



**IREKA  
CORPORATION  
BERHAD**  
Co. No. 25882-A

**IMAGINATION IS THE BEGINING OF CREATION**

IREKA CORPORATION BERHAD  
ANNUAL REPORT 2003

03



**MISSION STATEMENT**

TO BE A **PROGRESSIVE**  
AND **GLOBALLY FOCUSED**  
CORPORATION, WHICH  
PRIDES ITSELF ON PROVEN  
TRACK RECORD IN  
PERFORMANCE, RELIABILITY,  
EXCELLENCE IN QUALITY  
AND CREATIVITY IN ALL  
SERVICES AND PRODUCTS  
THAT WE OFFER.

**...YOU IMAGINE WHAT YOU DESIRE  
YOU WILL WHAT YOU IMAGINE  
AND AT LAST YOU CREATE WHAT YOU WILL**

**COVER RATIONALE**

Without imagination, there can be no vision. Without a vision, there can be no direction. At Ireka Corporation Berhad, it is this simple truth that has driven our success.

All the milestones we have achieved over the last 36 years would not have been possible if we did not dare to imagine. By teaching ourselves to see with our minds and not just our eyes, and coupled with our determination to succeed, we have now earned the recognition of our peers as an innovative builder and developer.

In choosing this theme for this year's Annual Report, we fully acknowledge to all our customers, partners and stakeholders that our continued success will greatly depend on the power of our imagination. Our creativity and our ability to innovate is what sets us apart, especially in a market that is destined to be even more competitive in the coming years.

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PROXY FORM

**IT IS MY PLEASURE ON BEHALF OF THE BOARD OF DIRECTORS TO PRESENT TO SHAREHOLDERS THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2003.**

For the financial year under review, the Group recorded a turnover of RM314.66 million compared to RM217.48 million achieved in the preceding financial year. The marked improvement in turnover was largely due to projects that were secured during the financial year coming into full swing. As a result, profit from operations increased to RM26.78 million compared to RM13.65 million recorded in the previous financial year. After allowing for finance cost of RM16.20 million, the Group recorded a profit before tax of RM10.42 million compared to RM4.27 million in financial year 2002. The improved results reflect another successful year for the Group despite lingering economic uncertainties.



The Board has recommended a final dividend of 6.50% per share less income tax of 28% in respect of the financial year ended 31 March 2003 for approval by shareholders at the forthcoming Annual General Meeting.

The construction industry continues to face an uncertain future as the Government has indicated a big cut in project spending planned under the 8th Malaysian Plan following a mid term review which indicated over spending particularly in social projects. In addition, the Government is planning for a balanced budget by 2005 and under these circumstances large provisions for construction and infrastructure projects provided in previous budgets may not be repeated. The recent stimulus package for the economy was confined to consumer spending, property sectors, and funds for small and medium size industries.

Going forward, therefore, the Group is carefully planning its strategy with priority being given to the opening of The Westin Kuala Lumpur in September this year and the implementation of our planned property development projects which are now making

timely and useful contributions to Group turnover. After the early setback due to the shortage of construction workers, our Group's construction projects are now progressing satisfactorily. The Group will continue to maintain construction activities as its core business and will continue to actively participate in tender activities.

The Board's decision to delay the opening of The Westin Kuala Lumpur, due to the effects of the Severe Acute Respiratory Syndrome (SARS) scare, is now scheduled for the 6 September opening. The situation has improved, pre-opening bookings and reservations have been very encouraging. This is possible through the support in the networking of the Westin Group. The opening of the hotel marks the major entry of the Group into the hospitality business. The Group's existing leisure business in asiaegolf Tours Sdn Bhd (formerly known as asiaegolf Sdn Bhd) has performed better than previous year, despite a significant drop in activities during the SARS affected period.

On the property development front, 238 units of the luxurious serviced residence under the brand name of i-ZEN@Kiara II at Mont' Kiara was launched with over 70% of the units sold and with construction in progress. Phase One of the Luyang Perdana project in Kota Kinabalu, Sabah comprising 102 units of semi-detached, detached, terraced houses and bungalows was launched in November last year with over 90% of the units sold. Phase Two and Phase Three will be launched this year. In addition, the Group will also be launching its i-ZEN@Kiara I serviced residence and its i-ZEN@Villa Aseana courtyard homes this year. The total gross value of all these projects is estimated at RM400.00 million and are targeted for completion in years 2004, 2005 and 2006.

On the e-commerce and IT front, the performance of the Group's e-Auction Sdn Bhd has improved compared to the previous financial year. In order to strengthen the Group's IT capability, the Group had in March 2003 set up a networking and system integration company, i-Tech Network Solutions Sdn Bhd, to serve the Group and selected customers.

The Group's renounceable rights issue of 34,416,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share was completed on 28 December 2002 and the proceeds raised were fully utilised to fund the completion of The Westin Kuala Lumpur and for working capital purposes.

The Board is currently looking at various options available to improve the gearing and cost of funds of the Group.

The labour situation in the construction industry has improved considerably and based on existing works on hand and new contracts secured during the financial year under review, the Group's total order book remained at RM1.00 billion with the amount outstanding totaling RM550.00 million. In addition, the Group's carefully selected property development projects are expected to bring significant contributions to Group earnings over the next few years. Barring any unforeseen circumstances, we expect results to continue to be satisfactory.

In closing and on behalf of the Board, I would like to take this opportunity to express our appreciation to the Management and staff at all levels for their contributions during the year. I also wish to thank my fellow Directors for their guidance, and to shareholders, Government Authorities, Bankers and Business Associates for their continued support.

**HAJI ABDULLAH BIN YUSOF**  
CHAIRMAN  
8 August 2003

**BAGI PIHAK LEMBAGA PENGARAH,  
SAYA DENGAN SUKACITANYA  
MEMBENTANGKAN LAPORAN TAHUNAN  
DAN PENYATA KEWANGAN BAGI TAHUN  
KEWANGAN BERAKHIR 31 MAC 2003.**

Bagi tahun kewangan yang berakhir 31 Mac 2003, perolehan sebanyak RM314.66 juta telah dicatatkan oleh Kumpulan berbanding RM217.48 juta pada tahun kewangan sebelumnya. Pencapaian yang meningkat ini ialah berpunca daripada peningkatan pelaksanaan kerja-kerja yang telah diperolehi pada tahun ini. Hasilnya, keuntungan yang dicatatkan dari paras operasi meningkat dari RM13.65 juta ke RM26.78 juta. Setelah ditolak kos pinjaman sebanyak RM16.20 juta, Kumpulan telah mencatatkan keuntungan sebelum cukai sebanyak RM10.42 juta berbanding RM4.27 juta untuk tahun kewangan 2002. Peningkatan dalam pencapaian ini mencerminkan satu lagi kejayaan bagi Kumpulan walaupun keadaan ekonomi kurang meyakinkan.

Pihak Lembaga Pengarah telah mengesyorkan dividen akhir sebanyak 6.50% sesaham tolak cukai pendapatan sebanyak 28% bagi tahun kewangan berakhir 31 Mac 2003 untuk dibentangkan di Mesyuarat Agung Tahunan yang akan datang bagi mendapatkan kelulusan para pemegang saham.

Industri pembinaan menghadapi masa hadapan yang tidak menentu berikutan rancangan pihak Kerajaan untuk mengurangkan sejumlah besar perbelanjaan projek di bawah Rancangan Malaysia Ke-lapan, setelah kajian penggal pertengahan menunjukkan lebih perbelanjaan khususnya dalam projek-projek sosial. Tambahan pula, pihak Kerajaan telah merancang untuk melaksanakan belanjawan seimbang selewat-lewatnya tahun 2005 dan di dalam keadaan ini, peruntukan besar bagi projek-projek pembinaan dan infrastruktur dalam belanjawan yang lampau tidak mungkin berulang. Pakej Ransangan Ekonomi yang diperkenalkan baru-baru ini lebih menitik-beratkan perbelanjaan pengguna, sektor hartanah dan dana untuk industri kecil dan sederhana.

Sebagai rancangan masa hadapan, Kumpulan merancang strategi dengan teliti. Keutamaan diberikan kepada pembukaan hotel The Westin Kuala Lumpur pada bulan September tahun ini dan pelaksanaan projek pembangunan hartanah yang kini turut menyumbang dengan positif kepada perolehan Kumpulan. Kini, semua projek Kumpulan sedang giat dijalankan pada kadar yang memuaskan walaupun pada mulanya menghadapi masalah kekurangan buruh binaan. Pembinaan akan terus menjadi aktiviti teras Kumpulan dan aktiviti-aktiviti tender akan terus giat dijalankan.

Akibat daripada kesan kebimbangan "Severe Acute Respiratory Syndrome" (SARS), pembukaan The Westin Kuala Lumpur telah tertangguh. Kini, ia dijadualkan untuk perasmian pada bulan September tahun ini. Setelah situasi pulih dan dengan sokongan dari rangkaian Kumpulan Westin, tempahan pra-pembukaan amatlah menggalakkan. Pembukaan hotel ini menandakan penyertaan Kumpulan di dalam industri perhotelan. Di samping itu, asiaegolf Tours Sdn Bhd (dahulunya dikenali sebagai asiaegolf Sdn Bhd) telah mencapai prestasi yang lebih baik berbanding tahun sebelumnya walaupun kegiatan menyusut akibat kesan SARS.

Di sektor pembangunan hartanah, sebanyak 238 unit kediaman mewah yang membawa gaya hidup dan dikenali dengan nama i-ZEN@Kiara II di Mont' Kiara telah mula dibangunkan dan lebih dari 70% unit telah berjaya dijual. Fasa pertama projek Luyang Perdana di Kota Kinabalu, Sabah yang merangkumi 102 buah unit kediaman pelbagai jenis telah dilancarkan pada bulan November tahun lepas. Lebih 90% buah unit fasa tersebut telah berjaya dijual. Fasa kedua dan ketiga akan dilancarkan tahun ini. Kumpulan juga akan melancarkan unit kediaman jenis mewah berservis atas nama i-ZEN@Kiara I dan kediaman jenis "courtyard villas" atas nama i-ZEN@Villa Aseana pada tahun ini. Jumlah nilai kasar keseluruhan projek-projek ini dianggarkan sebanyak RM400.00 juta dan dijangka akan siap sepenuhnya pada tahun 2004, 2005 dan 2006.

Di sektor e-dagang dan teknologi maklumat (IT), prestasi e-Auction Sdn Bhd meningkat berbanding tahun sebelumnya. Kumpulan telah menubuhkan sebuah syarikat rangkaian dan integrasi sistem, i-Tech Network Solutions Sdn Bhd pada bulan Mac tahun ini dalam usaha untuk memantapkan kemampuan teknologi maklumat dan untuk memberi khidmat kepada Kumpulan dan pengguna-pengguna yang terpilih.

Terbitan Hak Boleh Lepas 34,416,000 saham biasa baru RM1.00 sesaham pada terbitan nilai RM1.00 telah selesai diterbitkan pada 28 Disember 2002 dan sumber perolehan tersebut telah digunakan sepenuhnya bagi membiayai penyediaan The Westin Kuala Lumpur serta modal kerja. Lembaga Pengarah kini sedang meneliti beberapa opsyen untuk memperbaiki kos pinjaman dan kelengkapan modal Kumpulan.

Masalah kekurangan tenaga sumber tenaga buruh telah dapat diperbaiki dan berdasarkan kontrak-kontrak sedia ada dan kontrak-kontrak baru yang diperolehi dalam tahun kewangan ini, jumlah tempahan kontrak Kumpulan yang dicatat kekal pada RM1.00 billion dengan nilai tertunggak berjumlah RM550.00 juta masih belum selesai. Sehubungan itu, projek pembangunan sektor hartanah dijangka akan memberi sumbangan yang besar kepada perolehan Kumpulan untuk tahun-tahun akan datang. Jika tiada masalah yang tidak dijangka berlaku, kami jangka keputusan Kumpulan akan terus memuaskan.

Sebagai penutup, saya bagi Pihak Lembaga Pengarah ingin mengambil kesempatan ini untuk merakamkan penghargaan kami kepada pihak Pengurusan dan Pekerja di semua peringkat atas sumbangan mereka. Saya juga berterima kasih kepada ahli-ahli Lembaga Pengarah atas sokongan mereka dan kepada para pemegang saham, pihak berkuasa kerajaan, institusi perbankan dan rakan-rakan perniagaan atas sokongan mereka yang berterusan.

**HAJI ABDULLAH BIN YUSOF**  
PENGERUSI  
8 August 2003

# OPERATIONS REVIEW



## WE DREAM MANY DREAMS...

MAN IS BY NATURE A DREAMER, DREAMING ALWAYS OF A BETTER LIFE, A BETTER FUTURE FOR HIMSELF. IT IS HIS ABILITY TO DREAM THAT HAS ENABLED MUCH OF THE PROGRESS AND IMPROVEMENTS WE ENJOY TODAY TO BE ACHIEVED. IREKA'S PROPERTY DIVISION KEEPS IN STEP WITH MAN'S MANY AND VARIOUS DREAMS, UNDERSTANDING JUST WHAT IT IS HE LONGS FOR SO THAT THESE DREAMS AND DESIRES FOR HOMES THAT ENHANCE HIS EASE AND COMFORT CAN BE BEST ACCOMMODATED.



THE FINANCIAL YEAR UNDER REVIEW HAS BEEN A YEAR OF UNCERTAINTY AND CHALLENGES FOR THE MALAYSIAN ECONOMY WHICH SUFFERED FROM THE FULL EFFECTS OF A SERIES OF UNFAVOURABLE AND UNFORTUNATE EVENTS SUCH AS THE FALLOUT FROM THE BALI BOMBING, THE WAR IN IRAQ AND THE OUTBREAK OF SEVERE ACUTE RESPIRATORY SYNDROME (SARS). THE MALAYSIAN GOVERNMENT AND THE PRIVATE SECTOR HAVE AGAIN SHOWN THEIR RESILIENCE IN OVERCOMING THESE CRISIS WELL.

The hardest hit sectors such as electronic and tourism are now on the mend and showing signs of a strong recovery. Meanwhile, the construction sector has also continued to perform well despite the Government's switch of emphasis from pump-priming the economy to one of stimulating consumer spending.

Faced with the challenges stated above, I am indeed proud to inform that our Group had performed well for the financial year under review. As reported by our Chairman, our turnover and pre-tax profit have grown 45% and 144% respectively.



The Group has taken positive steps forward during these unsettling times to build a strong foundation and competitiveness. In recognition of the need to promote youth and good succession planning at its top management level, the Board has recently decided to reorganize the operation structure of each of its major subsidiaries to be under the leadership of a Chief Executive Officer (CEO). The individual CEOs will be responsible for growth based on the Group's overall vision and strategy set by the Board of Directors of Ireka Corporation Berhad (ICB). In this regard, the Group's wholly-owned construction subsidiary, Ireka Engineering & Construction Sdn Bhd (IECSB) will be under the charge of Mr. Tan Thiam Chai, the Hotel and Property Development subsidiaries will be led by Mr. Lai Voon Hon while the IT and solutions provider subsidiary which provides support service to the Group will be the responsibility of Mr. Leonard Yee.

On the corporate front, ICB was officially transferred to the Main Board of the Kuala Lumpur Stock Exchange (KLSE) in June 2002. During the year, we had also won the prestigious KLSE overall Corporate Excellence Award for Second Board companies. This was the second year in a row that ICB has won an award from KLSE - a true testament and recognition of a strong corporate culture of transparency and corporate governance.

PUTRAJAYA, 4G3 & 4G4  
RHB TRAINING AND IT CENTRE, BANGI



### CONSTRUCTION

#### CIVIL ENGINEERING AND BUILDING

IECSB, started the fiscal year with a strong healthy order book of over RM1.00 billion and more than RM550.00 million works outstanding to be performed. There were great promises then that this fiscal year will be one of IECSB's best years ever.

However, a major labour crisis hit the construction industry during the early part of the year under review where an estimated 400,000 foreign workers were asked to leave the country. This had greatly affected IECSB's overall performance. The labour force was very tight with workers in the country commanding very high wages. Just like every major contractor in the country, IECSB saw its monthly work volume reduced quite significantly during the third quarter. As a result, the completion period of most projects undertaken by the company were also affected. It was fortunate that the Management had taken an early decisive move to directly import close to 600 workers from Thailand, Vietnam and Indonesia. Within three months, these workers were immediately deployed to all our worksites across the country including taking over some sub-contractors' works to arrest further delay in the projects. I am happy to note that since January 2003 we have successfully caught up a fair amount of time for all of our

contracts. Despite the above labour crisis, IECSB still managed to achieve a commendable turnover of RM267.92 million for the year under review.

A number of projects were completed during the year under review, namely a Water Treatment Plant in Pahang, a Waste Sewerage Treatment Plant in Kota Kinabalu, Sabah and an Earthwork and Drainage package at the East Coast Highway.

On the procurement front, IECSB had also performed well to secure RM315.00 million of new works for the company during the year. Among the most notable ones are the refurbishment of Wisma AIA, an interchange at Proton City, a luxury serviced residence at Mont' Kiara, pavement works for the East Coast Highway, building works in Kota Kinabalu, Sabah and a sub structure work for an entertainment center in Mutiara Damansara.

Meanwhile, at the operation level, all projects are currently progressing well since the beginning of 2002. The Training and IT Center at Bangi for RHB Bank Berhad, The Westin Kuala Lumpur, refurbishment of Wisma AIA and the Brunei Embassy in Beijing China projects will be completed this year. The pavement works at the East Coast Highway and the RM335.00 million Design & Build project for two Ministry buildings in Putrajaya are targeted for full completion next year.

In line with our Group's vision and following the successful execution of the Group's first project in China, we hope to secure a few more new projects overseas in the near future. Currently we are concentrating our business development efforts in China, India, Sri-Lanka and Thailand.

## PROPERTY DEVELOPMENT

The Group's property development subsidiaries have lived up to their expectation to perform well this year. The two properties launched during the year under review have chalked up impressive sales turnover which will be bringing in good profits and cash flow for the Group next year. The trendy and innovative i-ZEN@Kiara II service residence has received excellent response from the Malaysian and foreign buyers alike. With over 70% of the 238 units sold, our Group's subsidiary, Regalmont Sdn Bhd is planning to roll out two more i-ZEN brand residences, i-ZEN@Villa Aseana and i-ZEN@Kiara I, during the year. Meanwhile, another project launched by our subsidiary, Regalmont (Sabah) Sdn Bhd has also received exceptional praise and recognition from local purchasers. Considered one of the 'hottest' properties in Kota Kinabalu, the first phase of our fully-gated and lushly landscaped Luyang Perdana project comprising 102 units of terrace, detached and semi-detached houses has achieved over 90% sale. Phase Two will be launched in August this year. I expect it to perform equally well as Phase One.

Our first landed courtyard homes in Mont' Kiara known as i-ZEN@Villa Aseana will also be launched this year. The pre-launch response for these 43 units of 3,600 sq. ft. homes has been excellent. I am confident that we would be able to achieve 100% sales of this development within a few months.

Over in Sabah, Ireka has teamed up with a local based company, Syarikat Charng-Sheng Sdn Bhd and Majlis Perbandaran Sandakan to re-develop the famous waterfront in Sandakan, the second largest city in Sabah. The 12 acres development project involves reclamation of 9 acres of waterfront and the re-construction of a modern sea-fronting

i-ZEN@VILLA ASEANA



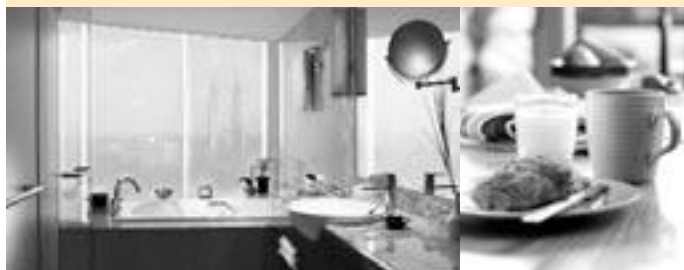
central market, 113 units of contemporary shop office set in a pedestrianised precinct, and a new sea-fronting town square, a modern shopping complex and a land reserved for a future luxury hotel and convention centre. The official announcement of this estimated RM200.00 million project was witnessed by the current Chief Minister of Sabah, Datuk Musa Haji Aman on 28 January 2003. The project will be built in phases and is expected to take 5 years to complete. Phase One of the project involving shop offices and the "Harbour Square" has already generated tremendous interest from potential buyers.

