

# GOLD IS BERHAD ANNUAL REPORT 2003

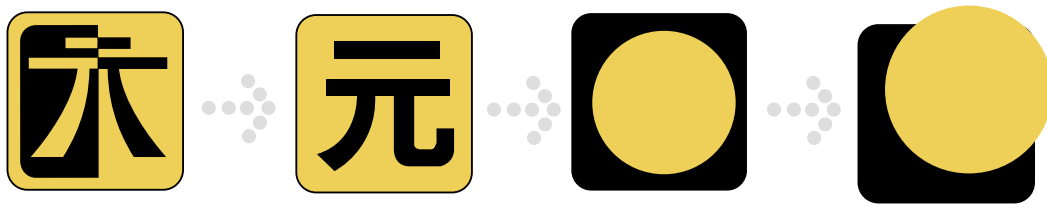


## **“What is Gold ?”**

*“All that is gold does not glitter,  
Not all those who wander are lost,  
The old that is strong does not wither,  
Deep roots are not reached by the frost,  
From the ashes a fire shall be woken,  
A light from the shadows shall spring;  
Renewed shall be blade that was broken,  
The crownless again shall be king.”*

## “Logo”

The original Tan & Tan logo reflected a circle (wealth) in a square (land). The new logo shows the same circle (wealth) but now moving out of the square. This symbolizes the aspiration of Gold IS to create value in the new economy while retaining its roots in innovation, quality and integrity.



园

*“Yuen” in chinese, means garden and land.*

元

*“Yuen” also brings the meaning of money (wealth).*

○

*Pronounced as “yuen” in chinese.*

*“Circle”*

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# Corporate Information

## BOARD OF DIRECTORS

**Executive Chairman &  
Chief Executive Officer**  
Tan Lei Cheng

**Senior Independent Director**  
Tan Kim Leong

**Independent Director**  
Daud Mah bin Abdullah

**Non-Independent Non-Executive Directors**  
Pauline Tan Suat Ming  
Osman bin Hj Ismail  
Tan Boon Lee

**AUDIT COMMITTEE**  
Tan Kim Leong (Chairman)  
Daud Mah bin Abdullah  
Tan Boon Lee

**SECRETARIES**  
Mary Wong  
Leong Kok Chi

**REGISTERED OFFICE**  
Penthouse,  
Menara IGB  
No. 1 The Boulevard  
Mid Valley City  
Lingkarang Syed Putra  
59200 Kuala Lumpur  
Tel.No. : 603-2289 8826  
Fax. No. : 603-2289 8802

## REGISTRAR

[Share Registration Department]  
23<sup>rd</sup> Floor Menara IGB  
No. 1 The Boulevard  
Mid Valley City  
Lingkarang Syed Putra  
59200 Kuala Lumpur  
Tel.No. : 603-2289 8920  
Fax. No. : 603-2289 8983

## CORPORATE HEAD OFFICE

Penthouse, Menara Tan & Tan  
207 Jalan Tun Razak  
50400 Kuala Lumpur  
Tel.No. : 603-2163 1111  
Fax. No. : 603-2163 7020

## PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd  
Bank of East Asia Limited  
Hong Leong Bank Bhd  
Malayan Banking Berhad

## AUDITORS

PricewaterhouseCoopers

## SOLICITORS

Jeyaratnam & Chong

## STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange  
Main Board (May 8, 2002)

## Date of Incorporation

1.6.2000

## Website

[www.goldis.com.my](http://www.goldis.com.my)

# Notice of Third Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of Gold IS Berhad will be held at Function Room, Mezzanine Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur on Tuesday 8 July 2003 at 10.30 a.m. to transact the following business:

1. To receive and adopt the audited financial statements for the year ended 31 January 2003 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve Directors' fees of RM66,312 for the year ended 31 January 2003 **Resolution 2**
3. To re-elect the following Directors who retire in accordance with Article 98 of the Articles of Association:
  - (a) Ms Tan Lei Cheng **Resolution 3**
  - (b) Ms Pauline Tan Suat Ming **Resolution 4**
4. To re-elect Encik Daud Mah bin Abdullah who retires in accordance with Article 104 of the Articles of Association. **Resolution 5**
5. To re-appoint PricewaterhouseCoopers as auditors and to authorise the Directors to fix their remuneration. **Resolution 6**
6. **As Special Business**  
To consider and if thought fit, pass the following resolution 7 as an Ordinary Resolution:  
  
**Authority to Directors to Issue Shares**  
  
"That, subject to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant government and regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval of the Kuala Lumpur Stock Exchange for the listing and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 7**



## Notice of Third Annual General Meeting (cont'd)

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

By Order of the Board  
Mary Wong  
(MICPA 1100)

Leong Kok Chi  
(MICPA 2918)  
Company Secretaries

Kuala Lumpur  
14 June 2003

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
2. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorized.
3. This Proxy Form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be deposited at the Registered Office of the Company at Penthouse, Menara IGB, No. 1 The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
4. **Explanatory Note on Special Business**

#### Authority to Directors to Issue Shares

The Ordinary Resolution proposed under Resolution 7 above, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per cent (10%) of the issued share capital of the Company for such purposes as they consider would be in the interest of the Company in order to avoid any delay and cost involved in convening a general meeting to approve such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

# Statement Accompanying Notice Of General Meeting

## Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange

1. The Directors who are standing for re-election, pursuant to Article 98 and 104 of the Articles of Association are:

Names of Directors	Date of Appointment	Shareholdings in the Company as at 31.1.2003			
		Direct	%	Indirect	%
Ms Tan Lei Cheng (Art.98)	20.09.2000	1,645,907	0.51	1,931,586	0.60
Ms Pauline Tan Suat Ming (Art.98)	07.1.2002	120,833	0.04	77,290,735	24.11
Encik Daud Mah bin Abdullah (Art. 104)	15.01.2003	Nil		Nil	

Further details on the Directors standing for re-election at the Third Annual General Meeting are set out on pages 13 to 15 of this Annual Report.

2. There were 4 board meetings held during the financial year.

Attendance of the Directors standing for re-election at the annual general meeting are as follows:

Name of Directors	No. of meetings attended	6.5.2002	20.6.2002	26.09.2002	04.12.2002
Tan Lei Cheng	4/4	✓	✓	✓	✓
Pauline Tan Suat Ming	4/4	✓	✓	✓	✓
Daud Mah bin Abdullah	Not applicable	Appointed a director on 15.01.03			

3. Third Annual General Meeting of Gold IS Berhad

Place : Function Room,  
Mezzanine Floor,  
Menara Tan & Tan,  
207 Jalan Tun Razak,  
50400 Kuala Lumpur

Date & Time : 8 July 2003 10.30 a.m.

## Chairman's Letter to Shareholders

Dear Shareholder,

Gold IS Berhad has performed well in the first year of operations. Even after meeting a capital repayment to shareholders of RM444.5 million last year, the company still managed for the year ending 31st January 2003 to achieve a profit-before-tax of RM50.7 million. Profit-after-tax attributable to shareholders was RM35.2 million or 11 cents per share.

It is also important to note that non-property related investments contributed a turnover of RM76.8 million for the year. Although the profit contribution from these investments was only RM8.8 million, it is a very healthy start for future growth.

“合抱之木，生于毫末；九层之台，起于累土，千里之行，始于足下”  
(老子)

*“A big tree was once a small seed; a nine-storey building started with a basket of earth; a journey of a thousand miles began with the first step.” - Lao Tsu*

Gold IS Berhad is an investment holding company and below are brief highlights of the performance of its key investments for the year. Although the highlights are financial numbers, it is important to realize that behind each of these results is a team of dedicated and motivated individuals who have contributed to the overall group performance.

“祸福无门，唯人所召” (左传)

*“Misfortune and fortune do not come on their own accord. They befall only in accordance with the respective deeds of people.” - Zuo Zhuan*

## **Chairman's Letter to Shareholders (cont'd)**

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### **IGB Corporation Berhad**

Our 29.44% shareholding in IGB Corporation Berhad with a carrying value of RM618.0 million is still our main asset. For the year 2002, the enlarged IGB group after its merger with Tan & Tan Developments Berhad achieved significant growth in both revenue and pretax profit. Revenue for the year was RM405.7 million, more than double that recorded in 2001 while pretax profit increased by 84.98% to RM114.5 million from RM61.9 million.

Net profit increased by 56.14% to RM78.8 million. All divisions performed well. The property division achieved sales of RM400 million for the year and Mid Valley Megamall completed its first cycle of its 3-year tenancy renewals in November 2002. These two factors together with IGB's proposed divestment of its 19.58% in IJM Berhad will mean that our investment in IGB Corporation Berhad will continue to see strong growth in earnings for the coming year 2003.

### **Property Investment & Developments in China**

Our joint-venture in Jili Plaza in Beijing contributed RM4.9 million to earnings for 2002. The trademart was 100% tenanted for the year. Unfortunately, it is expected that the SARs will impact the second quarter performance of the trademart and hotel this year as a number of areas was under quarantine in Beijing to contain the spread of SARs.

On the development side, our joint-venture in GTB Holdings, the developer of Sun City contributed RM4.3 million profit for the year 2002. Out of a total of 882 units of apartments only 58 units remained unsold by the 30 April 2003. Unless the SAR's restriction in Beijing continues on for another month, we should be able to meet the target handover date of the last block of apartments in June or July this year.

### **Pharmaceutical Division**

Diversified Healthcare Services (DHS) Sdn Bhd achieved sales of RM43.4 million in 2002 compared with sales of RM29.1 million in 2001. The investment contributed a profit of RM5.2 million for the year. Following the successful launch of Ellgy Cracked Heel Cream into the Malaysian and Singaporean market last year, 2003 will see the launch of Ellgy in Thailand and Vietnam. The introduction of the product into Taiwan and Hong Kong markets will be dependent on the lifting of travel restrictions by WHO to the two regions.

With the continued launch of new products and penetration into new markets in the region, we expect this company to continue its high growth in 2003.

# Chairman's Letter to Shareholders (cont'd)

## Information & Communications Technology (ICT) Division

Our fledgeling investment in sms technology through Macro Kiosk Sdn Bhd and wireless broadband through Gold Information Systems Sdn Bhd made a total loss of RM0.8 million for the year 2002. Since the last quarter of 2002, there has been a noticeable increase in interest shown in our sms messaging center for the delivery of bulk sms. Although the pricing of broadband services continued to face intense competition from other major telcos, we are still able to maintain growth in our Hi-Bits broadband services. The coming year will see further investment into brand building for both the companies.

## Paper Manufacturing (Manax Limited)

The sale revenue has increased from RM24.2 million to RM25.9 million as compared with the last financial year. As a result, the profit has increased from RM0.7 million to RM2.0 million. The 4th production line will commence by June 2003. By then, the production capacity will be increased from 40,000 tonnes to 90,000 tonnes.

## Sweat Club

Revenue for the financial year 2003 has increased by 6.67% compared to the last financial year, i.e. from RM4.5 million to RM4.8 million. But, the company has reported loss for the financial year 2003 for the amount of RM0.7 million compared with the loss in financial year 2002 of RM0.5 million.

## New Investments

In the 4th quarter of last year, we made a 40% investment in a new company, Ecosem Sdn Bhd. Our 40% share involved a total commitment of RM16 million and as of the first quarter of this year RM6.6 million has been expended.

Ecosem Sdn Bhd is a new semi-conductor production facility in Oakland Industrial Park in Seremban. It will be involved in the basic operation of assembly and testing of semi-conductors as well as the design of simple chips for use of electrical components in buildings. The facility is expected to be operational by the last quarter of this year.

## Financial Position

The gearing in the company remains low. We have repaid most of the local ringgit loans and maintained cash deposits with the banks. We will continue to pursue new investments in the non-property sector.

## Chairman's Letter to Shareholders (cont'd)

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### Dividends

As the company started operations in January 2002, we have insufficient tax credit to declare dividends for the year ended 31st January 2003. The capital repayment of IGB shares and ICPs in specie made in 2002 was in lieu of dividends for the year.

### Board Changes

During 2002, Mr. Tan Kee Keat resigned from the Board. I take this opportunity to thank him for his past contribution. It is my pleasure to welcome to the Board Encik Daud Mah bin Abdullah as an independent director. His experience in Boston Consulting and KSC Consulting will be invaluable to the Board.

