	(37,250)	–	–
Gross Profit		30,967	18,889	917	1,468
Other Operating Income		21,095	8,933	2,562	3,659
Distribution Costs		(687)	(729)	–	–
Administration Expenses		(25,248)	(18,227)	(3,708)	(3,612)
Other Operating Expenses		(14,688)	(16,597)	(17,662)	(180,288)
Gain On Disposal Of Investment In A Subsidiary Company		599	–	–	–
Surplus Arising From Subsidiary Companies Not Consolidated		–	1,220	–	–
Profit/(Loss) From Operations					
– Continuing Operations		11,301	(6,702)	(17,891)	(178,773)
– Discontinuing Operation	31	737	191	–	–
		12,038	(6,511)	(17,891)	(178,773)
Finance Cost		(10,007)	(11,889)	(2,114)	(2,211)
Profit/(Loss) Before Taxation	32	2,031	(18,400)	(20,005)	(180,984)
Tax Expense	33	877	(380)	–	–
Profit/(Loss) After Taxation		2,908	(18,780)	(20,005)	(180,984)
Minority Interests		29	(7)	–	–
Net Profit/(Loss) For The Financial Year		2,937	(18,787)	(20,005)	(180,984)
		Sen	Sen		
Basic Earnings/(Loss) Per Share	34	0.32	(2.03)		

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

Statement Of Changes In Equity

For the financial year ended 31 December 2003

Group	Ordinary Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	Accumulated Losses RM'000	Total RM'000
Balance as at 31 December 2001	924,824	34,753	38,416	(77,289)	(1,209,354)	(288,650)
Prior year adjustments (Note 48)	–	–	(295)	–	10,618	10,323
Restated balance	924,824	34,753	38,121	(77,289)	(1,198,736)	(278,327)
Exchange adjustment	–	–	–	(3,840)	–	(3,840)
Net loss not recognised in the consolidated income statement	–	–	–	(3,840)	–	(3,840)
Reserve arising from investment in a subsidiary company's irredeemable convertible preference shares ("ICPS")	–	–	27,369	–	–	27,369
Creation of capital reserve upon redemption of redeemable non-convertible preference shares by a subsidiary company	–	–	12,638	–	(12,638)	–
Net loss for the financial year	–	–	–	–	(18,787)	(18,787)
Balance as at 31 December 2002	924,824	34,753	78,128	(81,129)	(1,230,161)	(273,585)
Balance as at 31 December 2002	924,824	34,753	78,423	(81,129)	(1,240,621)	(283,750)
Prior year adjustments (Note 48)	–	–	(295)	–	10,460	10,165
Restated balance	924,824	34,753	78,128	(81,129)	(1,230,161)	(273,585)
Exchange adjustment	–	–	–	(7,428)	–	(7,428)
Net loss not recognised in the consolidated income statement	–	–	–	(7,428)	–	(7,428)
Net profit for the financial year	–	–	–	–	2,937	2,937
Balance as at 31 December 2003	924,824	34,753	78,128	(88,557)	(1,227,224)	(278,076)

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

Statement Of Changes In Equity (Cont'd)

For the financial year ended 31 December 2003

<i>Company</i>	<i>Ordinary Share Capital RM'000</i>	<i>Share Premium RM'000</i>	<i>Accumulated Losses RM'000</i>	<i>Total RM'000</i>
Balance as at 31 December 2001	924,824	34,753	(584,018)	375,559
Prior year adjustments (Note 48)	—	—	(219)	(219)
Restated balance	924,824	34,753	(584,237)	375,340
Net loss for the financial year	—	—	(180,984)	(180,984)
Balance as at 31 December 2002	924,824	34,753	(765,221)	194,356
Balance as at 31 December 2002	924,824	34,753	(764,980)	194,597
Prior year adjustments (Note 48)	—	—	(241)	(241)
Restated balance	924,824	34,753	(765,221)	194,356
Net loss for the financial year	—	—	(20,005)	(20,005)
Balance as at 31 December 2003	924,824	34,753	(785,226)	174,351

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

Cash Flow Statements

For the financial year ended 31 December 2003

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	2,031	(18,400)	(20,005)	(180,984)
Adjustments for:-				
Allowance for doubtful debts	—	—	14,655	—
Allowance for doubtful debts no longer required	(4,537)	(2,767)	(2,402)	(1,469)
Amortisation of investment	3	3	—	—
Bad debts written off	24	—	—	—
Depreciation of property, plant and equipment	6,052	5,398	1,095	815
Dividend income	(241)	(259)	—	—
Gain on assignment of debts	—	(1,917)	—	(1,917)
Gain on disposal of investment in a subsidiary company	(599)	—	—	—
Loss/(Gain) on disposal of property, plant and equipment	18	(130)	—	(75)
Impairment loss of investment in a subsidiary company	—	—	608	180,203
Impairment losses of property, plant and equipment	1,970	—	1,970	—
Interest expenses	10,007	11,889	2,114	2,211
Interest income	(5,102)	(3,341)	(529)	(884)
Interest waived on debts	—	(757)	—	—
(Gain)/Loss on disposal of investments	(97)	99	—	—
Property, plant and equipment written off	4	—	4	—
Provision for diminution in value of investments no longer required	—	—	(78)	(179)
Provision for diminution in value of investments	2,071	335	424	85
Provision for retirement gratuity	38	38	19	19
Provision for employee benefit	239	120	25	3
Surplus arising from subsidiary companies not consolidated	—	(1,220)	—	—
Unrealised gain on foreign exchange	(3,399)	(328)	—	—
Operating profit/(loss) before working capital changes	8,482	(11,237)	(2,100)	(2,172)
Decrease in inventories	70	90	—	—
(Increase)/Decrease in trade receivables	(138,135)	5,922	86	557
Decrease/(Increase) in other receivables, deposits and prepayments	1,731	(1,968)	24	42
Increase/(Decrease) in trade payables	112,066	319	(16)	6
Increase/(Decrease) in other payables and accruals	19,884	7,384	(10)	(1,133)
(Decrease)/Increase in amounts owing to related companies	(127)	102	(3)	(83)
Cash generated from/(used in) operations	3,971	612	(2,019)	(2,783)

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

Cash Flow Statements (Cont'd)

For the financial year ended 31 December 2003

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Deposits received from dealers and remisers maintained as trust monies	(5,234)	(1,264)	–	–
Interest paid	(437)	(29)	–	(24)
Interest income received	4,028	2,049	529	884
Tax paid	(416)	(580)	–	–
Net cash from/(used in) operating activities	1,912	788	(1,490)	(1,923)
Cash Flows From Investing Activities				
Interest income received	1,074	1,189	–	–
Proceeds from disposal of investments	3,185	1,006	–	–
Proceeds from disposal of property, plant and equipment	80	130	–	75
Proceeds from liquidation of a subsidiary company	–	–	162	–
Dividend received	241	254	–	–
Acquisition of investments	(2,638)	(233)	–	–
Purchase of property, plant and equipment (Note 35)	(1,259)	(8,754)	–	(263)
Additional investment in subsidiary companies	–	(46)	–	(46)
Net (advances to)/repayment from subsidiary companies	–	–	(6,066)	218
(Advances to)/Repayment from associated companies	(5)	420	–	57
Additional investment in ICPS of a subsidiary company	–	(7,420)	–	(7,420)
Withdrawal/(Placement) of term deposits pledged with banks	1,029	(54)	538	(20)
Disposal of subsidiary company (Note 36)	(13)	–	–	–
Subsidiary companies under winding-up not consolidated (Note 37)	–	(197)	–	–
Net cash from/(used in) investing activities	1,694	(13,705)	(5,366)	(7,399)

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

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Financing Activities				
Drawdown of bank borrowing	2,000	–	–	–
Interest paid	(10,263)	(12,295)	(2,114)	(2,187)
Repayment of hire-purchase creditors	(16)	(24)	–	(9)
Repayment of bank borrowings	(3,946)	(2,857)	(900)	(900)
Repayment to related companies	(12,321)	(4,000)	(705)	–
Net cash used in financing activities	(24,546)	(19,176)	(3,719)	(3,096)
Effect Of Exchange Rate Changes	(433)	(381)	–	–
Net Decrease In Cash And Cash Equivalents	(21,373)	(32,474)	(10,575)	(12,418)
Cash And Cash Equivalents At Beginning Of Financial Year				
As previously reported	71,383	103,850	21,625	34,043
Effect of exchange rate changes on cash and cash equivalents	13	7	–	–
As restated	71,396	103,857	21,625	34,043
Cash And Cash Equivalents At End Of Financial Year (Note 38)	50,023	71,383	11,050	21,625

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

Notes To The Financial Statements

31 December 2003

1. General Information

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 and principal place of business of the Company is located at 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur.

The Directors regard Malayan United Industries Berhad, a company incorporated in Malaysia and quoted on the Main Board of Bursa Malaysia, as the ultimate holding company.

The financial statements are presented in Ringgit Malaysia ("RM").

2. Financial Risk Management Objectives And Policies

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

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

Foreign Currency Risk

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

The Group is also exposed to foreign currency risk in respect of its borrowings in Sterling Pound. The Group is in the process of converting the Sterling Pound borrowings into RM borrowings.

Credit Risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis to ensure that the Group is exposed to minimal credit risk. Term and call deposits and bank balances are placed with major financial institutions.

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.

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debts, and term and call deposits.

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 the projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is within the Group's means to repay and refinance.