I foresee the property subsidiaries of the Group to be very busy over the next few years. Barring any unforeseen global or national crisis, the Group should be able to derive good sales turnover and income from its niche property activities.

## HOSPITALITY AND LEISURE

The outbreak of SARS and the war in Iraq had a major impact on the tourism industry worldwide that left no country and company immune to the almost standstill in international travel especially to Asia. The impact of the SARS virus had indeed left a devastating trail in its wake and the tourism and travel industry suffered its worst downturn since September 11, 2001.

THE WESTIN KUALA LUMPUR



Recent signs of a recovery are however encouraging and business travellers are now taking to the skies and visiting Malaysia again. Against this industry background, the opening of our flagship hotel, The Westin Kuala Lumpur, was postponed to 6 September 2003. We have already received very encouraging numbers of bookings for events and functions commencing 6 September 2003.

At the time of report, intense preparations are underway to train almost four hundred staff and to market our hotel globally. With an experienced hotel operator, Westin, which is part of one of the largest luxury hotel chain in the world, coupled with an excellent location at the 5-stars hotels and restaurants row of Bintang Walk, the exciting new signature restaurants and the chic contemporary design look of the hotel's architecture and interior, I strongly believe our hotel ventures will do well against existing and future competition. Over the next few years, its business will grow in tandem with the expected strong performance of the Malaysian tourism industry.

The Group's other investment in hospitality and leisure business, asiaegolf Tours Sdn Bhd (formerly known as asiaegolf Sdn Bhd) (asiaegolf) was not spared the unfortunate effects of SARS too. Its business plummeted during the months of April and May 2003. It is fortunate that we had been prudent with our human resources, expenditure and risk management exercises for the company to be able to weather the downturn.

However, business has been growing again and the rise in golf bookings over the last two months reflected a very positive and encouraging trend for the tourism industry in our country. asiaegolf plans to do more marketing exercises overseas to re-assure our international partners and associates that Malaysia is a golfer's haven and a premium holiday destination.

### E-COMMERCE AND IT

The Group's small but beneficial investment in IT is a true testament of our confidence in the current and future business potential of IT. The Group has set up a primary networking and system integration company – i-Tech Network Solutions Sdn Bhd (i-Tech) to not only cater to the Group's growing IT needs, but also to a small but niche customer base. i-Tech is set up as a 100% subsidiary of Ireka iCapital Sdn Bhd. In only a few months of operations, i-Tech has not only managed to save the Group on its IT purchases of hardware and software but also put in place IT administration and management processes to further improve and develop the Group's business efficiency. Our strengths lie in the people we have hired and their addition to an already experienced team, and the services we provide. I see i-Tech growing from strength to strength in the provision of IT services, be it supplying of hardware and software, consultancy or network integration. We see this unit spearheading our vision and growth for the group in the IT sector.

With the global slowdown during the financial year under review, the Group's other investment in the IT sector, e-Auction Sdn Bhd, an on-line trading of construction and industrial equipment however saw inconsistent spurts of business activities. We have made the necessary cut in expenses and human resources until such time we can foresee a more consistent and positive business environment.

SANDAKAN HARBOUR SQUARE



#### FUTURE OUTLOOK

Looking forward, there are positive signs that there would be economic recovery in the U.S. this year and a big resurgent of in-bound business and leisure travels into Asia and Malaysia. This is encouraging for the Group's venture in the property and hospitality industry.

In the construction arena, it is anticipated that the development projects initiated by our property subsidiaries will contribute steadily towards IECSB's order book. Meanwhile, the company continues to actively pursue projects from external sources through competitive bidding or negotiation and will look towards securing more contracts from the private sectors and the various infrastructural projects that will be implemented by the Government.

Our construction subsidiary has placed heavy emphasis on safety at work and has over the years conducted a number of in-house health and safety seminars. So far, our safety track record has been excellent.

The Group has continued to play an active role as a responsible corporate citizen by contributing generously to a number of charitable organisations. Many of these organisations are annual recipients of the Group's support.

Corporate wise, the Management would be seeking to lower its borrowing costs for the next financial year and to further enhance its shareholders value.

Before closing, I would like to thank all my colleagues on the Board, my Management team and all our staff for their kind and dedicated support to the Group and making the year ending March 2003 another success for the Group.

#### LAI SIEW WAH

Group Managing Director

8 August 2003

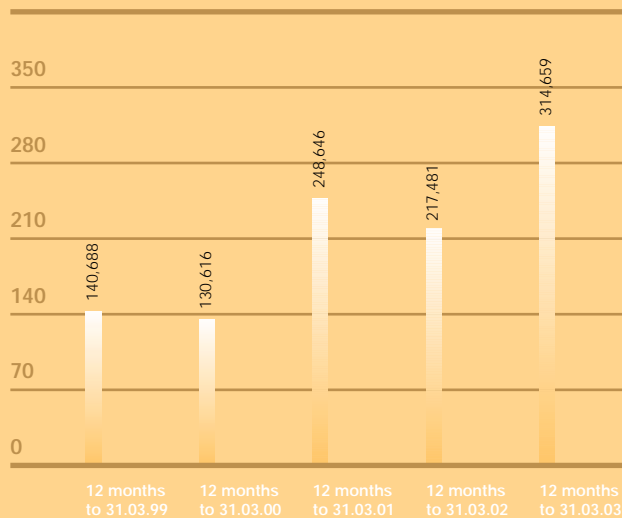


## WE STRIVE AFTER OUR DREAMS...

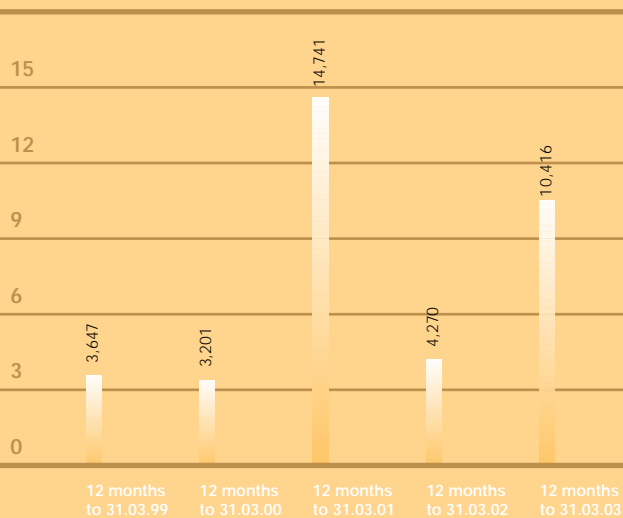
DREAMS CAN BE TRULY INSPIRATIONAL. THEY ENCOURAGE MAN TO REACH FOR HIGHER GOALS AND MORE IMPORTANTLY; HE STRIVES TO ACHIEVE THESE ASPIRATIONS. IREKA'S ALL-IMPORTANT CONSTRUCTION DIVISION IS GUIDED BY THE DREAMS OF MAN. AND OPERATING AS WE DO IN DIFFERENT COUNTRIES, WE HAVE TO UNDERSTAND THESE DIFFERENCES IN CONSUMER EXPECTATIONS AND STRIVE TO CONSTRUCT SOLUTIONS THAT FULFILL THE SPECIFIC DREAMS AND ASPIRATIONS OF OUR DIVERSE CONSUMERS FROM HERE TO CHINA.

## FIVE-YEAR FINANCIAL HIGHLIGHTS

### TURNOVER RM'000



### PROFIT BEFORE TAXATION RM'000



GROUP IN RM'000	12 MONTHS TO 31.03.03	12 MONTHS TO 31.03.02	12 MONTHS TO 31.03.01	12 MONTHS TO 31.03.00	12 MONTHS TO 31.03.99
Turnover	314,659	217,481	248,646	130,616	140,688
Profit before taxation	10,416	4,270	14,741	3,201	3,647
Profit after taxation and minority interests	7,168	1,811	10,929	2,458	5,034

Issued share capital	103,248	68,661	68,658	68,566	68,406
Shareholders' funds	147,808	111,542	109,726	103,821	104,597
Total assets	688,975	496,447	384,273	353,887	319,493

### IN SEN

Gross dividend per share	6.5	10.0	7.5	5.0	5.0
Net earnings per share - Basic	9.1	2.6	15.9	3.6	7.4
Net tangible assets per share	126.8	136.5	131.1	131.1	142.5
Return on shareholders' fund (%)	1.4	1.6	10.0	2.4	4.8



IREKA CORPORATION BERHAD





## BOARD OF DIRECTORS

### NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

Haji Abdullah Bin Yusof

### MANAGING DIRECTOR

Lai Siew Wah

### DEPUTY MANAGING DIRECTOR

Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*

### EXECUTIVE DIRECTORS

Chan Soo Har @ Chan Kay Chong

Lai Man Moi

Lai Voon Hon

Lai Voon Huey, Monica

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Kwok Yoke How

Haji Mohd. Sharif Bin Haji Yusof

## AUDIT COMMITTEE

### CHAIRMAN

Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*

### MEMBERS

Kwok Yoke How

Haji Mohd. Sharif Bin Haji Yusof

Lai Voon Huey, Monica

## COMPANY SECRETARY

Wong Yim Cheng

*MAICSA 7008092*

## COUNTRY OF DOMICILE & INCORPORATION

Malaysia

## LEGAL STATUS

Public listed company limited by shares

## REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

No. 32, Medan Setia Dua

Bukit Damansara

50490 Kuala Lumpur

TEL 6 03 2094 0133

FAX 6 03 2095 2096

EMAIL [enquiry@ireka.com.my](mailto:enquiry@ireka.com.my)

WEBSITE [www.ireka.com.my](http://www.ireka.com.my)

## SHARE REGISTRAR

Signet Share Registration Services Sdn Bhd

11th Floor, Tower Block

Kompleks Antarabangsa

Jalan Sultan Ismail

50250 Kuala Lumpur

TEL 6 03 2145 4337

FAX 6 03 2142 1353

## STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange, Main Board

## STOCK CODE

Shares 8834

Warrants 8834-w

## AUDITORS

Raja Salleh, Lim & Co.

*Audit Firm No. 0071*

29A-C, Jalan SS22/19

Damansara Jaya

47400 Petaling Jaya

Selangor Darul Ehsan

## PRINCIPAL BANKERS

Affin Bank Berhad

AmBank Berhad

Bank Muamalat Malaysia Berhad

Bumiputra-Commerce Bank Berhad

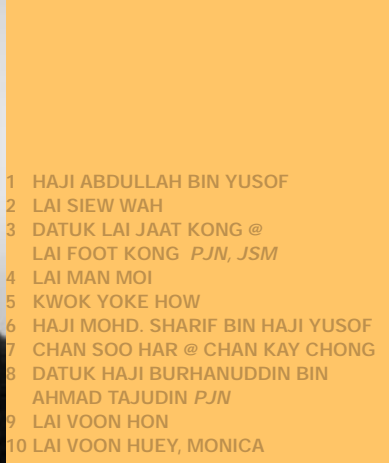
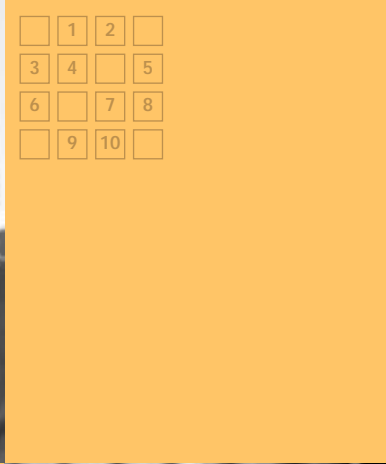
Hong Leong Bank Berhad

Maybank Berhad

RHB Bank Berhad

United Overseas Bank (M) Berhad

BOARD OF DIRECTORS



## PROFILE OF DIRECTORS

### HAJI ABDULLAH BIN YUSOF

Aged 67, a Malaysian, is the Non-Executive Chairman of Ireka and was appointed to the Board of Directors in 1992. He is the Chairman of the Risk Management Committee. He graduated from the Camborne School of Metalliferous Mining, United Kingdom in 1961 and is a registered professional engineer (mining) with the Board of Engineers, Malaysia. He has over 30 years experience in the tin mining industry, and is currently the Executive Chairman of Osborne & Chappel International Sdn Bhd, a local mine management and engineering group involved in the field of mining operations and related construction works, mine management and consultancy, both locally and internationally. He is also an Independent Non-Executive Director of Gopeng Berhad, Time Engineering Berhad, EPE Power Corporation Berhad, Cement Industries of Malaysia Berhad. He is a council member of the Malaysian Chamber of Mines and the Tin Industry (Research and Development) Board.

He is a major shareholder of Ireka, through his interest in Magnipact Resources Sdn Bhd.

### LAI SIEW WAH

Aged 63, a Malaysian, is the founder and Managing Director of Ireka. He was appointed as a Director of Ireka in 1975 and was made the Managing Director of Ireka in 1993. He is a member of the Remuneration Committee and is also a Director of several subsidiaries within the Ireka Group. He has been active in the construction industry since 1967 during which time he has accumulated vast knowledge and experience in the implementation and management of construction projects.

He is a major shareholder of Ireka, through his interest in Ideal Land Holdings Sdn Bhd.

### DATUK LAI JAAT KONG @ LAI FOOT KONG *PJN, JSM*

Aged 60, a Malaysian, is the Deputy Managing Director of Ireka. He was appointed as a Director of Ireka in 1977 and was made the Deputy Managing Director in 1993. He is a member of the Risk Management Committee and is also a Director of several subsidiaries within the Ireka Group. He has over 20 years experience in the construction industry and has extensive contacts and knowledge in the industry both locally and overseas. He was the past President of the Master Builders Association Malaysia and Board Member of Construction Industry Development Board Malaysia.

He is the brother of Mr. Lai Siew Wah.

### LAI MAN MOI

Aged 55, a Malaysian, is the Finance Director of Ireka. She joined Ireka in 1975 and was appointed to the Board of Directors in 1990. She is also a Director of several subsidiaries within the Ireka Group. She has more than 30 years experience in finance and accounting and is a member of several institutes including the Association of Accounting Technicians, United Kingdom; The International Association of Book-Keepers (UK); and The Institute of Commercial Management.

She is the sister of Mr. Lai Siew Wah and the spouse of Mr. Chan Soo Har @ Chan Kay Chong.

### KWOK YOKE HOW

Aged 63, a Malaysian, is an Independent Non-Executive Director of Ireka. He was appointed to the Board of Directors in 1992. He is the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and also a Director of several subsidiaries within the Ireka Group. A lawyer by profession, he is currently a consultant of a reputable legal firm in Malaysia.

## PROFILE OF DIRECTORS

### HAJI MOHD. SHARIF BIN HAJI YUSOF

Aged 64, a Malaysian, is an Independent Non-Executive Director of Ireka. He was appointed to the Board of Directors in 2002. He is also a member of the Audit Committee. He is a fellow member of Institute of Chartered Accountants, England & Wales, Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants. He is also a Non-Independent Non-Executive Director of Amanah Capital Partners Berhad and an Independent Non-Executive Director of APM Automotive Holdings Berhad, Malayawata Steel Berhad and Kemayan Corporation Berhad.

### CHAN SOO HAR @ CHAN KAY CHONG

Aged 57, a Malaysian, is the Administration Director of Ireka. He joined Ireka in 1975 and was appointed to the Board of Directors in 1990. He is also a Director of several subsidiaries within the Ireka Group. He has more than 35 years experience in the construction industry with sound knowledge in building materials and heavy plants and machineries.

### DATUK HAJI BURHANUDDIN BIN AHMAD TAJUDIN *PJN*

Aged 71, a Malaysian, is the Senior Independent Non-Executive Director of Ireka. He was appointed to the Board of Directors in 1994. He is the Chairman of both the Audit Committee and Nomination Committee and a member of the Remuneration Committee. A lawyer by profession, he had practiced law for 28 years. He is also a Director of Permodalan Nasional Berhad, Amanah Saham Nasional Berhad and Universal Trustees (M) Berhad.

### LAI VOON HON

Aged 39, a Malaysian, is the Executive Director of Ireka. He joined Ireka in 1994 as the Group General Manager and was appointed to the Board of Directors in 1996. He is also a Director of several subsidiaries within the Ireka Group. He graduated from University College London, London University and Ashridge Management College with Bachelor of Science (Hons) Degree in Architecture in 1987 and Post-graduate Diploma in Architecture (Dip-Arch) in 1989 and a Master in Business Administration ("MBA") (Distinction) degree in 1993 respectively. An architect by profession, he has practised in London, Hong Kong and Malaysia prior to joining Ireka. He is a registered Professional Architect with the Board of Architects, Malaysia.

He is a major shareholder of Ireka, through his interest in Ideal Land Holdings Sdn Bhd. He is the son of Mr. Lai Siew Wah.

### LAI VOON HUEY, MONICA

Aged 37, a Malaysian, is an Executive Director of Ireka. She joined Ireka as the Group Financial Controller in 1993 and was appointed to the Board of Directors in 1999. She is a member of the Audit Committee, Risk Management Committee and also a Director of several subsidiaries within the Ireka Group. She graduated from City University, London, United Kingdom with a Bachelor of Science (Hons) Degree in Accountancy and Economics. She has worked for two international accounting firms in England and Hong Kong prior to joining Ireka. She is a fellow member of several institutes that include the Institute of Chartered Accountants, England and Wales; the Malaysian Institute of Accountants; and the Malaysian Institute of Taxation.

She is the daughter of Mr. Lai Siew Wah.

## PROFILE OF COMPANY SECRETARY AND SENIOR MANAGEMENT



1 WONG YIM CHENG  
2 TAN THIAM CHAI  
3 NG YAU SIONG



4 IR. LIM TAU SOON  
5 LEONARD YEE YUKE DIEN  
6 LEE SUI SAN  
7 TONY KOK TONG YONG



8 LEE CHAY LINE  
9 THAM FONG ANG  
10 IR. CHEN MIN SANG  
11 JEAN MARC LAFOSSE

### COMPANY SECRETARY

**WONG YIM CHENG** Aged 39, a Malaysian, joined Ireka in 2000. She has over 10 years of experience in corporate secretarial and is an associate member of the Malaysian Association of Institute Chartered Secretaries and Administrators.

### SENIOR MANAGEMENT

**TAN THIAM CHAI** Aged 43, a Malaysian, joined Ireka as an Engineer in 1989. In August 2000, he was appointed to the Board of Ireka Engineering & Construction Sdn Bhd ("IECSB") and is currently the Chief Executive Officer of IECSB. He graduated from the University of Bristol, United Kingdom in 1983 with a Bachelor of Science (Hons) Degree in Civil Engineering.

**NG YAU SIONG** Aged 40, a Malaysian, joined Ireka as an Engineer in 1991 and is currently a Director (Operations). In August 2000, he was appointed to the Board of IECSB. He graduated from University of Canterbury, New Zealand in 1986 with a Bachelor of Engineering (Hons) Degree.

## PROFILE OF COMPANY SECRETARY AND SENIOR MANAGEMENT

**IR. LIM TAU SOON** Aged 46, a Malaysian, joined Ireka as the Head of Technical & Engineering Services Division in 1993 and is currently a Director (Operations). In August 2000, he was appointed to the Board of IECSB. He graduated from Liverpool Polytechnic, United Kingdom in 1980 with a Bachelor of Science (Hons) Degree in Civil Engineering and obtained his Professional Engineer Certification in 1985.

**LEONARD YEE  
YUKE DIEN** Aged 39, a Malaysian, joined Ireka in May 2000 and is currently the Chief Executive Officer of Ireka iCapital Sdn Bhd. A graduate from University of Kingston, Kingston-Upon-Thames, England with a Bachelor of Arts (Hons) Degree in Industrial Social Sciences, he worked as a Surety and Financial Lines Underwriter with American International Group, Inc in London and New York before coming back to Malaysia. He was an Executive Director of a local construction company from 1996 to 1999 and a Managing Director of an equities research firm before joining Ireka.

**LEE SUI SAN** Aged 49, a Malaysian, joined Ireka in 1995 and is currently a Project Director. He graduated from Liverpool Polytechnic, United Kingdom in 1980 with a Diploma in Buildings. He is a Chartered Builder by profession and a member of the Chartered Institute of Building (UK), Chartered Management Institute (UK), Technological Association of Malaysia and Malaysia Institute of Management.