**Tan Lei Cheng**  
Chairman & CEO

## Profile of Board of Directors

### **TAN LEI CHENG** (Non-Independent Executive Chairman & Chief Executive Officer)

Tan Lei Cheng, aged 46, a Malaysian, was appointed a director on 20.9.2000. Ms Tan was appointed Executive Chairman and Chief Executive Officer (“CEO”) on 6 May 2002. She is the CEO of Tan & Tan Developments Berhad (“Tan & Tan”) from March 1995, a property development company that was listed on the Kuala Lumpur Stock Exchange until Gold IS Berhad took over its listing on 8 May 2002, following the completion of the merger between the Company, Tan & Tan and IGB Corporation Berhad. She is the prime mover in identifying and developing projects that are in the growth industries sector. She has twenty three years experience in the property industry and the corporate sector. She holds a Bachelor of Commerce from the University of Melbourne, Australia, and a Bachelor of Law from King’s College, London (LLB Hons.). She is also a member of Lincoln’s Inn and was admitted to the English Bar in 1983. She is a director of IGB Corporation Berhad.

She is a member of the Remuneration and Nomination Committee.

She is a sister of Tan Boon Lee and a daughter of Dato’ Tan Chin Nam, who is an indirect major shareholder of Gold IS Berhad. She is a cousin of Pauline Tan Suat Ming, Robert Tan Chung Meng and Tony Tan Choon Keat, who are indirect major shareholders.

She has no conflict of interest with the Company and she has not been convicted of offences within the past 10 years.

### **TAN KIM LEONG, J.P.** (Senior Independent Non-Executive Director)

Tan Kim Leong, aged 64, a Malaysian, was appointed to the Board of Gold IS Berhad on 11 January 2002. Mr Tan is the Executive Chairman of BDO Binder, a Director of Malaysian Plantations Berhad and a committee member of the Kuala Lumpur Stock Exchange. He is a successful chartered accountant with 38 years of experience. He holds professional memberships of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He is also a Fellow member of the Institute of Chartered Accountants, Australia and the Malaysian Association of the Institute of Chartered Secretaries and Administrators.

He is the Senior Independent Director, Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

He has no conflict of interest with the Company and he has not been convicted of offences within the past 10 years. He is not related to any members of the board or substantial shareholders.

## Profile of Board of Directors (cont'd)

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### **PAULINE TAN SUAT MING** ( Non-Independent Non-Executive Director)

Pauline Tan Suat Ming, aged 58, a Malaysian, was appointed a director of the Company on 7.1.2002. Ms Tan holds a Bachelor of Science (Honours) in Biochemistry from University of Sussex, England and is also an Associate of the Chartered Institute of Secretaries and Administrators. She worked as a chemist in Malayan Sugar Manufacturing Co Berhad from 1969 to 1972. She joined Tan Kim Yeow Sdn Bhd as an Executive Director in 1976 and joined Wah Seong Group of Companies in 1983. She is a director of Wah Seong Corporation Berhad, IGB Corporation Berhad and Tan & Tan Developments Berhad.

Ms Tan is the Chairman of the Nomination Committee and a member of the Remuneration Committee. She is a cousin of Tan Lei Cheng and Tan Boon Lee and is an indirect major shareholder. She is a sister of Tony Tan Choon Keat and Robert Tan Chung Meng who are indirect major shareholders.

She has no conflict of interest with the Company and she has not been convicted of offences within the past 10 years.

### **Osman bin Hj Ismail** (Non-Independent Non-Executive Director)

Osman bin Hj Ismail, aged 45, a Malaysian, was appointed a director of the Company on 11.1.2002 and is a representative of Permodalan Nasional Berhad ("PNB"), a major shareholder of Gold IS. He is the Vice-President, Financial and Management Audit Department in the PNB Group and has been with the PNB Group since 1985.

He obtained a Diploma in Accountancy from MARA Institute of Technology in 1980, an Advanced Diploma in Accounting from Luton University, England in 1983 and a Certificate in Internal Quality Auditor (Neville Clark) in 1996. He is also a member of the Institute of Internal Auditors Malaysia.

Other directorships in public companies include IGB Corporation Berhad, IJM Corporation Berhad, HeiTech Padu Berhad and Tan & Tan Developments Berhad.

He is the Chairman of the Remuneration Committee and a member of the Nomination Committee.

He has no conflict of interest with the Company and he has not been convicted of offences within the past 10 years. He is not related to any members of the board or substantial shareholders.



## Profile of Board of Directors (cont'd)

### **TAN BOON LEE** (Non-Independent Non-Executive Director)

Tan Boon Lee, aged 39, a Malaysian, was appointed a director of the Company on 11.1.2002. Mr. Tan holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He has 17 years experience in the property and hotel industry, giving management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He is a director of IGB Corporation Berhad.

He is a member of the Audit, Nomination and Remuneration Committee.

He is a brother of Tan Lei Cheng and a son of Dato' Tan Chin Nam, who is an indirect major shareholder of Gold IS Berhad. He is a cousin of Pauline Tan Suat Ming, Robert Tan Chung Meng and Tony Tan Choon Keat, who are indirect major shareholders.

He has no conflict of interest with the Company and he has not been convicted of offences within the past 10 years.

### **Daud Mah bin Abdullah** (Independent Non-Executive Director)

Daud Mah bin Abdullah, aged 41, a Malaysian, was appointed a director of the Company on 15 January 2003. He holds a Bachelor of Science (Econs.) from the London School of Economics and Political Science and a Masters in Business Administration majoring in Finance from Wharton School, University of Pennsylvania. He is a member of the Institute of Chartered Accountants of England and Wales, and of Malaysian Institute of Accountants. His working experience commenced with auditing a variety of businesses, with focus on financial services, while with Coopers & Lybrand, London from 1984-1987. He qualified as a Chartered Accountant in 1987 and continued to manage audits at Coopers & Lybrand, London for 2 years. After his Masters in Business Administration in 1992, he returned to Malaysia to join The Boston Consulting Group, where he consulted to companies in oil & gas, pharmaceuticals, food and airlines. He left The Boston Consulting Group in 1995 and set up a financial advisory company called ADG Capital Sdn Bhd and a boutique fund management company called Kumpulan Sentiasa Cemerlang Sdn Bhd. He is presently a director in KSC Capital Berhad, a unit trust management company, a wholly-owned subsidiary of Kumpulan Sentiasa Cemerlang Sdn Bhd.

He is a member of the Audit, Remuneration and Nomination Committee.

He has no conflict of interest with the Company and he has not been convicted of offences within the past 10 years. He is not related to any members of the board or substantial shareholders.

# Corporate Governance Statement

The Board of Directors of Gold IS Berhad recognizes its responsibility for maintaining good corporate governance. The statement below reports on how the Group has applied the Principles as set out in Part 1 of the Malaysian Code on Corporate Governance (the “Code”) and the extent of compliance with Part 2 of the Code.

## 1. The Board

### (a) Composition of the Board

The Company is led and managed by a Board of Directors with vast experience in business, commercial, finance and legal matters. A brief description on the background of each Director is presented on pages 13 to 15 of the Annual Report.

The Board currently has six (6) members, one (1) Executive Director who also serves as the Chief Executive Officer and five (5) non-executive directors (of whom two are independent). This is in compliance with Paragraph 15.02 of the Revised KLSE Listing Requirements, which require that one third or two, whichever is higher, of the total number of Directors to be Independent Directors.

All the Directors have given their undertaking to comply with the Kuala Lumpur Stock Exchange Listing Requirements and the Independent Directors have confirmed their independence in writing.

Due to the size and the business nature of the Company, the positions of the Chairman and the CEO of the Company are held by the same person. The Board, together with the CEO, develop position descriptions for the Board and for the CEO, involving definition of the limits to the Management’s responsibilities. The Board also approves and develops with the CEO, the corporate objectives, which the CEO shall be responsible for meeting. The function of the Chairman that is currently held by the CEO is to ensure the orderly conduct and working of the Board, running the business and implementation of policies and strategies adopted by the Board.

The Board has appointed Tan Kim Leong as Senior Independent Non-Executive Director on 3 June 2002 to whom concerns may be conveyed.

The Independent Directors also have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance, resources including key appointments and standards of conduct.

The Independent Directors are independent of the management and majority shareholders. They provide independent views and judgement and also safeguard the interests of parties such as minority shareholders.

No individual or group of individuals dominate the Board’s decision making and the number of directors fairly reflect the investment of the shareholders.

## Corporate Governance Statement (cont'd)

The Board has reserved to itself powers in respect of significant areas to the Groups' business including major investment decisions, approval of corporate plans and acquisition and disposal of business segments.

### (b) Appointment and Re-election of Directors

In accordance with the Company's Articles of Association, all Directors retire from office at least once in every three years and offer themselves for re-election.

### (c) Board Meetings

The Board meets regularly. Since its listing on the KLSE Main Board on 8 May 2002 up to 31 January 2003, a total of four (4) Board meetings were held and details of attendance are as follows:-

Directors	Meetings attended	% of Attendance
Tan Lei Cheng	4	100
Pauline Tan Suat Ming	4	100
Tan Kim Leong	3	75
Tan Boon Lee	4	100
Osman bin Hj Ismail	4	100
Daud Mah bin Abdullah @ Mah Siew Whye *	N/A	N/A
Tan Kee Keat**	3	100
Tan Sri Abu Talib bin Othman***	0	N/A

\* Daud Mah bin Abdullah @ Mah Siew Whye was appointed on 15 January 2003

\*\* Tan Kee Keat was appointed on 20 May 2002 and resigned on 27 December 2002

\*\*\* Tan Sri Abu Talib bin Othman resigned on 10 June 2002

### (d) Restriction on Directorships

The number of Directorships held by the Directors are as stated on pages 13-15 of the Annual Report.

### (e) Responsibilities and Supply of Information

The Board assumes the following responsibilities:-

- reviewing and adopting a strategic plan for the Group and the Company;
- overseeing the conduct of the Group and the Company's businesses to evaluate whether these businesses are being properly managed;

## Corporate Governance Statement (cont'd)

- identifying principal risks the Group and the Company are facing and ensure that appropriate systems are implemented or steps are taken to manage these risks. The Board, directly or through its committees, sets, where appropriate, objectives, performance targets and policies for management of the key risks faced by the Group and the Company;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

All Directors have full access to information pertaining to all matters for the purpose of making decisions.

The Board has set out agreed procedures for the Directors to obtain independent professional advice at the Company's expense, if necessary. All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Listing Rules of the KLSE or other regulatory requirements.

### (f) Directors' Remuneration

#### (i) Remuneration procedure

The Remuneration Committee proposes to the Board the remuneration of the Executive Director in all its forms, drawing from outside advice as necessary. However, the determination of remuneration packages of all Directors is a matter of the Board as a whole. The Directors do not participate in discussion and decision of their own remuneration.

#### (ii) Remuneration Package

The details of the remuneration of the Directors of the company are as follows :

	Salary RM	Fees & Allowances RM	Bonus RM	Benefits-in-kind RM	Total RM
Executive Director	93,859	7,500	8,670	4,200	114,229
Non-Executive Directors	-	58,812	-	-	58,812

## Corporate Governance Statement (cont'd)

The number of Directors whose remuneration fall into the following bands are as follows :

RANGE OF REMUNERATION	Executive Director	Non-Executive Directors
Below RM50,000	-	7
RM50,001 - RM100,00	-	-
RM100,001 - RM150,000	1	-

### (g) Directors' Training

Every Director of the Company undergoes continuous training to equip himself to effectively discharge his duties as a Director and for that purpose he ensures that he attends such training programmes as prescribed by the KLSE from time to time. The Company also provides briefings for new appointments to the Board, to ensure they have a comprehensive understanding of the operations of the Group and the Company.

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by the Kuala Lumpur Stock Exchange.

## 2. The Board Committees

The following committees are established to assist the Board to discharge its duties and responsibilities. They have the authority to examine a particular issue and report back to the Board with a recommendation.

- (i) Audit Committee  
Please refer to pages 27-30.
- (ii) Nomination Committee  
Please refer to pages 21-23.
- (iii) Remuneration Committee  
Please refer to pages 23-24.

## 3. Relationship with Shareholders

The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodate feedback from shareholders, which shall be factored into the Group's business decision.

## Corporate Governance Statement (cont'd)

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The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following :

- (i) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on audit committee and Board of Directors;
- (ii) various announcements made to the KLSE, which includes announcement on quarterly results;
- (iii) the Company's website at [www.goldis.com.my](http://www.goldis.com.my)

The Annual General Meeting serves as an important means for shareholders communication. Notice of the Annual General Meeting and Annual Reports are sent to shareholders twenty one (21) days prior to the meeting. At the Annual General Meeting, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the Board respond to the questions raised by the shareholders during the Annual General Meeting.