3. Principal Activities

The Company is an investment, property holding and management company. The principal activities of the Group consist of the following:-

- Stockbroking
- Hotel
- Travel
- Property and investment holding

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year under review except that in line with the rationalisation exercise of the Group to focus its resources in its core businesses and income generating operations, PM Options & Futures Sdn Bhd, a subsidiary company, ceased its broking activities. The Group also ceased its business operation in licensing of trademarks with the disposal of its entire equity interest in GCIH Trademarks Limited, a subsidiary company, during the financial year.

4. Basis Of Preparation Of Financial Statements

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

5. Significant Accounting Policies

5.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies and in respect of the Group, also modified to include the revaluation of a landed property and the financial statements of a subsidiary company prepared on break-up basis as a result of the anticipated placement of the subsidiary company under voluntary winding-up subsequent to the current financial year ended 31 December 2003.

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.

5.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all the other subsidiary companies made up to 31 December 2003 except those subsidiary companies as disclosed in Note 7.2 to the financial statements. Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Significant intercompany transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The difference between the purchase price and the fair value of the attributable net assets of subsidiary companies at the date of acquisition represents goodwill or negative goodwill arising on consolidation. Goodwill on consolidation is stated at cost and is written down only when there is impairment loss.

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

5. Significant Accounting Policies (Cont'd)

5.2 Basis of Consolidation (cont'd)

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.

5.3 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.

5.4 Property, Plant and Equipment and Depreciation

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 lands are amortised over the lease period of 91 and 92 years.

Other property, plant and equipment are depreciated on a straight line method to write off the cost of the assets over their estimated useful lives. The principal annual depreciation rates are as follows:-

Buildings	2% – 2.5%
Plant and machinery	5% – 10%
Office equipment	10% – 20%
Furniture and fittings	10% – 20%
Renovation	10% – 20%
Motor vehicles	20%

5.5 Foreign Currencies

(i) Transactions in foreign currencies

Transactions in foreign currencies are converted into RM at rates of exchange prevailing on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RM at rates of exchange prevailing at that date. All gains and losses are included in the income statements.

(ii) Translation of foreign currency financial statements

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

The closing rates used in the translation of foreign currencies are as follows:-

	2003	2002
	RM	RM
1 US Dollar	3.800	3.800
1 Sterling Pound	6.756	6.093
1 Singapore Dollar	2.232	2.192
1 Australian Dollar	2.845	2.153
1 Hong Kong Dollar	0.490	0.487
100 Rupiah	0.046	0.042

5. Significant Accounting Policies (Cont'd)

5.6 Deferred Taxation

Deferred tax liabilities and assets are provided for under the liability method at the current tax rates in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

In prior years, deferred tax was provided for at the applicable current tax rates for all material timing differences except where it was reasonably probable that such timing differences will not crystallise in the foreseeable future. In addition, deferred tax benefits were recognised only when there was reasonable assurance of their realisation. This change in accounting policy has been accounted for retrospectively and the effects are dealt with as a prior year adjustment as stated in Note 48.

5.7 Investments

(i) Subsidiary companies

A subsidiary company is a company in which a group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies, which is eliminated on consolidation is stated at cost less impairment losses, if any.

(ii) Associated companies

An associated company is a company in which the Group has a long term equity interest of between 20% to 50% and where the Group is in a position to exercise significant influence over the financial and operating policies of the investee company.

Investment in associated companies is stated at cost less impairment losses, if any.

Investment in associated companies is accounted for in the consolidated financial statements using the equity method. The Group's interests in associated companies are stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies and less impairment losses, if any.

Goodwill or negative goodwill arising on acquisition represents the difference between the cost of investment and the Group's share of the value of net assets of the associated companies at the date of acquisition. Goodwill on acquisition is stated at cost less impairment losses, if any.

The Group's share of results and reserves in the associated companies acquired or disposed of are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

5. Significant Accounting Policies (Cont'd)

5.7 Investments (cont'd)

(iii) Other investments

Investment in shares held as long term investments are stated at cost less provision for diminution in value, if any.

Investment in golf club membership held as long term investments are stated at cost less accumulated amortisation and provision for diminution in value, if any.

Investment in quoted shares held as short term investments are stated at the lower of cost and market value on a portfolio basis.

5.8 Impairment of Assets

The carrying amount of the Group's and Company's assets, other than inventories, deferred tax assets and financial assets (other than investment in subsidiary companies and associated companies) 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 asset 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 asset 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 loss 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.

5.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average method.

Cost of consumable inventories comprise the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

The cost of finished goods include the cost of raw materials, direct labour and a proportion of appropriate overheads.

5.10 Receivables

Known bad debts are written off and allowance is made for debts where the collectibility is considered doubtful.

For stockbroking subsidiary, specific allowance for doubtful debts is made for trade receivables which have been classified as non-performing, after deducting interest-in-suspense, the value of collateral held and the deposit of all amounts owing to the dealers representatives. A general

5. Significant Accounting Policies (Cont'd)

5.10 Receivables (cont'd)

allowance based on a percentage of trade receivables is made after deducting specific allowance, to cover possible losses which are not specifically identified. Interest is suspended and credited to the interest-in-suspense account when an account is classified as non-performing. The classification of an account as performing and non-performing for allowance for doubtful debts and the suspension of interest is made in accordance with the Rules of Bursa Malaysia.

5.11 Employee Benefit Costs

(i) Short term benefits

Wages, salaries, bonuses and social security contribution 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 when services are rendered by employees 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.

5.12 Assets Acquired Under Hire-Purchase

Assets financed by hire-purchase agreements 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 obligations are treated as liabilities. These assets are depreciated on the same basis as that of the Group's assets. The finance charges are allocated to the income statements so as to give a constant periodic rate of charge on the remaining hire-purchase liabilities.

5.13 Development Property

Development property comprises cost of land and related development expenditure including interest on borrowings used to finance the project and administrative overheads relating to the project. Development property is written down to its estimated recoverable amount if the development of the project is no longer viable.

5.14 Provision

Provision is 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.

5.15 Revenue Recognition

Revenue from sale of goods are recognised upon delivery of products and customers' acceptance, if any, net of sales taxes and discounts.

Revenue from invoiced value of tickets sold is recognised upon issuance of tickets.

Revenue from hotel comprises of sales of room and food and beverage. Sales of room is recognised upon actual occupancy of rooms by guests whilst food and beverage are upon delivery of goods to guests.

5. Significant Accounting Policies (Cont'd)

5.15 Revenue Recognition (cont'd)

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

Interest income is recognised on an accrual basis except where margin accounts and contra losses of share trading accounts are considered as non-performing in accordance with the Rules of Bursa Malaysia, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised upon receipt until all arrears have been paid.

Royalty income and rental income are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income from subsidiary companies are recognised when the investing company's right to receive payment is established.

Dividend income from other investments are recognised as and when received.

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

Public issues commission is recognised on receipt basis.

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

All other revenue are recognised on an accrual basis.

5.16 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

5.17 Segment Information

Segment information is presented in respect of the Group's business. The reporting segment information is in respect of business segments as the Group's risks and returns are affected predominantly by differences in the products it produces. No segmental information is presented on geographical segments as the Group's operation is predominantly in Malaysia.

A segment with a majority of operating income earned from providing product or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

5.18 Financial Instruments

5.18.1 Financial instruments recognised on the balance sheets:-

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

5. Significant Accounting Policies (Cont'd)

5.18 Financial Instruments (cont'd)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instruments classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

(a) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable 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.

Where the Company purchases its equity share capital, the consideration paid, including any attributable transaction costs is deducted from shareholders' equity as treasury shares until they are cancelled. Where such shares are reissued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

(b) Redeemable convertible bond ("Bond")

The Bond is convertible up to 1,000,000 new ordinary shares of RM1.00 each of Pan Malaysia Capital Berhad within a five (5) years period to 28 December 2004 or redeemable for cash at maturity date on 29 December 2004 at the issue price. As the Bond is redeemable on 29 December 2004, it is classified as liability. No coupon rate is attached to and no interest is payable on the Bond.

(c) The accounting policies for financial instruments other than those stated in 5.18.1 (a) and (b) are disclosed in the individual policies associated with each item.

5.18.2 Disclosures of fair values

The carrying values of the financial assets and liabilities maturing within 12 months are stated at approximately their fair value as at the balance sheet date.

The fair values of quoted investments other than quoted investments in a subsidiary company are estimated based on quoted market prices. For investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs. Therefore, such investments are valued at cost subject to review for impairment.

The fair value of quoted investment in a subsidiary company is based on its recoverable amount by reference to its value in use.

The fair value of the term loans from a related company is estimated based on the current market rates offered for loans of the similar nature.

The fair values of other term loans are estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Group for loans of the same remaining maturities.