**TONY KOK  
TONG YONG** Aged 48, a Malaysian, joined Ireka in 1996 and is currently the M & E Director. He graduated from Teesside Polytechnic, United Kingdom in 1981 with a Bachelor of Science Degree in Mechanical Engineering. He is a registered Chartered Professional Engineer with the Australian Institute of Engineers.

**LEE CHAY LINE** Aged 41, a Malaysian, joined Ireka in 1985 and is currently a Director (Pre-Contract and Tender). He graduated from the Institute Teknologi Union in 1985 with Technician Diploma and was awarded a Bachelor of Applied Science (Construction Management and Economics) Degree by Curtin University, Australia in 1999.

**THAM FONG ANG** Aged 50, a Malaysian, joined Ireka in 2000 and is currently the Director of Human Resources. She holds a Master in Business Administration from the University of Dubuque, USA and has over 25 years of experience in human resource management in a wide spectrum of industries.

**IR. CHEN MIN SANG** Aged 46, a Malaysian, joined Ireka in 2002 and is currently the General Manager, Operations of the Property Division. He graduated from the University of Salford, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Civil Engineering. He has been registered as a Professional Engineer with the Board of Engineers since 1986.

**JEAN MARC  
LAFOSSE** Aged 47, a French citizen residing in Malaysia for the last 10 years. He joined the Ireka Group as Senior Vice President, Operations of Ireka Hotels Sdn Bhd in August 2002. He is a graduate from the Hotel School Mederic (Paris) CAP, BEP BTH, BTS (honours). He has more than 25 years of experience in the hotel industry and prior to his appointment he was heading an international group of hotels with over 10 properties.



## CORPORATE CALENDAR

**9 MAY 2002**

Ireka was awarded a contract by MTD Construction Sdn Bhd for the design, construction and completion of the East Coast Highway Phase 1 from Karak – Kuantan and to the border of Pahang / Terengganu – pavement works Package 1D-1 to Package 1G-1 (Ch. 63 + 000 to Ch. 169 + 360) at a contract value of RM110.00 million.

**10 MAY 2002**

Ireka announced the incorporation of a company named i-ZEN Hospitality Sdn Bhd with a paid up capital of RM2.00 consisting of 2 ordinary shares of RM1.00 each.

**17 MAY 2002**

Regalmont Sdn Bhd, a wholly-owned subsidiary of Ireka, held an exclusive preview of its first major property development project, i-ZEN@Kiara II in Mont' Kiara, Kuala Lumpur.



**30 MAY 2002**

Ireka announced its Quarterly Report on consolidated unaudited results for the financial period ended 31 March 2002.

**7 – 8 JUNE 2002**

Ireka organised a Risk Management Workshop attended by its Board of Directors and Senior Management as part of its on-going efforts to enhance the internal control and risk management framework.



**13 JUNE 2002**

Ireka's entire paid-up share capital and its outstanding warrants 1996/2006 were transferred to the Main Board of the Kuala Lumpur Stock Exchange.

**1 JULY 2002**

Ireka Engineering & Construction Sdn Bhd, a wholly-owned subsidiary of Ireka upgraded its quality management system conforming to MS ISO 9001: 2000.

**10 JULY 2002**

Ireka announced the Securities Commission's approval for the revision of its Proposed Rights Issue basis to one (1) new Ireka share for every two (2) shares held.

**19 JULY 2002**

Ireka was awarded the Master Builders Association of Malaysia Platinum Service Award for its outstanding meritorious services and contributions towards the development of the construction industry.

**23 JULY 2002**

Ireka announced the fixing of the Proposed Rights Issue price at RM1.00 per share.

**21 AUGUST 2002**

An Extraordinary General Meeting was held in relation to (i) proposed increase in authorised share capital; (ii) proposed rights issue; (iii) authority to allot and issue new ordinary shares to holders of warrants 1996/2006 pursuant to the adjustments under the provisions of the deed poll and supplemental deed polls.



**21 – 25 AUGUST 2002**

Ireka's Sports & Recreational Club organised a 4 days 3 nights trip to Beijing, China.

**27 – 31 AUGUST 2002**

Ireka's Sports & Recreational Club organised a 4 days 3 nights trip to Shanghai, China.

**30 AUGUST 2002**

Ireka announced its Quarterly Report on consolidated unaudited results for the financial period ended 30 June 2002.



**16 SEPTEMBER 2002**

The Company held its 26th Annual General Meeting at Kuala Lumpur Golf & Country Club. An Extraordinary General Meeting was held thereafter to seek shareholders' approval in relation to the renewal of general mandate for recurrent related party transactions of a revenue / trading nature.

**23 – 29 SEPTEMBER 2002**

Ireka participated in the KLSE Investors' Week 2002 as part of its on-going investors relation programme.

## CORPORATE CALENDAR

**6 NOVEMBER 2002**

Ireka announced the signing of a Facility Agreement with Affin Bank Berhad and Aegis One Berhad for a RM40.00 million Collateralised Loan Obligations Facility.

**13 NOVEMBER 2002**

The First and Final dividend of 10% per share less 28% income tax for the financial year ended 31 March 2002 was paid.

**18 NOVEMBER 2002**

Ireka announced the incorporation of a subsidiary company – Ireka-Chang Sheng Development Sdn Bhd with a paid up capital of RM1,000.00 consisting of 1,000 ordinary shares of RM1.00 each. Ireka holds 600 ordinary shares and Syarikat Chang Sheng Sdn Bhd holds the remaining 400.

**29 NOVEMBER 2002**

Ireka announced its Quarterly Report on consolidated unaudited results for the financial period ended 30 September 2002.

**31 DECEMBER 2002**

Ireka was awarded a contract by Proton City Development Corporation Sdn Bhd to construct and complete the road to the main campus UPSI at Bandar Proton, Tanjong Malim at a contract value of RM8.75 million.



**21 JANUARY 2003**

Luyang Perdana (Phase 1), a project by Regalmont (Sabah) Sdn Bhd, a wholly-owned subsidiary of Ireka, was officially launched in Kota Kinabalu; the event was graced by the then Chief Minister of Sabah, Yang Berhormat Datuk Chong Kah Kiat.



**23 JANUARY 2003**

The Sandakan Harbour Square project which is jointly undertaken by Ireka's subsidiary company, Ireka-Chang Sheng Development Sdn Bhd and Majlis Perbandaran Sandakan was officiated by Sabah Finance Minister, Datuk Musa Haji Aman in Sandakan, Sabah.

**28 JANUARY 2003**

Ireka announced the signing of the RM60.0 million Syndicated Term Loan Facility to part finance the completion of its flagship hotel, The Westin Kuala Lumpur. On the same evening, The Westin sky sign was lit up by Datuk Bandar, Y. Bhg. Datuk Mohamad Shaid Mohd. Taufek, the Guest of Honour for the event.



**16 FEBRUARY 2003**

Regalmont Sdn Bhd, a wholly-owned subsidiary of Ireka launched its i-ZEN e-community web portal at its Property Showcase in Mont' Kiara.



**27 FEBRUARY 2003**

Ireka announced its Quarterly Report on consolidated unaudited results for the financial period ended 31 December 2002.

**7 MARCH 2003**

Ireka was awarded a contract by Damansara Entertainment Centre Sdn Bhd to perform the sub-structure works of a proposed 5 storey shopping complex and entertainment center comprises retail lots, Cineplex and bowling alleys with one basement car park and hawker center and two basement car park – Package 1 : Sub-structure works at a contract value of RM10.00 million.



**11 MARCH 2003**

Ireka was awarded the KLSE Corporate Excellence Award 2002 for Second Board as one of the two companies that has demonstrated excellent corporate conduct.

**22 MARCH 2003**

A fire drill was conducted at Ireka Head Office by the Health & Safety Manager as part of its continuous safety awareness programme.

**29 MARCH 2003**

A One-Day Board of Directors' brain storming session was held as part of the Directors' training programme.

**27 MARCH 2003**

An Extraordinary General Meeting was held to seek shareholders' approval on the Proposed Share Buy-Back.



**THE BOARD OF DIRECTORS (“BOARD”) OF IREKA CORPORATION BERHAD (“IREKA”) IS COMMITTED TO ENSURING THAT THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE ARE PRACTISED THROUGHOUT THE IREKA GROUP OF COMPANIES (“GROUP”). THE OBJECTIVE OF THIS COMMITMENT IS TO ENSURE THAT THE BOARD CAN DISCHARGE ITS RESPONSIBILITIES TO PROTECT AND ENHANCE SHAREHOLDERS VALUE AND THE FINANCIAL PERFORMANCE OF THE COMPANY. THE BOARD FULLY SUPPORTS THE RECOMMENDATIONS OF THE MALAYSIAN CODE OF CORPORATE GOVERNANCE (“CODE”) ISSUED BY THE FINANCE COMMITTEE.**

The Board of Directors confirms that the Group has complied with the best practices in the Code throughout the financial year ended 31 March 2003. Set out below is a statement of how the Group has applied the principles of the Code.

### **A. THE BOARD OF DIRECTORS**

#### **i. The Board**

An effective Board leads and controls the Group. The Board meets at least four times a year, with additional meetings being held as necessary. During the year ended 31 March 2003, the Board met for a total of five (5) times. Every Director attended all the Board meetings held during his/her tenure except Haji Abdullah Bin Yusof, Datuk Lai Jaat Kong @ Lai Foot Kong, Kwok Yoke How and Haji Mohd. Sharif Bin Haji Yusof who attended four meetings each due to their official local/overseas commitments.

The Board has delegated specific responsibilities to four subcommittees i.e. Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee; who have authority to examine issues and report to the Board.

#### **ii. Board Balance**

The Board currently has ten members comprising a Non-Executive Chairman, six Executive Directors and three Independent Non-Executive Directors. Together, the Directors bring a wide range of business, legal, finance and accounting experience and expertise required to successfully direct and supervise the business activities of the Group. The profiles of these Directors are provided on pages 17 to 18 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority.

There is also balance in the Board because of the presence and participation of Independent Non-Executive Directors to bring independent judgement in Board decisions. The role of these Independent Non-Executive Directors is important in ensuring that the strategies proposed by the Executive Management are fully deliberated and take into account the interest of the Group.

The Board has appointed Datuk Haji Burhanuddin Bin Ahmad Tajudin as the Senior Independent Non-Executive Director of the Board to whom any concerns may be conveyed.

#### **iii. Supply of information**

All Board members are provided with a Board report containing relevant documents and information prior to the meeting to enable the Directors to discharge their duties effectively.

The Board, whether as a full Board or in their individual capacity, has a right to take independent professional advice, if necessary, at the Group's expense.

In addition, all Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board meeting procedures, applicable rules and regulations are adhered to.

### iv. Nomination Committee

The Nomination Committee consists of Datuk Haji Burhanuddin bin Ahmad Tajudin (Independent Non-Executive Chairman), Kwok Yoke How (Independent Non-Executive Director) and Haji Abdullah Bin Haji Yusof (Non- Executive Director).

These Directors are responsible for identifying, recruiting and recommending candidates for Directorships and also to fill the seats of Board Committees. In addition, the Nomination Committee assesses the effectiveness of the Board as a whole and the Board Committees, and also the contribution of each Director. The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

### v. Directors' Training

All members of the Board had attended the Mandatory Accreditation Programme as prescribed by the Kuala Lumpur Stock Exchange ("KLSE"). The Directors also from time to time attend continuous education programmes and seminars to keep abreast with developments of the state of economy, technology, management strategies, laws and regulations to enhance their knowledge and skills in order to discharge their duties effectively.

In addition, site visits to various on-going projects were arranged for the Directors to allow them to gain insights and better understanding of the operational issues as part of the Directors' training programme.

### vi. Re-election of Directors

Article 91 of the Company's Articles of Association provides that all Directors shall retire from office at least once in every three years, but shall be eligible for re-election.

In accordance with Section 129(6) of the Companies Act, 1965, Datuk Haji Burhanuddin bin Ahmad Tajudin who is over the age of seventy years will be retiring at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment to be passed by a majority of not less than three-fourths of such members of the Company, at the Meeting.

### vii. Objective of Directors' Remuneration

The Group has adopted the objective as recommended by the Malaysian Code of Corporate Governance to determine the remuneration for a Director so as to ensure it is sufficient to attract and retain the Directors needed to manage the Group successfully. In the case of Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

### viii. Remuneration Committee

The Code endorses that, as a good practice, a Remuneration Committee be comprised wholly or mainly of Non-Executive Directors. The Remuneration Committee comprises Kwok Yoke How (Independent Non-Executive Chairman), Datuk Haji Burhanuddin bin Ahmad Tajudin (Independent Non-Executive Director) and Lai Siew Wah (Executive Director).

The Committee has met once, which was attended by all the members except Kwok Yoke How who was unable to attend due to travel restriction caused by the Severe Acute Respiratory Syndrome (SARS), to review the annual salary increment and bonus based on responsibilities and scope of work, corporate and individual performance.

### ix. Remuneration Procedures

The Remuneration Committee is responsible for recommending the remuneration packages of Executive Directors for consideration and approval by the Board. The Executive Directors play no part in decision on their own remuneration.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole. The Company reimburse reasonable expenses incurred by these Directors in the course of their duties as Directors. Non-Executive Directors do not participate in decision on their own remuneration packages.

The Directors' fees are recommended by the Board and approved by the shareholders at the Annual General Meeting.

x. **Disclosure**

The details of the remuneration of Directors during the financial year ended 31 March 2003 are as follows:

1. Aggregate remuneration of Directors categorised into appropriate components:

	SALARIES RM'000	FEES RM'000	BONUS & INCENTIVES RM'000	BENEFITS -IN-KIND RM'000	TOTAL RM'000
Executive Directors	1,918	180	228	19	2,345
Non-Executive Directors	0	80	0	3	83

2. Number of Directors whose remuneration falls into the following bands:

RANGE OF REMUNERATION	NUMBER OF DIRECTORS	
	EXECUTIVE	NON-EXECUTIVE
Below RM50,000	0	4
RM300,001 - RM350,000	3	0
RM350,001 - RM400,000	1	0
RM400,001 - RM450,000	0	0
RM450,001 - RM500,000	1	0
RM500,001 - RM550,000	1	0

B. **RELATIONSHIPS WITH SHAREHOLDERS AND INVESTORS**

i. **Dialogue Between The Company And Investors**

The Group values dialogue with shareholders and investors. The Chairman and Executive Directors hold discussions with shareholders and journalists immediately after general meetings. Presentations are made, as appropriate, to explain the Group's strategy, performance and major developments.

In addition, the Group has a website, [www.ireka.com.my](http://www.ireka.com.my) that shareholders and investors can access for information.

The Group had participated in the KLSE Investors' Week 2002 between 23 – 29 September 2002 to showcase the Company's products and to provide information to shareholders, investors, journalists and the public as part of our on-going investor relations programmes.

ii. **Annual General Meetings**

Notice of the Annual General Meeting and related papers are sent out to the shareholders at least 21 days before the date of the meeting.

The Annual General Meeting is the principal forum for dialogue with shareholders. All shareholders are encouraged to participate in the question and answer session. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and affairs of the Company and the Group.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the purpose and effect of a proposed resolution. The Chairman declares the number of proxy votes received both for and against each resolution.

C. **ACCOUNTABILITY AND AUDIT**

i. **Financial Reporting**

The Board aims to present a balanced, clear and meaningful assessment of the Group's position and prospect in all their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the annual report through the Chairman's Statement, Operations Review and the Statement of Directors.

The quarterly results announcements also reflect the Board's commitment to give regular updated assessments on the Group's performances.

### ii. Statement Of Directors' Responsibility For Preparing The Financial Statements

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- applied suitable and approved accounting policies consistently
- made reasonable, prudent judgement and estimates
- ensured strict adherence of all applicable accounting standards
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquires, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

### iii. Internal Controls

The Group's Internal Control Statement is set out on pages 27 to 28.

### iv. Relationship With The Auditors

The role of the Audit Committee in relation to the External Auditors is stated on page 30 of this Annual Report.

### v. Audit Committee

In compliance with the good practice of the Code, the current Audit Committee comprises the Chairman who is the Senior Independent Non-Executive Director, two Independent Non-Executive Directors and an Executive Director who is a member of the Malaysian Institute of Accountants. The composition and report of the Audit Committee for the year ended 31 March 2003 is set out on pages 15, 29 and 30 of this Annual Report.

In accordance with a resolution of the Board of Directors dated 29 July 2003

**HAJI ABDULLAH BIN YUSOF**  
CHAIRMAN

**LAI SIEW WAH**  
GROUP MANAGING DIRECTOR

## INTERNAL CONTROL STATEMENT

### RESPONSIBILITY

The Board of Directors acknowledges their overall responsibility and is committed to maintain sound internal controls which cover financial controls and operational and compliance controls as well as risk management in the Group. However, it should be noted that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives; and that any system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group has implemented a formal approach towards identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives. This is an ongoing process and is regularly reviewed by the Board. The Board's Internal Control Statement, as prepared in accordance with the KLSE's "Statement of Internal Control: Guidance for Directors of Public Listed Companies", has been reviewed by the External Auditors and report the results thereof to the Board.

### ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

The Group has adopted the concept of Enterprise-Wide Risk Management Framework which identify and manage inherent and controllable risks affecting the Group in order to achieve corporate objectives. The Enterprise-Wide Risk Management process contains a number of key elements being:

- the identification of key corporate risks associated with the organizational mission, vision, strategies and objectives;
- the measurement of these risks in terms of the possibility of occurrence and the impact on the organization;
- evaluation of existing controls to manage the risks;
- confirm accountability and time lines for managing and monitoring the controls;
- identify residue risks;
- decide on risk treatment;

- develop action plans to manage residual risks; and
- continuous monitoring to ensure compliance and update risk assessment.

The Enterprise-Wide Risk Management approach via the Corporate Risk Scorecard ("CRS") system enables risk management to be conducted in an effective manner and proactive controls to be established.

To this end,

- interviews were conducted by external risk consultants with the key members of the Management of the Group to identify the nature of the business, its key strategies and corporate objectives;
- Risk Assessment Workshops were conducted by external risk consultants with the Board of Directors and the heads of business units of the Group to introduce Enterprise-Wide Risk Management and the CRS system;
- a database of key risks (inherent and controllable) identified and mitigation controls were collated to produce individual risk profiles for the major business units of the Group; and
- the key risks to each business unit were then aligned with the Group's strategic objectives and a detailed CRS is to be produced for the Group as a whole.

The first sets of the CRS of the major business units were tabled at the Audit Committee in May 2003 with highlights on the key business risks together with Management action plans. Every quarter, each business unit shall assess and evaluate the risks identified on its CRS, the effectiveness of the mitigating action taken for each risk and the CRS is updated accordingly. New areas may be introduced for assessment as the business profile of each business unit changes. This information is then reviewed by the Risk Management Task Force, which comprises the Director/Group Financial Controller, the Company Secretary and representatives from each major business units. The Risk Management Task Force is set up to continue to drive the risk management project throughout the business units and the Group.

## INTERNAL CONTROL STATEMENT

Each quarter, the Risk Management Task Forces reports to the Risk Management Committee, which comprises the Chairman, the Deputy Managing Director, the Director/Group Financial Controller and the Company Secretary, on the CRS findings and reports. The Risk Management Committee shall identify and consider critical risks and changes to key risks as highlighted in the CRS and to recommend appropriate control processes to the Group. These reports are summarised and reported to the Audit Committee, which then make presentation to the Board.

### OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control systems are described as follows:

- clearly defined delegation of responsibilities to committees of the Board and to Management of operating units, including authorisation levels for all aspects of the business which are set out in the authority matrix;
- clearly documented internal procedures in respect of operational and financial processes as set out in the MS ISO Quality System Documents and the Financial Processes Manual;
- regular and comprehensive information provided to Management, covering financial performance and key business indicators;
- a detailed budgeting process where operating units prepare budgets for coming year and the consolidated budget approved by the Board;
- monthly monitoring of results against budget, with major variances being followed up and Management actions taken, where necessary;
- regular visits to operating units by Senior Management and Board Members;

- regular review of business to assess effectiveness of internal controls;
- review and approval of annual internal audit plan by the Audit Committee on behalf of the Board; and
- meetings between Audit Committee and outsourced Internal Auditors on internal control issues identified in reports prepared by the outsourced Internal Auditors.