The Board ensures each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution.

#### 4. Accountability and Audit

The Board aims to present a balanced and understandable assessment of the Group's position and prospect through the annual financial statements and quarterly announcements of results to the Kuala Lumpur Stock Exchange. The Directors are responsible to ensure the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. A statement by the Directors on their responsibilities in preparing the financial statements is set out on page 21 of this Annual Report.

##### (a) Internal Control and Internal Audit Function

The Statement of Internal Control is set out on pages 25 to 26 of this Annual Report. It also sets out the function of internal audit to ensure the objectives of internal controls are achieved.

##### (b) Relationship with the External Auditors

The Board has established formal and transparent arrangements for maintaining an appropriate relationship with the Group's external auditors.

# Corporate Governance Statement (cont'd)

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible in the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the applicable approved Accounting Standards of Malaysia, Companies Act, 1965 and KLSE Listing Requirements.

## AUDIT COMMITTEE

The terms of reference of the Audit Committee, composition of its membership and other pertinent information about the Audit Committee and its activities are highlighted in the Audit Committee Report on pages 27-30 of this Annual Report.

## NOMINATION COMMITTEE

### 1. Constitution and Purpose

The Nomination Committee was established on 6 May 2002. The Nomination Committee's primary function is to propose new nominees for the Board and assess directors on an on-going basis. The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

### 2. Composition

Due to the nature of operations, the Nomination Committee comprises six (6) members, of which one (1) is an Executive Director and two (2) are Independent Directors. The term of appointment shall be reviewed at least once in every three years.

## Corporate Governance Statement (cont'd)

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The present members of the Nomination Committee of the Company are :

- i. Pauline Tan Suat Ming (Chairman)
- ii. Tan Kim Leong
- iii. Daud Mah bin Abdullah @ Mah Siew Whye
- iv. Osman bin Haji Ismail
- v. Tan Lei Cheng
- vi. Tan Boon Lee

Pauline Tan Suat Ming who is a Non-Independent Non-Executive Director was appointed as the Chairman of the Nomination Committee on 4 June 2002. The Chairman attends all meetings of the Committee other than when matters concerning herself are under discussion.

The Company Secretary is the secretary of the Nomination Committee. The Secretary maintains minutes of the proceeding of the Committee and circulates such minutes to all members of the Board.

### 3. Rights

The Board must ensure that whatever necessary and reasonable for the performance of its functions, the Nomination Committee have the following rights :

- i. to resources which are required to perform its duties;
- ii. full and unrestricted access to any information on the profile of directors;
- iii. direct communication channels with key management staff such as personnel, accounts, secretarial or independent consultants engaged by the Company;
- iv. to obtain independent professional or other advice.

The Board, however, retains full powers to decide on the suitability of the nominees and approves their appointments.

### 4. Functions

The functions of the Nomination Committee include the following:-

- i. Recommends to the Board, the suitable candidates for all directorships to be filled by the shareholders or the Board.
- ii. Considers, in making its recommendations, candidates for directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or director or shareholders.
- iii. Recommends to the Board, Directors to fill the seats on the Board Committees.
- iv. Annually reviews the required mix of skills and experience and other qualities, including core competencies, which the Non-Executive Directors should bring to the Board.



## Corporate Governance Statement (cont'd)

- v. Assesses on an annual basis; 1) the effectiveness of the Board as a whole; 2) the committees of the Board; and 3) the contribution of each individual Director. The assessment process should be pre-determined by the Board.
- vi. Develops succession planning policy and ensure that the policy is kept under review.
- vii. Ensures that the policy on selection criteria and succession planning is well documented and approved by the full Board and any change thereto should be subject to the endorsement of the full Board.
- viii. Reviews the term of office and performance of each of the Committee members of its various standing committees at least once in every three years.

### 5. Meetings

Meetings of the Nomination Committee are held at least once a year and each meeting is attended by at least two members.

The Committee held its first meeting on 4 December 2002 and the meeting was attended by all the members.

## REMUNERATION COMMITTEE

### 1. Constitution and Purpose

The Remuneration Committee was established on 6 May 2002. Its primary function is to set the policy framework and recommend to the Board on remuneration packages and benefits extended to the Directors, drawing from outside advice as necessary. The determination of the remuneration package for Directors is a matter of the Board as a whole. The Director concerned abstains from deliberations and voting on decisions in respect of his individual remuneration package.

### 2. Composition

The Remuneration Committee comprises six (6) members, five (5) of whom are Non-Executive Directors, including two (2) independent, and one (1) Executive Director. The term of appointment shall be reviewed at least once in every three years.

The present members of the Remuneration Committee of the Company are :

- i. Osman bin Haji Ismail (Chairman)
- ii. Tan Kim Leong
- iii. Daud Mah bin Abdullah @ Mah Siew Whye
- iv. Tan Lei Cheng
- v. Pauline Tan Suat Ming
- vi. Tan Boon Lee

## Corporate Governance Statement (cont'd)

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The Company Secretary is the secretary of the Remuneration Committee. The Secretary maintains minutes of the proceeding of the Committee and circulates such minutes to all members of the Board.

### 3. Rights

The Board must ensure that whenever necessary and reasonable for the performance of its function, the Remuneration Committee has the following rights:

- i. to resources which are required to perform its duties;
- ii. full and unrestricted access to any information pertaining to the executive directors;
- iii. direct communication channels with key management staff such as personnel accounts or independent consultants engaged by the Company;
- iv. to obtain independent professional or other advice.

The Committee has the right to propose a remuneration package for a director, however, the Board has the ultimate authority to approve the remuneration package of the director concerned.

### 4. Functions

The functions of the Remuneration Committee include the following:-

- i. To adopt a formal and transparent procedure for developing the policy on remuneration packages.
- ii. To ensure the remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The remuneration package should comprise a number of separate elements which include basic salary, bonus arrangements and certain non-cash benefits. In the case of Executive Directors, the component parts of remuneration should be structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration should be linked to their experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

### 5. Meetings

Meetings of the Remuneration Committee shall be held at least once a year and each meeting must be attended by at least two members.

The Committee held its first meeting on 4 December 2002 and the meeting was attended by all the members.

# Statement of Internal Control

The Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable and not absolute assurance against material misstatement and losses. The internal control system covers not only financial controls but operational and compliance controls, and risk management.

Material joint ventures and associated companies have not been dealt with as part of the Group for purposes of applying the guidance contained in the publication "Statement of Internal Control: Guidance for Directors of Public Listed Companies." However, the management of these material joint ventures and associated companies have an existing monitoring function to assist them in ensuring the system of internal controls is functioning as intended. Management from Gold IS Berhad believes that the systems of internal controls of these companies are adequate through regular performance reviews.

The Board has outsourced the internal audit function of the Group to an external party. The internal auditors are to assist and advise the Audit Committee on matters relating to the internal audit function.

The Board believes that the Group complies with the guidance contained in the publication "Statement of Internal Control: Guidance for Directors of Public Listed Companies."

The Board has considered the system of internal control in operation during the year and the key elements of the system are as follows:-

## **Risk Assessment**

The Board and management are responsible for the ongoing identification, evaluation and managing of significant risks. Management has performed a risk assessment exercise for the Group in August 2002 to identify principal risks and to ensure an appropriate risk assessment and evaluation framework and activities were in place for the Group. The Board and management assess major business risks faced by the Group on an on-going basis.

A risk management framework, established by management and approved by the Board:-

- Sets the structure of risk management in the Group;
- Defines the roles and responsibilities of all parties involved; and
- Outlines the procedures to identify, assess, analyse, manage and control risks the Group faces.

## **Control Activities and Procedures**

A 5-year audit plan was drafted following the risk assessment exercise to continuously review the effectiveness of the Group's system of internal control and mitigate risks including financial, operational and compliance risks. The 5-year audit plan was presented to the Audit Committee. Due deliberation on the plan was conducted and the plan was amended to cover more audit areas. The revised 5-year audit plan was subsequently reviewed and adopted by the Audit Committee and the Board. Based on the risk assessment results, the internal auditors focused on areas of significant risks to the Group. Reviews were conducted on these areas and the results of these reviews including comments from management, were reported to the Audit Committee periodically. Action plans agreed in response

## Statement of Internal Control (cont'd)

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to recommendations were followed up and reports were updated to reflect the latest position. This allowed the Board, advised by the Audit Committee, to review the effectiveness of the internal control system in the Group. The audit plan shall be reviewed annually to take into account changes in risks the Group may be exposed to as the Group's objectives, the organization and the environment in which it operates are continuously evolving.

### **Information and Communication**

The management information systems provide the Board with relevant and timely reports, which the Board can monitor the financial performance and the operations of the Group. Annual budgets, which are submitted to the Board for approval, provide the Board with comparative information to assess and monitor performance of the Group.

### **Monitoring**

The Board is responsible for reviewing the effectiveness of the system of internal control, which is facilitated by presentations of financial performance and business operations of the Group at periodic Board meetings. The effectiveness of the system of internal control is also monitored on an ongoing basis by the Audit Committee, who receives regular reports from the internal auditors.

# Audit Committee Report

## MEMBERS OF THE AUDIT COMMITTEE

Tan Kim Leong	(Chairman)	Senior Independent Non-Executive Director	(appointed on 20.5.2002)
Daud Mah bin Abdullah		Independent Non-Executive Director	(appointed on 15.1.2003)
Tan Boon Lee		Non-Independent Non-Executive Director	(appointed on 20.5.2002)
Tan Kee Keat		Independent Non-Executive Director	(appointed on 20.5.2002; resigned on 27.12.2002)

## TERMS OF REFERENCE OF AUDIT COMMITTEE

### Objectives

The primary objectives of the Audit Committee are:

- (1) To ensure transparency, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the shareholders.
- (2) To provide assistance to the board in discharging its responsibilities relating to the Group's management of principal risks, internal control, financial reporting and compliance of statutory and legal requirements.
- (3) To maintain through regularly scheduled meetings, a direct line of communication between the board, senior management, internal auditors and external auditors.

### Membership

The Audit Committee shall be appointed by the Board of Directors from among its directors, and shall consist of no fewer than three (3) members, a majority of whom shall be independent directors. If membership for any reason falls below three (3) members, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to fulfill the minimum requirement.

- (1) The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.
- (2) No alternate directors shall be appointed to the Committee.
- (3) At least one member of the Audit Committee:
  - (a) must be a member of the Malaysian Institute of Accountants ("MIA"); or
  - (b) if he is not a member of the MIA, he must have at least 3 years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or he must be a member of one of the associations of accountants specified in Part II of the said Schedule; or

## Audit Committee Report (cont'd)

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- (c) has a degree/masters/doctorate in accounting or finance and at least three years' post qualification experience in accounting or finance; or
- (d) at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

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

### Authority

The Committee is authorized by the Board to:

- (1) investigate any activity within its terms of reference.
- (2) seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- (3) 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.

The Committee shall have direct access to the external auditors and persons carrying out the internal audit procedure or activity and be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever necessary.

### Functions

The functions of the Committee are:

- (1) to review the following and report the same to the Board of Directors:
  - (a) with the external auditor, the audit plan;
  - (b) with the external auditor, his evaluation of the systems of internal controls;
  - (c) with the external auditor, his audit report;
  - (d) the assistance given by the employees of the Company to the external auditor;
  - (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 works;

## Audit Committee Report (cont'd)

- (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal 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; and
    - iii) 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 of the Company; and
  - (j) whether there is a reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (2) to recommend the nomination of a person or persons as external auditors;

and such other functions as may be agreed to by the Audit Committee and the Board of Directors.

### Meetings

Meetings shall be held not less than 4 times a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Committee and the external auditor where applicable.

The quorum for a meeting shall be two Provided Always that the majority of members present must be independent directors and any decision shall be by a simple majority. The Chairman shall not have a casting vote.

Other Board members and employees may attend any particular meeting only at the Committee's invitation.

The Company Secretary shall be the Secretary of the Committee and shall circulate the minutes of meeting of the Committee to all members of the Board.

## Audit Committee Report (cont'd)

Since its formation on 20 May 2002, the Audit Committee has held three meetings, on 20 June, 19 September and 4 December 2002, in the financial year ended 31.1.2003. Each meeting was held with the full attendance of its members.