6. Property, Plant And Equipment Group

Cost or Valuation	Freehold Land RM'000	Long Term Leasehold Land RM'000	Buildings RM'000	Office Equipment RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Plant and Machinery RM'000	Renovation RM'000	2003 RM'000	Total 2002 RM'000
Balance as at 1 January	12,106	1,580	71,694	19,059	12,248	5,918	985	5,793	129,383	133,708
Cost	–	6,617	–	–	–	–	–	–	6,617	6,617
Valuation	12,106	8,197	71,694	19,059	12,248	5,918	985	5,793	136,000	140,325
Exchange differences	–	–	–	8	3	–	–	–	11	10
Additions	–	–	–	529	203	63	2	462	1,259	8,801
Disposals	(93)	–	–	(28)	(16)	(3)	–	–	(140)	(7,146)
Written off	–	–	–	–	(10)	(15)	–	–	(25)	–
Transfer from development property (Note 13)	4,727	–	–	–	–	–	–	–	4,727	–
Subsidiaries not consolidated	–	–	–	–	–	–	–	–	–	(5,990)
Balance as at 31 December	16,740	8,197	71,694	19,568	12,428	5,963	987	6,255	141,832	136,000
Representing:-										
Cost	16,740	1,580	71,694	19,568	12,428	5,963	987	6,255	135,215	129,383
Valuation	–	6,617	–	–	–	–	–	–	6,617	6,617
Balance as at 31 December	16,740	8,197	71,694	19,568	12,428	5,963	987	6,255	141,832	136,000
Accumulated Depreciation										
Balance as at 1 January	–	498	10,107	12,450	9,540	5,557	–	2,546	40,698	43,967
Exchange differences	–	–	–	7	3	–	–	–	10	7
Charge for the financial year	–	90	1,357	2,599	926	104	99	877	6,052	5,398
Disposals	–	–	–	(25)	(14)	(3)	–	–	(42)	(6,682)
Written off	–	–	–	–	(6)	(15)	–	–	(21)	–
Subsidiaries not consolidated	–	–	–	–	–	–	–	–	–	(1,992)
Balance as at 31 December	–	588	11,464	15,031	10,449	5,643	99	3,423	46,697	40,698
Impairment Losses										
Balance as at 1 January	–	–	5,032	–	–	–	–	–	5,032	5,519
Charge for the financial year	–	–	1,970	–	–	–	–	–	1,970	–
Disposals	–	–	–	–	–	–	–	–	–	(464)
Subsidiaries not consolidated	–	–	–	–	–	–	–	–	–	(23)
Balance as at 31 December	–	–	7,002	–	–	–	–	–	7,002	5,032
Net Book Value										
Balance as at 31 December 2003	16,740	7,609	53,228	4,537	1,979	320	888	2,832	88,133	–
Balance as at 31 December 2002	12,106	7,699	56,555	6,609	2,708	361	985	3,247	–	90,270

6. Property, Plant And Equipment (Cont'd)

Company	Freehold Land RM'000	Buildings RM'000	Office Equipment RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Renovation RM'000	Total 2003 RM'000	Total 2002 RM'000
Cost								
Balance as at 1 January	10,850	26,542	1,982	6,581	2,280	82	48,317	48,462
Additions	—	—	—	—	—	—	—	263
Disposals	—	—	—	—	—	—	—	(408)
Written off	—	—	—	(10)	(15)	—	(25)	—
Balance as at 31 December	10,850	26,542	1,982	6,571	2,265	82	48,292	48,317
Accumulated Depreciation								
Balance as at 1 January	—	4,630	1,626	6,396	2,021	17	14,690	14,283
Charge for the financial year	—	530	324	161	72	8	1,095	815
Disposals	—	—	—	—	—	—	—	(408)
Written off	—	—	—	(6)	(15)	—	(21)	—
Balance as at 31 December	—	5,160	1,950	6,551	2,078	25	15,764	14,690
Impairment Losses								
Balance as at 1 January	—	—	—	—	—	—	—	—
Charge for the financial year	—	1,970	—	—	—	—	1,970	—
Balance as at 31 December	—	1,970	—	—	—	—	1,970	—
Net Book Value								
Balance as at 31 December 2003	10,850	19,412	32	20	187	57	30,558	—
Balance as at 31 December 2002	10,850	21,912	356	185	259	65	—	33,627

As at 31 December 2003, a landed property of the Group is carried at revalued amount based on valuation made by independent professional valuers on open market value basis in 1993. The valuation has not been updated as the Group has not adopted a policy of regular revaluation. As permitted by the transitional provisions of Malaysian Accounting Standards Board ("MASB") No. 15 "Property, Plant and Equipment", the asset was stated at its 1993 valuation less accumulated depreciation.

Had the said asset been carried at cost less accumulated depreciation, the carrying amount would have been:-

	2003 RM'000	2002 RM'000
Cost	727	727
Less: Accumulated depreciation	(61)	(53)
Net book value	666	674

The net book value of property, plant and equipment pledged to financial institutions for banking facilities amounted to RM68,017,095 (2002 : RM71,643,902) for the Group and RM30,070,000 (2002 : RM32,566,242) for the Company.

The net book value of property, plant and equipment acquired under hire-purchase arrangements amounted to RM31,722 (2002 : RM42,295) for the Group.

7. Investment In Subsidiary Companies

	2003 RM'000	2002 RM'000
7.1 Company		
Shares quoted in Malaysia, at cost	293,920	293,920
Unquoted shares, at cost	15,776	15,938
	309,696	309,858
Less: Impairment losses	(195,548)	(194,940)
	114,148	114,918
Market value of quoted shares	93,927	58,695

The subsidiary companies are listed in Note 46 to the financial statements.

7.2 Group

- (i) The consolidated financial statements of the Group do not deal with the following subsidiary companies:-

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

These companies, which have been dissolved or are in the process of winding-up during the current financial year, were placed under winding-up or receivership prior to 2002. The companies which were placed under receivership were also subsequently placed under winding-up.

- Subsidiary companies dissolved during the current financial year as disclosed in Note 44 (v) to the financial statements.
- (ii) The consolidated financial statements of the Group do not deal with the following subsidiary companies, which were placed under voluntary winding-up during the previous financial year, from the date its control in these subsidiary companies ceased:-

- Cocoa Specialities (Malaysia) Sdn Bhd
- Fibercorp (Sarawak) Sdn Bhd

7. Investment In Subsidiary Companies (Cont'd)

Accordingly, the consolidated income statement for the previous financial year included the result of these companies up to the date when these companies were placed under winding-up.

The effects of the non-consolidation of these companies on the financial results of the Group are as follows:-

	2002 RM'000
Revenue	—
Operating costs	(48)
Surplus arising from subsidiary companies not consolidated	1,220
Profit from operations before taxation	1,172
Taxation	—
Profit after taxation	1,172
Minority interest	—
Decrease in Group net losses	1,172

The effects of the non-consolidation of these companies on the financial position of the Group are as follows:-

	2002 RM'000
Property, plant and equipment	3,975
Current assets	226
Current liabilities	(5,419)
Minority interest	(2)
Decrease in Group net liabilities	(1,220)

7.3 Disposal of a Subsidiary Company

During the financial year, the Group disposed off its entire equity interest in GCIH Trademarks Limited.

- (i) The effects of the disposal on the results of the Group for the current financial year up to date of disposal were as follows:-

	1.1.2003 to Date of Disposal RM'000	2002 RM'000
Revenue	418	483
Other operating income	5	7
Operating costs	(285)	(299)
Gain on disposal of investment in a subsidiary company	599	—
Profit from operations	737	191
Finance cost	(14)	—
Profit before taxation	723	191
Taxation	(42)	(48)
Increase in Group net profit	681	143

7. Investment In Subsidiary Companies (Cont'd)

7.3 Disposal of a Subsidiary Company (cont'd)

- (ii) The effects of the disposal on the financial position of the Group for the current financial year as at date of disposal were as follows:-

	<i>At the Date of Disposal 2003 RM'000</i>	<i>2002 RM'000</i>
Current assets	20	276
Current liabilities	(613)	(53)
(Decrease)/Increase in Group net liabilities	(593)	223

Details of net liabilities disposed and cash flow arising from the disposal are disclosed in Note 36 to the financial statements.

8. Investment In Associated Companies

	<i>Group 2003 RM'000</i>	<i>2002 RM'000</i>
Unquoted shares, at cost	208	208
Share of post acquisition losses	(208)	(208)
	—	—

The associated companies are listed in Note 46 to the financial statements.

Unrecognised amounts of the Group's share of losses of associated companies for the financial year and cumulatively are as follows:-

	<i>Group 2003 RM'000</i>	<i>2002 RM'000</i>
Balance as at 1 January	772	625
Current year's share of losses after taxation	172	147
Balance as at 31 December	944	772

9. Long Term Investments

	<i>Group</i>		<i>Company</i>	
	<i>2003 RM'000</i>	<i>2002 RM'000</i>	<i>2003 RM'000</i>	<i>2002 RM'000</i>
Unquoted shares, at cost	225,858	225,710	24,190	24,190
Less: Provision for diminution in value	(210,349)	(206,569)	(24,190)	(24,190)
	15,509	19,141	—	—
Quoted shares, at cost:-				
Outside Malaysia	20,336	20,336	20,222	20,222
Less: Provision for diminution in value	(19,493)	(19,156)	(19,404)	(19,058)
	843	1,180	818	1,164
Other unquoted investments, at cost	1,034	1,034	401	401
Less: Provision for diminution in value	(121)	(121)	—	—
Accumulated amortisation	(24)	(21)	—	—
	889	892	401	401
	17,241	21,213	1,219	1,565
Market value of quoted shares:-				
Outside Malaysia	855	1,180	818	1,164

10. Goodwill On Consolidation

	<i>Group</i>	
	<i>2003 RM'000</i>	<i>2002 RM'000</i>
Balance as at 1 January/31 December	8,368	8,368

11. Intangible Assets

	<i>Group</i>	
	<i>2003 RM'000</i>	<i>2002 RM'000</i>
Balance as at 1 January/31 December	144,037	144,037

12. Inventories

	<i>Group</i>	
	<i>2003 RM'000</i>	<i>2002 RM'000</i>
At cost:-		
Finished goods	—	128
Consumables, food, beverages, etc	753	695
	753	823

13. Development Property

	Group	
	2003 RM'000	2002 RM'000
Freehold land, at cost	2,953	2,953
Development expenditure	1,774	1,774
	4,727	4,727
Transfer to property, plant and equipment (Note 6)	(4,727)	–
	–	4,727

14. Short Term Investments

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Quoted shares in Malaysia, at cost	23,230	24,057	7	7
Less: Provision for diminution in value	(12,884)	(15,159)	(5)	(5)
	10,346	8,898	2	2
Market value of quoted shares	10,346	8,898	2	2

15. Receivables

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables	604,604	466,573	40	126
Less: Allowance for doubtful debts, net of bad debts written off of RM79,749 (2002 : RM95,700) for the Group	(435,341)	(440,771)	(39)	(122)
	169,263	25,802	1	4
Other receivables	57,378	59,031	3,524	3,541
Less: Allowance for doubtful debts	(50,618)	(50,646)	(3,511)	(3,511)
	6,760	8,385	13	30
Deposits	2,861	3,515	265	265
Prepayments	1,362	1,017	302	309
Tax recoverable	1,404	1,349	1,315	1,315
	181,650	40,068	1,896	1,923

The credit term of trade receivables range from cash term to 45 days.