A number of internal control weaknesses were identified during the period which are being rectified. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

### MEMBERSHIP AND MEETINGS

As at 31 March 2003, the Audit Committee comprises three Independent Non-executive Directors with Datuk Haji Burhanuddin bin Ahmad Tajudin as Chairman. The composition of the Committee is found on page 15 of this Annual Report.

The Committee had five meetings during the financial year which were attended by all the members except Mr. Kwok Yoke How and Haji Mohd. Sharif Bin Haji Yusof who absent once each due to their overseas commitments.

### SUMMARY OF ACTIVITIES

During the period, the Audit Committee carried out its duties as set out in the terms of reference.

Other main issues discussed by the Audit Committee are as follows:

- new accounting standards applicable to the consolidated financial statements for the financial year ended 31 March 2003;
- additional disclosure requirements in accordance with the Kuala Lumpur Stock Exchange's Revamped Listing Requirements;
- impact of the Kuala Lumpur Stock Exchange's Revamped Listing Requirements on the Company;
- proposed renewal of the general mandate for recurrent related party transactions of a Revenue/Trading Nature; and
- establishment of a Risk Management Committee.

### INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to PricewaterhouseCoopers which reports to the Audit Committee and assists the Board of Directors in monitoring and managing internal controls. The Audit Committee approved the Strategic Internal Audit Plan covering years 2003 to 2005 at the meeting held in February 2003, subject to review annually to take account of changes that may arise in the business, regulatory and operating environment and from the findings arising from the audits. The scope of the Internal Audit may cover the audits of all operations and subsidiaries.

### TERMS OF REFERENCE OF THE AUDIT COMMITTEE

#### 1. Membership

- The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Non-executive Directors.
- At least one member of the Committee must be a member of the Malaysian Institute of Accountants or similar qualification as prescribed in Part I or Part II of the First Schedule of the Accountants Act, 1967 with at least 3 years' working experience.
- No alternate Director may be appointed as a member of the Committee.
- The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-executive Director.
- In the event of any vacancy in the Committee resulting in the number of Directors falling below three (3) members, the Board of Directors must fill the vacancy within three (3) months to make up the minimum number of three (3) members.

#### 2. Authority

- The Committee is authorised by the Board to investigate any matter within its terms of reference.
- The Committee is authorised to any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- The Committee shall have unrestricted access to any information pertaining to the Group, from both the Internal and External Auditors, and have the power to carry out internal audit function or activity and is able to convene meetings with the External Auditors excluding the attendance of the executive members of the Committee whenever deemed necessary.

- The Committee is authorised to obtain external legal or other independent professional advice as necessary.

### 3. Duties and Responsibilities

The duties of Committee shall be among others:

- i. To review the following and report the same to the Board of Directors:
    - a. with the External Auditors, the audit plan;
    - b. with the External Auditors, their evaluation of the system of internal controls;
    - c. with the External Auditors, the audit report;
    - d. the assistance given by the employees of the Company to the External Auditors;
    - e. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
    - f. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
    - g. the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:
      - i. compliance with accounting standards and other legal requirements; and
      - ii. significant and unusual events.
    - 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. reports of purchase(s) / resale(s) of the Company's own shares pursuant to the shares buy-back by the Company, if any
  - j. any letter of resignation from the External Auditors of the Company;
  - k. whether there is a reason (supported by grounds) to believe that the Company's External Auditors is not suitable for re-appointment; and
  - l. the quarterly Risk Management Reports that encompass the risk exposure of the Group
- ii. To promptly report to the Exchange, of matters reported by the Audit Committee to the Board of Directors which has not been satisfactorily resolved, resulting in a breach of the KLSE's Listing Requirement.
  - iii. To recommend the nomination of a person or persons as External Auditors.

### 4. Meetings

- Meetings shall be held not less than four (4) times a year.
- A quorum shall be two (2) members, majority of whom must be Independent Non-executive Directors.
- Other Directors & employees may attend any particular Audit Committee Meeting only at the Committee's invitation, specific to the relevant meeting.
- The Company Secretary shall be the Secretary to the Committee.

### 5. Reporting Procedure

The Secretary shall circulate the minutes of the Committee's meetings to all members of the Board. The Chairman of the Committee shall report on each meeting to the Board.

### REVIEW OF THE AUDIT COMMITTEE

The Board of Directors must review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.



# FINANCIAL STATEMENT



## WE CREATE AND BRING DREAMS TO LIFE

DREAMS ARE MORE THAN TRANSIENT WHIMS; THEY ARE VITAL ENGINES FOR PROGRESS. MAN'S DREAMS AND DESIRES OFTEN PROMPT COMPANIES AND INDIVIDUALS TO SEEK AND CREATE SOLUTIONS THAT ARE THE STUFF OF DREAMS. THE HOSPITALITY DIVISION AT IREKA ACKNOWLEDGES THAT GREATER WEALTH FOSTERS EVER-BIGGER DREAMS AND AMBITIONS AND THE COMPANY THAT THRIVES TODAY IS ONE THAT IS SENSITIVE TO MAN'S MANY WISHES AND ASPIRATIONS, AND IS THEN CREATIVE IN TURNING THESE DREAMS INTO REALITY.

## DIRECTORS' REPORT

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

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of management services, civil, structural and building construction, earthworks and renting of construction plant and machinery.

The principal activities of the subsidiaries and companies within the Group are stated in Note 7 to the financial statements.

There have been no significant changes in these principal activities during the financial year under review.

### FINANCIAL RESULTS

In RM	Group	Company
Net profit from ordinary activities before taxation	10,415,626	5,052,288
Taxation	(3,247,292)	(653,000)
Net profit from ordinary activities after taxation	7,168,334	4,399,288
Minority interests	(996)	-
Net profit for the year	7,167,338	4,399,288

### DIVIDENDS

Since the end of the previous financial year, a final dividend of 10% per share, less 28% income tax amounting to RM4,955,904 in respect of the financial year ended 31 March 2002 was paid out during the financial year under review.

The Directors hereby propose a final dividend of 6.5% per share, less 28% income tax amounting to RM4,832,006 in respect of the financial year ended 31 March 2003.

### DIRECTORS OF THE COMPANY

The Directors who held office during the year since the date of the last report are:

Haji Abdullah Bin Yusof

Mr. Lai Siew Wah

Datuk Lai Jaat Kong @ Lai Foot Kong *PJN, JSM*

Mr. Chan Soo Har @ Chan Kay Chong

Mdm. Lai Man Moi

Mr. Kwok Yoke How

Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN*

Mr. Lai Voon Hon

Ms. Lai Voon Huey

Haji Mohd. Sharif Bin Haji Yusof

## DIRECTORS' REPORT

In accordance with the Articles of Association of the Company, Mr. Chan Soo Har @ Chan Kay Chong, Mdm. Lai Man Moi and Mr. Lai Voon Hon retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Datuk Haji Burhanuddin Bin Ahmad Tajudin *PJN* retires pursuant to Section 129 of the Companies Act, 1965 at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

### DIRECTORS' BENEFITS

During and at the end of the previous financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate except for the share options granted pursuant to the Employees' Share Option Scheme ("ESOS").

No Director has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

### EMPLOYEES' SHARE OPTION SCHEME

Pursuant to the ESOS which became operative on 1 November 2001, options of 6,511,000 ordinary shares of RM1 each in the Company were granted to eligible employees.

The options were exercised as follows:

Financial year ended	No. of shares	Exercise price RM
31.03.2003	171,000	1.32

The main features of the ESOS are:

- Eligible persons are confirmed employees (including Executive Directors) who have served for at least one year for Executive Directors, Management, Technical and Supervisory categories of employees and for at least two years for skilled staff categories;
- ESOS is in force for a period of five years commencing 1 November 2001;
- The price which the Eligible Employee is entitled to subscribe for each new shares in the Company shall be at a discount of not more than 10% from the weighted average market price of the Company Shares for the five (5) Market Days preceding the offer date pursuant to Bye-Law 7 of the ESOS hereof or at the par value of the Company Shares at the time the ESOS option is offered, whichever is higher; and
- The total number of ordinary shares to be issued under the ESOS shall not at any one point of time exceed ten per cent of the total issued and paid up share capital of the Company during the existence of the ESOS.

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in the ordinary shares and warrants of the Company were as follows:

#### Interest in ordinary shares of the Company:

Number of ordinary shares of RM1 each

	At 1.4.2002	Additions	Disposals	At 31.3.2003
<b>Direct –</b>				
Datuk Lai Jaat Kong @ Lai Foot Kong <i>PJN, JSM</i>	2,387,000	1,283,500	-	3,670,500
Chan Soo Har @ Chan Kay Chong	1,256,500	928,250	-	2,184,750
Lai Man Moi	1,193,500	896,750	-	2,090,250
Haji Abdullah Bin Yusof	1,000,000	500,000	-	1,500,000
Kwok Yoke How	384,002	192,001	-	576,003
Datuk Haji Burhanuddin Bin Ahmad Tajudin <i>PJN</i>	200,000	140,000	-	340,000
Lai Voon Hon	7,000	5,000	-	12,000
Lai Voon Huey	3,000	3,000	-	6,000
<b>Indirect –</b>				
Lai Siew Wah	32,667,999	16,333,999	-	49,001,998
Lai Voon Hon	32,667,999	16,333,999	-	49,001,998
Lai Voon Huey	32,667,999	16,333,999	-	49,001,998
Haji Abdullah Bin Yusof	12,265,499	5,132,749	(2,000,000)	15,398,248

## DIRECTORS' REPORT

### Interest in warrants 1996/2006:

Number of warrants

	At 1.4.2002	Additions (i)	Disposals	At 31.3.2003
<b>Direct –</b>				
Chan Soo Har @ Chan Kay Chong	341,000	41,022	-	382,022
Lai Man Moi	341,000	41,022	-	382,022
Datuk Lai Jaat Kong @ Lai Foot Kong <i>PJN, JSM</i>	682,000	82,044	-	764,044
Haji Abdullah bin Yusof	274,000	32,962	-	306,962
Kwok Yoke How	95,429	11,480	-	106,909
Datuk Haji Burhanuddin Bin Ahmad Tajudin <i>PJM</i>	36,000	4,330	-	40,330
<b>Indirect –</b>				
Lai Siew Wah	9,153,714	1,101,190	-	10,254,904
Lai Voon Hon	9,153,714	1,101,190	-	10,254,904
Lai Voon Huey	9,153,714	1,101,190	-	10,254,904
Haji Abdullah Bin Yusof	3,355,857	403,709	-	3,759,566

i. Adjustment pursuant to the rights issue in accordance with the provision of the Deed Poll dated 5 March 1996.

### RESERVES AND PROVISIONS

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

## DIRECTORS' REPORT

### ISSUE OF SHARES AND DEBENTURES

During the financial year under review, the issued and paid up share capital of the Company was increased from 68,661,000 to 103,248,000 ordinary shares at RM1.00 each by the issue of:

Number of shares	Purpose of issue	Class of issue	Term of issue
34,416,000	Rights issue	Ordinary	One new ordinary share of RM1 each for every two existing ordinary shares of RM1 each for cash.
171,000	Exercise of options under ESOS	Ordinary	At RM1.32 per share for cash.

The newly issued shares rank pari passu in all respects with the existing issued shares.

The proceeds from the Rights Issue were utilised as follows:

	RM
1. Part finance the completion of The Westin Kuala Lumpur	30,000,000
2. Working capital requirement of the Group	3,374,586
3. Incidental expenses in relation to Rights Issue	1,041,414
	<u>34,416,000</u>

The Group and the Company have not issued any debentures during the financial year.

### BAD AND DOUBTFUL DEBTS

Before the income statement and the balance sheet were made out, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances that would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

### CURRENT ASSETS

Before the income statement and the balance sheet were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

### **VALUATION METHODS**

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

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

- a. any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- b. any contingent liability of the Group and of the Company which has arisen since the end of the financial year other than those disclosed in Note 31 to the financial statements.

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

### **CHANGE OF CIRCUMSTANCES**

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 of the Group and of the Company which would render any amounts stated in the financial statements misleading.

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company for the financial year ended 31 March 2003 were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

### **SHARE BUY-BACK**

The Company did not purchase any own shares during the financial year ended 31 March 2003.

### **AMERICAN DEPOSITORY RECEIPT ("ADR")/ GLOBAL DEPOSITORY RECEIPT ("GDR")**

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 March 2003.

### **SANCTIONS AND/OR PENALTIES IMPOSED**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 31 March 2003.

## DIRECTORS' REPORT

### VARIANCES IN RESULTS

The variance between the financial results ended 31 March 2003 and the unaudited results previously announced is less than 10%.

### PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year ended 31 March 2003.

### MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiary companies which involved Directors' and major shareholders' interest, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

### EVENTS SUBSEQUENT TO BALANCE SHEET DATE

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, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### AUDITORS

The retiring auditors, Raja Salleh, Lim & Co., have indicated their willingness to be re-appointed in accordance with Section 172(2) of the Companies Act, 1965.

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



**LAI SIEW WAH**  
Director



**DATUK LAI JAAT KONG @ LAI FOOT KONG** *PJN, JSM*  
Director

Kuala Lumpur  
29 July 2003



## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, **LAI SIEW WAH** and **DATUK LAI JAAT KONG @ LAI FOOT KONG** *PJN JSM*, being two of the Directors of **IREKA CORPORATION BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements as set out on pages 41 to 80 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2003 and of the results of their operations, changes in equity and of the cash flows of the Group and of the Company for the year ended on that date.

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



**LAI SIEW WAH**  
Director



**DATUK LAI JAAT KONG @ LAI FOOT KONG** *PJN, JSM*  
Director

Kuala Lumpur  
29 July 2003

## STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, **LAI VOON HUEY**, being the Director primarily responsible for the accounting records and financial management of **IREKA CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements as set out on pages 41 to 80 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
**LAI VOON HUEY**  
NRIC No. 660508-10-6572  
at **Petaling Jaya**  
in the state of **Selangor Darul Ehsan**  
on 29 July 2003



**LAI VOON HUEY**

Before me,



Commissioner for Oaths

## AUDITORS' REPORT TO THE MEMBERS OF IREKA CORPORATION BERHAD

We have audited the financial statements of the Group and of the Company as set out on pages 41 to 80 of **IREKA CORPORATION BERHAD**.

The financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluation of the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- a. the financial statements which have been prepared under the historical cost convention are properly drawn up 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 of the Group and of the Company; and
  - ii. the state of affairs of the Group and of the Company as at 31 March 2003 and of the results of the operations and of the cash flows of the Group and of the Company for the year ended on that date;

and

- b. the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, as indicated in Note 7 to the financial statements, being financial statements that are included in the consolidated financial statements.

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 purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.



**RAJA SALLEH, LIM & CO.,**  
AF-0071  
Chartered Accountants



**RAJA MOHAMAD SALLEH BIN RAJA ABDUL RAHMAN**  
244/04/05(J/PH)  
Partner

Petaling Jaya  
29 July 2003

# BALANCE SHEETS

AS AT 31 MARCH 2003

In RM	Note	Group		Company	
		2003	2002	2003	2002
<b>Non-current Assets</b>					
Property, plant and equipment	6	<b>31,844,747</b>	25,321,932	<b>17,013,621</b>	11,964,765
Investment in subsidiary companies	7	-	-	<b>50,086,981</b>	49,488,579
Investment in jointly controlled entities	8	<b>549,371</b>	706,262	<b>70,000</b>	70,001
Other investments	9	<b>5,868,885</b>	1,868,885	<b>4,601,900</b>	601,900
Land and development expenditure	10	<b>168,072,417</b>	106,427,539	-	-
Goodwill on consolidation	11	<b>16,863,990</b>	17,797,200	-	-
		<b>223,199,410</b>	152,121,818	<b>71,772,502</b>	62,125,245
<b>Current Assets</b>					
Development properties	12	<b>279,482,225</b>	187,414,263	-	-
Inventories	13	<b>7,498,862</b>	4,795,899	<b>239,240</b>	462,315
Trade and other receivables	14	<b>99,440,720</b>	92,321,534	<b>273,345,168</b>	212,350,484
Amounts due from customers on contracts	15	<b>57,733,818</b>	43,601,050	<b>28,135,711</b>	28,119,504
Amounts due from jointly controlled entities	16	<b>11,086,464</b>	9,338,275	<b>11,019,973</b>	8,828,089
Amounts due from subsidiary companies	17	-	-	<b>92,374,517</b>	80,354,804
Deposits, cash and bank balances	18	<b>10,533,333</b>	6,854,284	<b>1,262,981</b>	784,712
		<b>465,775,422</b>	344,325,305	<b>406,377,590</b>	330,899,908
Less:					
<b>Current Liabilities</b>					
Trade and other payables	19	<b>113,504,389</b>	98,716,518	<b>6,226,059</b>	18,881,429
Amounts due to subsidiary companies	17	-	-	<b>129,780,929</b>	137,286,345
Borrowings	20	<b>150,663,988</b>	143,735,842	<b>13,970,357</b>	13,727,818
Bank overdrafts	18	<b>17,492,031</b>	14,459,702	<b>2,638,484</b>	3,995,705
Taxation		<b>6,448,411</b>	4,874,291	-	-
		<b>288,108,819</b>	261,786,353	<b>152,615,829</b>	173,891,297
<b>Net Current Assets</b>		<b>177,666,603</b>	82,538,952	<b>253,761,761</b>	157,008,611
		<b>400,866,013</b>	234,660,770	<b>325,534,263</b>	219,133,856
<b>Financed By:</b>					
Share capital	21	<b>103,248,000</b>	68,661,000	<b>103,248,000</b>	68,661,000
Reserves	22	<b>44,559,535</b>	42,880,293	<b>33,626,999</b>	34,715,807
<b>Shareholders' Equity</b>		<b>147,807,535</b>	111,541,293	<b>136,874,999</b>	103,376,807
<b>Minority Interests</b>		<b>1,900,996</b>	1,500,000	-	-
<b>Long Term and Deferred Liabilities</b>					
Other payables	19	<b>13,200,000</b>	-	-	-
Borrowings	20	<b>235,703,482</b>	119,502,477	<b>188,256,264</b>	115,507,049
Deferred taxation	23	<b>2,254,000</b>	2,117,000	<b>403,000</b>	250,000
		<b>400,866,013</b>	234,660,770	<b>325,534,263</b>	219,133,856

The notes on pages 49 to 80 form an integral part of these financial statements.

# INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

In RM	Note	Group		Company	
		2003	2002	2003	2002
<b>Revenue</b>	24	<b>314,658,690</b>	217,480,870	<b>69,501,971</b>	78,054,526
Cost of sales	25	<b>(270,059,102)</b>	(182,558,538)	<b>(58,940,125)</b>	(61,271,178)
<b>Gross profit</b>		<b>44,599,588</b>	34,922,332	<b>10,561,846</b>	16,783,348
Other operating income		<b>2,387,180</b>	808,975	<b>5,476,225</b>	6,032,666
Administration expenses		<b>(13,972,107)</b>	(9,972,557)	<b>(2,934,077)</b>	(2,381,498)
Other operating expenses		<b>(6,237,555)</b>	(12,108,596)	<b>(2,545,760)</b>	(9,519,947)
<b>Profit from operations</b>		<b>26,777,106</b>	13,650,154	<b>10,558,234</b>	10,914,569
Finance cost		<b>(16,204,590)</b>	(9,946,865)	<b>(5,505,946)</b>	(3,096,868)
(Loss)/Profit from jointly controlled entities	8	<b>(156,890)</b>	566,261	-	-
<b>Net profit from ordinary activities before taxation</b>	26	<b>10,415,626</b>	4,269,550	<b>5,052,288</b>	7,817,701
Taxation	27	<b>(3,247,292)</b>	(2,458,399)	<b>(653,000)</b>	(1,060,000)
<b>Net profit from ordinary activities after taxation</b>		<b>7,168,334</b>	1,811,151	<b>4,399,288</b>	6,757,701
Minority interests		<b>(996)</b>	-	-	-
<b>Net profit for the year</b>		<b>7,167,338</b>	1,811,151	<b>4,399,288</b>	6,757,701
Dividends per share (sen)					
– Gross	28	<b>6.50</b>	10.00		
Earnings per share (sen)					
– Basic	29	<b>9.09</b>	2.64		

The notes on pages 49 to 80 form an integral part of these financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2003

In RM	Note	Share capital	Share premium	Retained profits	Total
<b>Balance as at 1.4.2001</b>		68,658,000	21,005,257	20,062,740	109,725,997
Net profit for the year				1,811,151	1,811,151
Issue of shares arising from					
– Exercise of options under ESOS		3,000	1,145	-	4,145
<b>Balance as at 31.3.2002</b>		68,661,000	21,006,402	21,873,891	111,541,293
Net profit for the year		-	-	7,167,338	7,167,338
Expenses for rights issue and ESOS		-	(586,966)	-	(586,966)
Issue of shares arising from					
– Exercise of options under ESOS		171,000	54,774	-	225,774
– Rights issue		34,416,000	-	-	34,416,000
Dividends		-	-	(4,955,904)	(4,955,904)
<b>Balance as at 31.3.2003</b>		<b>103,248,000</b>	<b>20,474,210</b>	<b>24,085,325</b>	<b>147,807,535</b>

The notes on pages 49 to 80 form an integral part of these financial statements.

# COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2003

In RM	Note	Share capital	Share premium	Retained profits	Total
<b>Balance as at 1.4.2001</b>		68,658,000	21,005,257	6,951,704	96,614,961
Net profit for the year		-	-	6,757,701	6,757,701
Issue of shares arising from					
– Exercise of options under ESOS		3,000	1,145	-	4,145
<b>Balance as at 31.3.2002</b>		68,661,000	21,006,402	13,709,405	103,376,807
Net profit for the year		-	-	4,399,288	4,399,288
Expenses for rights issue and ESOS		-	(586,966)	-	(586,966)
Issue of shares arising from					
– Exercise of options under ESOS		171,000	54,774	-	225,774
– Rights issue		34,416,000	-	-	34,416,000
Dividends		-	-	(4,955,904)	(4,955,904)
<b>Balance as at 31.3.2003</b>		<b>103,248,000</b>	<b>20,474,210</b>	<b>13,152,789</b>	<b>136,874,999</b>

The notes on pages 49 to 80 form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

In RM	2003	2002
<b>Cash flow from operating activities</b>		
Net profit from ordinary activities before taxation	<b>10,415,626</b>	4,269,550
Adjustments for:		
Allowance for diminution in value of subsidiary	<b>1,598</b>	-
Allowance for diminution in value of jointly controlled entities	-	6,250,992
Allowance for doubtful debts	-	692,171
Amortisation of goodwill	<b>933,210</b>	936,889
Interest expenses	<b>16,204,590</b>	9,946,865
Interest income	<b>(47,753)</b>	(33,511)
Investment in jointly controlled entity written off	<b>1</b>	-
Loss/(Profit) from jointly controlled entities	<b>156,890</b>	(566,261)
Property, plant and equipment		
– Depreciation	<b>3,240,988</b>	3,211,375
– Gain on disposals	<b>(52,347)</b>	(40,354)
– Loss on disposals	<b>9,335</b>	-
Operating profit before working capital changes	<b>30,862,138</b>	24,667,716
Development properties	<b>(21,141,207)</b>	-
Inventories	<b>(2,702,963)</b>	(488,661)
Receivables	<b>(6,289,168)</b>	(17,993,885)
Amounts due from customers on contracts	<b>(14,132,768)</b>	(15,610,863)
Amounts due from jointly controlled entities	<b>(1,748,189)</b>	5,045,643
Payables	<b>27,987,871</b>	31,814,881
Net cash flow from operating activities	<b>12,835,714</b>	27,434,831
Income tax paid	<b>(2,367,790)</b>	(2,548,364)
<b>Net cash flow generated from operating activities</b>	<b>10,467,924</b>	24,886,467
<b>Cash flow from investing activities</b>		
Hotel development	<b>(64,933,193)</b>	(61,226,443)
Interest income	<b>47,753</b>	33,511
Investment in jointly controlled entities	-	(70,000)
Property, plant and equipment		
– Additions	<b>(9,965,699)</b>	(3,331,493)
– Disposals	<b>244,908</b>	225,680
Acquisition of land	-	(5,545,639)
Acquisition of other investments	<b>(4,000,000)</b>	-
Land and development expenditure	<b>(59,602,468)</b>	(11,531,331)
<b>Net cash flow used in investing activities</b>	<b>(138,208,699)</b>	(81,445,715)

The notes on pages 49 to 80 form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

In RM	Note	2003	2002
<b>Cash flow from financing activities</b>			
Borrowing costs capitalised		<b>(8,035,970)</b>	(5,971,612)
Dividends paid to shareholders		<b>(4,955,904)</b>	(5,149,350)
Expenses for proposed rights issue and ESOS		<b>(586,966)</b>	-
Hire purchase principal repayments		<b>(983,509)</b>	(1,122,636)
Interest paid		<b>(16,204,590)</b>	(9,946,865)
Lease principal repayments		-	(41,892)
Drawdown of bank borrowings		<b>437,957,781</b>	175,773,074
Proceeds from exercise of options under ESOS		<b>225,774</b>	4,145
Proceeds from rights issue		<b>34,416,000</b>	-
Repayments of bank borrowings		<b>(313,845,121)</b>	(94,534,378)
Proceeds from minority interest in respect of investment in subsidiary		<b>400,000</b>	-
<b>Net cash flow generated from financing activities</b>		<b>128,387,495</b>	59,010,486
<b>Net increase in cash and cash equivalents</b>		<b>646,720</b>	2,451,238
Cash and cash equivalents			
- at start of year		<b>(7,605,418)</b>	(10,056,656)
- at end of year	18	<b>(6,958,698)</b>	(7,605,418)

The notes on pages 49 to 80 form an integral part of these financial statements.



# COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

In RM	2003	2002
<b>Cash flow from operating activities</b>		
Net profit from ordinary activities before taxation	<b>5,052,288</b>	7,817,701
Adjustments for:		
Allowance for diminution in value of jointly controlled entities	-	6,250,992
Allowance for diminution in value of subsidiary company	<b>1,598</b>	-
Allowance for doubtful debts	-	692,171
Dividends received from a subsidiary company	<b>(4,271,407)</b>	(5,950,000)
Interest expenses	<b>5,505,946</b>	3,096,868
Investment in jointly entity written off	<b>1</b>	-
Property, plant and equipment		
– Depreciation	<b>438,011</b>	403,427
– Gain on disposals	-	(12,600)
– Loss on disposals	<b>7,833</b>	-
Operating profit before working capital changes	<b>6,734,270</b>	12,298,559
Inventories	<b>223,075</b>	(133,477)
Receivables	<b>4,770,127</b>	(5,144,471)
Amounts due from customers on contracts	<b>(16,207)</b>	(6,651,105)
Amounts due from jointly controlled entities	<b>(2,191,884)</b>	5,555,829
Amounts due from subsidiary companies	<b>(12,019,713)</b>	8,450,117
Payables	<b>(12,655,370)</b>	8,318,160
Amounts due to subsidiary companies	<b>(7,505,416)</b>	53,307,526
Net cash flow from operating activities	<b>(22,661,118)</b>	76,001,138
Income tax paid	<b>(1,331,618)</b>	(2,548,272)
<b>Net cash flow (used in)/generated from operating activities</b>	<b>(23,992,736)</b>	73,452,866
<b>Cash flow from investing activities</b>		
Investment in subsidiary companies	<b>(600,000)</b>	(39,988,579)
Development expenditure on Turnkey Project	<b>(64,933,193)</b>	(61,226,443)
Other investment	<b>(4,000,000)</b>	-
Dividend received from a subsidiary company	<b>4,271,407</b>	5,950,000
Property, plant and equipment		
– Additions	<b>(5,522,338)</b>	(1,030,994)
– Disposals	<b>27,638</b>	30,000
<b>Net cash flow used in investing activities</b>	<b>(70,756,486)</b>	(96,266,016)

The notes on pages 49 to 80 form an integral part of these financial statements.

# COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

In RM	Note	2003	2002
<b>Cash flow from financing activities</b>			
Dividends paid to shareholders		<b>(4,955,904)</b>	(5,149,350)
Expenses for proposed rights issue and ESOS		<b>(586,966)</b>	-
Hire purchase principal repayments		<b>(90,418)</b>	(333,460)
Interest paid		<b>(5,505,946)</b>	(3,096,868)
Proceeds from bank borrowings		<b>76,493,282</b>	45,981,599
Proceeds from exercise of options under ESOS		<b>225,774</b>	4,145
Proceeds from rights issue		<b>34,416,000</b>	
Repayments of bank borrowings		<b>(3,411,110)</b>	(16,478,454)
<b>Net cash flow generated from financing activities</b>		<b>96,584,712</b>	20,927,612
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,835,490</b>	(1,885,538)
Cash and cash equivalents			
– at start of year		<b>(3,210,993)</b>	(1,325,455)
– at end of year	18	<b>(1,375,503)</b>	(3,210,993)

The notes on pages 49 to 80 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year under review are investment holding, provision of management services, civil, structural and building construction, earthworks and renting of construction plant and machinery.

The principal activities of the subsidiaries are described in Note 7 to the financial statements.

## 2. DATE OF AUTHORISATION OF ISSUE

The financial statements were authorised for issue by the Board of the Directors on 29 July 2003.

## 3. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The main areas of financial risks faced by the Group are foreign currency exchange risk, interest rate risk, credit risk, market risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group enhances shareholders' value. The Group establishes and operates within financial risk management policies approved by the Board of Directors to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing these risks. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

### a. Foreign currency risk

The Group is exposed to foreign currency risk as a result of the foreign currency transactions entered into by subsidiaries arisen from their normal trading activities in currencies other than the local currency, Ringgit Malaysia (RM). The Group's policy is to minimise the exposure on foreign currency by matching foreign currency receivables against foreign currency payables.

### b. Interest rate risk

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

### c. Credit risk

Credit risk is controlled by ensuring that sales of services and products are made to customers with an appropriate credit history and the application of credit limits and monitoring procedures. The Group also seeks to invest cash assets prudently and profitably.

### d. Market risk

The Group faces exposure to the risk from changes in debt and equity prices. However, the management regularly reviews these risks and takes proactive measures to mitigate the potential impact of such risks. For key product purchases, the Group establishes floating and fixed price levels that the Group considers appropriate.

### e. Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of fund so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 4. SEGMENTAL REPORTING

The Group is organised into five main business segments:

- Construction
- Property development
- Trading and services
- Hospitality and leisure
- Investment holding

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segments assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length transactions. These transfers are eliminated on consolidation.

## 5. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of preparation

The financial statements of the Group and the Company as set out on pages 41 to 48 have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

### b. Group accounting

#### i. Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to 31 March 2003 and have been prepared in accordance with the Group's accounting policies. Subsidiary companies are those companies in which the Group has the power to exercise control over the financial and operating policies so as to attain benefit from their activities.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed off during the year are included in the consolidated financial statements from the date of acquisition up to the date of their disposal. The difference between the acquisition cost and the fair value of the Group's share of the subsidiary companies' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

All inter-company transactions, balances and unrealised gains on transactions between the group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiary companies to ensure consistency of accounting policies with those of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### b. Group accounting (cont'd)

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interests.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences.

#### ii. Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties. The interests in joint venture entities are accounted for in the Group's consolidated financial statements by the equity method of accounting.

The share of results of the joint ventures is included in the financial statements from the date of formation of the joint ventures to the date of completion of the projects. Joint venture earnings on the contract-in-progress are recognised on the percentage of completion method determined through the matching of progress billings receivable (including retentions) certified based on work performed to the costs incurred where the outcome of the contract can be reliably estimated. Costs include material, labour and overheads.

The share of the jointly controlled assets are included in the financial statements, classified according to nature of the assets; any liabilities which they have incurred; their share of any liabilities incurred jointly with the other venturers in relation to the joint venture; any income from sale or use of their share of the output of the joint venture together with their share of any expenses incurred by the joint venture; any expenses which they have incurred in respect of their interest in the joint venture.

Any estimated losses on the contract are recognised in advance of completion to the extent determinable.

### c. 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 has infinite life. Other property, plant and equipment are depreciated on a reducing balance basis to write off the cost of each asset over its estimated useful life. The principal annual rates of depreciation used are as follows:

	%
Buildings	2
Plant and machinery	20
Motor vehicles	20
Office equipment	10 – 25
Furniture and fittings	10
Computers	25

Additions of property, plant and equipment during the year are depreciated proportionately to the months in use.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### c. Property, plant and equipment (cont'd)

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

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

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

The Group has not adopted a policy of revaluation on its landed properties as at the end of the financial year 31 March 2003.

### d. Investments

Investments in subsidiary companies and jointly controlled entities are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investment in other non-current investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

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

### e. Land and development expenditure

Land and development expenditure are stated at the lower of cost and net realisable value and comprise cost of land, interest capitalised, direct and incidental expenditure relating to development and construction of an international class business hotel, hotel suites and commercial cum residential development projects.

### f. Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiary companies and jointly controlled entities over the fair value of the Group's share of their identifiable net assets at the date of acquisition.

Goodwill is amortised using the straight line method over its estimated useful life of 20 years.

The carrying amount of goodwill is reviewed annually and written down for impairment where it is considered necessary.

### g. Development properties

Development properties are those assets on which significant work has been undertaken and are expected to be completed within the normal operating cycle. Development properties are stated at cost which consists of construction cost and development expenditures.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### **h. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

Inventories comprise construction materials.

### **i. Trade and other receivables**

Trade and other receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of outstanding amounts at the year end. Bad debts are written off when identified.

### **j. Cash and cash equivalents**

Cash and cash equivalent comprise cash in hand and at bank, deposits held at call with banks, bank overdraft and short term investments which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

### **k. Impairment of assets**

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement for items of property, plant and equipment and intangible assets carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Reversal of an impairment loss recognised in prior years is recorded when there is an indication that the impairment loss recognised for an asset no longer exists or has decreased. The reversal is recorded in the income statement or as a revaluation increase.

### **l. Hire purchase**

Where assets are financed by hire purchase agreements that give rights approximating to the ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the present value of the total rental payable during the periods of hire purchase and the corresponding hire purchase commitments are included under liabilities. The excess of the hire purchase payments over the recorded hire purchase obligation is treated as finance charges, which allocated over each hire purchase terms to give a constant rate of interest on the outstanding balance at the end of each period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### m. Finance lease

Lease of property, plant and equipment where the Group assumes substantially all the benefits and risks incidental to the ownership of the asset but not the legal ownership, are classified as finance leases.

Finance leases are capitalised at the date of 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 finance balance outstanding. The corresponding rental obligations, net of finance charges are included in non-trade payables. The interest element of the finance charge is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance lease contracts are capitalised and depreciated over the estimated useful life of the assets in accordance with Note 5(c).

### n. Taxation

#### i. Current taxation

The taxation charge in the income statement is calculated at the current tax rate based on the estimated taxable income for the year.

#### ii. Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain financial assets and liabilities and tax losses carried forward and, in relation to acquisitions, on the difference between the fair value of the net assets acquired and their tax base. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax benefits are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### o. Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### p. Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained profits in the year in which they are declared.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### q. Revenue recognition

#### i. Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively.

The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a given period of the contract; the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent contract costs incurred that is probably recoverable; contract costs are recognised as expenses when incurred.

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

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

Revenue from turnkey contract is derived based on "cost plus 15%".

#### ii. Goods sold and services rendered

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Sales of services are recognised upon rendering of services to customers.

Commission on sales of goods is recognised upon delivery of products and customer acceptance on sale on the internet.

Assessment income is recognised upon delivery of assessment report.

#### iii. Other income

Rental income is recognised on accrual basis.

Interest income is recognised on accrual basis unless collectibility is in doubt in which case the recognition of such is suspended.

Dividend income from investment in subsidiary companies is accounted for in the Company's income statement as and when declared.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### r. Foreign currency transaction and balances

Income statements of foreign entities are translated into Ringgit Malaysia at an average exchange rate for the year and the balance sheets are translated at exchange rates ruling at the balance sheet date. The assets and liabilities of the foreign entity, including goodwill and fair value adjustments arising on the acquisitions, are translated to Ringgit Malaysia at the exchange rates at the transaction dates. Exchange differences arising from the retranslation of the investment in foreign entities are taken to the foreign exchange translation reserve. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from translation of foreign currency assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts and the financial statement of foreign entity are as follows:

Foreign currencies

In RM	31.3.2003	31.3.2002
1 US Dollar	3.8000	3.8000
1 Australian Dollar	2.4830	1.9900

### s. Financial instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instruments classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### t. Fair value estimation for disclosure purposes

The fair values of the financial assets and liabilities maturing within 12 months are assumed to approximate their carrying values as at the balance sheet date.

The fair value of quoted investments is based on quoted market prices at the balance sheet date. For investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs. Therefore, such investments are valued at cost subject to review for impairment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 6. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold		Plant	Motor	Office	Furniture		
In RM	land	Buildings	and	vehicles	equipment	and	Computers	Total
			machinery			fittings		
Net book value								
as at 1.4.2002	9,247,358	332,240	7,889,667	3,907,518	2,835,219	887,097	222,833	25,321,932
Additions	304,770	5,071,681	2,604,550	954,719	566,525	232,941	230,513	9,965,699
Disposals	-	-	(73,331)	(108,920)	(8,751)	(10,894)	-	(201,896)
Depreciation charge	-	(6,722)	(1,741,472)	(886,994)	(427,936)	(103,108)	(74,756)	(3,240,988)
Net book value								
as at 31.3.2003	9,552,128	5,397,199	8,679,414	3,866,323	2,965,057	1,006,036	378,590	31,844,747
<b>As at 31.3.2003</b>								
Cost	9,552,128	5,503,606	20,672,021	9,703,057	5,409,836	1,733,349	561,659	53,135,656
Accumulated depreciation	-	(106,407)	(11,992,607)	(5,836,734)	(2,444,779)	(727,313)	(183,069)	(21,290,909)
Net book value	9,552,128	5,397,199	8,679,414	3,866,323	2,965,057	1,006,036	378,590	31,844,747
<b>As at 31.3.2002</b>								
Cost	9,247,358	431,925	18,302,244	8,894,348	4,853,688	1,511,302	331,146	43,572,011
Accumulated depreciation	-	(99,685)	(10,412,577)	(4,986,830)	(2,018,469)	(624,205)	(108,313)	(18,250,079)
Net book value	9,247,358	332,240	7,889,667	3,907,518	2,835,219	887,097	222,833	25,321,932

Freehold land costing RM9,522,128 (31.3.2002 – RM9,247,358) inclusive of borrowing costs capitalised has been charged to financial institution for facility granted to the Company up to RM3.2 million (31.3.2002 – RM3.9 million). The borrowing costs capitalised on freehold land during the financial year is RM304,770 (31.3.2002 – RM383,937) and the accumulated borrowing costs capitalised as at 31 March 2003 is RM2,024,695 (31.3.2002 – RM1,719,925).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land	Buildings	Plant and machinery	Motor vehicles	Office equipment	Furniture and fittings	Total
Net book value as at 1.4.2002	9,247,358	332,240	14,198	1,386,888	771,626	212,455	11,964,765
Additions	304,770	5,071,681	-	102,746	38,570	4,571	5,522,338
Disposals	-	-	(14,198)	-	(21,273)	-	(35,471)
Depreciation charge	-	(6,722)	-	(297,927)	(111,799)	(21,563)	(438,011)
Net book value as at 31.3.2003	9,552,128	5,397,199	-	1,191,707	677,124	195,463	17,013,621
<b>As at 31.3.2003</b>							
Cost	9,552,128	5,503,606	-	3,917,165	1,743,700	557,315	21,273,914
Accumulated depreciation	-	(106,407)	-	(2,725,458)	(1,066,576)	(361,852)	(4,260,293)
Net book value	9,552,128	5,397,199	-	1,191,707	677,124	195,463	17,013,621
<b>As at 31.3.2002</b>							
Cost	9,247,358	431,925	58,000	3,814,419	1,727,940	552,744	15,832,386
Accumulated depreciation	-	(99,685)	(43,802)	(2,427,531)	(956,314)	(340,289)	(3,867,621)
Net book value	9,247,358	332,240	14,198	1,386,888	771,626	212,455	11,964,765