Audit Committee Meeting	20.06.2002	19.09.2002	04.12.2002	%
Tan Kim Leong	✓	✓	✓	100
Tan Boon Lee	✓	✓	✓	100
Daud Mah bin Abdullah (appointed on 15.1.2003)	N/A	N/A	N/A	N/A
Tan Kee Keat (resigned on 27.12.2002)	✓	✓	✓	100

### Activities Undertaken By Audit Committee

The activities of the Audit Committee during the financial year ended 31 January 2003 include the following:-

- (i) review audit plan of external and internal auditors;
- (ii) review the year end financial statements and recommend the same to the Board for approval;
- (iii) review the quarterly financial results for announcement to the KLSE and recommend the same to the Board for approval;
- (iv) review the adequacy and integrity of the internal control system; and
- (v) review the Risk Management Policy and Programme to safeguard the companies' assets.



# C O N T E N T S

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# Directors' report

for the financial year ended 31 January 2003

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The Directors have pleasure in submitting their report and the audited financial statements of the Group and Company for the financial year ended 31 January 2003.

## Principal activities and corporate information

The principal activities of the Group are pharmaceutical, manufacturing and provision of information technology services.

The principal activities of the Company are investment holding and provision of management services. The Group's associates and jointly controlled entities are principally involved in investment holding, property investment, property management and manufacturing.

There was no significant change in the nature of these activities during the financial year.

The number of employees in the Group at the end of the financial year amounted to 302 (2002: 246) employees. There were 10 employees (2002 : Nil) in the Company at the end of the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and was listed on the Main Board of the Kuala Lumpur Stock Exchange on 8 May 2002.

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

Principal Place of Business:	Registered Office:
Penthouse, Menara Tan & Tan 207, Jalan Tun Razak 50400 Kuala Lumpur	Penthouse, Menara IGB, No. 1, The Boulevard Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur

## Financial results

	Group RM	Company RM
Profit after taxation	36,542,860	1,559,599
Minority interest	(1,361,376)	0
Net profit for the financial year	<u>35,181,484</u>	<u>1,559,599</u>

# Directors' report

for the financial year ended 31 January 2003 (cont'd)

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## Dividends

There were no dividends paid, declared or proposed since 31 January 2002. The Directors do not recommend the payment of any dividends for the financial year ended 31 January 2003.

## Reserves and provisions

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

## Employees' share option scheme (ESOS)

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 21 December 2001 and became effective on 31 January 2002, for a period of five years. As at 31 January 2003, no share option has been granted to eligible employees and Executive Directors of the Company and its subsidiaries.

The main features of the ESOS are set out in Note 25 to the financial statements.

## Directors

The Directors in office since the date of the last report are:-

Tan Lei Cheng

Tan Kim Leong

Pauline Tan Suat Ming

Tan Boon Lee

Osman bin Hj. Ismail

Daud Mah bin Abdullah@Mah Siew Whye

(appointed on 15.01.2003)

Tan Sri Abu Talib bin Othman

(resigned 10.06.2002)

Tan Kee Keat

(resigned 27.12.2002)

In accordance with Article 104 of the Company's Articles of Association, Daud Mah bin Abdullah@Mah Siew Whye, who was appointed during the period, retires at the forthcoming Annual General Meeting and, being eligible, offer himself for election.

In accordance with Article 98 of the Company's Articles of Association, Tan Lei Cheng and Pauline Tan Suat Ming retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

# Directors' report

for the financial year ended 31 January 2003 (cont'd)

## Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

## Directors' interests in shares

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

	————— No. of ordinary shares of RM1.00 each —————			
	At			At
	1.2.2002	Additions	Disposals	31.1.2003
<b>Direct shareholdings in the Company</b>				
Tan Lei Cheng	1,505,907	140,000	0	1,645,907
Tan Boon Lee	1,548,657	0	0	1,548,657
Pauline Tan Suat Ming	120,833	0	0	120,833
<b>Indirect shareholdings in the Company</b>				
Tan Lei Cheng	1,931,586	0	0	1,931,586
Pauline Tan Suat Ming	73,541,735	3,749,000	0	77,290,735

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

## Statutory information on the financial statements

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

# Directors' report

for the financial year ended 31 January 2003 (cont'd)

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## Statutory information on the financial statements (continued)

- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

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

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

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

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

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

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

In the opinion of the Directors :

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

## **Directors' report**

for the financial year ended 31 January 2003 (cont'd)

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### **Auditors**

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 22 May 2003.

**Tan Lei Cheng**

Director

**Tan Boon Lee**

Director

# Income statements

for the financial year ended 31 January 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Revenue	4	76,764,834	0	3,617,340	0
Cost of sales		<u>(41,300,044)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Gross profit		35,464,790	0	3,617,340	0
Other operating income		5,011,438	0	23,289	0
Selling & distribution expenses		(18,258,778)	0	0	0
Administrative expenses		(10,100,119)	(94,651)	(1,474,519)	(94,651)
Other operating expenses		<u>(433,671)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Profit/(loss) from operations	5	11,683,660	(94,651)	2,166,110	(94,651)
Finance cost	7	(3,852,870)	0	0	0
Share of results of jointly controlled entities		4,833,176	0	0	0
Share of results of associates		<u>38,037,699</u>	<u>0</u>	<u>0</u>	<u>0</u>
Profit/(loss) from ordinary activities before tax		50,701,665	(94,651)	2,166,110	(94,651)
Taxation:	8				
- Company and subsidiaries		(1,611,780)	0	(606,511)	0
- Jointly controlled entity		(1,622,005)	0	0	0
- Associates		<u>(10,925,020)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Profit/(loss) from ordinary activities after tax		36,542,860	(94,651)	1,559,599	(94,651)
Minority interest		<u>(1,361,376)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net profit/(loss) for the financial year		<u>35,181,484</u>	<u>(94,651)</u>	<u>1,559,599</u>	<u>(94,651)</u>
Weighted average number of ordinary shares		<u>320,632,830</u>	<u>2</u>		
Basic earnings/(loss) per share (sen)	9	<u>0.11</u>	<u>(47,325.50)</u>		

The notes on pages 49 to 77 form an integral part of these financial statements.

# Balance sheets

as at 31 January 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	10	79,486,245	76,326,759	47,869	0
Subsidiaries	11	0	0	3,619,246	867,247
Associates	12	645,644,774	618,699,634	559,509,876	559,509,876
Jointly controlled entities	13	60,071,634	60,225,411	6,400,000	0
Unquoted investments, at cost		2,448,443	0	0	0
		<b>787,651,096</b>	<b>755,251,804</b>	<b>569,576,991</b>	<b>560,377,123</b>
<b>CURRENT ASSETS</b>					
Inventories	14	5,614,689	7,250,911	0	0
Quoted investments	15	243,408	255,100	0	0
Amounts receivable from subsidiaries	16	0	0	124,799,491	110,292,078
Amounts receivable from associates	17	3,364	50,610,905	3,364	50,000,000
Receivables, deposits and prepayments	18	39,479,636	23,353,671	422,991	0
Cash and bank balances		25,867,391	3,203,649	13,325,164	2
		<b>71,208,488</b>	<b>84,674,236</b>	<b>138,551,010</b>	<b>160,292,080</b>
<b>LESS: CURRENT LIABILITIES</b>					
Payables and accruals	20	20,928,408	24,327,227	716,823	715,862
Amount payable to a related party		0	13,919,954	0	13,919,954
Bank borrowings	21	64,517,738	72,774,151	0	0
Bank overdrafts	22	930,718	2,509,550	0	0
Taxation		1,030,863	1,035,506	0	0
		<b>87,407,727</b>	<b>114,566,388</b>	<b>716,823</b>	<b>14,635,816</b>
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>					
		<b>(16,199,239)</b>	<b>(29,892,152)</b>	<b>137,834,187</b>	<b>145,656,264</b>
<b>LESS: NON-CURRENT LIABILITIES</b>					
Deferred tax	23	251,000	255,000	0	0
Long term borrowings	21	24,155,585	11,061,043	0	0
Hire purchase payables	24	588,303	1,246,616	0	0
		<b>24,994,888</b>	<b>12,562,659</b>	<b>0</b>	<b>0</b>
		<b>746,456,969</b>	<b>712,796,993</b>	<b>707,411,178</b>	<b>706,033,387</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	25	320,632,830	320,632,830	320,632,830	320,632,830
Reserves		419,438,133	388,096,777	386,778,348	385,400,557
Shareholders' equity		<b>740,070,963</b>	<b>708,729,607</b>	<b>707,411,178</b>	<b>706,033,387</b>
<b>MINORITY INTEREST</b>					
		<b>6,386,006</b>	<b>4,067,386</b>	<b>0</b>	<b>0</b>
		<b>746,456,969</b>	<b>712,796,993</b>	<b>707,411,178</b>	<b>706,033,387</b>

The notes on pages 49 to 77 form an integral part of these financial statements.



## Statements of changes in equity

for the financial year ended 31 January 2003

Group	Number of shares	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable (Note 26)			Distributable	Total
		Nominal value	Share premium	Exchange fluctuation reserve	Reserve on consolidation	Retained earnings (Accumulated loss)		
		RM	RM	RM	RM	RM	RM	RM
At 1 February 2002	320,632,830	320,632,830	385,498,000	0	2,696,220	(97,443)	708,729,607	
Share issue expenses	0	0	(181,808)	0	0	0	(181,808)	
Goodwill arising on acquisition of a subsidiary	0	0	0	0	(789,044)	0	(789,044)	
Currency translation differences	0	0	0	(2,869,276)	0	0	(2,869,276)	
Net profit for the financial year	0	0	0	0	0	35,181,484	35,181,484	
At 31 January 2003	320,632,830	320,632,830	385,316,192	(2,869,276)	1,907,176	35,084,041	740,070,963	
At 1 February 2001	2	2	0	0	0	(2,792)	(2,790)	
Issue of shares on acquisition of Tan & Tan	320,632,828	320,632,828	832,478,952	0	0	0	1,153,111,780	
Capital repayment	0	0	(444,480,952)	0	0	0	(444,480,952)	
Share issue expenses	0	0	(2,500,000)	0	0	0	(2,500,000)	
Reserve arising on consolidation	0	0	0	0	2,696,220	0	2,696,220	
Net loss for the financial year	0	0	0	0	0	(94,651)	(94,651)	
At 31 January 2002	320,632,830	320,632,830	385,498,000	0	2,696,220	(97,443)	708,729,607	

The notes on pages 49 to 77 form an integral part of these financial statements.

## Statements of changes in equity

for the financial year ended 31 January 2003 (cont'd)

	Issued and fully paid ordinary shares of RM1.00 each		Non- distributable (Note 26)	Distributable	Total
	Number of shares	Nominal value RM	Share premium RM	Retained earnings RM	
Company					
At 1 February 2002	320,632,830	320,632,830	385,498,000	(97,443)	706,033,387
Share issue expenses	0	0	(181,808)	0	(181,808)
Net profit for the financial year	0	0	0	1,559,599	1,559,599
At 31 January 2003	320,632,830	320,632,830	385,316,192	1,462,156	707,411,178
At 1 February 2001	2	2	0	(2,792)	(2,790)
Issue of shares on acquisition of Tan & Tan	320,632,828	320,632,828	832,478,952	0	1,153,111,780
Capital repayment	0	0	(444,480,952)	0	(444,480,952)
Share issue expenses	0	0	(2,500,000)	0	(2,500,000)
Net loss for the financial year	0	0	0	(94,651)	(94,651)
At 31 January 2002	320,632,830	320,632,830	385,498,000	(97,443)	706,033,387

The notes on pages 49 to 77 form an integral part of these financial statements.