16. Amounts Owning By/To Subsidiary Companies

	<i>Company</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Amounts owing by subsidiary companies	446,140	443,049
Less: Allowance for doubtful debts	(358,522)	(348,539)
	87,618	94,510
Amounts owing to subsidiary companies	2	2

Amounts owing by subsidiary companies represent balances arising from advances and payments made on behalf and balances arising from the settlement of certain subsidiary companies' debts by the issuance of shares in the Company pursuant to the schemes of arrangement of the Company and these subsidiary companies under Section 176 of the Companies Act, 1965 which are unsecured, interest free and have no fixed terms of repayment except for the following:-

	<i>Company</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Outstanding advances (RM'000)	150	150
Interest rate per annum (%)	9	9

Amounts owing to subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

17. Amounts Owning By/To Associated Companies

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Amount owing by an associated company	1,146	1,141	26	26
Less: Allowance for doubtful debts	(1,146)	(1,141)	(26)	(26)
	—	—	—	—
Amounts owing to an associated company	3	3	—	—

The amount owing by an associated company represents balances arising from advances and payments on behalf which are unsecured, interest-free and have no fixed terms of repayment.

The amount owing to an associated company represents balances arising from payments on behalf which are unsecured, interest-free and have no fixed terms of repayment.

18. Amounts Owning By/To Related Companies

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Amount owing by a related company	5,013	–	2,975	–
Less: Allowance for doubtful debts	(4,388)	–	(2,353)	–
	625	–	622	–
<hr/>				
Amounts owing to related companies				
Non-current:-				
– term loans	54,384	66,000	–	–
Current:-				
– others	1,465	2,189	70	778
	55,849	68,189	70	778
<hr/>				
The term loans are unsecured and repayable as follows:-				
After the next 12 months:-				
– not later than two years	–	30,000	–	–
– later than two years and not later than five years	54,384	36,000	–	–
	54,384	66,000	–	–
<hr/>				

The amount owing by a related company which was previously a subsidiary company, represents balances arising from advances and payments on behalf. This amount is secured by a debenture of the said related company, bears interest at 6% per annum and repayable by yearly instalment.

The term loans bear interest at 6.75% (2002 : 7% - 7.5%) per annum and are repayable upon maturity.

Other amounts owing to related companies represent balances arising from normal trade transactions, payments made on behalf and advances.

These balances are unsecured, interest-free and have no fixed terms of repayment except for the following:-

	Group	
	2003	2002
	350	350
Outstanding advances (RM'000)		
Interest rate per annum (%)	8	8
<hr/>		

19. Term And Call Deposits

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Term and call deposits with:-				
Licensed banks	33,814	50,783	4,799	10,642
Other corporations	6,790	23,004	6,180	11,280
	40,604	73,787	10,979	21,922

Included in deposits with licensed banks are:-

- (i) deposits totalling RM18,760,548 (2002 : RM9,412,735) of subsidiary companies maintained as trust monies in accordance with the requirements of Bursa Malaysia and Securities Industry Act, 1983;
- (ii) in 2002, deposits totalling RM36,980 belonging to a subsidiary company representing customers' segregated funds had been segregated and separately accounted for under Section 52A of the Futures Industry Act, 1993;
- (iii) deposits totalling RM596,104 (2002 : RM1,086,853) of subsidiary companies pledged to licensed banks to secure their banking facilities; and
- (iv) in 2002, deposits totalling RM537,705 of the Company had been pledged to a licensed bank to secure banking facility of a subsidiary company.

20. Cash And Bank Balances

Group

Included in cash and bank balances of the Group are amounts totalling RM18,571,801 (2002 : RM5,805,155) maintained as trust monies in accordance with the requirements of Bursa Malaysia and the Securities Industry Act, 1983.

The foreign currency exposure of bank balances of the Group are as follows:-

	Group	
	2003	2002
	RM'000	RM'000
Singapore Dollar	320	19
Sterling Pound	43	123

21. Payables

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Trade payables	131,775	20,652	16	32
Other payables, deposits and accruals	33,912	17,526	673	639
Dealers' and remisiers' commission and deposits	12,438	8,614	—	—
	178,125	46,792	689	671

The credit terms of trade payables range from 3 to 60 days.

Included in other payables of the Group are advances from a third party of RM17,500,000 (2002 : Nil) which are unsecured, bear interest at 7.05% per annum and repayable in 2004.

22. Provision

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Provision for corporate guarantees:-				
Current	5,184	5,184	5,184	5,184
Non-current	—	—	40,000	40,000
Balance as at 1 January/31 December	5,184	5,184	45,184	45,184

The provision is in respect of corporate guarantees given by the Company for banking facilities granted to a subsidiary company and unconsolidated subsidiary companies. These two unconsolidated subsidiary companies are under winding-up.

23. Redeemable Convertible Bond (“Bond”)

The principal terms of the Bond are as follows:-

- convertible up to 1,000,000 new ordinary shares of RM1.00 each in Pan Malaysia Capital Berhad within a five (5) years period to 28 December 2004 or redeemable for cash at maturity date on 29 December 2004 at the issue price; and
- no coupon rate shall be attached to and no interest shall be payable on the Bond.

24. Borrowings

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Current Liabilities				
Bank overdrafts – unsecured	362	395	—	—
Revolving credit – unsecured	2,000	—	—	—
Hire-purchase creditor (Note 25)	17	16	—	—
Term loans (Note 26)				
– secured	8,498	3,399	—	—
– unsecured	4,140	900	4,140	900
	12,638	4,299	4,140	900
	15,017	4,710	4,140	900
Long Term Liabilities				
Hire-purchase creditor (Note 25)	3	20	—	—
Term loans (Note 26)				
– secured	46,024	50,684	—	—
– unsecured	21,960	26,100	21,960	26,100
	67,984	76,784	21,960	26,100
	67,987	76,804	21,960	26,100

24. Borrowings (Cont'd)

Company	Fixed Rate RM'000	Floating Rate RM'000	Total RM'000
As at 31 December 2003			
Within one year	3,240	900	4,140
More than one year and less than five years	21,060	900	21,960
	24,300	1,800	26,100
As at 31 December 2002			
Within one year	—	900	900
More than one year and less than five years	24,300	1,800	26,100
	24,300	2,700	27,000

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Currency exposure profile:-				
Sterling Pound	35,522	35,083	—	—
Ringgit Malaysia	47,482	46,431	26,100	27,000
	83,004	81,514	26,100	27,000

25. Hire-Purchase Creditor

	Group	
	2003 RM'000	2002 RM'000
Minimum hire-purchase payments:-		
– not later than one year	18	18
– later than one year and not later than five years	3	21
	21	39
Less: Future interest charges	(1)	(3)
Present value of hire-purchase liabilities (Note 24)	20	36
Repayable as follows:-		
Current liabilities:-		
– not later than one year (Note 24)	17	16
Long term liabilities:-		
– later than one year and not later than five years (Note 24)	3	20
	20	36

26. Term Loans

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Secured	54,522	54,083	—	—
Unsecured	26,100	27,000	26,100	27,000
	80,622	81,083	26,100	27,000
Repayable as follows:-				
Current liabilities:-				
– within one year (Note 24)	12,638	4,299	4,140	900
Long term liabilities				
– more than one year and less than five years (Note 24)	67,984	76,784	21,960	26,100
	80,622	81,083	26,100	27,000

The term loans are secured by way of the following:-

- (i) fixed legal charges over landed properties of the Group;
- (ii) fixed and floating charges over the assets of a subsidiary company;
- (iii) ordinary shares in a subsidiary company; and
- (iv) corporate guarantees from the Company.

27. Share Capital

	<i>Group and Company</i>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
(a) Authorised:-		
3,000,000,000 ordinary shares of RM1.00 each	3,000,000	3,000,000
(b) Issued and fully paid:-		
924,824,378 ordinary shares of RM1.00 each	924,824	924,824

28. Reserves

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
(i) Non-distributable reserves:-				
– Exchange fluctuation reserve	(88,557)	(81,129)	—	—
– Capital reserve	78,128	78,128	—	—
– Share premium	34,753	34,753	34,753	34,753
(ii) Accumulated losses	(1,227,224)	(1,230,161)	(785,226)	(765,221)
	(1,202,900)	(1,198,409)	(750,473)	(730,468)

29. Deferred Tax Assets/Liabilities

(a) The deferred tax assets/liabilities are made up of the following:-

	Group	
	2003	2002
	RM'000	RM'000
Deferred tax assets		
– Unabsorbed tax losses	11,000	11,000
Deferred tax liabilities		
– Revaluation reserve	295	295

The deferred tax assets have been recognised to the extent of the taxable profit that will be available against which the deductible temporary differences can be utilised based on the budgeted profit forecast as approved by the management of a subsidiary company.