Freehold land costing RM9,552,128 (31.3.2002 – RM9,247,358) inclusive of borrowing costs capitalised has been charged to financial institution for facility granted to the Company up to RM3.2 million (31.3.2002 – RM3.9 million). The borrowing costs capitalised on freehold land during the financial year is RM304,770 (31.3.2002 – RM383,937) and the accumulated borrowing costs capitalised as at 31 March 2003 is RM2,024,695 (31.3.2002 – RM1,719,925).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Details of assets under:				
Hire purchase –				
Plant and machinery –				
Additions during the year, at cost	<b>1,300,000</b>	-	-	-
Net book value at year end	<b>1,235,000</b>	-	-	-
Motor vehicles –				
Additions during the year, at cost	<b>913,719</b>	1,493,872	<b>102,746</b>	531,741
Net book value at year end	<b>2,231,362</b>	1,651,937	<b>679,385</b>	746,486
Office equipment and computers –				
Additions during the year, at cost	<b>92,230</b>	-	-	-
Net book value at year end	<b>76,858</b>	-	-	-
Finance lease –				
Plant and machinery –				
Additions during the year, at cost	<b>560,000</b>	-	-	-
Net book value at year end	<b>466,667</b>	-	-	-
Motor vehicles –				
Additions during the year, at cost	<b>31,000</b>	122,260	-	-
Net book value at year end	<b>25,833</b>	256,989	-	-

## 7. INVESTMENT IN SUBSIDIARY COMPANIES

In RM	Company	
	31.3.2003	31.3.2002
Unquoted shares at cost	<b>50,088,579</b>	49,488,579
Less: Allowance for diminution in value	<b>(1,598)</b>	-
	<b>50,086,981</b>	49,488,579

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The particulars of the subsidiaries and companies within the Group are as follows:

	Country of incorporation	Principal activities	Holding in equity	
			2003	2002
<b>Subsidiary companies –</b>			%	%
Ireka Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100
Ireka iCapital Sdn Bhd (i)	Malaysia	Investment holding	<b>100</b>	100
Ireka Corporation (HK) Ltd (i)	Hong Kong	Structural and building construction	<b>100</b>	100
Ireka-Charng Sheng Development Sdn Bhd (j)	Malaysia	Property development	<b>60</b>	-
<b>Subsidiary companies of Ireka Sdn Bhd –</b>				
Ireka Engineering & Construction Sdn Bhd	Malaysia	Civil, structural and building construction, earthworks and renting of construction plant and machinery	<b>100</b>	100
Regalmont Sdn Bhd	Malaysia	Property development	<b>100</b>	100
Regalmont (Sabah) Sdn Bhd	Malaysia	Property development	<b>100</b>	100
i-Residence Sdn Bhd	Malaysia	Dormant	<b>100</b>	100
Regal Variety Sdn Bhd	Malaysia	Property development	<b>100</b>	100
Ireka Hotels Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100
Iswaja Enterprise Sdn Bhd	Malaysia	Investment holding	<b>92(ii)</b>	92(ii)
i-Zen Hospitality Sdn Bhd	Malaysia	Property management	<b>100</b>	-
Awarni Sdn Bhd (i) – Subsidiary company of Ireka Hotels Sdn Bhd	Malaysia	Dormant	<b>67</b>	67
– Associated company of Iswaja Enterprise Sdn Bhd			<b>33</b>	33

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Country of incorporation	Principal activities	Holding in equity	
			2003	2002
<b>Subsidiary companies of Ireka iCapital Sdn Bhd</b>				
e-Auction Sdn Bhd (i)	Malaysia	Online international auction trade and trading of industrial and construction equipment	<b>60</b>	60
Ireka Venture Capital Ltd (i)	British Virgin Islands	Investment holding and provision of venture capital fund to internet, e-commerce and related technology based companies	<b>100</b>	100
asiaegolf Tours Sdn Bhd (i) (Formerly known as asiaegolf Sdn Bhd)	Malaysia	Providing golf related services that includes golf booking and registration, transportation, meal and rental of golf equipment	<b>100</b>	100
i-Tech Network Solutions Sdn Bhd (i)	Malaysia	IT solutions provider	<b>100</b>	-

i. The financial statements of these companies are not audited by Raja Salleh, Lim & Co.

ii. Represents 100% voting rights.

## 8. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Capital contribution	<b>13,917,500</b>	13,917,500	<b>13,847,500</b>	13,847,500
Less: Allowance for diminution in value	<b>(13,777,500)</b>	(13,777,499)	<b>(13,777,500)</b>	(13,777,499)
	<b>140,000</b>	140,001	<b>70,000</b>	70,001
Share of reserves	<b>409,371</b>	566,261	-	-
	<b>549,371</b>	706,262	<b>70,000</b>	70,001

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 8. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (CONT'D)

The Group's share of assets, liabilities, revenue and expenses of the jointly controlled entities:

In RM	Group	
	31.3.2003	31.3.2002
Property, plant and equipment	<b>47,200</b>	47,200
Current assets	<b>8,230,156</b>	7,894,232
Current liabilities	<b>(4,161,761)</b>	(7,235,170)
	<b>4,115,595</b>	706,262
Revenue	<b>4,580,590</b>	3,768,055
(Loss)/Profit from ordinary activities	<b>(156,890)</b>	566,261
Taxation	-	-
Share of net (loss)/profit for the year	<b>(156,890)</b>	566,261

The particulars of the jointly controlled entities are as follows:

In RM	Principal activities	Group		Company	
		31.3.2003 Ratio (%)	31.3.2002 Ratio (%)	31.3.2003 Ratio (%)	31.3.2002 Ratio (%)
<b>Jointly controlled entities</b>					
a. Ireka-Uspa Joint Venture (i) (iii)	Construction of passage including pipe-jacking, bridge and culvert in Gombak	<b>70</b>	70	<b>70</b>	70
b. Ireka-Negeri Roadstone – Daewoo Joint Venture (i) (ii) (iii)	Construction of Kuala Lumpur International Airport runway I, taxiways and drainage	-	55	-	55
c. Ireka-Sara Timur Joint Venture (ii) (iv) (v)	Construction of a sewerage treatment plant at Kincimount Lagoon, Luyang, Kota Kinabalu	<b>70</b>	70	-	-

- i. There are no contingencies and commitments relating to the Group's interest in the jointly controlled entities.
- ii. The financial statements of these jointly controlled entities are not audited by Raja Salleh, Lim & Co.
- iii. The financial year end is 31 December 2002.
- iv. The financial year end is 31 March 2003.
- v. The Company has granted a corporate guarantee of RM210,000 (31.3.2002 – RM210,000) to a supplier for materials supplied to a jointly controlled entity.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 9. OTHER INVESTMENTS

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
At cost –				
Transferable corporate memberships in recreational clubs	<b>601,900</b>	601,900	<b>601,900</b>	601,900
Shares in an unquoted corporations	<b>1,266,985</b>	1,266,985	-	-
Subordinated bond 2002/2007	<b>4,000,000</b>	-	<b>4,000,000</b>	-
	<b>5,868,885</b>	1,868,885	<b>4,601,900</b>	601,900

## 10. LAND AND DEVELOPMENT EXPENDITURE

Consists of the following:

In RM	At	Additions	Reclassification	At
	1.4.2002			31.3.2003
Freehold land –				
At cost	42,012,681	46,883,122	(3,701,606)	<b>85,194,197</b>
Borrowing cost capitalised	15,676,069	600,810	(2,382,590)	<b>13,894,289</b>
Other direct and incidental costs	3,205,672	641,863	(439,193)	<b>3,408,342</b>
	60,894,422	48,125,795	(6,523,389)	<b>102,496,828</b>
Development and construction –				
Borrowing cost capitalised	25,264,593	5,513,601	(2,636,556)	<b>28,141,638</b>
Other direct and incidental costs	20,268,524	26,436,477	(9,271,050)	<b>37,433,951</b>
	45,533,117	31,950,078	(11,907,606)	<b>65,575,589</b>
	106,427,539	80,075,873	(18,430,995)	<b>168,072,417</b>

Landed properties costing RM167,061,555 (31.3.2002 – RM89,867,074) have been charged to financial institutions for facilities granted to the Group up to RM172.6 million (31.3.2002 – RM170.8 million).

The borrowing costs capitalised during the financial year is RM6,114,411 (31.3.2002 – RM5,971,612).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 11. GOODWILL ON CONSOLIDATION

In RM	Group	
	31.3.2003	31.3.2002
At beginning of year	<b>17,797,200</b>	19,724,089
Reserve on consolidation	-	(990,000)
	<b>17,797,200</b>	18,734,089
Amortisation charge for the year	<b>(933,210)</b>	(936,889)
At end of year	<b>16,863,990</b>	17,797,200
As at 31 March 2003 –		
Cost	<b>19,727,767</b>	19,727,767
Accumulated amortisation	<b>(2,863,777)</b>	(1,930,567)
Net book value	<b>16,863,990</b>	17,797,200

## 12. DEVELOPMENT PROPERTIES

In RM	Group	
	31.3.2003	31.3.2002
Freehold land – at cost	<b>3,786,851</b>	-
Development and construction –		
Borrowing costs capitalised	<b>5,993,561</b>	-
Direct and incidental costs (i)	<b>284,097,658</b>	187,414,263
	<b>290,091,219</b>	187,414,263
Less: Cost recognised as an expense in Income Statement for current year	<b>293,878,070</b>	187,414,263
	<b>(14,395,845)</b>	-
	<b>279,482,225</b>	187,414,263

- i. Inclusive of a development property amounted to RM252,347,456 (31.3.2002 – RM187,414,263) in respect of an international class business hotel, hotel suites and commercial complex which has been charged to financial institutions for facilities granted to the Group up to RM197 million (31.3.2002 – RM137 million).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 13. INVENTORIES

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
At cost –				
Construction materials	<b>7,494,940</b>	4,795,899	<b>239,240</b>	462,315
Finished goods	<b>3,922</b>	-	-	-
	<b>7,498,862</b>	4,795,899	<b>239,240</b>	462,315

## 14. TRADE AND OTHER RECEIVABLES

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Trade receivables (i)	<b>90,645,124</b>	80,249,893	<b>16,269,565</b>	16,496,176
Turnkey Project (ii)	-	-	<b>252,347,456</b>	187,414,263
Other receivables (iii)	<b>3,177,511</b>	6,438,692	<b>1,186,848</b>	6,652,490
Deposits	<b>1,029,067</b>	2,864,683	<b>129,871</b>	137,171
Prepayments (iv)	<b>4,589,018</b>	2,768,266	<b>3,411,428</b>	1,650,384
	<b>99,440,720</b>	92,321,534	<b>273,345,168</b>	212,350,484

- i. The Group and the Company's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.
- ii. Represents amount due from certain subsidiary companies arising from a Turnkey Project to develop an international class business hotel, hotel suites and commercial complex.
- iii. Inclusive of loan to a related corporation amounted to RM570,480 (31.3.2002 – RM570,480) by a subsidiary company which is unsecured, has no fixed term of repayment and bear interest at 8% per annum.
- iv. Inclusive of tax paid in advance by the Company amounted to RM2,429,956 (31.3.2002 – RM1,598,338).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

### 15. AMOUNTS DUE FROM CUSTOMERS ON CONTRACTS

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Costs incurred on contracts to date	<b>398,871,359</b>	390,719,539	<b>137,808,154</b>	137,719,600
Attributable profits, less recognised losses	<b>50,176,794</b>	45,369,215	<b>25,781,945</b>	25,854,293
	<b>449,048,153</b>	436,088,754	<b>163,590,099</b>	163,573,893
Progress billings on contracts	<b>(391,314,335)</b>	(392,487,704)	<b>(135,454,388)</b>	(135,454,389)
Amounts due from customers on contracts	<b>57,733,818</b>	43,601,050	<b>28,135,711</b>	28,119,504
Advances received on contracts included in trade payables	<b>2,569,297</b>	5,900,936	-	-
Retention sum on contracts included in trade receivables	<b>22,091,016</b>	13,435,149	<b>2,591,352</b>	412,273

### 16. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Amounts due from jointly controlled entities	<b>12,936,329</b>	11,880,310	<b>12,869,838</b>	11,370,124
Less: Allowance for doubtful debts	<b>(1,849,865)</b>	(2,542,035)	<b>(1,849,865)</b>	(2,542,035)
	<b>11,086,464</b>	9,338,275	<b>11,019,973</b>	8,828,089

The amounts due from jointly controlled entities are unsecured, have no fixed terms of repayment and non-interest bearing.

### 17. AMOUNTS DUE FROM OR TO SUBSIDIARY COMPANIES

The amounts due from or to subsidiary companies are unsecured, have no fixed terms of repayment and bear interest at rates ranging between 7.03% and 7.13% (31.3.2002 – 6.26% and 8.00%).

### 18. CASH AND CASH EQUIVALENTS

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Deposits with licensed banks	<b>4,954,057</b>	4,336,047	-	698,174
Cash and bank balances	<b>5,579,276</b>	2,518,237	<b>1,262,981</b>	86,538
	<b>10,533,333</b>	6,854,284	<b>1,262,981</b>	784,712
Bank overdrafts	<b>(17,492,031)</b>	(14,459,702)	<b>(2,638,484)</b>	(3,995,705)
	<b>(6,958,698)</b>	(7,605,418)	<b>(1,375,503)</b>	(3,210,993)

The bank overdrafts are unsecured and bear interest at rates ranging from 7.40% to 8.40% (31.3.2002 – 7.40% to 8.40%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 19. TRADE AND OTHER PAYABLES

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Current –				
Trade payables (i)	<b>81,821,418</b>	82,563,576	<b>1,143,806</b>	7,404,588
Other payables (ii)	<b>31,343,355</b>	16,152,942	<b>5,082,253</b>	11,476,841
Accruals	<b>319,616</b>	-	-	-
Trade deposit	<b>20,000</b>	-	-	-
	<b>113,504,389</b>	98,716,518	<b>6,226,059</b>	18,881,429
Non-current –				
Other payables (ii)	<b>13,200,000</b>	-	-	-
	<b>126,704,389</b>	98,716,518	<b>6,226,059</b>	18,881,429

- i. The normal trade credit terms granted to the Group and the Company range from 30 to 90 days.
- ii. Inclusive of balance amount due to a land vendor by a subsidiary company amounted to RM34.8 million for property acquired under a deferred payment method by 15 monthly instalments of RM1.8 million each and a final instalment of RM7.8 million.

## 20. BORROWINGS

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Current				
Secured –				
Bridging loans	<b>54,362,244</b>	39,065,857	-	-
Finance lease and hire purchase	<b>1,473,840</b>	585,628	<b>140,858</b>	195,137
Term loans	<b>6,544,568</b>	6,249,211	<b>4,678,418</b>	3,234,389
	<b>62,380,652</b>	45,900,696	<b>4,819,276</b>	3,429,526
Unsecured –				
Revolving credits	<b>44,688,504</b>	53,706,058	<b>9,061,000</b>	10,059,600
Trade finance	<b>43,594,832</b>	44,129,088	<b>90,081</b>	238,692
	<b>88,283,336</b>	97,835,146	<b>9,151,081</b>	10,298,292
	<b>150,663,988</b>	143,735,842	<b>13,970,357</b>	13,727,818
Non-current				
Secured –				
Finance lease and hire purchase	<b>1,963,162</b>	1,040,679	<b>342,444</b>	378,583
Term loans	<b>233,740,320</b>	118,461,798	<b>187,913,820</b>	115,128,466
	<b>235,703,482</b>	119,502,477	<b>188,256,264</b>	115,507,049
	<b>386,367,470</b>	263,238,319	<b>202,226,621</b>	129,234,867

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 20. BORROWINGS (CONT'D)

### a. Repayment terms:

#### i. Bank borrowings

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Not later than 1 year	<b>149,190,148</b>	143,150,215	<b>13,829,499</b>	13,532,682
Between – 1 to 2 years	<b>49,274,617</b>	37,781,752	<b>36,670,640</b>	36,670,640
2 to 5 years	<b>184,465,703</b>	79,394,325	<b>151,243,180</b>	77,172,105
Later than 5 years	-	1,285,720	-	1,285,720
	<b>382,930,468</b>	261,612,012	<b>201,743,319</b>	128,661,147

#### ii. Finance lease and hire purchase

##### Minimum lease payments –

Not later than 1 year	<b>1,680,972</b>	658,773	<b>170,064</b>	235,634
Between – 1 to 2 years	<b>1,264,323</b>	480,916	<b>143,472</b>	120,491
2 to 5 years	<b>1,056,570</b>	812,854	<b>270,616</b>	336,659
	<b>4,001,865</b>	1,952,543	<b>584,152</b>	692,784
Finance charges	<b>(564,863)</b>	(326,236)	<b>(100,850)</b>	(119,064)
	<b>3,437,002</b>	1,626,307	<b>483,302</b>	573,720

##### Present value –

Not later than 1 year	<b>1,473,840</b>	585,628	<b>140,858</b>	195,137
Between – 1 to 2 years	<b>1,029,043</b>	487,851	<b>118,558</b>	99,783
2 to 5 years	<b>934,119</b>	552,828	<b>223,886</b>	278,800
	<b>3,437,002</b>	1,626,307	<b>483,302</b>	573,720

Interest rate on the finance lease and hire purchase for the year is 3.50% to 7.90% (31.3.2002 – 4.25% to 7.90%).

### b. Securities:

- i. The bridging loans are secured by assignment of contract proceeds and corporate guarantees of the Company.
- ii. The term loans are secured by charges over certain land and buildings of the Group as disclosed in Note 6 and Note 10 to the financial statements and corporate guarantees of the Company.
- iii. Hire purchase and finance lease liabilities are effectively secured as rights to the financed/leased assets revert to the lessors in the event of default.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 21. SHARE CAPITAL

In RM	Group and Company	
	31.3.2003	31.3.2002
Authorised ordinary shares of RM1 each –		
At the beginning of year	<b>100,000,000</b>	100,000,000
Created during the year	<b>400,000,000</b>	-
At the end of year	<b>500,000,000</b>	100,000,000
Issued and fully paid ordinary shares of RM1 each –		
At the beginning of year	<b>68,661,000</b>	68,658,000
Issued during the year		
– Exercise of options under ESOS	<b>171,000</b>	3,000
– Rights issue	<b>34,416,000</b>	-
At the end of year	<b>103,248,000</b>	68,661,000

## 22. RESERVES

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Retained profits –				
At 1 April	<b>21,873,891</b>	20,062,740	<b>13,709,405</b>	6,951,704
Net profit for the year	<b>7,167,338</b>	1,811,151	<b>4,399,288</b>	6,757,701
Profit attributable to shareholders	<b>29,041,229</b>	21,873,891	<b>18,108,693</b>	13,709,405
Less: Dividends	<b>(4,955,904)</b>	-	<b>(4,955,904)</b>	-
At 31 March	<b>24,085,325</b>	21,873,891	<b>13,152,789</b>	13,709,405
Share premium –				
At 1 April	<b>21,006,402</b>	21,005,257	<b>21,006,402</b>	21,005,257
Issue of shares	<b>54,774</b>	1,145	<b>54,774</b>	1,145
Expenses for proposed rights issue and ESOS	<b>(586,966)</b>	-	<b>(586,966)</b>	-
At 31 March	<b>20,474,210</b>	21,006,402	<b>20,474,210</b>	21,006,402
Reserves	<b>44,559,535</b>	42,880,293	<b>33,626,999</b>	34,715,807

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

### 23. DEFERRED TAXATION

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
At beginning of year	<b>2,117,000</b>	1,867,000	<b>250,000</b>	-
Recognised in income statement – Note 27	<b>137,000</b>	250,000	<b>153,000</b>	250,000
At end of year	<b>2,254,000</b>	2,117,000	<b>403,000</b>	250,000

The component of deferred taxation is as follows:

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Deferred tax liabilities	<b>2,254,000</b>	2,117,000	<b>403,000</b>	250,000

The amount for which no deferred tax asset is recognised in the balance sheet are in respect of the following items:

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Unutilised tax losses carried forward	<b>1,999,000</b>	1,459,000	-	-
Unabsorbed capital allowance carried forward	<b>226,000</b>	171,000	-	-
	<b>2,225,000</b>	1,630,000	-	-

Deferred tax asset has not been recognised in respect of these items because it is not probable that future taxable income will be available against which the subsidiary companies can utilise the benefits.

### 24. REVENUE

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Construction	<b>302,942,915</b>	216,217,414	<b>69,501,971</b>	78,054,526
Property development	<b>10,596,389</b>	-	-	-
Trading and services	<b>610,882</b>	896,888	-	-
Hospitality and leisure	<b>508,504</b>	366,568	-	-
	<b>314,658,690</b>	217,480,870	<b>69,501,971</b>	78,054,526



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 25. COST OF SALES

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Contract costs	<b>236,342,759</b>	166,686,275	<b>57,883,570</b>	60,999,826
Other	<b>33,716,343</b>	15,872,263	<b>1,056,555</b>	271,352
	<b>270,059,102</b>	182,558,538	<b>58,940,125</b>	61,271,178

## 26. NET PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Allowance for diminution in value of jointly controlled entities	-	6,250,992	-	6,250,992
Allowance for diminution in value of subsidiary	<b>1,598</b>	-	<b>1,598</b>	-
Allowance for doubtful debts	-	692,171	-	692,171
Amortisation of goodwill	<b>933,210</b>	936,889	-	-
Auditors' remuneration				
- Current year provision	<b>265,565</b>	202,875	<b>88,200</b>	40,000
- Underprovision in prior year	<b>49,250</b>	44,000	<b>48,200</b>	44,000
- Non audit fee	<b>9,775</b>	-	<b>9,775</b>	-
Directors' remuneration				
- Fees	<b>466,446</b>	274,808	<b>260,000</b>	245,000
- Emoluments	<b>2,185,289</b>	2,293,083	<b>240,965</b>	595,054
Dividends				
- Unquoted investment in subsidiary	-	-	<b>(4,271,407)</b>	(5,950,000)
Investment in jointly controlled entity written off	<b>1</b>	-	<b>1</b>	-
Interest expenses	<b>16,204,590</b>	9,946,865	<b>5,505,946</b>	3,096,868
Interest income	<b>(47,753)</b>	(33,511)	-	-
Loss/(Gain) on foreign exchange				
- Realised	<b>8,402</b>	(4,543)	<b>2,907</b>	-
Preliminary expenses	<b>3,809</b>	-	-	-
Pre-opening expenses	<b>1,592,063</b>	-	-	-
Property, plant and equipment				
- Depreciation	<b>3,240,988</b>	3,211,375	<b>438,011</b>	403,427
- Gain on disposals	<b>(52,347)</b>	(40,354)	-	(12,600)
- Loss on disposals	<b>9,335</b>	-	<b>7,833</b>	-
Rental of - Land and buildings	<b>782,184</b>	329,433	<b>283,104</b>	221,808
- Plant and machinery	<b>9,170,707</b>	8,062,438	<b>2,032,672</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 27. TAXATION

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Current tax based on profit for the financial year:				
Malaysian income taxation	<b>3,150,560</b>	2,011,000	<b>500,000</b>	810,000
Overseas taxation	<b>(40,268)</b>	197,399	-	-
Deferred tax – Note 23	<b>137,000</b>	250,000	<b>153,000</b>	250,000
	<b>3,247,292</b>	2,458,399	<b>653,000</b>	1,060,000

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Profit before taxation	<b>10,415,626</b>	4,269,550	<b>5,052,288</b>	7,817,701
Taxation at Malaysian statutory tax rate of 28% (31.3.2002 – 28%)	<b>2,916,375</b>	1,195,474	<b>1,414,641</b>	2,188,956
Income not subject to tax	<b>(3,132,026)</b>	(2,211,983)	<b>(3,834,263)</b>	(2,680,743)
Expenses not deductible for tax purposes	<b>4,297,739</b>	3,843,346	<b>3,097,717</b>	1,819,174
Loss on subsidiaries not available for taxation	<b>(662,462)</b>	(252,668)	-	-
Utilisation of unabsorbed tax losses	-	(199,551)	-	(199,551)
Utilisation of current year capital allowance	<b>(65,732)</b>	(113,618)	<b>(25,095)</b>	(67,836)
Utilisation of unabsorbed capital allowance	<b>(66,334)</b>	-	-	-
Effect of different tax rates in other country	<b>(40,268)</b>	197,399	-	-
Tax expense for the year	<b>3,247,292</b>	2,458,399	<b>653,000</b>	1,060,000

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108(6) of the Income Tax Act, 1967 to frank the payment of dividends out of its retained profits as at 31 March 2003.

## 28. DIVIDENDS

In RM	Group and Company	
	31.3.2003	31.3.2002
Proposed final dividends of 6.5% less 28% tax (31.3.2002 – 10% less 28% tax)	<b>4,832,006</b>	4,943,592
Arising from exercise of options under ESOS	-	12,312
	<b>4,832,006</b>	4,955,904

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 29. EARNINGS PER SHARE

The basic earnings per share has been calculated by dividing the Group's profit after taxation and minority interests of RM7,167,338 (31.3.2002 – RM1,811,151) by the weighted average number of ordinary shares in issue during the financial year of 78,783,571 (31.3.2002 – 68,658,255).

In RM	Group	
	31.3.2003	31.3.2002
Net profit for the year	<b>7,167,338</b>	1,811,151
Weighted average number of ordinary share in issue - Basic	<b>78,783,571</b>	68,658,255
Earnings per share (sen) – Basic	<b>9.09</b>	2.64
Issued ordinary shares at beginning of the year	<b>68,661,000</b>	68,658,000
Effect of shares issued during the year	<b>10,122,571</b>	255
Weighted average number of ordinary shares – Basic	<b>78,783,571</b>	68,658,255

Based on the requirements of MASB 13: Earnings Per Share, conversion of ESOS and warrants are considered dilutive when they would result in the issue of ordinary shares for less than the market value of the shares. As the current exercise price of the warrant is higher than the market value of the ordinary share, there is no dilution in the earnings per share. Fully diluted per share based on assumed complete exercise of ESOS in 2003 is not material.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 30. SEGMENTAL REPORTING

Primary Reporting – Business segments

31.3.2003							
In RM	Construction	Property development	Trading and services	Hospitality and leisure	Investment holding	Elimination	Consolidated
<b>Revenue</b>							
External sales	302,942,915	10,596,389	610,882	508,504	-	-	314,658,690
Inter-segment sales	51,152,100	-	-	-	2,200,000	(53,352,100)	-
Total revenue	354,095,015	10,596,389	610,882	508,504	2,200,000	(53,352,100)	314,658,690
<b>Result</b>							
Segment result	32,559,631	1,662,762	(257,625)	(2,037,602)	2,250,073	(6,514,680)	27,662,559
Unallocated corporate expenses							(933,210)
Operating profit							26,729,349
Interest expenses							(16,204,590)
Interest income							47,757
Share of net loss of jointly controlled entities	(156,890)						(156,890)
Income taxation							(3,247,292)
Minority interests							(996)
Net profit for the year							7,167,338

Primary Reporting – Other information

31.3.2003							
In RM	Construction	Property development	Trading and services	Hospitality and leisure	Investment holding		Consolidated
<b>Other information</b>							
Segment assets	462,895,838	148,474,647	49,183	57,568,058	2,573,745		671,561,471
Investment in jointly controlled entities	549,371	-	-	-	-		549,371
Unallocated corporate assets							16,863,990
Consolidated total assets							688,974,832
Segment liabilities	443,752,847	86,038,943	17,091	268,243	486,766		530,563,890
Consolidated total liabilities							530,563,890
Capital expenditure	9,134,002	59,198,444	-	1,222,330	13,391		69,568,167
Depreciation	3,018,436	88,518	9,537	44,718	79,779		3,240,988
Non-cash expenses other than depreciation							1,091,698

No information by geographical location has been presented as the Group operates predominantly in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 30. SEGMENTAL REPORTING (CONT'D)

Primary Reporting – Business segments

31.3.2002							
In RM	Construction	Property development	Trading and services	Hospitality and leisure	Investment holding	Elimination	Consolidated
<b>Revenue</b>							
External sales	216,217,414	-	896,888	366,568	-	-	217,480,870
Inter-segment sales	56,343,820	-	-	-	6,340,302	(62,684,122)	-
Total revenue	272,561,234	-	896,888	366,568	6,340,302	(62,684,122)	217,480,870
<b>Result</b>							
Segment result	21,436,737	(66,732)	(264,619)	(422,918)	5,822,160	(11,951,096)	14,553,532
Unallocated corporate expenses							(936,889)
Operating profit							13,616,643
Interest expenses							(9,946,865)
Interest income							33,511
Share of net profits of jointly controlled entities	566,261						566,261
Income taxation							(2,458,399)
Net profit for the year							1,811,151

Primary Reporting – Other information

31.3.2002							
In RM	Construction	Property development	Trading and services	Hospitality and leisure	Investment holding		Consolidated
<b>Other information</b>							
Segment assets	367,454,056	54,699,502	112,416	53,428,724	2,248,963		477,943,661
Investment in jointly controlled entities	706,262	-	-	-	-		706,262
Unallocated corporate assets							17,797,200
Consolidated total assets							496,447,123
Segment liabilities	362,793,558	10,701,334	87,036	2,572,362	260,249		376,414,539
Consolidated total liabilities							376,414,539
Capital expenditure	3,104,291	10,805,418	-	927,477	25,638		14,862,824
Depreciation	3,079,724	5,953	12,181	13,382	100,135		3,211,375
Non-cash expenses other than depreciation							7,880,052

No information by geographical location has been presented as the Group operates predominantly in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 31. CAPITAL COMMITMENTS

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Capital expenditure approved and contracted for (in Million)	<b>50.00</b>	162.69	<b>0.15</b>	0.15

## 32. SIGNIFICANT RELATED PARTY TRANSACTIONS

In RM	Group	
	31.3.2003	31.3.2002
<b>Jointly controlled entities:</b>		
Progress billings on contracts (to)/by		
– Ireka-Uspa Joint Venture	<b>(593,577)</b>	1,314,188
Rental of machinery charged to		
– Ireka-Uspa Joint Venture	<b>(330,540)</b>	(789,999)
<b>Companies in which certain Directors are deemed to have interests:</b>		
Rental of machinery charged by/(to)		
– Imuda Sdn Bhd	<b>106,352</b>	(1,769,048)
– Inovtecs Sdn Bhd	<b>11,552</b>	(6,699)
– Ifonda Sdn Bhd	<b>44,792</b>	35,583
Building materials and spare parts purchase from/(sale to)		
– Imuda Sdn Bhd	-	(7,295,530)
– Quality Parts Sdn Bhd	<b>644</b>	2,372,073
– Inovtecs Sdn Bhd	-	46,105
<b>Director:</b>		
Consultation fee		
– Mr Kwok Yoke How	-	96,633
<b>Subsidiary companies:</b>		
Progress billings on contracts by/(to)		
– Ireka Engineering & Construction Sdn Bhd	<b>50,232,160</b>	56,103,820
– Ireka Corporation (HK) Ltd	<b>(1,653,000)</b>	-
Interest received from		
– Ireka Hotels Sdn Bhd	<b>(2,915,206)</b>	(2,767,021)
– Regalmont Sdn Bhd	<b>(2,619,292)</b>	(2,283,808)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

In RM	Company	
	31.3.2003	31.3.2002
<b>Jointly controlled entities:</b>		
Progress billings on contracts (to)/by		
– Ireka-Uspa Joint Venture	<b>(593,577)</b>	1,314,188
Rental of plant and machinery charged by		
– Ireka-Negeri Roadstone-Daewoo Joint Venture	<b>2,032,672</b>	-
<b>Companies in which certain Directors are deemed to have interests:</b>		
Building materials and spare parts purchase from		
– Quality Parts Sdn Bhd	<b>644</b>	-
<b>Director:</b>		
Consultation fee		
– Mr Kwok Yoke How	-	96,633

Significant outstanding balances arising from trade transactions during the financial year are as follows:

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
Included in trade receivables:				
Ifonda Sdn Bhd	-	-	<b>274,066</b>	273,999
Imuda Sdn Bhd	<b>4,863,711</b>	7,181,189	<b>123</b>	-
Inovtecs Sdn Bhd	<b>16,849</b>	-	-	-
Ireka-Uspa Joint Venture	-	4,140,811	-	-
	<b>4,880,560</b>	11,322,000	<b>274,189</b>	273,999
Included in trade payables:				
Inovtecs Sdn Bhd	<b>18,394</b>	106,154	-	-
Quality Parts Sdn Bhd	<b>192</b>	846,791	<b>192</b>	-
	<b>18,586</b>	952,945	<b>192</b>	-

The Directors are in the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

### 33. CONTINGENT LIABILITIES

In RM	Group		Company	
	31.3.2003	31.3.2002	31.3.2003	31.3.2002
a. Corporate guarantees for due performance of contracts.	<b>3,547,421</b>	3,547,421	<b>3,547,421</b>	3,547,421
b. Corporate guarantees for credit facilities granted to suppliers.	<b>32,769</b>	115,067	<b>1,968,156</b>	4,007,756
c. Corporate guarantees for credit facilities.	<b>136,898,417</b>	58,887,854	<b>292,529,510</b>	171,694,890
d. Letters of undertaking for utilised credit facilities.	<b>1,509,650</b>	1,119,853	<b>32,397,720</b>	38,224,055
e. Claims plus interest made by 13 former lorry sub-contractors in respect of their deposits forfeited by the Company. No provision has been made in the financial statements as the Directors, supported by legal advice, are of the opinion that the claims have no valid legal ground.	-	495,000	-	495,000
f. Additional Notices of Assessment issued by the Inland Revenue Board (IRB) in respect of Y/A 1990 to Y/A 1998. No provision has been made in the financial statements as the Directors, supported by the tax consultants, are of the opinion that the Company will not be liable.	<b>3,193,581</b>	3,193,581	<b>3,193,581</b>	3,193,581

All the contingent liabilities are unsecured.

### 34. EMPLOYEES

The number of employees of the Group and of the Company as at 31 March 2003 was 1,152 (31.3.2002 – 469) and 126 (31.3.2002 – 75) respectively.

The staff costs of the Group and of the Company was RM29,199,235 (31.3.2002 – RM19,008,550) and RM1,994,019 (31.3.2002 – RM1,244,024) respectively.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 35. FINANCIAL INSTRUMENTS

### a. Interest rate risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rates, and the effective interest rates on classes of financial assets and financial liabilities, are as follows:

	Less than 1 year RM	1 to 5 years RM	Total RM	Effective interest rate during the year %
<b>Group – 2003</b>				
Financial assets –				
Deposits, cash and bank balances	10,533,333	-	10,533,333	3.20
Subordinated bond 2002/2007	-	4,000,000	4,000,000	Variable rates
Financial liabilities –				
Bank borrowings	149,190,148	233,740,320	382,930,468	3.65–8.30
Bank overdrafts	17,492,031	-	17,492,031	7.40–8.40
<b>Company – 2003</b>				
Financial assets –				
Deposits, cash and bank balances	1,262,981	-	1,262,981	-
Subordinated bond 2002/2007	-	4,000,000	4,000,000	Variable rates
Financial liabilities –				
Bank borrowings	13,829,499	187,913,820	201,743,319	6.15–8.15
Bank overdrafts	2,638,484	-	2,638,484	7.40–8.40

### b. Credit risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### c. Fair values

The carrying amounts and estimated fair values of financial instruments of the Group and the Company as at 31 March 2003 are as follows:

In RM	Group		Company	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets				
Deposits, cash and bank balances	<b>10,533,333</b>	<b>10,533,333</b>	<b>1,262,981</b>	<b>1,262,981</b>
Financial liabilities				
Bank borrowings	<b>382,930,468</b>	<b>382,930,468</b>	<b>201,743,319</b>	<b>201,743,319</b>
Bank overdrafts	<b>17,492,031</b>	<b>17,492,031</b>	<b>2,638,484</b>	<b>2,638,484</b>

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

a. Deposits, cash and bank balances

The carrying amount of cash and bank balances approximates fair value due to their short period to maturity.

b. Bank borrowings

The carrying amount of short term borrowings approximated fair value because of the short period to maturity of those instruments. The fair value of long term borrowings is estimated based on the quoted market prices for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

The carrying amount of bank overdrafts approximate fair value because of their short period to maturity.

## 36. COMPARATIVE FIGURES

The following comparative figures have been reclassified to ensure comparability with the current financial year:

In RM	Group 31.3.2003	
	As restated	As previously reported
Balance sheet –		
Land and development expenditure	106,427,539	103,794,990
Development properties	187,414,263	-
Trade and other receivables	92,321,534	282,368,346
Income statements –		
Administration expenses	(9,972,557)	(9,999,470)
Other operating expenses	(12,108,596)	(12,081,683)

# STATISTICS OF SHAREHOLDINGS

AS AT 1 AUGUST 2003

Authorised share capital	: RM500,000,000.00
Issued & fully paid-up capital	: RM103,248,000.00
Class of shares	: Ordinary Share of RM1.00 each
Voting right	: 1 vote right per ordinary share

Size of holdings	No. of shareholders	No. of shares	%
1 – 99	40	241	0.00
100 – 1,000	1,632	1,604,074	1.55
1,001 – 10,000	2,237	8,169,980	7.91
10,001 – 100,000	236	5,327,488	5.16
100,001 – 5,162,399 *	37	32,328,769	31.32
5,162,400 and above **	4	55,817,448	54.06
Total	4,186	103,248,000	100.00

## Remark

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

## Directors' Shareholdings

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Haji Abdullah Bin Yusof	1,500,000	1.45	15,398,248 <sup>*1</sup>	14.91
Lai Siew Wah	-	-	49,001,998 <sup>*2</sup>	47.46
Datuk Lai Jaat Kong @ Lai Foot Kong <i>PJN, JSM</i>	3,670,500	3.56	-	-
Datuk Haji Burhanuddin Bin Ahmad Tajudin <i>PJN</i>	340,000	0.33	-	-
Chan Soo Har @ Chan Kay Chong	2,184,750	2.12	-	-
Lai Man Moi	2,090,250	2.02	-	-
Kwok Yoke How	576,003	0.56	-	-
Lai Voon Hon	12,000	#	49,001,998 <sup>*2</sup>	47.46
Lai Voon Huey	6,000	#	49,001,998 <sup>*2</sup>	47.46

# STATISTICS OF SHAREHOLDINGS

AS AT 1 AUGUST 2003

## Substantial Shareholders

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Ideal Land Holdings Sdn Bhd	49,001,998	47.46	-	-
Magnipact Resources Sdn Bhd	15,398,248	14.91	-	-
Haji Abdullah Bin Yusof	1,500,000	1.45	15,398,248 <sup>*1</sup>	14.91
Lai Siew Wah	-	-	49,001,998 <sup>*2</sup>	47.46
Lai Voon Hon	12,000	#	49,001,998 <sup>*2</sup>	47.46
Lai Voon Keat	-	-	49,001,998 <sup>*2</sup>	47.46
Lai Voon Wai	-	-	49,001,998 <sup>*2</sup>	47.46
Liw Yoke Yin	3,000	#	49,001,998 <sup>*2</sup>	47.46

### Notes

<sup>\*1</sup> Deemed interests through Magnipact Resources Sdn Bhd

<sup>\*2</sup> Deemed interests through Ideal Land Holdings Sdn Bhd

# Insignificant

# STATISTICS OF SHAREHOLDINGS

AS AT 1 AUGUST 2003

## Thirty (30) Largest Shareholders

No.	Name	No. of shares	%
1.	Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ideal Land Holdings Sdn Bhd)	21,092,882	20.43
2.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ideal Land Holdings Sdn Bhd)	13,500,000	13.08
3.	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ideal Land Holdings Sdn Bhd)	11,204,566	10.85
4.	Mayfin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Magnipact Resources Sdn Bhd)	10,020,000	9.70
5.	Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Magnipact Resources Sdn Bhd)	3,585,499	3.47
6.	Cimsec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad For Lai Jaat Kong @ Lai Foot Kong)	2,424,000	2.35
7.	Ideal Land Holdings Sdn Bhd	1,888,300	1.83
8.	Alliance Group Nominees (Tempatan) Sdn Bhd (Alliance Merchant Bank Berhad)	1,865,068	1.81
9.	Cimsec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad For Magnipact Resources Sdn Bhd)	1,792,749	1.74
10.	Mahomed Ferheen	1,719,900	1.67
11.	Cimsec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad For Lai Man Moi)	1,578,750	1.53
12.	Abdullah Bin Yusof	1,500,000	1.45
13.	Mayfin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Lim Sow Mun)	1,439,800	1.39
14.	Cimsec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad For Chan Soo Har @ Chan Kay Chong)	1,378,250	1.33
15.	Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ideal Land Holdings Sdn Bhd)	1,316,250	1.27

## STATISTICS OF SHAREHOLDINGS

AS AT 1 AUGUST 2003

### Thirty (30) Largest Shareholders (cont'd)

No.	Name	No. of shares	%
16.	Sapiah @ Safiah Binti Hussin	1,200,000	1.16
17.	Tan Kar Leng @ Chen Kar Leng	1,166,600	1.13
18.	Moo Ah Hin @ Moo Too Kim	1,166,600	1.13
19.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Lai Jaat Kong @ Lai Foot Kong)	1,023,000	0.99
20.	Lim Che Wan	1,000,000	0.97
21.	Thong Kok Cheong	755,000	0.73
22.	Kwok Yoke How	576,003	0.56
23.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chan Soo Har @ Chan Kay Chong)	511,500	0.56
24.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Lai Man Moi)	511,500	0.50
25.	Ng Tiong Seng Corporation Sdn Bhd	500,000	0.48
26.	Golden Pavilion Pub & Grill Sdn Bhd	440,000	0.43
27.	Burhanuddin Bin Ahmad Tajudin	340,000	0.33
28.	Chan Soo Har @ Chan Kay Chong	295,000	0.29
29.	Leow Peng Seong	263,000	0.25
30.	Chin Choy Lin	230,000	0.22

# STATISTICS OF WARRANT HOLDINGS

AS AT 1 AUGUST 2003

Size of holdings	No. of Warrant Holders	No. of Warrants	%
1 – 99	19	577	0.00
100 – 1,000	21	9,422	0.04
1,001 – 10,000	1,037	2,408,789	11.03
10,001 – 100,000	86	1,836,991	8.41
100,001 – 1,091,958 *	12	3,626,338	16.61
1,091,959 and above **	3	13,957,069	63.91
Total	1,178	21,839,186	100.00

Remark

\* Less than 5% of issued warrants

\*\* 5% and above of issued warrants

## Directors' Warrant Holdings

	Direct		Indirect	
	No. of Warrants	%	No. of Warrants	%
Haji Abdullah Bin Yusof	306,962	1.41	3,759,566 <sup>*1</sup>	17.21
Lai Siew Wah	-	-	10,254,904 <sup>*2</sup>	46.96
Datuk Lai Jaat Kong @ Lai Foot Kong <i>PJN, JSM</i>	764,044	3.50	-	-
Datuk Haji Burhanuddin Bin Ahmad Tajudin <i>PJN</i>	40,330	0.18	-	-
Chan Soo Har @ Chan Kay Chong	382,022	1.75	-	-
Lai Man Moi	382,022	1.75	-	-
Kwok Yoke How	106,909	0.49	-	-
Lai Voon Hon	-	-	10,254,904 <sup>*2</sup>	46.96
Lai Voon Huey	-	-	10,254,904 <sup>*2</sup>	46.96

# STATISTICS OF WARRANT HOLDINGS

AS AT 1 AUGUST 2003

## Substantial Warrant Holders

	Direct		Indirect	
	No. of Warrants	%	No. of Warrants	%
Ideal Land Holdings Sdn Bhd	10,254,904	46.96	-	-
Magnipact Resources Sdn Bhd	3,759,566	17.21	-	-
Haji Abdullah Bin Yusof	306,962	1.41	3,759,566 <sup>*1</sup>	17.21
Lai Siew Wah	-	-	10,254,904 <sup>*2</sup>	46.96
Lai Voon Hon	-	-	10,254,904 <sup>*2</sup>	46.96
Lai Voon Keat	-	-	10,254,904 <sup>*2</sup>	46.96
Lai Voon Wai	-	-	10,254,904 <sup>*2</sup>	46.96
Liw Yoke Yin	-	-	10,254,904 <sup>*2</sup>	46.96

### Notes

<sup>\*1</sup> Deemed interests through Magnipact Resources Sdn Bhd

<sup>\*2</sup> Deemed interests through Ideal Land Holdings Sdn Bhd



## STATISTICS OF WARRANT HOLDINGS

AS AT 1 AUGUST 2003

### Thirty (30) Largest Warrant Holders

No.	Name	No. of Warrants	%
1.	Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ideal Land Holdings Sdn Bhd)	6,836,603	31.30
2.	Mayfin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Magnipact Resources Sdn Bhd)	3,759,566	17.21
3.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ideal Land Holdings Sdn Bhd)	3,360,900	15.39
4.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lai Jaat Kong @ Lai Foot Kong)	764,044	3.50
5.	Lim Sow Mun	469,181	2.15
6.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chan Soo Har @ Chan Kay Chong)	382,022	1.75
7.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Lai Man Moi)	382,022	1.75
8.	Tan Kar Leng @ Chen Kar Leng	369,250	1.69
9.	Moo Ah Hin @ Moo Too Kim	369,250	1.69
10.	Abdullah Bin Yusof	306,962	1.41
11.	Kok Chee Seng	137,248	0.63
12.	Mercedes Celine Peters	120,992	0.55
13.	Faridah Binti Abdullah	109,789	0.50
14.	Aziz Bin Abdullah	108,669	0.50
15.	Kwok Yoke How	106,909	0.49
16.	Wong Ah Mooi	90,744	0.42
17.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Kunandran a/l S. Thayaparasivam)	72,871	0.33

## STATISTICS OF WARRANT HOLDINGS

AS AT 1 AUGUST 2003

### Thirty (30) Largest Warrant Holders (cont'd)

No.	Name	No. of Warrants	%
18.	Lembaga Tabung Haji	70,578	0.32
19.	Tan Boo Nam	63,857	0.29
20.	Kok Chee Seng	58,174	0.27
21.	Ideal Land Holdings Sdn Bhd	57,401	0.26
22.	HDM Nominees (Asing) Sdn Bhd (Phillip Securities Pte Ltd For Yap Kin Seng)	56,015	0.26
23.	Tan Eng Nam	51,533	0.24
24.	Burhanuddin Bin Ahmad Tajudin	40,330	0.18
25.	Eng Nominees (Tempatan) Sdn Bhd (Kim Eng Ong Asia Securities Pte Ltd For Tiong Mee See @ Albert)	39,210	0.18
26.	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Lee Beng Seng)	37,488	0.17
27.	Lee Beng Seng	36,969	0.17
28.	Othman Bin Merican	31,368	0.14
29.	Asha a/p M Thomas Verghese	26,887	0.12
30.	Tan Chen Keong	26,887	0.12

# LIST OF PROPERTIES

AS AT 31 MARCH 2003

Location	Tenure	Approximate Land Area (Built-up Area)	Description	Age	Net Book Value (RM)	Year of Acquisition
1. Geran 12737, Lot 50589 Mukim of Kuala Lumpur Wilayah Persekutuan	Freehold	1,528 sq. ft. (7,040 sq. ft.)	4-storey shop office for own use	15 years	707,235	1988
2. Geran 42276/M2/2/44 Lot 32432 Mukim of Plentong	Freehold	824 sq. ft. (884 sq. ft.)	Walk-up flat for investment	16 years	47,262	1987
3. Lot Nos. 388, 389 & 391 Section 67 Town of Kuala Lumpur	Freehold	53,851 sq. ft.	Development of a hotel known as The Westin Kuala Lumpur	N/A	56,182,873	1993/1994
4. HSD 103399, HSD 103400 (Part) and HSD 103401 Lot 21755, Mukim of Batu District of Kuala Lumpur	Freehold	228,254 sq. ft.	Vacant land for future development	N/A	34,544,880	1994
5. HSD 103400 (part) Mukim of Batu	Freehold	79,410 sq. ft.	Being developed as i-Zen@kiara II		18,533,683	1994
6. Lot 21756 Mukim of Batu	Freehold	453,455 sq. ft.	Vacant land for future development	N/A	60,688,346	2003
7. Percinct 7, Plot G27 held under Geran 39540 Lot No. 1503 Mukim Sg. Gumut Daerah Hulu Selangor	Freehold	43,986 sq. ft.	Homestate for investment	N/A	439,570	1995
8. CT No. 9985 Lot No. 5755 Mukim Kajang Selangor Darul Ehsan	Freehold	272,915 sq. ft.	Workshop with 2-storey office building for own use	N/A	8,687,420	1997
9. Geran 18076, Lot 8849 Mukim of Kajang District of Ulu Langat	Freehold	220,806 sq. ft.	Vacant land for future development	N/A	2,470,935	2000
10. TL017547170 Penampang Road District of Kota Kinabalu Sabah	Leasehold	546,678 sq. ft.	Being developed as Luyang Perdana Phase 1A	N/A	8,601,087	2001

# LIST OF PROPERTIES

AS AT 31 MARCH 2003

Location	Tenure	Approximate Land Area (Built-up Area)	Description	Age	Net Book Value (RM)	Year of Acquisition
11. TL017547170 Penampang Road District of Kota Kinabalu Sabah	Leasehold	603,306 sq. ft.	Vacant land for future development	N/A	13,174,621	2001
12. Unit No. B045/F/1-1 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,194 sq. ft.	Office unit for investment	5 years	417,900	2002
13. Unit No. B045/F/2-1 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,422 sq. ft.	Office unit for investment	5 years	383,940	2002
14. Unit No. B045/F/3-1 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,422 sq. ft.	Office unit for investment	5 years	369,720	2002
15. Unit No. B045/F/4-1 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,422 sq. ft.	Office unit for investment	5 years	355,500	2002
16. Unit No. B045/F/5-1 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,422 sq. ft.	Office unit for investment	5 years	355,500	2002
17. Unit No. B045/F/1-2 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,194 sq. ft.	Office unit for investment	5 years	417,900	2002
18. Unit No. B045/F/2-2 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,422 sq. ft.	Office unit for investment	5 years	383,940	2002

# LIST OF PROPERTIES

AS AT 31 MARCH 2003

Location	Tenure	Approximate Land Area (Built-up Area)	Description	Age	Net Book Value (RM)	Year of Acquisition
19. Unit No. B045/F/3-2 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,422 sq. ft.	Office unit for investment	5 years	369,720	2002
20. Unit No. B045/F/4-2 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,422 sq. ft.	Office unit for investment	5 years	355,500	2002
21. Unit No. B045/F/5-2 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,422 sq. ft.	Office unit for investment	5 years	355,500	2002
22. Unit No. B045/D/6-3 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,422 sq. ft.	Office unit for investment	5 years	355,500	2002
23. Unit No. B045/D/6-4 Business Park Bandar Sri Damansara District of Petaling	Freehold	1,422 sq. ft.	Office unit for investment	5 years	355,500	2002
24. Unit No. A132B/A-608 Paradesa Sri Damansara Zone A13-2B Apartment Bandar Sri Damansara District of Petaling	Freehold	800 sq. ft.	Apartment for investment	1 year	133,888	2002
25. Lot No. 2, Sector 1 Lembah Beringin Mukim Kuala Kelumpang Daerah Ulu Selangor	Freehold	7,185 sq. ft.	Bungalow lot for investment	N/A	179,625	2002
26. Plot No. H21, Precinct 8 Lembah Beringin Mukim Sungai Gumut Daerah Hulu Selangor	Freehold	46,368 sq. ft.	Homestate for investment	N/A	278,208	2002

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT WESTIN II, THE WESTIN KUALA LUMPUR, 199 JALAN BUKIT BINTANG, 55100 KUALA LUMPUR ON THURSDAY, 25 SEPTEMBER 2003 AT 10.30 A.M. FOR THE FOLLOWING PURPOSES:

### AGENDA

1. To receive the audited financial statements together with the reports of the Directors and Auditors for the year ended 31 March 2003. **RESOLUTION 1**
2. To declare a final dividend of 6.5% per share less income tax of 28% for the year ended 31 March 2003. **RESOLUTION 2**
3. To approve the payment of Directors' fees of RM260,000.00 for the year ended 31 March 2003. **RESOLUTION 3**
4. To consider and if thought fit, pass the following resolution in accordance with Section 129 of the Companies Act, 1965:  
  
"THAT Datuk Haji Burhanuddin Bin Ahmad Tajudin who retires pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting" **RESOLUTION 4**
5. To re-elect the following Directors who retire in accordance with Article 91 of the Company's Articles of Association:
  - a. Chan Soo Har @ Chan Kay Chong **RESOLUTION 5**
  - b. Lai Man Moi **RESOLUTION 6**
  - c. Lai Voon Hon **RESOLUTION 7**

6. To re-appoint Messrs. Raja Salleh, Lim & Co. as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Directors. **RESOLUTION 8**
7. **Special Business**

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

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot 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 hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and such that authority shall continue in force until the conclusion of the next Annual General Meeting of the Company". **RESOLUTION 9**

8. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of The Board

**WONG YIM CHENG**  
COMPANY SECRETARY  
Kuala Lumpur  
3 September 2003

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A MEMBER MAY APPOINT ANY PERSON TO BE HIS PROXY WITHOUT LIMITATION AND THE PROVISIONS OF SECTION 149(1)(B) OF THE COMPANIES ACT, 1965 SHALL NOT APPLY.
2. WHERE A MEMBER APPOINTS TWO (2) OR MORE PROXIES TO ATTEND THE SAME MEETING, THE MEMBER SHALL SPECIFY THE PROPORTION OF HIS SHAREHOLDINGS TO BE REPRESENTED BY EACH PROXY.
3. THE INSTRUMENT APPOINTING A PROXY SHALL BE IN WRITING UNDER THE HAND OF THE APPOINTOR OR OF HIS ATTORNEY DULY AUTHORIZED IN WRITING OR, IF THE APPOINTOR IS A CORPORATION, EITHER UNDER THE CORPORATION'S SEAL OR UNDER THE HAND OF AN OFFICER OR ATTORNEY DULY AUTHORIZED. WHERE THE INSTRUMENT APPOINTING A PROXY WITH THE POWER OF ATTORNEY OR OTHER AUTHORITY (IF ANY) UNDER WHICH IT IS SIGNED OR A NOTARIALY CERTIFIED OR OFFICE COPY OF SUCH POWER OR AUTHORITY, SHALL BE DEPOSITED TOGETHER WITH THE PROXY FORM.
4. THE PROXY FORM DULY COMPLETED, MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE, NO. 32 MEDAN SETIA DUA, BUKIT DAMANSARA, 50490 KUALA LUMPUR NOT LESS THAN 48 HOURS BEFORE THE TIME SET FOR HOLDING THE MEETING OR ANY ADJOURNMENT THEREOF.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

THE ORDINARY RESOLUTION 9, IF PASSED, WILL EMPOWERED THE DIRECTORS TO ISSUE AND ALLOT SHARES NOT EXCEEDING 10% OF THE COMPANY'S ISSUED SHARE CAPITAL FOR THE TIME BEING WITHOUT CONVENING FURTHER GENERAL MEETINGS FOR SUCH PURPOSES.

# STATEMENT ACCOMPANYING NOTICE

OF TWENTY SEVENTH ANNUAL GENERAL MEETING OF IREKA CORPORATION BERHAD

## 1. The names of the individuals who are standing for re-election

- i. Datuk Haji Burhanuddin Bin Ahmad Tajudin PJN, retiring pursuant to Section 129 of the Companies Act, 1965.
- ii. Chan Soo Har @ Chan Kay Chong, retiring by rotation pursuant to Article 91 of the Company's Articles of Association.
- iii. Lai Man Moi, retiring by rotation pursuant to Article 91 of the Company's Articles of Association.
- iv. Lai Voon Hon, retiring by rotation pursuant to Article 91 of the Company's Articles of Association.

## 2. Details of attendance of Directors at board meetings

During the financial year, five (5) board meetings were held. Details of attendance of Directors at the Board Meetings are as follows:

Name	Attendance
i. Haji Abdullah Bin Yusof	4/5
ii. Lai Siew Wah	5/5
iii. Datuk Lai Jaat Kong @ Lai Foot Kong <i>PJN, JSM</i>	5/5
iv. Datuk Burhanuddin Bin Ahmad Tajudin <i>PJN</i>	5/5
v. Lai Man Moi	5/5
vi. Chan Soo Har @ Chan Kay Chong	5/5
vii. Kwok Yoke How	4/5
viii. Haji Mohd. Sharif Bin Haji Yusof	4/5
ix. Lai Voon Hon	5/5
x. Lai Voon Huey	5/5

## 3. Date, Time and place of general meeting

Type of Meeting	Date	Time	Place
27th Annual General Meeting	25 September 2003	10.30 a.m.	Westin II The Westin Kuala Lumpur 199 Jalan Bukit Bintang 55100 Kuala Lumpur

## 4. Further details of Directors who are standing for election

Not applicable

NOTES



PROXY FORM

No. of shares held

I/We

NRIC No.

of

being a member/members of Ireka Corporation Berhad hereby appoint

NRIC No.

or failing him, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at Westin II, The Westin Kuala Lumpur, 199 Jalan Bukit Bintang, 55100 Kuala Lumpur on Thursday, 25 September 2003 at 10.30 a.m. and at any adjournment thereof.

Signature/Seal

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2003

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To receive the audited financial statements for the financial year ended 31 March 2003		
2.	To declare a final dividend of 6.5% per share less income tax of 28% for the year ended 31 March 2003		
3.	To approve the payment of Directors' fee of RM260,000.00		
4.	Re-election of Director, Datuk Haji Burhanuddin Bin Ahmad Tajudin <i>PJN</i>		
5.	Re-election of Director, Chan Soo Har @ Chan Kay Chong		
6.	Re-election of Director, Lai Man Moi		
7.	Re-election of Director, Lai Voon Hon		
8.	Re-appointment of Messrs Raja Salleh, Lim & Co as Auditors		
9.	To issue and allot shares pursuant to S132D of the Companies Act, 1965		

Please indicate with an 'X' in the appropriate spaces how you wish to cast your vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A MEMBER MAY APPOINT ANY PERSON TO BE HIS PROXY WITHOUT LIMITATION AND THE PROVISIONS OF SECTION 149(1)(B) OF THE COMPANIES ACT, 1965 SHALL NOT APPLY.
- WHERE A MEMBER APPOINTS TWO (2) OR MORE PROXIES TO ATTEND THE SAME MEETING, THE MEMBER SHALL SPECIFY THE PROPORTION OF HIS SHAREHOLDINGS TO BE REPRESENTED BY EACH PROXY.
- THE INSTRUMENT APPOINTING A PROXY SHALL BE IN WRITING UNDER THE HAND OF THE APPOINTOR OR OF HIS ATTORNEY DULY AUTHORIZED IN WRITING OR, IF THE APPOINTOR IS A CORPORATION, EITHER UNDER THE CORPORATION'S SEAL OR UNDER THE HAND OF AN OFFICER OR ATTORNEY DULY AUTHORIZED. WHERE THE INSTRUMENT APPOINTING A PROXY WITH THE POWER OF ATTORNEY OR OTHER AUTHORITY (IF ANY) UNDER WHICH IT IS SIGNED OR A NOTARIAL CERTIFIED OR OFFICE COPY OF SUCH POWER OR AUTHORITY, SHALL BE DEPOSITED TOGETHER WITH THE PROXY FORM.
- THE PROXY FORM DULY COMPLETED, MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE, NO. 32 MEDAN SETIA DUA, BUKIT DAMANSARA, 50490 KUALA LUMPUR NOT LESS THAN 48 HOURS BEFORE THE TIME SET FOR HOLDING THE MEETING OR ANY ADJOURNMENT THEREOF.

**IREKA CORPORATION BERHAD**

Co. No.: 25882-A

NO. 32 MEDAN SETIA DUA  
BUKIT DAMANSARA  
50490 KUALA LUMPUR

**ATTN: THE COMPANY SECRETARY**

AFFIX  
STAMP



**IREKA CORPORATION BERHAD**  
NO. 32 MEDAN SETIA DUA  
BUKIT DAMANSARA  
50490 KUALA LUMPUR

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