## Cash flow statements

for the financial year ended 31 January 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
<b>Operating activities</b>					
Cash receipts from customers		61,637,034	0	80,850	0
Cash paid to suppliers and employees		(60,758,841)	0	(1,993,878)	0
Cash from operations		878,193	0	(1,913,028)	0
Dividends received		1,194,665	0	1,057,447	0
Interests paid		(4,365,730)	0	0	0
Interests received		1,298,237	0	2,091,102	0
Income taxes paid		(3,192,200)	0	(93,000)	0
<b>Net cash flow from operating activities</b>		<b>(4,186,835)</b>	<b>0</b>	<b>1,142,521</b>	<b>0</b>
<b>Investing activities</b>					
Acquisition of subsidiaries	11	(10,652)	694,097	(2,752,000)	0
Repayment from associates		49,996,636	0	49,996,636	0
Property, plant and equipment					
- additions		(6,240,472)	0	(52,821)	0
- disposals		421,095	0	0	0
Acquisition of investment in a jointly controlled entity	13	(6,400,000)	0	(6,400,000)	0
<b>Net cash flow from investing activities</b>		<b>37,766,607</b>	<b>694,097</b>	<b>40,791,815</b>	<b>0</b>
<b>Financing activities</b>					
Issue of shares					
- share issue expenses		(181,808)	0	(181,808)	0
- proceeds from issuance of shares		1,248,000	0	0	0
Proceeds from bank borrowings		4,756,258	0	0	0
Advance to subsidiaries		0	0	(14,507,412)	0
Advance to related companies		(13,919,954)	0	(13,919,954)	0
Advance to a jointly controlled entity		(390,922)	0	0	0
Payment for finance lease liabilities		(851,832)	0	0	0
<b>Net cash flow from financing activities</b>		<b>(9,340,258)</b>	<b>0</b>	<b>(28,609,174)</b>	<b>0</b>
Currency translation differences		3,060	0	0	0
<b>Net increase in cash and cash equivalents during the financial year</b>		<b>24,239,514</b>	<b>694,097</b>	<b>13,325,162</b>	<b>0</b>
Cash and cash equivalents at beginning of the financial year		694,099	2	2	2
<b>Cash and cash equivalents at end of the financial year</b>	19	<b>24,936,673</b>	<b>694,099</b>	<b>13,325,164</b>	<b>2</b>

The notes on pages 49 to 77 form an integral part of these financial statements.

## Summary of significant accounting policies

for the financial year ended 31 January 2003

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

### **Basis of preparation**

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

Comparatives are not disclosed upon first application of MASB Standard 24 as the Group has taken advantage of the exemption provided by the Standard for prospective application.

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

### **Basis of consolidation**

The consolidated income statement and balance sheet include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are consolidated from the date in which control is transferred to the Group and are no longer consolidated from the date the control ceases. Subsidiaries are consolidated using the acquisition method of accounting. The results of the subsidiaries acquired or disposed during the financial year are included in the consolidated income statement from the date of their acquisition or up to the date of their disposal. Consolidated financial statements reflect external transactions only. All inter company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made for minority interest.

Minority interest is measured at the minorities' share of the post acquisition carrying value of the identifiable assets and liabilities of the subsidiary.

At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are incorporated in the Group financial statements. Any differences between the cost of investment and the fair value of net assets of the subsidiaries is shown in the balance sheet as goodwill or reserve on consolidation and is set off against reserves.

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

## **Summary of significant accounting policies** for the financial year ended 31 January 2003 (cont'd)

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### **Subsidiaries**

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

Investments in subsidiaries are stated at cost except where the Directors are of the opinion that there is a permanent diminution in the value of the investment, in which case provision is made for the diminution in value. Permanent diminution in the value of an investment is recognised as an expense in the period in which diminution is identified.

### **Associates**

The Group treats as associates those companies in which a long term equity interest of between 20 to 49 percent is held and where it exercises significant influence through management participation. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over these policies.

Investment in associates are stated at cost less any provision for permanent diminution in value. Investment in associates are accounted for in the consolidated financial statements by the equity method of accounting. The Group's investment in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill on acquisition. Equity accounting is discontinued when the carrying amount of the investment in associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associates.

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

### **Jointly controlled entities**

Jointly controlled entities are entities over which there is contractually agreed sharing of control by the Group with one or more parties. The Group's interest in jointly controlled entities are accounted for in the consolidated income statements by the equity method of accounting.

The Group's share of results of the jointly controlled entities included in the consolidated financial statements are accounted for using the equity method of accounting. The Group's investments in jointly controlled entities are carried in the balance sheet at an amount that reflects its share of the net assets of the jointly controlled entities.

## Summary of significant accounting policies

for the financial year ended 31 January 2003 (cont'd)

### Jointly controlled entities (continued)

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

### Foreign currencies

#### (i) Foreign entities

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Assets and liabilities of its foreign entities are translated at the rate of exchange ruling at the balance sheet date. Income statements of foreign entities are translated at the average rate of exchange for the financial year. Exchange differences arising on these translations are reflected in the exchange fluctuation reserve. On disposal of the foreign entities, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

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

#### (ii) Foreign currency transactions

Foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. Foreign currency transactions are accounted for at exchange rates ruling on the transaction dates. Exchange differences are reflected in the income statement.

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

Foreign currency	2003 RM	2002 RM
1 US Dollar	3.800	3.800
1 Singapore Dollar	2.196	2.075
1 Chinese Renmenbi	0.459	0.459
1 British Pound	6.256	5.261
1 Hong Kong Dollar	0.487	0.487
1 Australian Dollar	2.240	1.931
1 Euro	4.129	N/A
1 Brunei Dollar	2.157	2.070

## Summary of significant accounting policies for the financial year ended 31 January 2003 (cont'd)

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### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated as it is deemed to have an infinite useful life. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Depreciation on all other property, plant and equipment is calculated so as to write off their cost on a straight line basis over the expected useful lives of the assets concerned. The annual rates are as follows:

	%
Leasehold land	2
Buildings and infrastructure	2 - 10
Plant and machinery	12
Furniture, fixtures, fittings and equipment	10 - 20
Motor vehicles	20
Gymnasium and electrical equipment	12
Renovation	10

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

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

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

### Hire purchase and finance leases

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

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its estimated useful life.

## Summary of significant accounting policies

for the financial year ended 31 January 2003 (cont'd)

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### Investments

Investments in unquoted shares held as long term investments are stated at cost. An allowance is made when the Directors are of the opinion that there is a permanent diminution in value of investment. Permanent diminution in value of investment is recognised as an expense in the period in which the diminution is identified.

Short-term investments in quoted shares are stated at lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount of investments are credited/charged to the income statement.

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

### Inventories

Inventories are stated at the lower of cost and net realisable value determined on a first-in, first-out basis.

The cost of work in progress and finished goods comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads.

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

### Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

### Deferred tax

Provision is made using the liability method for tax deferred in respect of all timing differences except where it is considered reasonably probable that the tax effects of such deferrals will continue in the foreseeable future.

No future income tax benefit is recognised in respect of unutilised tax losses and timing differences that result in a net debit unless it can be demonstrated that these benefits can be realised in the foreseeable future.

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



## Summary of significant accounting policies for the financial year ended 31 January 2003 (cont'd)

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### Cash and cash equivalents

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

### Interest-bearing borrowings

Interest - bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowings costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

### Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### Revenue recognition

(i) Investment Income

Dividend income is recognised when the shareholders' right to receive payment is established. Interest income is recognised as it accrues unless collectability is in doubt, in which case no income is accrued.

(ii) Income from sale of goods and services rendered

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

### Financial instruments

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

## Summary of significant accounting policies

for the financial year ended 31 January 2003 (cont'd)

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### Financial instruments (continued)

#### Fair value estimation for disclosure purposes

The fair value of publicly traded financial instruments is based on quoted market prices at the balance sheet date.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices are used if available or other techniques, such as estimated discounted value of future cash flows, are used to determine fair value. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The estimated fair value of financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying values.

# Notes to the financial statements

## for the financial year ended 31 January 2003

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### 1 General information

The principal activities of the Group are pharmaceutical, manufacturing and provision of information technology services.

The principal activities of the Company are investment holding and provision of management services. The Group's associates and jointly controlled entities are principally involved in investment holding, property investment, property management and manufacturing. The principal activities of the subsidiaries, associates and jointly controlled entities are disclosed in Notes 11, 12 and 13 to the financial statements.

### 2 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

#### Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than their functional currency. The Group mitigates its currency risk exposure by maintaining foreign currency bank accounts for the underlying foreign currency transactions. The receivable and payables in these subsidiaries are maintained in the same currency, to the extent possible. This provides a natural hedge against foreign currency movements.

#### Interest rate risk

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

#### Market risk

For key product purchases, the Group establishes good relationships with major suppliers and monitors the price levels consistently. Alternative sources of supply are always made available should the pricing of existing suppliers become unfavourable to the Group.

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

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## 2 Financial risk management objectives and policies (continued)

### Credit risk

Credit risk arises when derivative instruments are used or sales made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting individual limits and ensuring that sales of products and services are made to customers with an appropriate credit history. Furthermore, sales to customers are suspended when earlier amounts are overdue by more than 180 days. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

### Liquidity and cash flow risk

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

## 3 Segment reporting

The Group is organised on a worldwide basis into five main business segments:

- Pharmaceuticals
- Investment and hotels
- Property investment, development & construction
- Information technology & communication
- Manufacturing

Other operations of the Group mainly comprise, development and management of fitness centres, trading of sports equipment and sports wear, neither of which are of a sufficient size to be reported separately.

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 3 Segment reporting (continued)

### (a) Analysis by business segment

	Pharmaceutical RM	Investment and hotels RM	Property investment, development & construction RM	Information technology & communication RM	Manufacturing RM	Others RM	Group RM
2003							
Revenue	43,434,165	0	0	2,599,296	25,941,557	4,789,816	76,764,834
Results :							
Segment results	6,665,897	(4,045,837)	2,512,924	(823,309)	3,052,301	(645,147)	6,716,829
Unallocated income							2,969,433
Foreign exchange gains							1,997,398
Operating profit before finance costs							11,683,660
Finance cost							(3,852,870)
Finance income							0
Share of profit less losses:							
Associates	0	0	38,037,699	0	0	0	38,037,699
Jointly controlled entities	0	4,915,165	0	0	(81,989)	0	4,833,176
Profit from ordinary activities before tax							50,701,665
Tax							(14,158,805)
Profit from ordinary activities after tax							36,542,860
Minority interests							(1,361,376)
Net profit for the financial year							35,181,484

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 3 Segment reporting (continued)

### (a) Analysis by business segment (continued)

	Pharmaceutical RM	Investment and hotels RM	Property investment, development & construction RM	Information technology & communication RM	Manufacturing RM	Others RM	Group RM
2003							
<b>Assets employed:</b>							
Segments assets	46,386,973	15,867,541	37,391,169	2,295,018	44,944,539	5,466,418	152,351,658
Associates	0	0	645,644,774	0	0	0	645,644,774
Jointly controlled entities	0	53,753,622	0	0	6,318,012	0	60,071,634
Unallocated corporate assets							<u>791,518</u>
							<u>858,859,584</u>
<b>Segment liabilities</b>	6,794,051	4,776,595	272,946	718,450	6,473,437	1,171,616	20,207,095
<b>Unallocated Corporate Liabilities</b>							<u>92,195,518</u>
							<u>112,402,613</u>
Capital expenditure	2,959,458	0	567,100	295,536	3,281,341	305,751	7,409,186
Depreciation	1,327,551	0	4,952	323,017	1,000,454	988,586	3,644,560

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

### 3 Segment reporting (continued)

#### (a) Analysis by business segment

	Property investment, development & construction					Group RM
	Pharmaceutical RM	Investment and hotels RM	Information technology & communication RM	Manufacturing RM	Others RM	
<b>2002</b>						
Revenue	0	0	0	0	0	0
Results :						
Segment results	0	(94,651)	0	0	0	(94,651)
Unallocated income						0
Foreign exchange losses						0
Operating profit before finance costs						<u>(94,651)</u>
Finance cost						0
Finance income						0
Share of profit less losses:						
Associates						0
Jointly controlled entities						0
Profit from ordinary activities before tax						<u>(94,651)</u>
Tax						0
Profit from ordinary activities after tax						<u>(94,651)</u>
Minority interests						0
Net profit for the financial year						<u>(94,651)</u>

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 3 Segment reporting (continued)

### (a) Analysis by business segment (continued)

	Pharmaceutical RM	Investment and hotels RM	Property investment, development & construction RM	Information technology & communication RM	Manufacturing RM	Others RM	Group RM
<b>2002</b>							
<b>Assets employed:</b>							
Segments assets	37,156,114	50,027,161	35,742,202	1,574,451	28,716,918	6,995,573	160,212,419
Associates	0	0	618,699,634	0	0	0	618,699,634
Jointly controlled entities	0	60,225,411	0	0	0	0	60,225,411
Unallocated corporate assets							788,576
							<u>839,926,040</u>
<b>Segment liabilities</b>	4,241,205	24,733,110	42,077	249,726	7,283,403	951,099	37,500,620
<b>Unallocated Corporate Liabilities</b>							89,628,427
							<u>127,129,047</u>
Capital expenditure	23,119,174	0	36,451,904	1,159,048	10,580,085	5,016,548	76,326,759
Depreciation	0	0	0	0	0	0	0



# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 3 Segment reporting (continued)