(b) Deferred tax assets which have not been recognised are as follows:-

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	163,219	164,939	4,617	4,197
Unabsorbed capital allowances	2,902	2,889	876	845
Allowance for doubtful debts	781	102	–	–
Others	31	97	59	54
Total deferred tax assets	166,933	168,027	5,552	5,096
Deferred tax assets recognised	(11,000)	(11,000)	–	–
Deferred tax assets not recognised	155,933	157,027	5,552	5,096

30. Revenue

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Rendering of services:-				
– ticketing and travel related	25,464	31,315	–	–
– hotel	7,107	6,722	–	–
– other services	3,453	1,699	–	–
Interest income	3,348	2,076	529	884
Rental and parking income	26	66	4	180
Brokerage fees	27,512	13,511	–	–
Royalty fee	418	483	–	–
Others	155	267	384	404
	67,483	56,139	917	1,468

31. Discontinuing Operation

Discontinuing operation is in respect of GCIH Trademarks Limited (“GTL”). GTL, a subsidiary company which is principally engaged in licensing of trademarks, was disposed of on 29 December 2003, for cash consideration of RM6,185. The result of this operation had previously been reported in the licensing of trademarks segment under the segment information as disclosed in Note 43 to the financial statements. The financial effects of this discontinued operation have been disclosed in Note 7.3 to the financial statements.

32. Profit/(Loss) Before Taxation

	<i>Group</i>		<i>Company</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Profit/(Loss) before taxation is arrived at:-				
After charging:-				
Allowance for doubtful debts	—	—	14,655	—
Amortisation of investment	3	3	—	—
Auditors' remuneration:-				
– statutory				
– current year	205	213	25	25
– under/(over) provision in prior year	5	(15)	—	—
– non-statutory	47	30	28	25
Bad debts written off	24	—	—	—
Depreciation of property, plant and equipment	6,052	5,398	1,095	815
Directors' remuneration:-				
– fee	60	170	36	98
– other emoluments	839	442	191	192
– benefit-in-kind	50	33	31	32
Impairment loss of investment in a subsidiary company included in other operating expenses	—	—	608	180,203
Impairment losses of property, plant and equipment included in other operating expenses	1,970	—	1,970	—
Interest expense:-				
– bank overdrafts	21	24	—	—
– term loans	5,849	7,052	2,114	2,187
– related company	3,719	4,781	—	—
– hire-purchase	2	4	—	—
– others	416	28	—	24
Loss on disposal of property, plant and equipment	18	—	—	—
Loss on disposal of investments	—	99	—	—
Property, plant and equipment written off	4	—	4	—
Provision for retirement gratuity	38	38	19	19
Provision for employee benefits	239	120	25	3
Provision for diminution in value of investments	2,071	335	424	85
Rental of:-				
– land and buildings	596	681	—	—
– equipment	1,139	1,722	4	6
Rental paid and payable to a related company	1,216	1,018	131	135

32. Profit/(Loss) Before Taxation (Cont'd)

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
And crediting:-				
Allowance for doubtful debts no longer required	4,537	2,767	2,402	1,469
Bad debts recovered	6,460	1,192	—	13
Gain on assignment of debts	—	1,917	—	1,917
Gain on disposal of investment in a subsidiary company	599	—	—	—
Gain on disposal of quoted investments	97	—	—	—
Gain on disposal of property, plant and equipment	—	130	—	75
Gain on foreign exchange:-				
– realised	227	88	—	—
– unrealised	3,399	328	—	—
Gross dividends from investments in Malaysia:-				
– quoted	1	19	—	—
– unquoted	240	240	—	—
Interest receivable:-				
– subsidiary companies	—	—	22	13
– others	5,102	3,341	507	871
Interest waived on debts	—	757	—	—
Management fees received and receivable from subsidiary companies	—	—	384	404
Provision for diminution in value of investments no longer required	—	—	78	179
Rental income:-				
– subsidiary companies	—	—	—	142
– others	139	181	4	38
Surplus arising from subsidiary companies not consolidated	—	1,220	—	—

- (a) Number of Directors of the Company whose aggregate of remuneration received from the Company and its subsidiary companies during the year and falling within the respective bands are as follows:-

	Number of Directors	
	2003	2002
Executive Directors		
RM50,001 to RM100,000	—	1
RM100,001 to RM150,000	1	1
RM500,001 to RM550,000	1	—
Non-Executive Directors		
Below RM50,000	2	3
RM50,001 to RM100,000	2	2
RM150,001 to RM200,000	1	1

32. Profit/(Loss) Before Taxation (Cont'd)

- (b) In compliance with MASB 23 "Impairment of Assets", an impairment loss of RM1,970,273 in respect of a landed property of the Company is recognised to reflect its recoverable amount in the current financial year. The recoverable amount of this landed property is based on its estimated net selling price.

As at 31 December 2002, the market value of an investment in a subsidiary company based on the market value of its quoted shares had declined significantly due to the then prevailing weak equity prices on Bursa Malaysia. In the previous financial year, the equity prices were adversely affected, inter-alia, by the economic uncertainties and corporate governance malpractices in the United States and the Iraq-United States conflict. The operations of the said subsidiary company had also then been adversely affected by the weak market sentiment and the performance of Bursa Malaysia. In compliance with MASB 23 "Impairment of Assets", an impairment loss of RM180,203,000 on this investment was recognised to reflect its recoverable amount in the previous financial year. The recoverable amount of this investment was determined by reference to its value in use. The discount rate used in the estimate of value in use was 7% per annum.

33. Tax Expense

	Group	
	2003	2002
	RM'000	RM'000
Current year provision	301	395
Over provision in prior years	(1,178)	(15)
	(877)	380

The numerical reconciliation between the applicable tax rate and the average effective tax rate are as follows:-

	Group		Company	
	2003	2002	2003	2002
	%	%	%	%
Company and subsidiary companies average applicable tax rate	28	(28)	(28)	(28)
Effects on differences in tax rates in other countries	101	2	—	—
Depreciation on non-qualifying property, plant and equipment	60	6	1	—
Non-taxable income	(294)	(7)	(3)	(1)
Non-allowable expenses	214	22	28	28
Movement in deferred tax assets not recognised during the year	(94)	7	2	1
Over provision in prior years	(58)	—	—	—
Average effective tax rate	(43)	2	—	—

Subject to the agreement with Inland Revenue Board, the Company's unabsorbed tax losses and unabsorbed capital allowances totalling approximately RM19.6 million (2002 : RM18.0 million) are available for set-off against future taxable income.

34. Basic Earnings/(Loss) Per Share

The basic earnings/(loss) per ordinary share is calculated based on consolidated profit for the year amounting to RM2,937,385 (2002 : consolidated loss for the year of RM18,786,783) and the number of ordinary shares in issue during the financial year of 924,824,378 (2002 : 924,824,378) shares.

The diluted earnings per share in 2003 and 2002 is not disclosed as it is not applicable to the Group.

35. Purchase Of Property, Plant And Equipment

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	1,259	8,801	—	263
Financed by hire-purchase arrangement	—	(47)	—	—
Cash payment on purchase of property, plant and equipment	1,259	8,754	—	263

36. Disposal Of A Subsidiary Company

During the financial year, the Group disposed of its entire equity interest in GCIH Trademarks Limited. Details of net liabilities disposed and cash flow arising from the disposal were as follows:-

	Group At the Date of Disposal 2003 RM'000
Cash and bank balances	19
Other current assets	1
Other current liabilities	(613)
Attributable net liabilities disposed	(593)
Gain on disposal of investment in a subsidiary company	599
Net proceed received	6
Less: cash and cash equivalents of subsidiary company disposed	(19)
Cash flow on disposal, net of cash and cash equivalent disposed	(13)

37. Subsidiary Companies Under Winding-Up Not Consolidated

The effects of the non-consolidation of the subsidiary companies mentioned in Note 7.2 (ii) on the cash flow of the Group were as follows:-

	Group 2002 RM'000
Property, plant and equipment	3,975
Current assets	29
Current liabilities	(5,419)
Minority interests	(2)
Surplus on subsidiary companies not consolidated	1,220
Cash flow on subsidiary companies not consolidated	(197)

38. Cash And Cash Equivalents

The cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:-

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Term and call deposits	40,604	73,787	10,979	21,922
Cash and bank balances	24,160	8,165	71	241
Bank overdrafts (Note 24)	(362)	(395)	—	—
	64,402	81,557	11,050	22,163
Less: Deposits pledged to banks	(596)	(1,625)	—	(538)
	63,806	79,932	11,050	21,625
Less: Dealers and remisiers' deposits maintained as trust monies included in:-				
— cash and bank balances	(2,475)	(1,382)	—	—
— term and call deposits	(11,308)	(7,167)	—	—
	(13,783)	(8,549)	—	—
	50,023	71,383	11,050	21,625

The weighted average interest rates of term and call deposits that were effective during the financial year were as follows:-

	Group		Company	
	2003	2002	2003	2002
	%	%	%	%
Term and call deposits with licensed banks	2.8	3.0	3.1	3.1
Term and call deposits with other corporations	2.7	2.8	2.7	2.8

Deposits of the Group and of the Company have a maturity period ranging from 1 to 31 days (2002 : 1 to 31 days). Bank balances are deposits held at call with licensed banks.

39. Financial Instruments

(a) Credit Risk

As at 31 December 2003, the Group has amounts owing by brokers and clients of RM436,527,156 (included under trade receivables) which have been outstanding for more than the stipulated settlement terms ("Debts"). The carrying amount of these Debts net of allowance for doubtful debts of RM434,946,002 as at 31 December 2003 is RM1,581,154. The term and call deposits, and bank balances of the Group and of the Company are placed with major financial institutions in Malaysia. Other than as mentioned, the Group and the Company have no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

39. Financial Instruments (Cont'd)

(b) Fair Values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at 31 December 2003 approximate their fair values except as set out below:-

	<i>Group</i>		<i>Company</i>	
	<i>Carrying Amount RM'000</i>	<i>Fair Value RM'000</i>	<i>Carrying Amount RM'000</i>	<i>Fair Value RM'000</i>
Unquoted investments	16,398	*	401	*

* 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 valued at cost less provision for diminution in value, if any.