### (b) Analysis by geographical location

2003	Revenue RM	Total assets employed RM	Capital expenditure RM
Malaysia	50,823,277	731,686,236	4,127,845
People's Republic of China	25,941,557	126,326,341	3,281,341
Others	0	55,489	0
	<u>76,764,834</u>	<u>858,068,066</u>	<u>7,409,186</u>
Unallocated corporate assets		791,518	
Total assets		<u>858,859,584</u>	
2002			
Malaysia	0	726,424,884	65,746,674
People's Republic of China	0	112,657,091	10,580,085
Others	0	55,489	0
	<u>0</u>	<u>839,137,464</u>	<u>76,326,759</u>
Unallocated corporate assets		788,576	
Total assets		<u>839,926,040</u>	

## 4 Revenue

	2003 RM	2002 RM
<b>Group</b>		
Sale of goods and services	<u>76,764,834</u>	<u>0</u>
<b>Company</b>		
Dividend income	1,468,677	0
Interest income	2,067,813	0
Management services	80,850	0
	<u>3,617,340</u>	<u>0</u>

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 5 Profit/(loss) from operations

The following items have been charged/(credited) in arriving at profit/(loss) from operations:

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Property, plant and equipment:				
- depreciation	3,644,560	0	4,952	0
- loss on disposal	184,044	0	0	0
Diminution in value of investment	12,400	0	0	0
Loss on disposal of marketable securities	2,868	0	0	0
Auditors' remuneration				
- current year	110,906	25,000	25,000	25,000
- under accrual in prior year	1,000	0	0	0
Rental expense	2,235,826	0	148,619	0
Staff costs (including remuneration of executive directors)	10,870,566	0	506,895	0
Foreign exchange gains				
- unrealised	(1,610,183)	0	0	0
- realised	(387,215)	0	0	0
Interest income	(1,365,471)	0	23,289	0
Dividends from other investments	(1,657,494)	0	0	0

## 6 Directors' remuneration

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

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Non-executive Directors:				
- fees	58,812	0	58,812	0
Executive Directors:				
- fees	7,500	0	7,500	0
- estimate money value of benefit in kind	4,200	0	4,200	0
- basic salaries, bonus and allowances	102,529	0	102,529	0
	<u>173,041</u>	<u>0</u>	<u>173,041</u>	<u>0</u>

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 7 Finance cost

	Group	
	2003 RM	2002 RM
Total interest expense	4,367,149	0
Less: Amount capitalised into property, plant and equipment (Note 10)	(514,279)	0
Interest expense charged to income statement	3,852,870	0

## 8 Taxation

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
<b>In Malaysia</b>				
Income tax - current				
- Company and subsidiaries	933,511	0	606,511	0
- Jointly controlled entities	1,622,005	0	0	0
- Associates	9,492,565	0	0	0
Deferred tax (Note 23)	(4,000)	0	0	0
	12,044,081	0	606,511	0
<b>Outside Malaysia</b>				
Income tax - current				
- Company and subsidiaries	682,269	0	0	0
- Associates	1,432,455	0	0	0
	2,114,724	0	0	0
	14,158,805	0	606,511	0

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

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## 9 Earnings per share

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

	2003	2002
	RM	RM
Net profit/(loss) for the financial year	35,181,484	(94,651)
Weighted average number of ordinary shares in issue	320,632,830	2
Basic earnings/(loss) per share (sen)	<u>0.11</u>	<u>(47,325.5)</u>

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 10 Property, plant and equipment

2003 Cost	Furniture, Fixtures, and fittings and equipment										Total RM
	Freehold land and building RM	Leasehold land RM	Building RM	Plant and machinery RM	Fixtures, and fittings and equipment RM	Motor vehicles RM	Gymnasium and electrical equipment RM	Renovation RM	Capital work-in- progress RM		
As at 1 February 2002	4,632,584	2,888,091	2,230,275	6,184,231	5,137,506	236,390	1,597,737	540,684	52,879,261	76,326,759	
Addition	0	0	892,465	1,319,361	1,272,327	291,082	114,837	180,080	3,339,033	7,409,185	
Disposal	(134,713)	0	0	(52,506)	(398,771)	(214,479)	(14,103)	(33,787)	0	(848,359)	
Reclassification	36,966,183	0	12,193,235	3,437,209	9,789	0	0	0	(52,606,416)	0	
As at 31 January 2003	41,464,054	2,888,091	15,315,975	10,888,295	6,020,851	312,993	1,698,471	686,977	3,611,878	82,887,585	
<b>Accumulated depreciation</b>											
As at 1 February 2002	0	0	0	0	0	0	0	0	0	0	
Addition	263,943	11,000	310,236	1,330,797	1,127,312	68,451	432,723	100,098	0	3,644,560	
Disposal	(32,558)	0	0	(161)	(172,530)	(13,969)	(11,902)	(12,100)	0	(243,220)	
As at 31 January 2003	231,385	11,000	310,236	1,330,636	954,782	54,482	420,821	87,998	0	3,401,340	
<b>Net book value</b>	41,232,669	2,877,091	15,005,739	9,557,659	5,066,069	258,511	1,277,650	598,979	3,611,878	79,486,245	

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 10 Property, plant and equipment (continued)

2002 Group	Freehold land and building RM	Leasehold land RM	Building RM	Plant and machinery RM	Furniture, Fixtures, and equipment RM	Motor vehicles RM	Gymnasium and electrical equipment RM	Renovation RM	Capital work-in- progress RM	Total RM
Net Book Value										
Arising on acquisition of subsidiaries on 31 January 2002	4,632,584	2,888,091	2,230,275	6,184,231	5,137,506	236,390	1,597,737	540,684	52,879,261	76,326,759
As at 31 January 2002:										
Cost	4,632,584	2,888,091	2,230,275	6,184,231	5,137,506	236,390	1,597,737	540,684	52,879,261	76,326,759
Accumulated depreciation	0	0	0	0	0	0	0	0	0	0
Net book value	4,632,584	2,888,091	2,230,275	6,184,231	5,137,506	236,390	1,597,737	540,684	52,879,261	76,326,759

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 10 Property, plant and equipment (continued)

	Group	
	2003	2002
	RM	RM
Net book value of assets pledged as security for term loan (Note 21)		
- leasehold land	2,877,091	2,888,091
- building	15,005,739	2,230,275
- plant & machinery	6,104,248	15,640,233
	23,987,078	20,758,599

Interest expense on borrowings directly related to land that has been capitalized within additions of the Group during the financial year amounted to RM514,279 (2002: Nil) (Note 7).

The net book value of plant and machinery under hire purchase and finance lease arrangements at the end of the financial year 31 January 2003 amounted to RM2,407,425 (2002: RM2,630,454).

	Computer	Office	Total
2003	RM	RM	RM
Company			
<b>Cost</b>			
At 1 February 2002	0	0	0
Additions	26,745	26,076	52,821
At 31 January 2003	26,745	26,076	52,821
<b>Accumulated depreciation</b>			
At 1 February 2002	0	0	0
Additions	2,823	2,129	4,952
At 31 January 2003	2,823	2,129	4,952
<b>Net book value</b>	23,922	23,947	47,869

## 11 Subsidiaries

	Company	
	2003	2002
	RM	RM
Unquoted shares, at cost	3,619,246	867,247

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 11 Subsidiaries (continued)

During the financial year, Diversified Healthcare Services Sdn Bhd (DHS) increased its paid up ordinary share capital from RM500,000 to RM8,000,000 by the issue of 3,000,000 new ordinary shares of RM1 each for cash and RM4,500,000 new ordinary shares as redemption of its preference shares. Gold IS Berhad received 4,050,000 ordinary shares from the redemption of preference shares by DHS and it subscribed for an additional 1,752,000 of these new ordinary shares of RM1 each in DHS. As a result, the Company's equity interest in DHS decreased from 90% to 78.15%.

The details of subsidiaries are as follows :-

Name of company	Place of incorporation	Principal activities	Group's effective interest	
			2003 %	2002 %
Diversified Healthcare Services Sdn Bhd	Malaysia	Healthcare management services	78.15	90
Gold Information Systems Sdn Bhd	Malaysia	Broadband web based solutions	100	100
LA Residence Sdn Bhd	Malaysia	Property holding	100	100
Multistock Sdn Bhd	Malaysia	Investment trading	100	100
TTD China Ventures (M) Sdn Bhd	Malaysia	Investment holding	100	100
Sweat Club Sdn Bhd	Malaysia	Development and management of fitness centres, trading of sports equipment and sports wear	100	100
<b>Held by Diversified Healthcare Services Sdn Bhd</b>				
Ecofen Marketing Sdn Bhd	Malaysia	Sale of audiology products	78.15	90
HOE Pharmaceuticals Sdn Bhd	Malaysia	Manufacturer of pharmaceuticals products	78.15	90
Living Tree Pharmacy Sdn Bhd	Malaysia	Retailer of pharmaceuticals products and herbal medicine	78.15	90
Diversified Healthcare Services (Hong Kong) Ltd	Hong Kong	Healthcare management services	78.15	45
Langkah Motivasi (M) Sdn Bhd	Malaysia	Dormant	78.15	90
Hoe Baby Products Sdn Bhd	Malaysia	Dormant	78.15	90



# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 11 Subsidiaries (continued)

Name of company Held by Gold Information Systems Sdn Bhd	Place of incorporation	Principal activities	Group's effective interest	
			2003 %	2002 %
Hibits Sdn Bhd	Malaysia	Broadband web based solutions	100	65
Macro Kiosk Sdn Bhd	Malaysia	Mobile Communications Technology provider.	70	70
<b>Held by TTD China Ventures (M) Sdn Bhd</b>				
Rowille Investment Co. Ltd +	Hong Kong	Investment holding	100	100
Tramex Pte Ltd +	Singapore	Investment holding	100	100
TTD China Ventures Pte Ltd +	Singapore	Investment holding	100	100
Manax Limited +	Hong Kong	Investment holding	100	100
<b>Held by Tramex Pte Ltd</b>				
Carney Investment Limited +	Hong Kong	Investment holding	56	56
<b>Held by Manax Limited</b>				
Tianjin Manax Natural Fibre Thin Film Co. Ltd +	People's Republic of China	Paper manufacturing	80	80

+ Not audited by PricewaterhouseCoopers

### Acquisition of subsidiary companies

#### Hibits Sdn Bhd

On 6 February 2003, the Group acquired the remaining 35% interest in its subsidiary company, Hibits Sdn Bhd. The purchase consideration of RM80,500 was settled in cash, resulting in Hibits Sdn Bhd becoming a wholly owned subsidiary of the Group.

#### Diversified Healthcare Services (Hong Kong) Ltd

On 1 August 2002, the Group acquired the additional equity interest of Diversified Healthcare Services (Hong Kong) Ltd. As at that date, Diversified Healthcare Services (Hong Kong) Ltd, an associate, became a subsidiary company of the Group and the effective shareholding increased from 45% to 78.15%.

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 11 Subsidiaries (continued)

The purchase consideration for the acquisition of the additional 50% equity interest in Diversified Healthcare Services (HK) Ltd is RM25.

The effect of these acquisition on the financial results of the Group after acquisition is shown below.

	As subsidiaries RM
Sales	684,425
Other income	24,000
Operating costs	(651,317)
Profit from ordinary activities before tax	<u>57,108</u>
Tax	0
Profit from ordinary activities after tax	<u>57,108</u>
Minority interest	(16,190)
Net profit for the period/year	<u>40,918</u>
Less: Group's share of loss had the Group not acquired the additional equity interest	<u>0</u>
Increase in net profit for the financial year	<u>40,918</u>

These acquisitions had no impact on the financial results of the Group prior to acquisition as the Group has taken up its share of results of the associate up to the extent of the cost of investment.

The effect of this acquisition on the financial position at the financial year end is as follows:

	2003 RM
Property, plant and equipment	164,844
Pre-operating expenses	17,299
Receivables, deposits and prepayments	1,355,674
Cash and bank balances	2,350
Payables and accruals	(2,137,443)
Minority interest	<u>174,399</u>
Group's share of net liabilities	<u>(422,877)</u>
Less: Net assets accounted for prior to acquisition	<u>142,164</u>
Decrease in Group's net assets	<u>(565,041)</u>

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

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## 11 Subsidiaries (continued)

Details of net liabilities acquired, goodwill and cash flow arising from the acquisition are as follows:

	2003 RM
Property, plant and equipment	168,337
Pre-operating expenses	25,949
Receivables, deposits and prepayments	456,444
Cash and bank balances	69,873
Payables and accruals	(1,374,184)
Minority interest	87,226
Fair value of total net assets	<u>(566,355)</u>
Less: Net assets accounted for prior to acquisition	142,164
Fair value of net liabilities acquired	<u>(708,519)</u>
Goodwill	789,044
Cost of acquisition	<u>80,525</u>
Purchase consideration paid	(80,525)
Less: Cash and cash equivalent of subsidiary company acquired	69,873
Cash outflow on acquisition	<u>(10,652)</u>

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 12 Associates

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Investments, at cost:				
Quoted in Malaysia				
- Ordinary shares	576,856,451	576,856,451	541,381,455	541,381,455
- Warrants	0	0	0	0
- Irredeemable Cumulative Preference Shares	18,128,421	18,128,421	18,128,421	18,128,421
Unquoted ordinary shares outside Malaysia	24,734,270	23,714,762	0	0
	<u>619,719,142</u>	<u>618,699,634</u>	<u>559,509,876</u>	<u>559,509,876</u>
Add: Group's share of post- acquisition reserves	27,112,679	0	0	0
Less: Dividend received	(1,187,047)			
	<u>645,644,774</u>	<u>618,699,634</u>	<u>559,509,876</u>	<u>559,509,876</u>
Analysis of associates is as follows:				
Share of net assets	654,565,060	653,545,552		
Less: Reserve on consolidation	(34,845,918)	(34,845,918)		
Share of post acquisition reserves	27,112,679	0		
Less: Dividend received	(1,187,047)	0		
	<u>645,644,774</u>	<u>618,699,634</u>		
Market value :				
- Ordinary shares	286,286,723	213,994,000		
- Warrants	15,536,798	16,065,260		

Although, at balance sheet date, the Group's cost of investments in quoted shares of an associate exceeded its market value, the associate is profitable and its attributable net tangible assets is above the cost of the Group. As such, the Directors are of the opinion that an allowance for diminution in value of investment is not necessary.

The associates are:

Name of company	Place of incorporation	Principal activities	Group's effective interest	
			2003 %	2002 %
①+GTB Holdings Limited	Hong Kong	Investment holding	26.31	26.31
②IGB Corporation Berhad	Malaysia	Investment holding and property development	29.44	29.53

① Held by Carney Investment Limited

② Includes an effective interest of 2.36% held by Multistock Sdn Bhd

+ Not audited by PricewaterhouseCoopers

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 13 Jointly controlled entities

	Company	
	2003 RM	2002 RM
Unquoted shares, at cost	<u>6,400,000</u>	<u>0</u>
	Group	
	2003 RM	2002 RM
Share of net assets of the jointly controlled entities	<u>60,071,634</u>	<u>60,225,411</u>

The Company and certain subsidiaries have interest in jointly controlled entities to undertake the development of various projects.

The jointly controlled entities are:

Name of company	Place of incorporation	Principal activities	Group's effective interest	
			2003 %	2002 %
+ Jili Plaza Development Co Ltd	People's Republic of China	Property investment	50	50
+ Ecosem Sdn Bhd (formerly known as Entity Portfolio Sdn Bhd)	Malaysia	Chips manufacturing	40	0

+ *Not audited by PricewaterhouseCoopers*

The following amounts represents the Group's share of assets and liabilities of the jointly controlled entities:

	Group	
	2003 RM	2002 RM
Property, plant and equipment	82,551,399	80,178,590
Investment	1,132,723	1,135,241
Current assets	19,580,975	73,266,215
Current liabilities	(40,188,784)	(92,375,705)
Non-current liabilities	(3,004,679)	(1,978,930)
Net assets	<u>60,071,634</u>	<u>60,225,411</u>

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 13 Jointly controlled entities (continued)

The Group's share of the revenue and expenses of the jointly controlled entities are as follows:

	Group	
	2003	2002
	RM	RM
Revenue	22,992,723	0
Expenses	(18,159,547)	0
Profit from ordinary activities before tax	4,833,176	0
Tax	(1,622,005)	0
Profit from ordinary activities after tax	3,211,171	0

## 14 Inventories

	Group	
	2003	2002
	RM	RM
At cost :		
Raw materials	3,656,486	1,418,421
Work-in-progress	80,145	857,705
Finished goods	1,878,058	4,974,785
	5,614,689	7,250,911

## 15 Quoted investments

	Group	
	2003	2002
	RM	RM
At cost:		
Quoted shares in Malaysia	553,741	553,741
Provision for diminution in value	(310,333)	(298,641)
	243,408	255,100
Market value of quoted shares in Malaysia	243,408	255,100

The market value at the balance sheet date of these investments approximated the fair values.

# Notes to the financial statements

## for the financial year ended 31 January 2003 (cont'd)

### 16 Amounts receivable from subsidiaries

The amounts receivable from subsidiaries are unsecured advances with no fixed terms of repayment and bear interest ranging from 2% to 4% per annum.

### 17 Amounts receivable from associates

The amounts receivable from associates are unsecured, interest free and have no fixed terms of repayment terms.

### 18 Receivables, deposits and prepayments

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Trade receivables	31,549,547	18,719,191	0	0
Other receivables	3,583,695	3,008,262	419,241	0
Deposits	599,824	206,990	3,750	0
Prepayments	3,746,570	1,419,228	0	0
	<u>39,479,636</u>	<u>23,353,671</u>	<u>422,991</u>	<u>0</u>

The currency exposure profile of trade receivables is as follows:

- Ringgit Malaysia	6,374,167	0
- US Dollar	5,361,538	0
- Singapore Dollar	2,117,042	0
- Chinese Renmenbi	16,020,989	0
- British Pound	244,167	0
- Hong Kong Dollar	1,242,554	0
- Euro	135,858	0
- Brunei Dollar	53,232	0
	<u>31,549,547</u>	<u>0</u>

Credit terms of trade receivables range from payment in advance to 30 days.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are internationally dispersed, cover a broad spectrum of manufacturing and distribution and have a variety of end markets in which they sell. The Group's experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 19 Cash and cash equivalents

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Deposits with licensed banks	13,200,000	0	13,200,000	0
Bank and cash balances	12,667,391	3,203,649	125,164	2
Deposit, cash and bank balances	25,867,391	3,203,649	13,325,164	2
Bank overdrafts (Note 22)	(930,718)	(2,509,550)	0	0
	24,936,673	694,099	13,325,164	2

The currency exposure profile of deposits, cash and bank balances are as follows:

- Ringgit Malaysia	16,171,993	13,325,164
- US Dollar	3,886,575	0
- Singapore Dollar	20,347	0
- Chinese Renmenbi	5,762,221	0
- Hong Kong Dollar	7,477	0
- Australian Dollar	18,778	0
	25,867,391	13,325,164

The weighted average interest rate of deposits, bank and cash balances that were effective at end of the financial year were as follows:

	Group 2003 %	Company 2003 %
Deposits with licensed banks	2.2	2.2

Deposits of the Group and Company have an average maturity of 30 days. Bank balances are deposits held at call with banks.



# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 20 Payables and accruals

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Trade payables	6,780,366	7,529,411	0	0
Other payables	7,269,573	8,090,009	691,823	0
Advances from a jointly controlled entity partner	4,254,303	4,645,225	0	0
Accruals	1,403,205	3,235,237	25,000	715,862
Deposits received	499,651	80,784	0	0
Hire purchase payables (Note 24)	721,310	746,561	0	0
	<u>20,928,408</u>	<u>24,327,227</u>	<u>716,823</u>	<u>715,862</u>

	Group	Company
	2003 RM	2003 RM
The currency exposure profile of trade payables are as follows:		
- Ringgit Malaysia	3,290,010	0
- US Dollar	23,401	0
- Chinese Renmenbi	3,335,034	0
- Euro	131,921	0
	<u>6,780,366</u>	<u>0</u>

Credit terms of trade payables and suppliers of goods and services to the Group vary from no credit to 30 days.

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 21 Bank borrowings

	Group	
	2003	2002
	RM	RM
<b>Current</b>		
Secured :		
- Revolving credit	26,870,256	19,600,096
- Term loan	10,028,793	1,255,000
	<u>36,899,049</u>	<u>20,855,096</u>
Unsecured:		
- Trust receipts	2,879,529	1,577,635
- Revolving credit	24,739,160	50,341,420
	<u>27,618,689</u>	<u>51,919,055</u>
	<u>64,517,738</u>	<u>72,774,151</u>
<b>Non current</b>		
Secured term loan	<u>24,155,585</u>	<u>11,061,043</u>

	Group	
	2003	2002
	RM	RM
<b>Total</b>		
- Revolving credit	51,609,416	69,941,516
- Trust receipt	2,879,529	1,577,635
- Term loans	34,184,378	12,316,043
	<u>88,673,323</u>	<u>83,835,194</u>

	Group
	2003
	%
<b>Weighted average effective interest rates</b>	
Term Loans :	
- secured	5.73
Revolving credits	
- unsecured	4.40
- secured	3.40
Trust Receipts	<u>2.50</u>

### Currency exposure profile

US Dollar	49,609,416
Chinese Renmenbi	20,498,940
Ringgit Malaysia	18,564,967
	<u>88,673,323</u>

## Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

### 21 Bank borrowings (continued)

(b) The repayment terms of the term loans are as follows:

	2003	Group 2002
	RM	RM
<b>Current:</b>		
Payable within 12 months	10,028,793	1,255,000
<b>Non-current:</b>		
Payable between 1 to 2 years	6,682,719	1,255,000
Payable between 2 to 5 years	12,852,000	7,530,000
Payable after 5 years	<u>4,620,866</u>	<u>2,276,043</u>
	<u>24,155,585</u>	<u>11,061,043</u>
	<u>34,184,378</u>	<u>12,316,043</u>

The long term loan is secured by means of a fixed charge on the leasehold land and building of a subsidiary. (Note 10)

The estimated fair value of them loans at balance sheet date approximated its carrying amount.

### 22 Bank overdraft

The bank overdrafts are unsecured and bear interest rates ranging from 7.65% to 7.90% per annum. The weighted average interest rate for bank overdraft at the end of the financial year is at 7.78% per annum. All bank overdrafts are denominated in Ringgit Malaysia.

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 23 Deferred tax

	Group	
	2003	2002
	RM	RM
At 1 February	255,000	0
Transfer to income statement (Note 8)	<u>(4,000)</u>	255,000
At 31 January	<u>251,000</u>	<u>255,000</u>

The timing differences giving rise to the deferred tax liabilities is analysed as follows:

	Group	
	2003	2002
	RM	RM
Excess of capital allowance over depreciation	<u>251,000</u>	<u>255,000</u>

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

The Group has estimated unabsorbed tax losses and unutilised capital allowances amounting to approximately RM7,599,800 and RM4,549,756 (2002:RM4,233,000 and RM3,613,000) which, subject to agreement with the Inland Revenue Board, can be carried forward and utilised to set off against future taxable profits. The tax effects of these timing differences have not been accounted for.

## 24 Hire purchase payables

	Group	
	2003	2002
	RM	RM
<b>Finance lease liabilities:</b>		
Minimum lease payments:		
- not later than 1 year	816,146	840,112
- later than 1 year and not later than 5 years	<u>660,876</u>	<u>1,399,149</u>
	1,477,022	2,239,261
Future finance charges on finance leases	<u>(167,409)</u>	<u>(246,084)</u>
Present value of finance lease liabilities	<u>1,309,613</u>	<u>1,993,177</u>
<b>Present value of finance lease liabilities:</b>		
- not later than 1 year (Note 20)	721,310	746,561
- later than 1 year and not later than 5 years	<u>588,303</u>	<u>1,246,616</u>
	<u>1,309,613</u>	<u>1,993,177</u>

The estimated fair values of finance lease liabilities at balance sheet date approximated its carrying amount.

# Notes to the financial statements

## for the financial year ended 31 January 2003 (cont'd)

### 25 Share capital

	Group and Company	
	2003	2002
	RM	RM
(a) Ordinary shares of RM1.00 each:		
Authorised :		
At 1 February	1,000,000,000	100,000
Created during the financial year	0	999,900,000
At 31 January	1,000,000,000	1,000,000,000
Issued and fully paid:		
At 1 February	320,632,830	2
Issued during the financial year	0	320,632,828
At 31 January	320,632,830	320,632,830

- (b) The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 21 December 2001 and became effective on 31 January 2002, for a period of five years. As at 31 January 2003, no share option has been granted to eligible employees and Executive Directors of the Company and its subsidiaries.

The main features of the ESOS are as follows:

- (i) Eligible persons are employees and Executive Directors of the Company and its subsidiaries who fall within the categories determined by the Company and must have been confirmed and served for at least two years in the employment of the Gold IS Group or the former Tan & Tan Group but subsequently employed by and on the payroll of any company comprised in the Gold IS Group, as the case may be, on or prior to the date of offer.
- (ii) The total number of new shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at the time of the offer during the existence of the ESOS.
- (iii) The subscription price for each new share may be set at a discount of not more than 10% from the five day weighted average price of the shares at the time the option is granted or any subscription price in accordance with any guidelines, rules and regulations of the relevant authorities governing the ESOS at the time of the offer. Notwithstanding this, the subscription price shall in no event be less than the nominal value of the shares.

# Notes to the financial statements

for the financial year ended 31 January 2003 (cont'd)

## 25 Share capital (continued)

- (iv) No option shall be granted for less than 1,000 shares nor more than the maximum allowable allotment.
- (v) The number of shares under option or the subscription price or both, so far as the options remain unexercised, shall be adjusted following any variation in the issued share capital of the Company by way of capitalisation of profit or reserves, rights issue, reduction, subdivision or consolidation of capital.

## 26 Non-distributable reserves

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
<b>Non-distributable reserves:</b>				
Share premium	385,316,192	385,498,000	385,316,192	385,498,000
Exchange fluctuation reserve	(2,869,276)	0	0	0
Reserve on consolidation	1,907,176	2,696,220	0	0
	<u>384,354,092</u>	<u>388,194,220</u>	<u>385,316,192</u>	<u>385,498,000</u>
<b>Share premium:</b>				
At 1 February	385,498,000	0	385,498,000	0
Issue of shares on acquisition of Tan & Tan	0	832,478,952	0	832,478,952
Capital repayment	0	(444,480,952)	0	(444,480,952)
Share issue expenses	(181,808)	(2,500,000)	(181,808)	(2,500,000)
At 31 January	<u>385,316,192</u>	<u>385,498,000</u>	<u>385,316,192</u>	<u>385,498,000</u>

## 27 Commitments

Capital expenditure not provided for the financial statements are as follows:

Authorised and contracted	<b>RM</b> <u>570,000</u>
Analysed as follows:	
- property, plant and equipment	<u>570,000</u>

# Notes to the financial statements

## for the financial year ended 31 January 2003 (cont'd)

### 28 Contingent liabilities

At 31 January 2003, the Company had contingent liabilities in respect of guarantees issued to banks amounting to RM70,309,416 for banking facilities extended to subsidiaries.

### 29 Significant related party disclosures

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

	2003 RM	Group 2002 RM
<b>Associates</b>		
- IGB Corporation Berhad		
Interest income receivable	1,293,485	0
<b>Related companies (Subsidiaries of IGB Corporation Berhad)</b>		
- Mid Valley City Sdn Bhd		
Sale of goods	164,000	0
- Mid Valley City Management Services Sdn Bhd		
Rental	1,286,697	0
- IGB Properties Sdn Bhd		
Rental	182,900	0
- Tan & Tan Realty Sdn Bhd		
Rental	181,754	0

## **Statement by Directors**

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

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We, Tan Lei Cheng and Tan Boon Lee, two of the Directors of Gold IS Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 37 to 77 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 January 2003 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of Companies Act, 1965.

In accordance with a resolutions of the Board of Directors dated 22 May 2003

**Tan Lei Cheng**

Director

**Tan Boon Lee**

Director



## **Statutory by Declaration**

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

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I, Leong Kok Chi, the officer primarily responsible for the financial management of Gold IS Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 77 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Leong Kok Chi**

Subscribed and solemnly declared by the abovenamed Leong Kok Chi at Kuala Lumpur on 22 May 2003, before me.

**Ngui Kee Heong**  
Commissioner for Oaths  
Kuala Lumpur

# Report of the auditors to the members of Gold IS Berhad

Company No: 515802-U (Incorporated in Malaysia)

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We have audited the financial statements set out on pages 37 to 77. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and Company as at 31 January 2003 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

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

The names of the subsidiaries of which we have not acted as auditors are indicated in note 11 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

## **Report of the auditors to the members of Gold IS Berhad (cont'd) Company No: 515802-U (Incorporated in Malaysia)**

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

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

**PricewaterhouseCoopers**  
(AF: 1146)  
Chartered Accountants

**Shirley Goh**  
(1778/08/04(J))  
Partner

22 May 2003

## List of properties

as at 31 January 2003

Location	Tenure	Land Area	Description	Age of Building Years	Net Book Value RM'000	% Owned by the Group
<b>Properties held by the company and its subsidiaries</b>						
<i>Commercial Properties</i>						
199 Jalan Tun Razak Kuala Lumpur Malaysia	Freehold	1.95 acres	Approved commercial land for development of a 40 storey office building	N/A	36,966	100
Lot 10, Jalan Sultan Mohd 6 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan Malaysia	99 years commencing 30 March 1994	2.40 acres	2 storey building comprising office laboratory and factory	2	17,883	100
Lot W-31-02, Yang-Wang-Kong Road North Shi-Ge-Zhung Town Wuqing District Tianjin People's Republic of China	50 years commencing 22 July 1994	16.47 acres	3 single storey office building, 3 factories and a single storey ancilliary building	9	4,267	80

N/A = not applicable

## Analysis of Shareholdings as at 5 May 2003

### SHARE CAPITAL

Authorised Share Capital	: RM1,000,000,000
Issued and Paid-Up Capital	: RM320,632,830
Type of Shares	: Ordinary shares of RM1.00 each

### DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	Number of Shares	Percentage of Issued Capital
Less than 1,000	20	7,928	0.00
1,000 to 10,000	5,779	14,568,763	4.54
10,001 to 100,000	358	9,930,026	3.10
100,001 to less than 5% of issued shares	89	143,187,600	44.66
5% and above of issued shares	5	152,938,513	47.70
Total	6,251	320,632,830	100.00

### THIRTY LARGEST SHAREHOLDERS

	NUMBER OF SHARES	PERCENTAGE ISSUED
1 PERMODALAN NASIONAL BERHAD	41,929,000	13.08
2 UOBM NOMINEES (ASING) SDN BHD UNITED OVERSEAS BANK NOMINEES (H.K.) LIMITED FOR HK 28 LIMITED	41,040,910	12.80
3 WAH SEONG (MALAYA) TRADING CO SDN BHD	25,786,456	8.04
4 TAN KIM YEOW SENDIRIAN BERHAD	24,414,208	7.61
5 TAN CHIN NAM SDN BHD	19,767,939	6.17

## Analysis of Shareholdings

as at 5 May 2003 (cont'd)

	NUMBER OF SHARES	PERCENTAGE ISSUED
6 HSBC NOMINEES (ASING) SDN BHD HRBS SG FOR KENDERLAY LTD	12,524,000	3.91
7 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD Pledged securities account for TAN CHIN NAM SDN BHD	12,000,000	3.74
8 TAN CHIN NAM SDN BHD	10,800,000	3.37
9 BIOYIELD TRADING LIMITED	6,980,000	2.18
10 WAH SEONG ENTERPRISES SDN BHD	5,647,071	1.76
11 EMPLOYEES PROVIDENT FUND BOARD	5,519,000	1.72
12 AMMB NOMINEES (TEMPATAN) SDN BHD Pledged securities account for WAH SEONG (M) TRADING CO SDN BHD	5,500,000	1.72
13 BBL NOMINEES (TEMPATAN) SDN BHD Pledged securities account for DATO' TAN CHIN NAM	5,470,377	1.71
14 MAYBAN NOMINEES (TEMPATAN) SDN BHD Pledged securities account for TAN CHIN NAM SDN BHD	5,000,000	1.56
15 MALAYSIAN NATIONAL REINSURANCE BERHAD	5,000,000	1.56
16 WAH SEONG (MALAYA) TRADING CO SDN BHD	4,556,000	1.42
17 MAYBAN NOMINEES (ASING) SDN BHD DBS BANK FOR TIMBARRA SERVICES LIMITED	4,402,000	1.37
18 DATO' TAN CHIN NAM	4,222,000	1.32
19 HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (MALAYSIA) TRUSTEE BERHAD FOR AMANAH SAHAM SARAWAK	3,593,000	1.12
20 LEMBAGA TABUNG ANGKATAN TENTERA	3,231,000	1.01
21 TENTANG EMAS SDN BHD	2,447,000	0.76
22 SCANSTELL SDN BHD	2,328,000	0.73

## Analysis of Shareholdings

as at 5 May 2003 (cont'd)

23	BBL NOMINEES (TEMPATAN) SDN BHD Pledged securities account for TAN CHIN NAM SDN BHD	2,300,000	0.72
24	BBL NOMINEES (TEMPATAN) SDN BHD Pledged securities account for WAH SEONG (M) TRADING CO SDN BHD	2,000,000	0.62
25	DASAR MUTIARA (M) SDN BHD	1,931,586	0.60
26	WAH SEONG ENTERPRISES SDN BHD	1,903,000	0.59
27	MAYBAN NOMINEES (TEMPATAN) SDN BHD Pledged securities account for WAH SEONG (MALAYA) TRADING CO SDN BHD	1,800,000	0.56
28	TAN BOON LEE	1,568,657	0.49
29	TAN LEI CHENG	1,509,907	0.47
30	TEH LIP JIN	1,482,000	0.46
	TOTAL	266,653,111	83.16

### SUBSTANTIAL SHAREHOLDERS

(excluding bare trustees)

	NUMBER OF SHARES HELD			
	<u>Direct</u>	<u>%</u>	<u>Indirect</u>	<u>%</u>
Tan Chin Nam Sdn Bhd	50,000,939	15.59	55,056,527	17.17
Permodalan Nasional Berhad	41,929,000	13.08	-	-
HK 28 Limited	41,040,910	12.80	-	-
Wah Seong (M) Trading Co. Sdn Bhd	40,411,456	12.60	12,317,071	3.84
Tan Kim Yeow Sdn Bhd	25,388,208	7.92	52,728,527	16.45
Dato' Tan Chin Nam	10,473,377	3.27	105,057,466	32.77
Robert Tan Chung Meng	745,787	0.23	78,116,735	24.36
Pauline Tan Suat Ming	120,833	0.04	78,116,735	24.36
Tony Tan Choon Keat	-	-	78,116,735	24.36
Lee Hing Development Limited	-	-	41,040,910	12.80
Parkway Holdings Limited	-	-	41,040,910	12.80
Yayasan Pelaburan Bumiputra	-	-	41,929,000	13.08

## Analysis of Shareholdings

as at 5 May 2003 (cont'd)

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### Directors' shareholdings

	<u>Direct</u>	<u>%</u>	<u>Indirect</u>	<u>%</u>
Tan Lei Cheng	1,645,907	0.51	1,931,586	0.60
Pauline Tan Suat Ming	120,833	0.04	78,116,735	24.36
Tan Boon Lee	1,568,657	0.49	-	-
Tan Kim Leong	-	-	-	-
Daud Mah bin Abdullah	-	-	-	-
Osman bin Hj. Ismail	-	-	-	-



# GOLD IS BERHAD

(515802-U)

## PROXY FORM

No. of ordinary shares held

I/We .....

of .....

being a member(s) of Gold IS Berhad, hereby appoint .....

.....of.....

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Third Annual General Meeting of the Company to be held on Tuesday, 8 July 2003 at 10.30 a.m. and at any adjournment thereof.

My/our proxy is to vote on a show of hands or on a poll as indicated below with an "X" :

Resolutions		For	Against
Resolution 1	Adoption of Financial Statements and Reports		
Resolution 2	Payment of Directors' fees		
Resolution 3	Re-election of Ms Tan Lei Cheng		
Resolution 4	Re-election of Ms Tan Pauline Tan Suat Ming		
Resolution 5	Re-election of Encik Daud Mah bin Abdullah		
Resolution 6	Re-appointment of auditors		
Resolution 7	Authorization to issue shares		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. In the absence of specific directions, your Proxy will vote or abstain as he/she thinks fit.)

Signature/Common Seal of shareholder \_\_\_\_\_ Date : \_\_\_\_\_

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
2. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorized.
3. This Proxy Form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be deposited at the Registered Office of the Company at Penthouse, Menara IGB, No. 1 The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

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affix  
stamp  
here

The Company Secretary  
**GOLD IS BERHAD**  
(515802-U)  
Penthouse, Menara IGB,  
No. 1, The Boulevard,  
Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur, MALAYSIA

*1st fold here*



A Step Ahead, Always



**GOLD IS BERHAD**

(515802-U)

Penthouse, Menara Tan & Tan  
207 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
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