40. Significant Related Party Transactions And Balances

	<i>Group</i>		<i>Company</i>	
	<i>2003 RM'000</i>	<i>2002 RM'000</i>	<i>2003 RM'000</i>	<i>2002 RM'000</i>
Significant related party transactions during the year:-				
Sales of air tickets and provision of travel and ancillary services to:-				
Corus & Regal Hotels plc,				
EIC Clothing Sdn Bhd,				
Laura Ashley Limited,				
Laura Ashley Holdings plc,				
Malayan United Management Sdn Bhd,				
Malayan United Industries Berhad,				
Metrojaya Berhad,				
Ming Court Hotel (KL) Sdn Bhd,				
MJ Reject Shop Sdn Bhd,				
MJ Reject Shop (2002) Sdn Bhd,				
MJ Somerset Bay Sdn Bhd,				
Morning Star Resources Limited,				
Morning Star Travel Service Limited,				
MUI Continental Insurance Berhad,				
MUI dotCom Sdn Bhd,				
MUI Media Limited,				
MUI Properties Berhad,				
Network Foods (Malaysia) Sdn Bhd,				
Network Foods Industries Sdn Bhd,				
Network Foods International Ltd and				
Pan Malaysia Corporation Berhad	4,199	6,661	—	—
Royalty income received from				
Network Foods Industries Sdn Bhd	418	483	—	—
Rental and related expenses paid to				
MUI Plaza Sdn Bhd	1,490	1,283	136	135
Interest expenses paid to				
MUI Capital Sdn Bhd	3,719	4,781	—	—
Repayment of term loan to				
MUI Capital Sdn Bhd	11,616	4,000	—	—
Purchases from Ming Court Hotel (KL) Sdn Bhd	261	630	6	8

40. Significant Related Party Transactions And Balances (Cont'd)

The related party transactions were entered in the normal course of business and were on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

At the end of the financial year, the amount owing to MUI Capital Sdn Bhd in respect of the term loans amounted to RM54,384,000 (2002 : RM66,000,000).

The relationships between the Group and related parties, other than disclosed elsewhere in the financial statements, are as follows:-

Identities of Related Parties	Relationships with the Group
Corus & Regal Hotels plc	Subsidiary companies of the ultimate holding company
Malayan United Management Sdn Bhd	
Ming Court Hotel (KL) Sdn Bhd	
MUI Capital Sdn Bhd	
MUI Continental Insurance Berhad	
MUI dotCom Sdn Bhd	
MUI Media Limited	
MUI Plaza Sdn Bhd	
MUI Properties Berhad	
Network Foods (Malaysia) Sdn Bhd	
Network Foods Industries Sdn Bhd	
Network Foods International Ltd	
Pan Malaysia Corporation Berhad	
Laura Ashley Holdings plc	Associated companies of the ultimate holding company
Laura Ashley Limited	
Morning Star Resources Limited	
Morning Star Travel Service Limited	
EIC Clothing Sdn Bhd	Subsidiary companies of Pan Malaysian Industries Berhad, a deemed major shareholder of the Company
Metrojaya Berhad	
MJ Reject Shop Sdn Bhd	
MJ Reject Shop (2002) Sdn Bhd	
MJ Somerset Bay Sdn Bhd	

41. Contingent Liabilities

Group and Company

Unsecured

- (a) On 13 September 1995, Wakefield Nominees Ltd ("WNL"), which is incorporated in Hong Kong, presented a petition to the Supreme Court of Bermuda against the Company and AGA Holdings Ltd ("AGA") in which the Company allegedly has a 35% equity interest. WNL has petitioned to seek for compensation in respect of the dilution of its interest in AGA and Central Reinsurance Limited ("CRL"), a subsidiary company of AGA.

Consequent to the petition described above, Receivers and Managers have been appointed by the court to AGA and the Receivers and Managers have further petitioned and obtained an order to liquidate CRL.

The Company's solicitors are of the considered opinion that based upon available evidence, the Company has a valid defence to the petition.

41. Contingent Liabilities (Cont'd)

Group and Company (cont'd)

- (b) A suit was filed on 17 May 1996 in the High Court of Kuala Lumpur by Loyal Design Sdn Bhd ("LDSB"), a wholly-owned subsidiary of Malayan United Industries Berhad ("MUIB"), against the Company and all its then existing directors for breach of directors' duties in conducting the affairs of the Company during the period involved with the takeover offer by MUIB through LDSB in respect of the Company. The suit also seek to declare, inter-alia, that various options granted by the Company under the Company's Executive Share Option Scheme are void.

The case has now been fixed for further case management on 29 April 2004. The Company's solicitors are of the opinion, based on the documents available, that LDSB's chance of success on the claim is good.

- (c) As at 31 December 2003, the contingent liabilities in respect of the corporate guarantees given by the Company for banking facilities granted to subsidiary companies are RM16 million (2002 : RM15 million).

Company

Secured

In 2002, a term deposit of RM537,705 of the Company has been pledged to a licensed bank to secure the banking facility of a subsidiary company.

42. Capital Commitment

	<i>Group</i>
	<i>2003</i>
	<i>2002</i>
	<i>RM'000</i>
	<i>RM'000</i>
Authorised and contracted but not provided for:-	
– purchase of property, plant and equipment	1,225
	1,715

43. Segment Information

The Group's operations comprised of the following main business segments:-

- Stockbroking : Comprise mainly businesses involved in stock and sharebroking, corporate advisory services, research and fund management services, nominee and custodian services
- Hotel : Operating of a hotel
- Travel : Travel agent and provision of travel-related services
- Property and investment holding : Comprise mainly investment, property holding, dormant and inactive subsidiary companies

Discontinuing Operation

- Licensing of trademarks : Ownership and licensing of trademarks

The inter-segment transactions were entered in the normal course of business and were on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

43. Segment Information (Cont'd)

(a) Business segment

2003	Stockbroking RM'000	Hotel RM'000	Travel RM'000	Discontinuing Operation: Licensing of Trademarks RM'000	Property and Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
– external sales	33,982	7,107	25,464	418	512	–	67,483
– inter-segment sales	2	103	49	–	406	(560)	–
Total revenue	33,984	7,210	25,513	418	918	(560)	67,483
Result							
Segment result	2,637	450	(88)	124	6,562		9,685
Interest income	1,657	75	5	–	17		1,754
Interest expense	(4,105)	(1,364)	(49)	–	(4,489)		(10,007)
Gain on disposal of investment in a subsidiary company	–	–	–	599	–		599
Profit before taxation							2,031
Tax expense							877
Profit after taxation							2,908
Minority interests							29
Net profit for the financial year							2,937
Other Information							
Segment assets	421,170	43,636	4,350	–	57,761		526,917
Segment liabilities	222,105	20,625	3,755	–	76,975		323,460
Unallocated corporate liabilities							1,148
Consolidated total liabilities							324,608
Capital expenditure	890	98	271	–	–		1,259
Depreciation and amortisation	3,616	1,228	59	–	1,152		6,055
Impairment losses of property, plant and equipment	–	–	–	–	1,970		1,970

43. Segment Information (Cont'd)

(a) Business segment (cont'd)

2002	Stockbroking RM'000	Hotel RM'000	Travel RM'000	Discontinuing Operation: Licensing of Trademarks RM'000	Property and Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
– external sales	16,695	6,722	31,315	483	924	–	56,139
– inter-segment sales	40	387	8	–	544	(979)	–
Total revenue	16,735	7,109	31,323	483	1,468	(979)	56,139
Result							
Segment result	(6,318)	(29)	73	191	(5,587)		(11,670)
Interest income	1,144	94	4	–	23		1,265
Interest expense	(4,758)	(1,671)	(65)	–	(5,395)		(11,889)
Surplus arising from subsidiary companies not consolidated	–	–	–	–	1,220		1,220
Gain on assignment debts	–	–	–	–	1,917		1,917
Interest waived on debts	–	735	22	–	–		757
Loss before taxation							(18,400)
Tax expense							(380)
Loss after taxation							(18,780)
Minority interests							(7)
Net loss for the financial year							(18,787)
Other Information							
Segment assets	286,950	44,351	4,718	169	75,168		411,356
Segment liabilities	96,737	20,820	3,926	53	81,441		202,977
Unallocated corporate liabilities							1,550
Consolidated total liabilities							204,527
Capital expenditure	8,062	365	2	–	372		8,801
Depreciation and amortisation	3,383	1,089	26	–	903		5,401

(b) Geographical segments

As the Group's operation is predominantly in Malaysia, no segmental information is presented on geographical segments.

44. Significant Events

(i) Schemes of Arrangement

The schemes of arrangement of the Company and certain of its subsidiary companies ("Scheme"), which were implemented on 29 December 1999 have been completed except for settlement with three 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 the Company to two scheme creditors to settle the indebtedness due to them pursuant to the Scheme. This is because they had either not provided to the Company within the relevant time frame the relevant Central Depository System details required for the allotment and issue of the ICPS or had not finalised and submitted their claim on the amount of indebtedness. It remains the intention of the Company to settle all indebtedness pursuant to the Scheme and as such, the 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 two scheme creditors in substitution of the issuance of up to 5,184,238 ICPS of the Company as proposed earlier in the Scheme ("Proposed Share Issue"). The Securities Commission ("SC") and the shareholders of the Company have on 23 October 2002 and 16 March 2004 respectively approved the Proposed Share Issue. On 13 January 2004, the SC approved an extension of 6 months to 22 April 2004 for the Company to complete the Proposed Share Issue.

On 14 April 2004, the Company 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 Proposed Share Issue to settle the indebtedness due to them pursuant to the Scheme.

(ii) Special Issue to Bumiputera Investors

The SC had vide its letter dated 6 September 2002, approved a final extension of 12 months to 30 June 2003 for the Company to implement its special issue of 75,270,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share to Bumiputera investors to be approved by the Ministry of International Trade and Industry ("Special Issue"). Due to the then prevailing market price of the Company's shares below the par value of RM1.00, the Company could not implement the Special Issue by 30 June 2003.

(iii) Private Placement to Bumiputera Investors

On 4 July 2002, the SC approved a final extension of 12 months to 30 June 2003 for Pan Malaysia Capital Berhad ("PM Capital") to implement the private placement to Bumiputera investors ("Private Placement") of up to 25,308,713 new ordinary shares of RM1.00 each representing approximately 10% of the issued and paid-up ordinary share capital of PM Capital, at an issue price of up to 15% discount based on the 5-day weighted average market price of the ordinary shares on a date to be determined later, subject to a minimum of the par value of RM1.00 per share. Due to the then prevailing market price of PM Capital's shares below the par value of RM1.00, PM Capital could not implement the Private Placement by 30 June 2003.

44. Significant Events (Cont'd)

(iv) Disposal of Subsidiary

In line with the rationalisation exercise of the Group to focus its resources in its core businesses and income generating operations, Pengkalen (UK) Plc (“PUK”), a 84.12%-owned subsidiary of the Company, and GCIH Property Limited (“GPL”), a wholly-owned subsidiary of PUK, have on 22 December 2003 entered into a sale and purchase agreement with PMRI Investment (Singapore) Pte Ltd for the disposal of 100 ordinary shares of HK1.00 each in GCIH Trademarks Limited (“GTL”) representing the entire issued and paid-up share capital of GTL for a cash consideration of RM6,185.

PUK held 51 ordinary share of HK\$1.00 each representing 51% of the issued and paid-up share capital of GTL. GPL held the remaining 49 ordinary shares representing 49% of the issued and paid-up share capital GTL.

The disposal was completed on 29 December 2003. The gain on the disposal to the Group was RM0.6 million.

(v) Other Corporate Developments

- (a) Consequent to the winding-up order made by the Hong Kong High Court against Grand Union General and Motor Insurance Co. Ltd (“GUG”) on 12 December 1990, GUG was dissolved on 23 January 2003 pursuant to Section 226A(2) of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong.
- (b) Subsequent to the holding of their final meeting on 10 March 2003 and the lodgement by their liquidator of the returns on 10 March 2003, GCIH (Singapore) Pte Ltd, Heng’s Food & Beverage Industries Pte Ltd and Welland Investments Pte Ltd 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.

45. Subsequent Event

On 11 February 2004, PCB Asset Management Sdn Bhd, a wholly-owned subsidiary company of PM Capital, increased its issued and paid-up share capital from RM2.0 million to RM2.8 million by the issuance of 800,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share to PM Capital.

46. Subsidiary And Associated Companies

Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad

<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 (a wholly-owned subsidiary company of Pan Malaysia Travel & Tours 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	73.89	Investment holding	Malaysia
+ 6. Pengkalen Company Limited	100	100	Dormant	United Kingdom
7. Pengkalen Equities Sdn Bhd	100	100	Investment holding and 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

<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

46. Subsidiary And Associated Companies (Cont'd)

Subsidiary Companies of Pan Malaysia Capital Berhad (cont'd)

<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>		
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

<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 Estates, Limited	100	100	Dormant	United Kingdom

46. Subsidiary And Associated Companies (Cont'd)

Subsidiary and Associated Companies of Pengkalen (UK) Plc

<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>		
* 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 companies audited by overseas member firms associated with BDO Binder, Malaysia.

* Subsidiary and associated companies not audited by member firms of BDO Binder.

> GCIH Property Limited had a direct equity interest of 49%.

Subsidiary company disposed of during the financial year ended 31 December 2003.

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

<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

47. Number Of Employees And Staff Costs

	Group		Company	
	2003	2002	2003	2002
Number of employees, including executive directors, as at year end	397	387	22	25

Staff costs for the financial year are as follows:-

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	11,477	10,196	825	924
Defined contribution plans	1,160	1,035	101	98
Short term accumulating compensated absence	277	158	44	22
Other employee benefits	519	485	67	93
	13,433	11,874	1,037	1,137

48. Changes In Accounting Policies And Prior Year Adjustments

(a) Changes in Accounting Policies

During the financial year, the Group and the Company adopted two new MASB Standards, namely MASB 25 "Income Taxes" and MASB 29 "Employee Benefits", and accordingly changed certain accounting policies. The changes in accounting policies which resulted in prior year adjustments are stated below:-

(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 material timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have 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 and the Company accruing for obligations in respect of short term employee benefits in the form of accumulating compensated absences. These obligations were not provided for prior to the adoption of MASB 29.

48. Changes In Accounting Policies And Prior Year Adjustments (Cont'd)

(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		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Accumulated Losses				
Balance as at 1 January, as previously reported	(1,240,621)	(1,209,354)	(764,980)	(584,018)
Effect of adoption of MASB 25	11,000	11,000	—	—
Effect of adoption of MASB 29	(540)	(382)	(241)	(219)
	10,460	10,618	(241)	(219)
Balance as at 1 January, as restated	(1,230,161)	(1,198,736)	(765,221)	(584,237)
Capital Reserve				
Balance as at 1 January, as previously reported	78,423	38,416	—	—
Effect of adoption of MASB 25	(295)	(295)	—	—
Balance as at 1 January, as restated	78,128	38,121	—	—
Net Profit/(Loss) for the Financial Year				
Net profit/(loss) before change in accounting policy	3,214	(18,629)	(19,961)	(180,962)
Effect of adoption of MASB 29	(277)	(158)	(44)	(22)
Net profit/(loss) for the financial year, as restated	2,937	(18,787)	(20,005)	(180,984)
Deferred Tax Assets				
Balance as at 1 January, as previously reported	—	—	—	—
Effect of adoption of MASB 25	11,000	11,000	—	—
Balance as at 1 January, as restated	11,000	11,000	—	—

48. Changes In Accounting Policies And Prior Year Adjustments (Cont'd)

(b) Prior Year Adjustments (cont'd)

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Deferred Tax Liabilities				
Balance as at 1 January, as previously reported	—	—	—	—
Effect of adoption of MASB 25	295	295	—	—
Balance as at 1 January, as restated	295	295	—	—
Payables				
Balance as at 1 January, as previously reported	46,246	46,798	430	1,007
Effect of adoption of MASB 29	546	388	241	219
Balance as at 1 January, as restated	46,792	47,186	671	1,226
Minority Interests				
Balance as at 1 January, as previously reported	480,420	515,204	—	—
Effect of adoption of MASB 29	(6)	(6)	—	—
Balance as at 1 January, as restated	480,414	515,198	—	—

49. Authorisation For Issue Of Financial Statements

These financial statements were authorised for issue by the Board of Directors on 28 April 2004.

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 29 to 76 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

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

On behalf of the Board

Khet Kok Yin
Director

Dato' Choong Kok Min
Director

Kuala Lumpur
28 April 2004

Statutory Declaration

I, Lum Seng Yip, being the officer primarily responsible for the financial management of Pan Malaysia Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 29 to 76 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 Lum Seng Yip at Kuala Lumpur in the Federal Territory on 28 April 2004.

Lum Seng Yip

Before me

Robert Lim Hock Kee
No. W092
Commissioner for Oaths
Kuala Lumpur

Report Of The Auditors

To the members of Pan Malaysia Holdings Berhad

We have audited the financial statements set out on pages 29 to 76. 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 statement 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 cash flows for the financial year then ended; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiary companies of which we have acted as auditors are 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 disclosed in Note 46 to the financial statements, being financial statements that are 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 Section 174 (3) of the Act.

BDO Binder

AF : 0206

Chartered Accountants

Tan Lye Chong

1972/08/05(J)

Partner

Kuala Lumpur

28 April 2004

Analysis Of Shareholding

As at 21 April 2004

Class of Shares : Ordinary share of RM1.00 each

Voting Rights : 1 vote per ordinary share

Substantial Shareholders as per Register of Substantial Shareholders

Name	No. of Shares held			
	Direct	%	Deemed	%
Pan Malaysian Industries Berhad	–	–	588,109,498	63.31
Tan Sri Dato' Dr Khoo Kay Peng	–	–	588,109,498	63.31
Malayan United Industries Berhad	–	–	587,476,761	63.25
Loyal Design Sdn Bhd	358,496,163	38.59	–	–
MUI Media Ltd	83,417,208	8.98	–	–
Megawise Sdn Bhd	82,749,507	8.91	–	–
Pan Malaysia Corporation Berhad	–	–	82,749,507	8.91
MUI Capital Sdn Bhd	62,699,810	6.75	–	–

Directors' Shareholdings as per Register of Directors' Shareholdings

In the Company	Name	No. of Shares held			
		Direct	%	Indirect	%
	Dato' Choong Kok Min ^{*1}	1,342,000	0.14	21,109,732	2.27
	Dato' Abdul Aziz bin Ahmad	–	–	10,000	negligible
	Dato' Rastam bin Abdul Hadi	–	–	471,000	0.05

^{*1} Dato' Choong Kok Min has purportedly been granted option to subscribe for 500,000 ordinary shares of RM1.00 each at an exercise price of RM3.02 per share pursuant to the Executive Share Option Scheme of the Company. The validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The case has been fixed for further case management on 29 April 2004.

In Related Companies	Name	No. of Shares held			
		Direct	%	Indirect	%
Pan Malaysia Capital Berhad	Dato' Rastam bin Abdul Hadi	–	–	220,000	0.09
	Dato' Choong Kok Min	30,000	0.01	3,166,500	1.25
Malayan United Industries Berhad	Dato' Choong Kok Min	1,150,000	0.06	–	–
	Yong Ming Sang	1,981,800	0.10	549,640	0.03
	Tan Sri Dato' Seri Dr Ting Chew Peh	–	–	10,000	negligible
MUI Properties Berhad	Dato' Choong Kok Min	5,000	negligible	–	–
Pan Malaysia Corporation Berhad	Dato' Rastam bin Abdul Hadi	–	–	288,000	0.04

Pan Malaysia Capital Berhad	Name	No. of ICPS ^{*2} held			
		Direct	%	Indirect	%
	Dato' Choong Kok Min	360,000	0.06	1,800,000	0.32

^{*2} Irredeemable Convertible Preference Shares of RM1.00 each in the capital of Pan Malaysia Capital Berhad.

Distribution of Shareholders

Category	No. of Shareholders	%	No. of Shares	%
Less than 100 shares	157	1.57	4,417	0.00
100 – 1,000 shares	2,622	26.27	2,370,031	0.26
1,001 – 10,000 shares	5,906	59.18	25,384,484	2.73
10,001 – 100,000 shares	1,139	11.41	32,156,297	3.46
100,001 to less than 5% of issued shares	152	1.52	276,862,991	29.81
5% and above of issued shares	5	0.05	592,089,191	63.74
Total	9,981	100.00	928,867,411	100.00

Analysis Of Shareholding (Cont'd)

As at 21 April 2004

Thirty (30) Largest Securities Accounts Holders

	Name	No. of Shares	%
1.	Loyal Design Sdn Bhd	276,972,633	29.82
2.	Mayban Nominees (Asing) Sdn Bhd - The Bank of East Asia Limited, Hong Kong for MUI Media Limited	83,000,000	8.94
3.	Megawise Sdn Bhd	82,749,507	8.91
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Securities Account for Loyal Design Sdn Bhd	81,523,530	8.78
5.	Mayban Nominees (Tempatan) Sdn Bhd - Mayban Investment Management Sdn Bhd for Malayan Banking Berhad	67,843,521	7.30
6.	MUI Capital Sdn Bhd	45,699,810	4.92
7.	Merchant Nominees (Tempatan) Sendirian Berhad - Securities Account for Affin Merchant Bank Berhad	23,500,000	2.53
8.	Arab-Malaysian Credit Berhad	22,845,416	2.46
9.	Citibank Berhad	21,062,948	2.27
10.	RHB Capital Nominees (Tempatan) Sdn Bhd - Bank Utama (Malaysia) Bhd	20,926,132	2.25
11.	Komin Holdings Sdn Bhd	20,311,332	2.19
12.	Mayban Nominees (Tempatan) Sdn Bhd - The Bank of East Asia Limited, Hong Kong for MUI Capital Sdn Bhd	17,000,000	1.83
13.	Kenanga Nominees (Tempatan) Sdn Bhd - Danaharta Urus Sdn Bhd	13,554,211	1.46
14.	Mayban Nominees (Tempatan) Sdn Bhd - Aseambankers Malaysia Berhad	10,760,224	1.16
15.	Amsec Nominees (Tempatan) Sdn Bhd - AmBank Berhad	7,153,028	0.77
16.	Multi-Purpose Credit Sdn Bhd	5,900,758	0.63
17.	Danaharta Managers Sdn Bhd	5,673,118	0.61
18.	Bank Kerjasama Rakyat Malaysia Berhad	5,101,634	0.55
19.	PAB Nominee (Tempatan) Sdn Bhd - Affin Bank Berhad (Loan Recovery)	4,994,215	0.54
20.	EB Nominees (Tempatan) Sendirian Berhad - EON Bank Berhad	3,323,002	0.36
21.	RHB Capital Nominees (Tempatan) Sdn Bhd - RHB Bank Berhad (Account 1)	3,202,582	0.34
22.	Newest Sdn Bhd (In Creditors Voluntary Liquidation)	2,790,000	0.30
23.	Mayban Securities Nominees (Tempatan) Sdn Bhd - Aseam Credit Sdn Bhd	2,204,812	0.24
24.	Bank Kerjasama Rakyat Malaysia Berhad	1,985,751	0.21
25.	RHB Capital Nominees (Tempatan) Sdn Bhd - RHB Bank Berhad (RMB Investment)	1,864,593	0.20
26.	Yeap Poh Tin	1,498,400	0.16
27.	Standard Chartered Bank Malaysia Berhad	1,315,139	0.14
28.	Public Bank Berhad	1,121,096	0.12
29.	Low Yiew Fook	1,025,300	0.11
30.	Wong Mook Leong	1,000,000	0.11
	Total	837,902,692	90.21

Properties Owned By The Group

As at 31 December 2003

<i>Location</i>	<i>Description</i>	<i>Usage</i>	<i>Tenure Expiry Year</i>	<i>Approximate Area Sq. Metres</i>	<i>Approximate Age of the Building No. of Years</i>	<i>Net Book Value RM'000</i>	<i>Date of Acquisition/ Last Revaluation</i>
MALAYSIA							
Federal Territory of Kuala Lumpur							
Menara Pengkalen, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur	1 lot of freehold land with a 15-storey office building	Vacant	Freehold	2,459	17	30,070	18.10.1993
KL Court Penthouse Rooftop K.L. Plaza Jalan Bukit Bintang, 55100 Kuala Lumpur	1 unit of freehold apartment	Vacant	Freehold	1,051	17	1,289	01.01.1999
State of Selangor Darul Ehsan							
605 Block A, No. 92, Jalan 5/60, 46000 Petaling Jaya, Selangor Darul Ehsan	1 unit of freehold condominium	Vacant	Freehold	144	12	193	18.08.1992
Lot Nos. 31622 and 31623 Nos. 18 and 20, Jalan Tiara 2, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan	2 contiguous units of 4- storey shop/office buildings	Office	Leasehold 2093	306	9	2,674	09.05.2002
State of Negeri Sembilan Darul Khusus							
Unit A8-10, 8th Floor, Tanjung Tuan Beach Resort, 5th Mile, Jalan Pantai, 71050 Port Dickson, Negeri Sembilan Darul Khusus	1 unit of leasehold condominium	Vacant	Leasehold 2081	117	19	188	28.08.1993
Lots 286, 288 & 289, PT5855 3 ½ km, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus	4 lots of leasehold land with a 10-storey resort hotel	Hotel	Leasehold 2059/2087	55,745	8	34,387	1993

Properties Owned By The Group (Cont'd)

As at 31 December 2003

<i>Location</i>	<i>Description</i>	<i>Usage</i>	<i>Tenure Expiry Year</i>	<i>Approximate Area Sq. Metres</i>	<i>Approximate Age of the Building No. of Years</i>	<i>Net Book Value RM'000</i>	<i>Date of Acquisition/ Last Revaluation</i>
State of Negeri Sembilan Darul Khusus							
Lot No. 926 No. 18, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus	1 lot of freehold land with a 4-storey shop-office	Office	Freehold	177	4	916	26.07.2001
Lot No. 1371 Nos. 19, 20 & 21 Jalan Kong Sang, 70000 Seremban, Negeri Sembilan Darul Khusus	1 lot of freehold land with a 4-storey office building	Office	Freehold	474	14	2,749	26.07.2001
Lot No. 930 No. 22, Jalan Kong Sang, 70000 Seremban, Negeri Sembilan Darul Khusus	1 lot of freehold land with a 2-storey shophouse	Office	Freehold	177	Pre-war	593	26.07.2001
State of Pahang Darul Makmur							
HS10468 PT11291, Bentong, Pahang Darul Makmur	1 lot of freehold bungalow land	Vacant	Freehold	1,115	—	180	06.03.1992
Lot 301, Di Simpang, Jalan Beserah & Jalan Telok Sisek, Kuantan Pahang Darul Makmur	1 lot of freehold land	Vacant	Freehold	10,825	—	3,300	16.07.1991
UNITED KINGDOM							
Flat 53, 5th Floor, Park Mansion, 141-149, Knightsbridge, London	1 unit of leasehold apartment	Vacant	Leasehold 2252	111	10	1,038	30.09.1994

Form Of Proxy

No. of Shares Held

I/We _____ NRIC No. _____
of _____ Tel. No. _____
being a member of PAN MALAYSIA HOLDINGS BERHAD hereby appoint *THE CHAIRMAN
OF THE MEETING or _____ NRIC No. _____
of _____ Occupation _____
or failing him/her, _____ NRIC No. _____
of _____ Occupation _____

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 22 June 2004 at 9.00 a.m. and at any adjournment thereof.

My/Our Proxy is 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 Report of the Directors and Auditors thereon.		
2. To approve Directors' fees of RM36,000.00.		
3. To re-appoint Dato' Abdul Aziz bin Ahmad as Director.		
4. To re-appoint Dato' Rastam bin Abdul Hadi as Director.		
5. To re-appoint Mr Yong Ming Sang as Director.		
6. To re-elect Dato' Mohd Ibrahim bin Mohd Zain as Director.		
7. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.		

* 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 an 'X' in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

Signature

Signed this _____ day of _____ 2004.

Seal

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.

Stamp

The Company Secretary
Pan Malaysia Holdings Berhad
14th Floor, MUI Plaza
Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia
