



**IREKA  
CORPORATION  
BERHAD**

Co. No.: 25882 - A

building ideas

IREKA CORPORATION BERHAD

annual report 2004

IREKA CORPORATION BERHAD  
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annual report 2004

...in trusted hands

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PROXY FORM

# 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.





**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 2004.**

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## CHAIRMAN'S STATEMENT

Group turnover for the financial year increased by 59% to RM499.90 million compared to RM314.66 million in the previous year due largely to several of the construction projects operating at full swing and improved contributions from the property projects.

Profit from operations increased to RM31.23 million compared to RM26.78 million achieved in the previous year. However, after allowing for higher finance costs of RM21.49 million and share of losses amounting to RM7.02 million recorded by Ireka Hotels Sdn Bhd, which are attributable mainly to pre-opening expenses incurred and the operating losses of The Westin Kuala Lumpur during the first few months of soft opening, pre-tax profit was lower at RM9.60 million compared to RM10.41 million in the previous year.

In order to conserve cash reserves, the Board has decided not to recommend the payment of any dividend for the financial year ended 31 March 2004. The Board however will continue with its stable dividend payout policy as practised previously as soon as the financial position improves.

The construction sector is at a crossroad having been badly affected by the shortage and increase in the price of steel bars and other construction materials during the early part of the year and a slowdown on Government spending on major infrastructure projects.



**Leadership is more than just a style or philosophy. It's an attitude. Ongoing. Open. Aware. Listening as much as delegating.**

Notwithstanding this, the sector is expected to grow in the next few years as projects approved in past budgets go into various stages of implementation. The Group will continue to bid for new construction projects that come along and the Board is confident that the Group would be able to secure some of the projects that it is currently tendering or negotiating.

The Group's decision to go into property development in selected areas has been generally successful and provides useful contribution to Group's turnover and profit. During 2003/2004, the Group has launched 4 projects, being i-Zen@Villa Aseana at Mont' Kiara, Phase Two and Phase Three of Luyang Perdana, Kota Kinabalu and the Sandakan Harbour Square in Sabah, all of which have recorded encouraging sales. The Group is also planning to launch the i-Zen@Kiara I service residence during the later part of the year and we are confident that the project will be well received by the public.

The Group's IT business, spearheaded by i-Tech Network Solutions Sdn Bhd, has continued to grow in profitability and scale; and this is expected to continue in the current financial year.

The Westin Kuala Lumpur was soft opened on 6 September 2003. The performance of the hotel since the opening in terms of occupancy and profitability has been encouraging and the Group expects operation to continue to improve in the current financial year.

The Board continues to look at various options available in order to minimise the cost of funds to the Group. The private placement exercise involving a total of 10,345,000 new ordinary shares which were placed out during the year was successfully completed in April 2004. In addition, the Company is also actively considering various refinancing packages for the Company's term loans amounting to approximately RM197.0 million. In order to raise additional working capital, the Company has also announced a new private placement proposal of up to 14,296,202 new ordinary shares of RM1.00 each, which was approved by Shareholders and the Securities Commission on 26 July 2004 and 2 August 2004 respectively.

The problem associated with the shortage of steel bars has improved and the construction industry continues to benefit from the residual Government projects that is being implemented and the growth of the property

sector. The Group will continue to be active in construction activities. Based on existing works in hand and new contracts secured, the Group's total order book is RM860.0 million with amount outstanding totaling RM460.0 million. During the current financial year, the Group expects to continue to benefit from contribution of its property and hotel divisions and barring any unforeseen circumstances, Group result is expected to continue to be satisfactory.

As usual, on behalf of the Board, I would like 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 advice and to Shareholders, Government Authorities, Bankers and Business Associates for their continued support.

**HAJI ABDULLAH BIN YUSOF**  
**CHAIRMAN**  
26 August 2004



## PENYATA Pengerusi

*Dengan sukacitanya, saya bagi pihak Lembaga Pengarah membentangkan laporan tahunan dan penyata kewangan Kumpulan dan Syarikat bagi tahun berakhir 31 Mac 2004.*

*Jumlah hasil perolehan Kumpulan bagi tahun dalam kajian telah mencatatkan peningkatan sebanyak 59% kepada RM499.90 juta berbanding RM314.66 juta tahun sebelumnya. Peningkatan ini adalah hasil daripada pelaksanaan beberapa projek pembinaan dan sumbangan yang meningkat dari projek-projek hartanah.*

*Keuntungan operasi meningkat ke RM31.23 juta berbanding RM26.78 juta pada tahun sebelumnya. Bagaimanapun, setelah mengambil kira kos pembiayaan kewangan sebanyak RM21.49 juta dan agihan kerugian sebanyak RM7.02 juta yang merupakan kos pra-pembukaan dan kerugian operasi beberapa bulan sejurus selepas pembukaan tidak rasmi The Westin Kuala Lumpur yang dicatatkan oleh Ireka Hotels Sdn Bhd, keuntungan sebelum cukai menyusut kepada RM9.60 juta berbanding RM10.41 juta tahun sebelumnya.*

*Bagi memelihara rizab tunai, pihak Lembaga Pengarah tidak mencadangkan pembayaran sebarang dividen bagi tahun kewangan berakhir 31 Mac 2004. Walau bagaimanapun, pihak Lembaga Pengarah akan meneruskan amalan dasar pembayaran dividennya yang stabil seperti tahun-tahun lepas apabila kedudukan kewangan beransur pulih.*

*Fenomena kekurangan dan peningkatan harga besi keluli dan bahan-bahan binaan pada awal tahun berserta pengurangan perbelanjaan pihak Kerajaan atas kebanyakan projek infrastruktur telah memberi tamparan kepada sektor pembinaan. Sungguhpun demikian, sektor pembinaan dijangka akan terus berkembang untuk beberapa tahun memandangkan projek yang telah diluluskan pada belanjawan yang lepas kini sedang dilaksanakan secara berperingkat. Kumpulan akan terus membida untuk projek pembinaan baru dan Pihak Lembaga Pengarah yakin ia akan dapat memeterai beberapa kontrak baru daripada kontrak-kontrak yang telah dibida.*

*Penerokaan Kumpulan dalam bidang hartanah di kawasan-kawasan terpilih terbukti berjaya dan ia telah menyumbang kepada jumlah hasil perolehan dan keuntungan Kumpulan. Pada tahun 2003/2004, Kumpulan telah melancarkan 4 projek, iaitu i-Zen@Villa Aseana di Mont' Kiara, Fasa Kedua dan Ketiga Luyang Perdana di Kota Kinabalu dan Sandakan Harbour Square di Sabah yang mana kesemuanya merekodkan jualan yang memberangsangkan. Kumpulan juga merancang untuk melancarkan i-Zen@Kiara I, yang merupakan kediaman jenis mewah berservis selepas pertengahan tahun semasa, kami yakin projek ini akan mendapat sambutan yang menggalakkan.*

*Bidang teknologi maklumat Kumpulan yang diceburi oleh i-Tech Network Solutions Sdn Bhd telah berkembang dari segi kemampuan dan perolehan keuntungannya dan prospek ini dijangka akan berterusan ke tahun kewangan semasa.*



*Pembukaan tidak rasmi The Westin Kuala Lumpur telah berlangsung pada 6 September 2003. Prestasi urusan hotel sejak pembukaan ini; dari segi kadar penghunian dan perolehan amatlah memberangsangkan dan operasi dijangka akan terus meningkat pada tahun kewangan semasa.*

*Pihak Lembaga Pengarah akan terus menimbangkan pelbagai kaedah bagi mengurangkan kos pembiayaan kewangan Kumpulan. Pelaksanaan Cadangan Penempatan Tertutup yang melibatkan penempatan tertutup 10,345,000 saham biasa baru telah disempurnakan dengan jayanya pada bulan April 2004. Selain dari itu, Kumpulan juga giat menilai pelbagai pakej pembiayaan semula untuk pinjaman berjangka Kumpulan yang berjumlah RM197.0 juta. Bagi tujuan memperolehi modal kerja tambahan, satu usul cadangan penempatan tertutup baru sehingga 14,296,202 saham biasa baru telahpun diumumkan dan kelulusan para pemegang saham dan Suruhanjaya Sekuriti telahpun diperolehi pada 26 Julai 2004 dan 2 Ogos 2004 masing-masing.*

*Masalah berkait dengan kekurangan besi keluli telah beransur pulih dan industri pembinaan terus bermanfaat dari pelaksanaan projek-projek kerajaan dan pertumbuhan sektor hartanah. Kumpulan akan terus aktif dalam kegiatan pembinaan. Berdasarkan tempahan kontrak yang sedia ada dan kontrak baru yang dimeterai, buku tempahan kontrak Kumpulan berjumlah RM860.0 juta dengan nilai tertunggak sebanyak RM460.0 juta. Pada tahun semasa, adalah dijangka sumbangan perolehan sektor hartanah dan perhotelan akan berterusan. Kecuali sesuatu yang tidak dapat diduga berlaku, prestasi Kumpulan dijangka akan terus memuaskan.*

*Seperti biasa, saya bagi Pihak Lembaga Pengarah ingin merakamkan penghargaan kami kepada pihak Pengurusan dan Pekerja di semua peringkat atas sumbangan mereka bagi tahun kewangan yang dinyatakan. Saya juga ingin mengucapkan terima kasih kepada ahli-ahli Lembaga Pengarah atas pimpinan dan 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**  
26 Ogos 2004



i-Zen@Kiara II



Leadership is action. Decisiveness.  
Not only doing the difficult,  
but at times, the “impossible.”

## OPERATIONS REVIEW

I am pleased to report that the Group's operation has generally performed well for the year under review. The construction business has achieved a higher turnover of RM426.3 million for the financial year 2004 compared to RM302.9 million for the financial year 2003 despite having to overcome an industry-wide crisis; an acute shortage of construction materials such as steel bars, cement and sand in early 2004. This has, however, affected profit margins for construction works resulting in a lower profit recorded for the financial year ended 31 March 2004.

The Group's property development business, on the other hand, continues to record impressive growth and profit. Buoyed by the strong performance in the middle and high-end residential market in Malaysia over the last two years, Regalmont's three property launches during 2003/2004 have been very well received. i-Zen@ Villa Aseana, comprising 43 units of exclusive courtyard villas in Mont' Kiara, was fully sold two months after its official launch. Phase Two of Luyang Perdana, Kota Kinabalu, launched in September 2003 has to-date achieved more than 60% sales while Phase Three of

Luyang Perdana, launched in February 2004 has recorded about 45% sales. i-Zen@Kiara I, the “sister” version of the successful i-Zen@Kiara II, will be launched later in 2004. The first exclusive preview of i-Zen@Kiara I for existing VIP customers of i-Zen and an end-financing bank has already locked in sales value of RM33.6 million. Overall, to-date, the property division has registered an impressive total sales of RM315.0 million, of which RM70.0 million has been booked.

Ireka Hotels Sdn Bhd, the developer and owner of the Group's 5-star hotel, The Westin Kuala Lumpur, has achieved a significant milestone by opening the hotel successfully on 6 September 2003 after experiencing two major setbacks; the Asian Financial Crisis in 1997 and the equally devastating Severe Acute Respiratory Syndrome (SARS) crisis between end 2002 and 2003. These unprecedented crisis have put the Group's resilience to the greatest test. I am pleased to inform that Ireka has once again raised above the challenge to not only successfully open a new hotel but also one of the most exciting and fashionable hotels in Kuala Lumpur.

On this note, I would like to express my gratitude to our bankers, contractors and suppliers who not only supported us wholeheartedly but have also shown great faith in the Group's ability in overcoming the challenging times.

Our Group's supporting IT business has also shown encouraging growth in securing external works. Although the current contribution is small compared to the Group's other businesses, it has proven to be a profitable business and has great future potential as more global businesses see IT as an integral part of their competitive advantage.

The financing requirements to fund the completion of The Westin Kuala Lumpur and the needs for increased working capital as a result of very strong construction and property development sales performance, have unfortunately increased the debt level of the Group significantly.





i-Zen@Kiara I

Although every specific loan is manageable at the project level since the debt-equity ratio adopted by the Group is generally conservative, the debt appears high at the consolidated level as the total shareholders funds has not yet been able to grow in tandem with the Group's businesses. Our corporate finance team has been very busy since early this year exploring the various options with our financial advisers to strengthen the Group's balance sheet and debt profile to better reflect the Group's strengths and financial needs. I hope to announce the details of such initiatives once we have procure all the necessary authorities' approvals.

## CONSTRUCTION BUSINESS

Soon after recovering from the national labour shortage last year, the construction industry was hit by another major crisis. This time, it is the nationwide shortage of major construction materials. Apart from the shortage in supply, prices of steel bars and steel related material increased by as much as 30% to 40% during the period. Our construction subsidiary, Ireka Engineering and Construction Sdn Bhd ("IECSB") was fortunate to be able to continue to receive support from our long standing traditional major suppliers, albeit with some delays. Here, I would like to express our deepest appreciation to them for honouring their commitments to us during those difficult times in order that we could successfully complete a number of major projects.

During the period under review, IECSB has successfully completed a number of significant building projects. Among some of the more notable ones are 38-storey 5-star hotel, The Westin Kuala Lumpur, RHB Bank Training and IT Centre in Bangi, Wisma AIA refurbishment works and Brunei Embassy in Beijing, China. IECSB has also completed two civil-engineering projects during the year, namely the bridge works at Temerloh to Jerantut highway and the earthwork package for a large residential development in Mont' Kiara.

Despite the challenging period, the year has also been one of IECSB's busiest in terms of works in progress. Construction works in a number of major projects were in advance stage of completion. The two largest being the RM335.0 million Design and Build project for two government buildings in Putrajaya and the RM110.0 million pavement works for the East Coast Highway. The East Coast Highway was completed on time at the time of this report while the Putrajaya projects are on target for completion later in the year.

The other significant projects that were secured during the year and are currently progressing smoothly are the new OCBC Bank Head Office in Jalan Tun Perak, Cine-Leisure Complex in Mutiara Damansara and a 35-storey service residence and a high-end residential development in Mont' Kiara.



In the short term, IECSB will be kept busy with current projects in hand. During this period, operating efficiency will be especially crucial to ensure timely completion of the projects within budget. At the same time, the Company anticipates that more new contracts will be secured, particularly in the high-end residential property sector. However, the Company will continue to adopt a cautious procurement policy which will concentrate mainly on blue-chipped clients or government projects.

Despite the anticipated slowdown of the government related projects, I am confident that IECSB will continue to be relatively busy with a good mix of internal and external projects, particularly in building works. Whilst IECSB will continue to actively pursue further large government civil engineering projects, especially in water and sewerage related areas, it is also timely for a period of consolidation and enhancing operating efficiency in preparation for the challenges ahead.

## PROPERTY DEVELOPMENT BUSINESS

Each of the Group's property development subsidiaries has registered strong sales performance over the year under review. As stated earlier, the three property launches, namely i-Zen@Villa Aseana, Phase Two Luyang Perdana and Phase Three Luyang Perdana are 100%, 60% and 45% sold respectively.

The construction of i-Zen@Kiara II has progressed well after a few months of delay due to the steel bars and other material shortages earlier in the year. It is currently back on track to complete in February 2005.

Phase One of Luyang Perdana, comprising 72 units of 2 and 2 1/2 storey terrace houses, 26 units of semi-detached houses and 4 units of detached houses is targeted to be handed-over to purchasers before the coming Chinese New Year, six months ahead of schedule. When completed, Luyang Perdana will be the Group's showcase garden and guarded residential development project in East Malaysia.

The Group joint-development project with Sandakan Municipal Council in Sabah is also ahead of schedule. The 9 acres reclamation works was completed in early 2004 while the piling works for Phase One of the shop-office development will commence this month. Situated right at the heart of Sandakan central business district and the only large development approved by the authority within the area, the project has been registering good sales over the last few months. To-date, 65% of Phase One has been sold.

Moving forward, the Group will be launching two more major projects during the current financial year. We plan to launch i-Zen@Kiara I before year-end while another block of condominium tower, also in Mont' Kiara is targeted for launch next year. Judging from our own sales record for our Mont' Kiara development projects and the general market performance there so far, I believe these two projects will be just as successful as our earlier launches.

i-Zen@Kiara I





Meanwhile, we have started work on the design for a specialist retail precinct on our land opposite Plaza Mont' Kiara. Phase One of the development has a planned gross development value of around RM57.6 million while Phase Two and Three will have a total of another RM343.9 million. With the current high occupancy in Plaza Mont' Kiara, I am confident that we could launch Phase One sometime next year. The current total Group's planned gross development value approved for development stands at RM1.2 billion. All these works will keep our property development subsidiaries busy for another three to five years depending on the market demand.

## HOSPITALITY AND LEISURE BUSINESS

Since the end of the SARS crisis, there has been an impressive influx of business and leisure travellers to Malaysia. Generally, all sectors of the hospitality and leisure market show marked improvement in business.

The Westin Kuala Lumpur opens its door on 6 September 2003. The hotel has so far generated a lot of market

interest, both from locals and abroad. Its chic and contemporary design has been acknowledged by a number of famous international publications. The highly innovative and well-designed food and beverage outlets have also been doing very well in terms of patronage and business.


The hotel's performance to-date has surpassed our earlier expectation and has given us the confidence that next year's performance could be even stronger. Since opening, our average occupancy rate has been well above 70% which is very good for a newly opened hotel. Currently, the hotel is doing more than 80% occupancy with an average room rate that is amongst the top three highest in the similar category.

asiaegolf Tours Sdn Bhd ("asiaegolf Tours") continues to build its reputation as a premium golf service operator and provider. Business has been growing and the rise in golf bookings reflected a very positive and encouraging trend for the tourism industry in our country.

In the wake of the outbreak of SARS and the war in Iraq, asiaegolf Tours's business has seen a steady increase in volume, reinforcing our sales and marketing strategies implemented a year ago. Coupled with this, the opening of The Westin Kuala Lumpur has added a new dimension to our business. We offer value added packages to golfing visitors throughout the world and offering great synergy between the two businesses.

Recent signs of a recovery are encouraging and at the time of this report, business has been especially good as travellers and golfers have taken to the skies to visit Malaysia again. Barring any further catastrophes – man-made or otherwise – and working in tandem and to complement the opening of The Westin Kuala Lumpur, asiaegolf Tours has planned more marketing exercises overseas to reassure our international partners and associates that Malaysia is a golfer's haven and a premium holiday destination. We continue to be prudent in our operations to minimize expenses and we see this as a way to better profitability.





That's how we set new standards,  
new benchmarks. It's how we  
discover not only what we can do,  
but what we can be.

The Westin Kuala Lumpur

#### e-COMMERCE AND IT BUSINESS

The Group's investment in IT also continues to be successful. The Group's networking and systems integration company – i-Tech Network Solutions Sdn Bhd ("i-Tech") continues to grow from strength to strength, winning several prestigious awards from IBM. During 2003/2004, i-Tech was awarded The 3rd Quarter 2003 Over Achievement Award for outstanding performance in the platinum category, The 3rd Quarter 2003 Outstanding Achievement Award for IBM e-server x-Series/IBM Personal Systems, The IBM Global Financing BP Recognition Award, The 1st and 2nd Quarters 2004 Overall Achiever Awards from IBM and The 2nd Quarter 2004 Overall PCD Award for PCs and Desktops sales.



The Westin Executive Residences

i-Tech is now an authorized Microsoft Certified Partner, Hewlett-Packard Business Partner, IBM Platinum Business Partner, Computer Associates Enterprise Channel Partner and Veritas Enterprise Partner. This is a testament to the Company's growing influence in the IT industry.

Since last year's commentary on other aspects of the Group's IT investment, we have further scaled down operations in e-Auction Sdn Bhd. The operations continue to see inconsistent spurts of business activities and we made the painful but necessary cut in expenses and human resources until such time as we can see a more consistent and positive business environment.

## FUTURE OUTLOOK

I am pleased to note that some of the future prospects that I have anticipated last year had materialized. The

Malaysian economy has continued to show strong GDP growth as forecasted by Bank Negara Malaysia to be in the range of 6.0% – 6.5% for the year 2004. This herald especially well for the Group's various businesses in the current financial year.

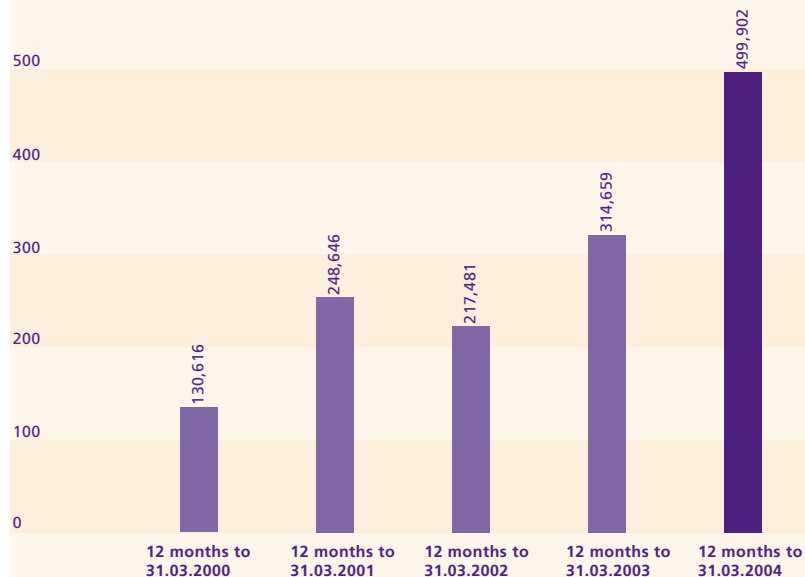
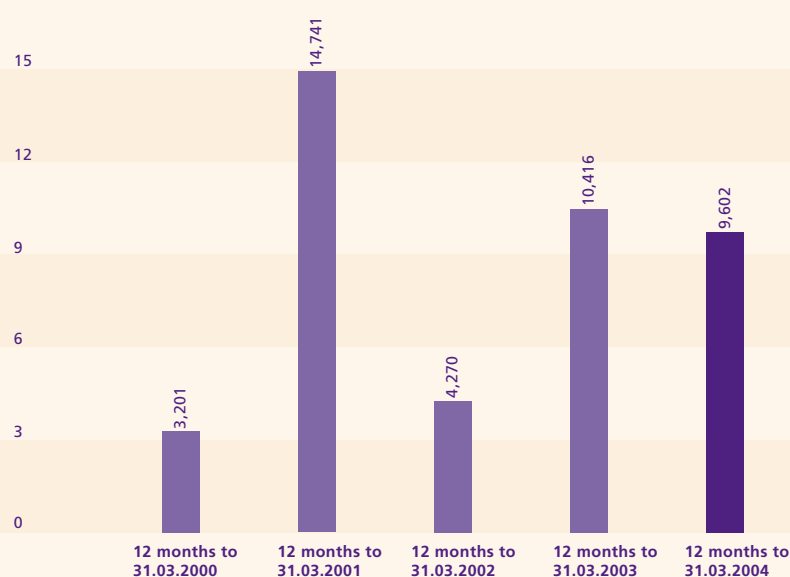
On the hotel business front, I am confident that with the double digit growth in tourist and business arrivals into Malaysia this year and the strong rebound in the MICE market after the SARS crisis, The Westin Kuala Lumpur will continue to perform well.

Barring any unforeseen external shocks, the Group's construction division should be able to improve its profitability in the current financial year in view of the existing works on hand and impending works flowing through from our property division.

For the year ahead, I will work with my colleagues in the Board to significantly improve the financial strength of the Company and to further enhance our shareholders value.

Lastly, I would like to extend my appreciation to my fellow directors and staff of the Group for their hardwork and dedication throughout the last financial year.

**LAI SIEW WAH**  
**GROUP MANAGING DIRECTOR**  
26 August 2004

**TURNOVER RM'000**

**PROFIT BEFORE TAXATION RM'000**


# **FIVE-YEAR FINANCIAL HIGHLIGHTS**

| Group<br>In RM'000                          | 12 months to<br>31.03.2004 | 12 months to<br>31.03.2003 | 12 months to<br>31.03.2002 | 12 months to<br>31.03.2001 | 12 months to<br>31.03.2000 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Turnover                                    | 499,902                    | 314,659                    | 217,481                    | 248,646                    | 130,616                    |
| Profit before taxation                      | 9,602                      | 10,416                     | 4,270                      | 14,741                     | 3,201                      |
| Profit after taxation and minority interest | 3,680                      | 7,168                      | 1,811                      | 10,929                     | 2,458                      |
| Issued share capital                        | 112,307                    | 103,248                    | 68,661                     | 68,658                     | 68,566                     |
| Shareholders' funds                         | 156,919                    | 147,808                    | 111,542                    | 109,726                    | 103,821                    |
| Total assets                                | 851,055                    | 694,569                    | 496,447                    | 384,273                    | 353,887                    |

**IN SEN**

|                                  |       |       |       |       |       |
|----------------------------------|-------|-------|-------|-------|-------|
| Gross dividend per share         | –     | 6.5   | 10    | 7.5   | 5.0   |
| Net earnings per share – Basic   | 3.6   | 9.1   | 2.6   | 15.9  | 3.6   |
| Net tangible assets per share    | 126.0 | 126.8 | 136.5 | 131.1 | 131.1 |
| Return on shareholders' fund (%) | 1.4   | 1.4   | 1.6   | 10.0  | 2.4   |





**IREKA  
CORPORATION  
BERHAD**

|                                |      |                                  |      |  |      |  |                |
|--------------------------------|------|----------------------------------|------|--|------|--|----------------|
| IREKA CORPORATION (HK) LIMITED | 100% | IREKA iCAPITAL SDN BHD           | 100% | IREKA SDN BHD                            | 100% | IREKA-CHARNG SHENG DEVELOPMENT SDN BHD | 60%            |
|                                |      | ASIAEGOLF TOURS SDN BHD          | 100% | IREKA ENGINEERING & CONSTRUCTION SDN BHD | 100% |  |                |
|                                |      | i-TECH NETWORK SOLUTIONS SDN BHD | 100% | REGALMONT SDN BHD                        | 100% |  |                |
|                                |      | IREKA VENTURE CAPITAL LTD        | 100% | REGALMONT (SABAH) SDN BHD                | 100% |  |                |
|                                |      | e-AUCTION SDN BHD                | 96%  | IREKA HOTELS SDN BHD                     | 100% | } 67%<br>33%                           | AWARNI SDN BHD |
|                                |      |                                  |      | ISWAJA ENTERPRISE SDN BHD                | 100% |  |                |
|                                |      |                                  |      | i-RESIDENCE SDN BHD                      | 100% |  |                |
|                                |      |                                  |      | i-ZEN HOSPITALITY SDN BHD                | 100% |  |                |
|                                |      |                                  |      | REGAL VARIETY SDN BHD                    | 100% |  |                |

## CORPORATE STRUCTURE

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The Westin Board Room

**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

**INDEPENDENT NON-EXECUTIVE DIRECTORS**  
DATUK HAJI BURHANUDDIN BIN  
AHMAD TAJUDIN PJN  
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

## CORPORATE INFORMATION

**COUNTRY OF DOMICILE & INCORPORATION**  
Malaysia

**LEGAL STATUS**  
Public Listed Company Limited By Shares

**STOCK EXCHANGE LISTING**  
Bursa Malaysia Securities Berhad (formerly known as  
Malaysia Securities Exchange Berhad), Main Board

**REGISTERED OFFICE/  
PRINCIPAL PLACE OF BUSINESS**  
No. 32, Medan Setia Dua, Bukit Damansara  
50490 Kuala Lumpur  
Tel : 603-2094 0133  
Fax : 603-2095 2096  
Email : enquiry@ireka.com.my  
website : www.ireka.com.my

**SHARE REGISTRAR**  
Symphony Share Registrars Sdn Bhd  
(formerly known as Malaysian Share Registration Services Sdn Bhd)  
Level 26, Menara Multi Purpose, Capital Square  
No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur  
Tel : 603-27212222  
Fax : 603-27212530

**STOCK CODE**  
Shares 8834  
Warrants 8834-w

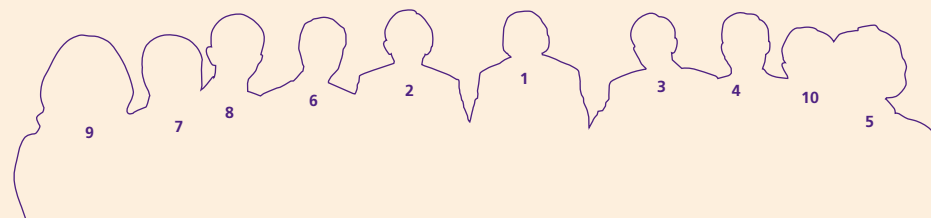
**AUDITORS**  
Raja Salleh, Lim & Co.  
(Audit Firm No. 0071)  
29A, Jalan SS22/19  
Damansara Jaya  
47400 Petaling Jaya  
Selangor Darul Ehsan

**PRINCIPLE 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

- ① HAJI ABDULLAH BIN YUSOF
- ② LAI SIEW WAH
- ③ DATUK LAI JAAT KONG @ LAI FOOT KONG PJN, JSM
- ④ CHAN SOO HAR @ CHAN KAY CHONG
- ⑤ LAI MAN MOI
- ⑥ KWOK YOKE HOW
- ⑦ DATUK HAJI BURHANUDDIN BIN AHMAD TAJUDIN PJN
- ⑧ LAI VOON HON
- ⑨ LAI VOON HUEY, MONICA
- ⑩ HAJI MOHD. SHARIF BIN HAJI YUSOF





## HAJI ABDULLAH BIN YUSOF

Aged 68, 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 which was 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, Ranhill Power 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 64, 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.

## PROFILE OF DIRECTORS

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

Aged 61, 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 25 years experience in the construction industry and has good 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.

### CHAN SOO HAR @ CHAN KAY CHONG

Aged 58, 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.

### LAI MAN MOI

Aged 56, 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 64, 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.

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

Aged 72, 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, BIMB Holdings Berhad and Bank Islam Malaysia Berhad.

**LAI VOON HON**

Aged 40, 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 (Distinction) degree in 1993 respectively. An architect by profession, he has practiced 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.

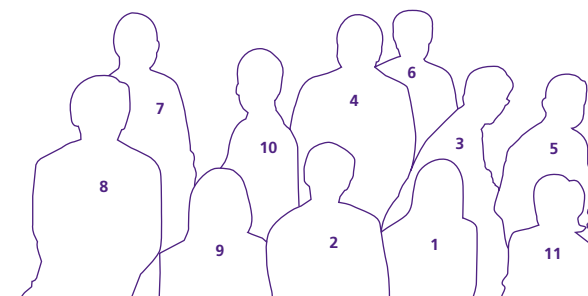
**LAI VOON HUEY, MONICA**

Aged 38, 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.

**HAJI MOHD. SHARIF BIN HAJI YUSOF**

Aged 65, 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 an Independent Non-Executive Director of Amal Assurance Berhad, APM Automotive Holdings Berhad, Malayawata Steel Berhad and Kemayan Corporation Berhad.



## PROFILE OF COMPANY SECRETARY & SENIOR MANAGEMENT

### COMPANY SECRETARY

#### 1 WONG YIM CHENG

Aged 40, 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

#### 2 TAN THIAM CHAI

Aged 44, 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 the construction arm, IECSB. He graduated from the University of Bristol, United Kingdom in 1983 with a Bachelor of Science (Hons) Degree in Civil Engineering.

#### 3 NG YAU SIONG

Aged 41, a Malaysian, joined Ireka as an Engineer in 1991 and is currently a Director (Projects). In August 2000, he was appointed to the Board of Ireka Engineering & Construction Sdn Bhd. He graduated from University of Canterbury, New Zealand in 1986 with a Bachelor of Engineering (Hons) Degree.

#### 4 IR. LIM TAU SOON

Aged 47, 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 Ireka Engineering & Construction Sdn Bhd. 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.



5 LEONARD YEE YUKE DIEN

Aged 40, 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 returning 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.

6 LEE SUI SAN

Aged 50, 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.

7 KOK TONG YONG, TONY

Aged 49, a Malaysian, joined Ireka in 1996 and is currently the M & E Director, Head of the M & E Division. He graduated from University of Teesside, United Kingdom in 1981 with a Bachelor of Science Degree in Mechanical Engineering. He is a member of the Institute of Engineers, Australia and registered as a Chartered Professional Engineer. He has over 23 years of working experience in the construction industry, particularly in high rise buildings.

8 LEE CHAY LINE

Aged 42, a Malaysian, joined Ireka in 1985 and is currently a Director (Pre-Contract and Tender). He graduated from Institute Teknologi Union in 1985 with a Technician Diploma and was awarded a Bachelor of Applied Science (Construction Management and Economics) Degree by Curtin University, Australia in 1999.

9 THAM FONG ANG

Aged 51, 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.

10 IR. CHEN MIN SANG

Aged 47, a Malaysian, joined Ireka in 2002 and is currently the Director of Operations, Property Development. 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.

11 TAN AI LING, IRENE

Aged 39, a Malaysian, joined Ireka in 2000 and is currently the Director of Sales & Marketing, Property Division. She graduated from Royal Melbourne Institute of Technology, Australia with a Bachelor of Business, Property Management in 1988. She worked as a Property Manager in Australia and a Project Manager in Kuala Lumpur prior to joining Ireka.

1 APRIL 2003

Ireka announced the incorporation of a company named i-Tech Network Solutions Sdn Bhd with a paid up capital of RM2.00 consisting of two (2) ordinary shares of RM1.00 each.

3 MAY 2003

A one day Board of Directors' brain storming session was held as part of the Directors' training programme.

30 MAY 2003

Ireka announced its quarterly Report on consolidated unaudited results for the financial period ended 31 March 2003.

14 AUGUST 2003

An Agreement was signed between Ireka's wholly-owned subsidiary, Ireka-Charng Sheng Development Sdn Bhd and The Ministry of Defence to demolish the TLDM Navy Jetty to design, construct and deliver an extension jetty at KD Sri Sandakan.

2 APRIL 2003

A Joint Land Development Agreement between Ireka's wholly-owned subsidiary, Ireka-Charng Sheng Development Sdn Bhd and Majlis Perbandaran Sandakan was signed to jointly develop a mixed development project called Sandakan Harbour Square on 12 acres of land at an estimated contract value of RM200.0 million.

27 JULY 2003

Ireka's Sports & Recreational Club organized a Carnival Day at Taman Tasik Titiwangsa with fun-filled activities.

13 AUGUST 2003

Site filling and reclamation works for Sandakan Harbour Square commences. The event was graced by Datuk Lau Ngan Siew.



## CORPORATE CALENDAR

15 AUGUST 2003

Demolition works of the TLDM Jetty and the existing fish market at Sandakan commences to make way for the Sandakan Harbour Square Project.



25 SEPTEMBER 2003

The Company held its 27th Annual General Meeting at The Westin Kuala Lumpur. An Extraordinary General Meeting was held thereafter to seek shareholders' approval for the renewal of general mandate for recurrent related party transactions of a revenue / trading nature & renewal of mandate for share buy-back.

13 SEPTEMBER 2003

Luyang Perdana (Phase 2), a project by Regalmont (Sabah) Sdn Bhd, a wholly-owned subsidiary of Ireka, was officially launched in Kota Kinabalu.

6 SEPTEMBER 2003

Ireka's flagship hotel, The Westin Kuala Lumpur was soft opened. The ceremony was graced by the attendance of prominent businessmen, Board of Directors of Ireka, Starwood Executives and distinguished guests from the media and multinational corporations.



28 SEPTEMBER 2003

Ireka Sports & Recreational Club's annual bowling competition was held at Bangsar Shopping Complex.



9 OCTOBER 2003

Ireka's wholly-owned subsidiary, i-Tech Network Solutions Sdn Bhd together with its business partner, IBM Malaysia signed an Agreement with The Westin Kuala Lumpur as its information communications technology partner.



4 - 6 OCTOBER 2003

Ireka's Sports & Recreational Club organized a 3 days 2 nights trip to Taman Negara.

19 NOVEMBER 2003

Ireka was awarded a contract by OCBC Bank (Malaysia) Berhad to execute and complete the main building works for a 20-storey office block at Jalan Tun Perak at a contract value of RM56.49 million.

6 - 7 DECEMBER 2003

A one and a half day Board of Directors' brain storming session was held at The Westin Kuala Lumpur.

7 DECEMBER 2003

Ireka Annual Dinner was held at The Westin Kuala Lumpur.

23 DECEMBER 2003

The Final Dividend of 6.5% per share less income tax of 28% for the year ended 31 March 2003 was paid.

19 MARCH 2004

Ireka was awarded a contract by Damansara Entertainment Centre Sdn Bhd for the construction of a five-storey shopping complex and entertainment center comprises retail lots, cineplex and bowling alleys with one basement car park at a contract value of RM58.40 million.



16 JANUARY 2004

The Ground Breaking Ceremony for Sandakan Harbour Square was officiated by Sabah Chief Minister, YAB Datuk Seri Musa Haji Aman in Sandakan.





The Board of Directors confirms that the Group has complied with the best practices in the Code throughout the financial year ended 31 March 2004. 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 2004, the Board met for a total of six times. Every Director attended all the Board meetings held during his/her tenure except Datuk Lai Jaat Kong @ Lai Foot Kong and Lai Voon Hon who attended five meetings each and Kwok Yoke How who attended four meetings due to their official/overseas commitments.

The Board has delegated specific responsibilities to four subcommittees i.e. Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, which 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 16 to 17 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 judgment in Board decisions. The roles of these Independent Non-Executive Directors are important in ensuring that the strategies proposed by the Executive Management are fully deliberated and take into account the interest of the Group.

### (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) Appointments to the Board

The Code endorses as good practice, a formal procedure for appointments to the Board, with a Nomination Committee making recommendations to the full Board.

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 Yusof (Non-Executive Director).

# CORPORATE GOVERNANCE STATEMENT

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 periodically its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.

The Directors 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.

### (v) 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.

## B DIRECTORS' REMUNERATION

### (i) The level and make-up of remuneration

The Board 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.

### (ii) Procedure

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

The Committee has met once, which was attended by all the members to review the annual salary increment and bonus of Executive Directors based on their responsibilities and scope of work, corporate and individual performance.

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.

**(iii) Disclosure**

The details of the remuneration of Directors during the financial year ended 31 March 2004 are as follows :

**1 Aggregate remuneration of Directors categorized into appropriate components :**

| In RM'000               | Salaries | Fees | Bonus & Incentives | Benefits in-Kind | Total |
|-------------------------|----------|------|--------------------|------------------|-------|
| Executive Directors     | 2,017    | 180  | 160                | 0                | 2,357 |
| Non-Executive Directors | 0        | 80   | 0                  | 0                | 80    |

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

| Range of Remuneration | Number of Directors |               |
|-----------------------|---------------------|---------------|
|                       | Executive           | Non-Executive |
| Below RM50,000        | –                   | 4             |
| RM300,001 – RM350,000 | 4                   | –             |
| RM350,001 – RM400,000 | –                   | –             |
| RM400,001 – RM450,000 | –                   | –             |
| RM450,001 – RM500,000 | 1                   | –             |
| RM500,001 – RM550,000 | 1                   | –             |

**C SHAREHOLDERS**

**(i) Dialogue Between The Company & 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.

**(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.

**D 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 assessment 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 judgment 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 enquiries, 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 Control**

The Group's Internal Control Statement is set out on page 25.

**(iv) Relationship With The Auditors**

The role of the Audit Committee in relation to the External Auditors is stated on page 26.

**(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 2004 is set out on page 26 of this Annual Report.

This Corporate Governance Statement is made in accordance with a resolution of the Board of Directors dated 26 August 2004.

**HAJI ABDULLAH BIN YUSOF**  
**CHAIRMAN**

**LAI SIEW WAH**  
**GROUP MANAGING DIRECTOR**

RHB Bank Training & IT Centre, Bangi





|  |   |   |
|--|---|---|
| <p><b>RESPONSIBILITY</b></p> <p>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.</p> <p>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 Bursa Malaysia Securities Listing Requirements, has been reviewed by the External Auditors and report the results thereof to the Board.</p> | <p><b>INTERNAL CONTROL</b></p> <p>The Group has adopted the concept of Enterprise-Wide Risk Management Framework which identifies and manages 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 :</p> <ul style="list-style-type: none"> <li>• identification of key corporate risks associated with the organizational mission, vision, strategies and objectives</li> <li>• measurement of these risks in terms of the possibility of occurrence and the impact on the organisation</li> <li>• evaluation of existing controls to manage the risks</li> <li>• confirming accountability and time lines for managing and monitoring the controls</li> <li>• identification of residue risks</li> <li>• deciding on risk treatment</li> </ul> | <ul style="list-style-type: none"> <li>• development of action plans to manage residual risks</li> <li>• continuous monitoring to ensure compliance and update risk assessment</li> </ul> <p>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.</p> <p><b>INTERNAL AUDIT FUNCTION</b></p> <p>PricewaterhouseCoopers ("PWC") as the outsourced Internal Auditors prior to May 2004 has reported to the Audit Committee and assisted the Board of Directors in monitoring and managing internal controls. In May 2004, the Audit Committee has engaged Messrs. Audex Governance Sdn Bhd to replace PWC in providing internal audit services to the Group. The change was undertaken to enhance corporate governance and eliminate conflict of interest, if any, due to PWC's role as the external auditors of a number of subsidiaries within the Group.</p> |
|--|---|---|

## INTERNAL CONTROL STATEMENT

|  |  |  |
|--|--|--|
| <p>The Audit Committee has approved a three-year Internal Audit Plan covering financial years ending 2005 to 2007, which is 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 subsidiary companies.</p> <p><b>OTHER KEY ELEMENTS OF INTERNAL CONTROL</b></p> <p>The other key elements of the Group's internal control systems are described as follows :</p> <ul style="list-style-type: none"> <li>• clearly defined delegation of responsibilities to committees of the Board and to Management of operating units, including authorization levels for all respects of the business which are set out in the authority matrix</li> </ul> | <ul style="list-style-type: none"> <li>• 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</li> <li>• regular and comprehensive information provided to Management, covering financial performance and key business indicators</li> <li>• a detailed budgeting process where operating units prepare budgets for coming year and the consolidated budget approved by the Board</li> <li>• monthly monitoring of results against budget, with major variances being followed up and Management actions taken, where necessary</li> <li>• regular visits to operating units by Senior Management and Board Members</li> <li>• regular review of business to assess effectiveness of internal controls</li> </ul> | <ul style="list-style-type: none"> <li>• review and approval of annual internal audit plan by the Audit Committee on behalf of the Board</li> <li>• meetings between Audit Committee and outsourced Internal Auditors on internal control issues identified in reports prepared by the outsourced Internal Auditors</li> </ul> <p>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.</p> |
|--|--|--|

## COMPOSITION OF AUDIT COMMITTEE

As at 31 March 2004, 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 14 of this Annual Report.

## FREQUENCY OF MEETINGS

The Committee had five meetings during the financial year which were attended by all the members except Kwok Yoke How who attended three meetings due to his overseas commitment.

## 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 :

- Review of the Group's quarterly reports prepared in compliance with the Malaysian Accounting Standards Board (MASB) Standard 26 "Interim Financial Reporting" and Chapter 9 of Bursa Malaysia Securities Listing Requirements prior to submission to the Board for consideration and approval

- Application of new accounting standards to the consolidated financial statements for the financial year ended 31 March 2004
- Review of audited financial statements for financial year 31 March 2004 with the external auditors prior to recommending the same to the Board for approval
- Review of the proposed general mandate for recurrent related party transactions of a Revenue/Trading Nature

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### (i) 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 1 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

### (ii) 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

### (iii) Duties and Responsibilities

The duties of Committee shall be among others :

# AUDIT COMMITTEE REPORT

- 1 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 :
  - ~ compliance with accounting standards and other legal requirements
  - ~ 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) any letter of resignation from the external auditors of the Company
  - (j) whether there is a reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment
  - (k) Risk Management Report that encompass the risk exposure of the Group
- 2 To promptly report to the Bursa Securities, of matters reported by the Audit Committee to the Board of Directors which has not been satisfactorily resolved, resulting in a breach of the Bursa Malaysia Securities Listing Requirement.
- 3 To recommend the nomination of a person or persons as external auditors.

### (iv) Meetings

- 1 Meetings shall be held not less than four (4) times a year.

- 2 A quorum shall be three (3) members, majority of whom must be Independent Non-executive Directors.
- 3 Other Directors & employees may attend any particular Audit Committee Meeting only at the Committee's invitation, specific to the relevant meeting.
- 4 The Company Secretary shall be the Secretary to the Committee.

### (v) 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.

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## 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 2004.

### 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 | 9,601,948   | 1,506,984 |
| Taxation  | (5,956,649) | (137,000) |
| Net profit from ordinary activities after taxation  | 3,645,299   | 1,369,984 |
| Minority interest                                   | 35,187      | –         |
| Net profit for the year                             | 3,680,486   | 1,369,984 |

### DIVIDENDS

Since the end of the previous financial year, a final dividend of 6.5% per share, less 28% income tax amounting to RM4,832,053 in respect of the financial year ended 31 March 2003 was paid out during the financial year under review.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 March 2004.

### DIRECTORS OF THE COMPANY

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

Haji Abdullah Bin Yusof  
Lai Siew Wah  
Datuk Lai Jaat Kong @ Lai Foot Kong PJN, JSM  
Chan Soo Har @ Chan Kay Chong  
Lai Man Moi  
Kwok Yoke How  
Datuk Haji Burhanuddin Bin Ahmad Tajudin PJN  
Lai Voon Hon  
Lai Voon Huey, Monica  
Haji Mohd Sharif Bin Haji Yusof

In accordance with the Articles of Association of the Company, Lai Siew Wah, Datuk Lai Jaat Kong @ Lai Foot Kong PJN, JSM and Haji Abdullah Bin Yusof 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-appointment.

#### 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.

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 7,293,835 ordinary shares of RM1 each in the Company were granted to eligible employees.

Details of the ESOS are set out in Note 21(b) to the financial statements.

The list of key management personnel whom has been granted share options of RM1.00 each during the financial year are as follows :

|  | At<br>1.4.2003 | Granted    | Exercised | At<br>31.3.2004 |
|--|----------------|------------|-----------|-----------------|
| Lai Siew Wah                                 | 300,000        | 36,090 (i) | —         | 336,090         |
| Datuk Lai Jaat Kong @ Lai Foot Kong PJN, JSM | 240,000        | 28,872 (i) | —         | 268,872         |
| Chan Soo Har @ Chan Kay Chong                | 300,000        | 36,090 (i) | —         | 336,090         |
| Lai Man Moi                                  | 300,000        | 36,090 (i) | —         | 336,090         |
| Lai Voon Hon                                 | 300,000        | 36,090 (i) | —         | 336,090         |
| Lai Voon Huey, Monica                        | 300,000        | 36,090 (i) | —         | 336,090         |
| Tan Thiam Chai                               | 180,000        | 21,654 (i) | —         | 201,654         |
| Lim Tau Soon                                 | 180,000        | 21,654 (i) | —         | 201,654         |
| Ng Yau Siong                                 | 168,000        | 20,211 (i) | —         | 188,211         |
| Leonard Yee Yuke Dien                        | 180,000        | 21,654 (i) | —         | 201,654         |

(i) Adjustment pursuant to a rights issue.

The share options were granted pursuant to the ESOS which entitle the above employees to subscribe at exercise price of RM1.18 for each new ordinary share.

**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<br>1.4.2003 | Additions | Disposals | At<br>31.3.2004 |
|--|----------------|-----------|-----------|-----------------|
| <b>Direct –</b>                              |                |           |           |                 |
| Datuk Lai Jaat Kong @ Lai Foot Kong PJN, JSM | 3,670,500      | –         | –         | 3,670,500       |
| Chan Soo Har @ Chan Kay Chong                | 2,184,750      | –         | –         | 2,184,750       |
| Lai Man Moi                                  | 2,090,250      | –         | –         | 2,090,250       |
| Haji Abdullah Bin Yusof                      | 1,500,000      | –         | –         | 1,500,000       |
| Kwok Yoke How                                | 576,003        | –         | –         | 576,003         |
| Datuk Haji Burhanuddin Bin Ahmad Tajudin PJN | 340,000        | –         | –         | 340,000         |
| Lai Voon Hon                                 | 12,000         | –         | –         | 12,000          |
| Lai Voon Huey, Monica                        | 6,000          | –         | –         | 6,000           |
| <b>Indirect –</b>                            |                |           |           |                 |
| Lai Siew Wah                                 | 49,001,998     | –         | –         | 49,001,998      |
| Lai Voon Hon                                 | 49,001,998     | –         | –         | 49,001,998      |
| Lai Voon Huey, Monica                        | 49,001,998     | –         | –         | 49,001,998      |
| Haji Abdullah Bin Yusof                      | 15,398,248     | –         | –         | 15,398,248      |

**INTEREST IN WARRANTS 1996/2006 :**

Number of warrants

|  | At<br>1.4.2003 | Additions | Disposals | At<br>31.3.2004 |
|--|----------------|-----------|-----------|-----------------|
| <b>Direct –</b>                              |                |           |           |                 |
| Chan Soo Har @ Chan Kay Chong                | 382,022        | –         | –         | 382,022         |
| Lai Man Moi                                  | 382,022        | –         | –         | 382,022         |
| Datuk Lai Jaat Kong @ Lai Foot Kong PJN, JSM | 764,044        | –         | –         | 764,044         |
| Haji Abdullah bin Yusof                      | 306,962        | –         | –         | 306,962         |
| Kwok Yoke How                                | 106,909        | –         | –         | 106,909         |
| Haji Burhanuddin Bin Ahmad Tajudin PJN       | 40,330         | –         | –         | 40,330          |
| <b>Indirect –</b>                            |                |           |           |                 |
| Lai Siew Wah                                 | 10,254,904     | –         | –         | 10,254,904      |
| Lai Voon Hon                                 | 10,254,904     | –         | –         | 10,254,904      |
| Lai Voon Huey, Monica                        | 10,254,904     | –         | –         | 10,254,904      |
| Haji Abdullah Bin Yusof                      | 3,759,566      | –         | –         | 3,759,566       |



#### Interest in ordinary shares of related corporation :

Number of non-voting irredeemable non-convertible 'P' shares of RM1 each

|                          | At<br>1.4.2003 | Additions | Disposals | At<br>31.3.2004 |
|--------------------------|----------------|-----------|-----------|-----------------|
| <b>Direct interest –</b> |                |           |           |                 |
| Lai Siew Wah             | 1,040,000      | –         | 1,040,000 | –               |
| Kwok Yoke How            | 450,000        | –         | 450,000   | –               |

#### RESERVES AND PROVISIONS

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

#### ISSUE OF SHARES AND DEBENTURES

During the financial year under review, the issued and paid up share capital of the Company was increased from 103,248,000 to 112,307,000 ordinary shares at RM1.00 each by the issue of :

| Number of shares | Purpose of issue               | Class of issue | Term of issue                                 |
|------------------|--------------------------------|----------------|---|
| 8,825,000        | Private placement              | Ordinary       | Between RM1.05 to RM1.27 per share for cash   |
| 234,000          | Exercise of options under ESOS | Ordinary       | Between RM1.00 and RM1.18 per share for cash. |

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

The proceeds from the share issues were utilised for working capital purpose.

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 33 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 2004 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 2004.

## **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 2004.

## **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 2004.

## **VARIANCES IN RESULTS**

The variance between the financial results ended 31 March 2004 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 2004.

## **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 – 13 July 2004



**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 36 to 76 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 2004 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 – 13 July 2004

**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 36 to 76 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
LAI VOON HUEY  
NRIC No. 660508-10-6572  
at KUALA LUMPUR in the state of WILAYAH PERSEKUTUAN  
on 13 July 2004



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 36 to 76 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 2004 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 – 13 July 2004

# BALANCE SHEETS AS AT 31 MARCH 2004

| In RM  | Note | Group<br>2004        | Group<br>2003      | Company<br>2004    | Company<br>2003    |
|--|------|----------------------|--------------------|--------------------|--------------------|
| <b>NON-CURRENT ASSETS</b>                    |      |                      |                    |                    |                    |
| Property, plant and equipment                | 6    | 473,136,638          | 31,844,747         | 17,360,828         | 17,013,621         |
| Investment in subsidiary companies           | 7    | —                    | —                  | 50,086,981         | 50,086,981         |
| Investment in jointly controlled entities    | 8    | 412,612              | 549,371            | 70,000             | 70,000             |
| Other investments                            | 9    | 5,868,885            | 5,868,885          | 4,601,900          | 4,601,900          |
| Land and development expenditure             | 10   | 118,442,897          | 168,072,417        | —                  | —                  |
| Goodwill on consolidation                    | 11   | 15,930,780           | 16,863,990         | —                  | —                  |
|  |      | <b>613,791,812</b>   | <b>223,199,410</b> | <b>72,119,709</b>  | <b>71,772,502</b>  |
| <b>CURRENT ASSETS</b>                        |      |                      |                    |                    |                    |
| Development properties                       | 12   | 66,582,066           | 285,076,627        | —                  | —                  |
| Inventories                                  | 13   | 6,768,758            | 7,498,862          | —                  | 239,240            |
| Trade and other receivables                  | 14   | 103,310,954          | 99,440,720         | 20,318,986         | 20,997,712         |
| Amounts due from customers on contracts      | 15   | 43,182,896           | 57,733,818         | 19,954,530         | 28,135,711         |
| Amounts due from jointly controlled entities | 16   | 11,394,282           | 11,086,464         | 11,289,198         | 11,019,973         |
| Amounts due from subsidiary companies        | 17   | —                    | —                  | 486,306,454        | 344,721,973        |
| Deposits, cash and bank balances             | 18   | 6,023,848            | 10,533,333         | 177,624            | 1,262,981          |
|  |      | <b>237,262,804</b>   | <b>471,369,824</b> | <b>538,046,792</b> | <b>406,377,590</b> |
| Less :                                       |      |                      |                    |                    |                    |
| <b>CURRENT LIABILITIES</b>                   |      |                      |                    |                    |                    |
| Trade and other payables                     | 19   | 203,237,094          | 119,098,791        | 21,234,651         | 6,226,059          |
| Amounts due to subsidiary companies          | 17   | —                    | —                  | 186,429,339        | 129,780,929        |
| Borrowings                                   | 20   | 182,584,739          | 150,663,988        | 49,224,885         | 13,970,357         |
| Bank overdrafts                              | 18   | 21,261,945           | 17,492,031         | 3,249,446          | 2,638,484          |
| Taxation                                     |      | 11,229,276           | 6,448,411          | —                  | —                  |
|  |      | <b>418,313,054</b>   | <b>293,703,221</b> | <b>260,138,321</b> | <b>152,615,829</b> |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>      |      | <b>(181,050,250)</b> | <b>177,666,603</b> | <b>277,908,471</b> | <b>253,761,761</b> |
|  |      | <b>432,741,562</b>   | <b>400,866,013</b> | <b>350,028,180</b> | <b>325,534,263</b> |
| <b>FINANCED BY :</b>                         |      |                      |                    |                    |                    |
| Share capital                                | 21   | 112,307,000          | 103,248,000        | 112,307,000        | 103,248,000        |
| Reserves                                     | 22   | 44,612,092           | 44,559,535         | 31,369,054         | 33,626,999         |
| <b>SHAREHOLDERS' EQUITY</b>                  |      | <b>156,919,092</b>   | <b>147,807,535</b> | <b>143,676,054</b> | <b>136,874,999</b> |
| <b>MINORITY INTERESTS</b>                    |      | <b>1,865,809</b>     | <b>1,900,996</b>   | <b>—</b>           | <b>—</b>           |
| <b>LONG TERM AND DEFERRED LIABILITIES</b>    |      |                      |                    |                    |                    |
| Other payables                               | 19   | —                    | 13,200,000         | —                  | —                  |
| Borrowings                                   | 20   | 271,157,805          | 235,703,482        | 205,892,126        | 188,256,264        |
| Deferred taxation                            | 23   | 2,798,856            | 2,254,000          | 460,000            | 403,000            |
|  |      | <b>432,741,562</b>   | <b>400,866,013</b> | <b>350,028,180</b> | <b>325,534,263</b> |

The notes on pages 44 to 76 form an integral part of these financial statements.

# INCOME STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

| In RM  | Note | Group                |               | Company             |              |
|--|------|----------------------|---------------|---------------------|--------------|
|  |      | 2004                 | 2003          | 2004                | 2003         |
| <b>Revenue</b>   | 24   | <b>499,902,376</b>   | 314,658,690   | <b>111,199,497</b>  | 69,501,971   |
| Cost of sales  | 25   | <b>(438,848,371)</b> | (270,059,102) | <b>(97,467,417)</b> | (58,940,125) |
| <b>Gross profit</b>  |      | <b>61,054,005</b>    | 44,599,588    | <b>13,732,080</b>   | 10,561,846   |
| Other operating income                                     |      | <b>2,260,192</b>     | 2,387,180     | <b>3,499,471</b>    | 5,476,225    |
| Administration expenses                                    |      | <b>(14,752,324)</b>  | (13,972,107)  | <b>(2,394,418)</b>  | (2,934,077)  |
| Other operating expenses                                   |      | <b>(17,333,783)</b>  | (6,237,555)   | <b>(1,790,320)</b>  | (2,545,760)  |
| <b>Profit from operations</b>                              |      | <b>31,228,090</b>    | 26,777,106    | <b>13,046,813</b>   | 10,558,234   |
| Finance cost   |      | <b>(21,489,382)</b>  | (16,204,590)  | <b>(11,539,829)</b> | (5,505,946)  |
| Loss from jointly controlled entities                      | 8    | <b>(136,760)</b>     | (156,890)     | –                   | –            |
| <b>Net profit from ordinary activities before taxation</b> | 26   | <b>9,601,948</b>     | 10,415,626    | <b>1,506,984</b>    | 5,052,288    |
| Taxation   | 27   | <b>(5,956,649)</b>   | (3,247,292)   | <b>(137,000)</b>    | (653,000)    |
| <b>Net profit from ordinary activities after taxation</b>  |      | <b>3,645,299</b>     | 7,168,334     | <b>1,369,984</b>    | 4,399,288    |
| Minority interests   |      | <b>35,187</b>        | (996)         | –                   | –            |
| <b>Net profit for the year</b>                             |      | <b>3,680,486</b>     | 7,167,338     | <b>1,369,984</b>    | 4,399,288    |
| Dividends per share (sen)                                  |      |                      |               |                     |              |
| – Gross  | 28   | –                    | 6.50          |                     |              |
| Earnings per share (sen)                                   |      |                      |               |                     |              |
| – Basic  | 29   | 3.55                 | 9.09          |                     |              |

The notes on pages 44 to 76 form an integral part of these financial statements.



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

| In RM                              | Note | Share capital      | Share premium     | Retained profits  | Total              |
|------------------------------------|------|--------------------|-------------------|-------------------|--------------------|
| <b>Balance as at 1.4.2002</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       |      |                    |                   |                   |                    |
| – Rights issue                     |      | 34,416,000         | –                 | –                 | 34,416,000         |
| – Exercise of options under ESOS   |      | 171,000            | 54,774            | –                 | 225,774            |
| Dividends                          |      | –                  | –                 | (4,955,904)       | (4,955,904)        |
| <b>Balance as at 31.3.2003</b>     |      | 103,248,000        | 20,474,210        | 24,085,325        | 147,807,535        |
| Net profit for the year            |      | –                  | –                 | 3,680,486         | 3,680,486          |
| Expenses for share issues and ESOS |      | –                  | (108,035)         | –                 | (108,035)          |
| Issue of shares arising from       |      |                    |                   |                   |                    |
| – Private placement                |      | 8,825,000          | 1,306,319         | –                 | 10,131,319         |
| – Exercise of options under ESOS   |      | 234,000            | 5,840             | –                 | 239,840            |
| Dividends                          |      | –                  | –                 | (4,832,053)       | (4,832,053)        |
| <b>Balance as at 31.3.2004</b>     |      | <b>112,307,000</b> | <b>21,678,334</b> | <b>22,933,758</b> | <b>156,919,092</b> |

The notes on pages 44 to 76 form an integral part of these financial statements.

# COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

| In RM                                   | Note | Share capital      | Share premium     | Retained profits | Total              |
|---|------|--------------------|-------------------|------------------|--------------------|
| <b>Balance as at 1.4.2002</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            |      |                    |                   |                  |                    |
| – Rights issue                          |      | 34,416,000         | –                 | –                | 34,416,000         |
| – Exercise of options under ESOS        |      | 171,000            | 54,774            | –                | 225,774            |
| Dividends                               |      | –                  | –                 | (4,955,904)      | (4,955,904)        |
| <b>Balance as at 31.3.2003</b>          |      | 103,248,000        | 20,474,210        | 13,152,789       | 136,874,999        |
| Net profit for the year                 |      | –                  | –                 | 1,369,984        | 1,369,984          |
| Expenses for private placement and ESOS |      | –                  | (108,035)         | –                | (108,035)          |
| Issue of shares arising from            |      |                    |                   |                  |                    |
| – Private placement                     |      | 8,825,000          | 1,306,319         | –                | 10,131,319         |
| – Exercise of options under ESOS        |      | 234,000            | 5,840             | –                | 239,840            |
| Dividends                               |      | –                  | –                 | (4,832,053)      | (4,832,053)        |
| <b>Balance as at 31.3.2004</b>          |      | <b>112,307,000</b> | <b>21,678,334</b> | <b>9,690,720</b> | <b>143,676,054</b> |

# CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

| In RM  | Note | 2004                 | 2003                 |
|--|------|----------------------|----------------------|
| <b>Cash flow from operating activities</b>               |      |                      |                      |
| Net profit from ordinary activities before taxation      |      | 9,601,948            | 10,415,626           |
| Adjustments for :  |      |                      |                      |
| Allowance for diminution in value of subsidiary          |      | –                    | 1,598                |
| Amortisation of goodwill                                 |      | 933,210              | 933,210              |
| Interest expenses  |      | 21,489,382           | 16,204,590           |
| Interest income  |      | (227,863)            | (47,753)             |
| Investment in jointly controlled entity written off      |      | –                    | 1                    |
| Share of losses of jointly controlled entities           |      | 136,760              | 156,890              |
| Property, plant and equipment – Depreciation             |      | 5,311,641            | 3,240,988            |
| – Gain on disposals                                      |      | (1,975)              | (52,347)             |
| – Loss on disposals                                      |      | 4,652                | 9,335                |
| – Written off  |      | 1,590                | –                    |
| Operating profit before working capital changes          |      | 37,249,345           | 30,862,138           |
| Development properties                                   |      | (3,565,448)          | (21,141,207)         |
| Inventories  |      | 730,105              | (2,702,963)          |
| Receivables  |      | (3,701,811)          | (6,289,168)          |
| Amounts due from customers on contracts                  |      | 14,550,922           | (14,132,768)         |
| Amounts due from jointly controlled entities             |      | (307,818)            | (1,748,189)          |
| Payables   |      | 70,938,302           | 27,987,871           |
| Net cash flow from operating activities                  |      | 115,893,597          | 12,835,714           |
| Income tax paid  |      | (799,351)            | (2,367,790)          |
| <b>Net cash flow generated from operating activities</b> |      | <b>115,094,246</b>   | <b>10,467,924</b>    |
| <b>Cash flow from investing activities</b>               |      |                      |                      |
| Hotel development  |      | –                    | (64,933,193)         |
| Interest income  |      | 227,863              | 47,753               |
| Property, plant and equipment – Additions                |      | (135,522,876)        | (9,965,699)          |
| – Disposals  |      | 166,919              | 244,908              |
| Acquisition of other investments                         |      | –                    | (4,000,000)          |
| Land and development expenditure                         |      | (27,284,317)         | (60,549,612)         |
| <b>Net cash flow used in investing activities</b>        |      | <b>(162,412,411)</b> | <b>(139,155,843)</b> |

The notes on pages 44 to 76 form an integral part of these financial statements.

# **CONSOLIDATED CASH FLOW STATEMENTS** FOR THE YEAR ENDED 31 MARCH 2004

| In RM  | Note | 2004               | 2003               |
|--|------|--------------------|--------------------|
| <b>Cash flow from financing activities</b>                             |      |                    |                    |
| Borrowing costs capitalised  |      | (9,556,484)        | (7,088,826)        |
| Dividends paid to shareholders   |      | (4,832,053)        | (4,955,904)        |
| Expenses for proposed private placement                                |      | (108,035)          | (586,966)          |
| Hire purchase principal repayments                                     |      | (1,458,440)        | (983,509)          |
| Interest paid  |      | (21,489,382)       | (16,204,590)       |
| Drawdown of bank borrowings  |      | 520,954,327        | 437,957,781        |
| Proceeds from exercise of options under ESOS                           |      | 239,840            | 225,774            |
| Proceeds from rights issue   |      | –                  | 34,416,000         |
| Proceeds from private placement  |      | 10,131,319         | –                  |
| Repayments of bank borrowings  |      | (454,842,326)      | (313,845,121)      |
| Proceeds from minority interest in respect of investment in subsidiary |      | –                  | 400,000            |
| <b>Net cash flow generated from financing activities</b>               |      | <b>39,038,766</b>  | <b>129,334,639</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            |      | <b>(8,279,399)</b> | <b>646,720</b>     |
| Cash and cash equivalents  |      |                    |                    |
| – at start of year   |      | (6,958,698)        | (7,605,418)        |
| – at end of year   | 18   | (15,238,097)       | (6,958,698)        |

The notes on pages 44 to 76 form an integral part of these financial statements.



## COMPANY CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

| In RM  | Note | 2004                | 2003                |
|--|------|---------------------|---------------------|
| <b>Cash flow from operating activities</b>                         |      |                     |                     |
| Net profit from ordinary activities before taxation                |      | 1,506,984           | 5,052,288           |
| Adjustments for :  |      |                     |                     |
| Allowance for diminution in value of subsidiary                    |      | –                   | 1,598               |
| Dividends received from a subsidiary company                       |      | (3,446,959)         | (4,271,407)         |
| Interest expenses  |      | 11,539,829          | 5,505,946           |
| Interest income  |      | (134,106)           | –                   |
| Investment in jointly controlled entity written off                |      | –                   | 1                   |
| Property, plant and equipment – Depreciation                       |      | 384,638             | 438,011             |
| – Gain on disposals  |      | (1,112)             | –                   |
| – Loss on disposals  |      | 45                  | 7,833               |
| Operating profit before working capital changes                    |      | 9,849,319           | 6,734,270           |
| Inventories  |      | 239,240             | 223,075             |
| Receivables  |      | 847,148             | 4,770,127           |
| Amounts due from customers on contracts                            |      | 8,181,181           | (16,207)            |
| Amounts due from jointly controlled entities                       |      | (269,225)           | (2,191,884)         |
| Amounts due from subsidiary companies                              |      | (141,584,481)       | (12,019,713)        |
| Payables   |      | 15,008,592          | (12,655,370)        |
| Amounts due to subsidiary companies                                |      | 56,648,410          | (7,505,416)         |
| Net cash flow from operating activities                            |      | (51,079,816)        | (22,661,118)        |
| Income tax paid  |      | (248,422)           | (1,331,618)         |
| <b>Net cash flow used in operating activities</b>                  |      | <b>(51,328,238)</b> | <b>(23,992,736)</b> |
| <b>Cash flow from investing activities</b>                         |      |                     |                     |
| Interest received  |      | 134,106             | –                   |
| Investment in subsidiary companies                                 |      | –                   | (600,000)           |
| Development expenditure on Turnkey Project                         |      | –                   | (64,933,193)        |
| Acquisition of other investment                                    |      | –                   | (4,000,000)         |
| Dividend received from a subsidiary company                        |      | 3,446,959           | 4,271,407           |
| Property, plant and equipment – Additions                          |      | (869,179)           | (5,522,338)         |
| – Disposals  |      | 138,400             | 27,638              |
| <b>Net cash flow generated from/(used in) investing activities</b> |      | <b>2,850,286</b>    | <b>(70,756,486)</b> |

The notes on pages 44 to 76 form an integral part of these financial statements.

## COMPANY CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

| In RM   | Note | 2004               | 2003              |
|---|------|--------------------|-------------------|
| <b>Cash flow from financing activities</b>                  |      |                    |                   |
| Dividends paid to shareholders                              |      | (4,832,053)        | (4,955,904)       |
| Expenses for proposed rights issue and ESOS                 |      | (108,035)          | (586,966)         |
| Hire purchase principal repayments                          |      | (119,875)          | (90,418)          |
| Interest paid   |      | (11,539,829)       | (5,505,946)       |
| Proceeds from bank borrowings                               |      | 59,239,753         | 76,493,282        |
| Proceeds from exercise of options under ESOS                |      | 239,840            | 225,774           |
| Proceeds from rights issue                                  |      | –                  | 34,416,000        |
| Proceeds from private placement                             |      | 10,131,319         | –                 |
| Repayments of bank borrowings                               |      | (6,229,487)        | (3,411,110)       |
| <b>Net cash flow generated from financing activities</b>    |      | <b>46,781,633</b>  | <b>96,584,712</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |      | <b>(1,696,319)</b> | <b>1,835,490</b>  |
| Cash and cash equivalents                                   |      |                    |                   |
| – at start of year  |      | (1,375,503)        | (3,210,993)       |
| – at end of year  | 18   | (3,071,822)        | (1,375,503)       |

The notes on pages 44 to 76 form an integral part of these financial statements.

**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 13 July 2004.

**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.

## 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 36 to 43 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 2004 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.



**(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 except one subsidiary which has adopted a straight line method. The principal annual rates of depreciation used are as follows :

|                        | %       |
|------------------------|---------|
| Buildings              | 2       |
| Plant and machinery    | 10 – 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.

**(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 2004.

**(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 residential and commercial development projects.

The land held for property development is classified as non-current asset where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. It is carried at cost less accumulated impairment losses.

The land is reclassified as current asset at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

**(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 comprise all costs associated with the acquisition of land and those that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Unsold units of development properties not recognised as an expense are stated at the lower of cost and net realisable value.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets).

Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables (within current liabilities).

**(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.

**(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 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.

**(m) Leases**

Leases 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).

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

**(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.

**(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.



**(q) Revenue recognition (cont'd)**

**(i) Construction contracts (cont'd)**

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) Property development**

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable; property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

**(iii) 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.

**(iv) Hospitality and leisure**

Revenue from rental of hotel rooms, sale of food and beverage and other related income are recognised on an accrual basis.

**(q) Revenue recognition (cont'd)**

**(v) 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.

**(r) Employee benefits**

**(i) Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

**(ii) Pension obligations**

The Company operates a defined contribution pension plan. The assets of the pension plan are held in a separate government administered fund. The defined contribution pension plan is funded by contributions from employees and by the company.

The Company's contributions to the defined contribution pension plan are expensed as incurred.

**(iii) Equity compensation benefits**

Details of the Group's Employee Share Option Scheme are set out in Note 21 to the financial statements. The Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

**(s) 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.

## 5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (s) Foreign currency transaction and balances (cont'd)

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               | 31.3.2004 | 31.3.2003 |
|---------------------|-----------|-----------|
| 1 US DOLLAR         | 3.8000    | 3.8000    |
| 1 Australian Dollar | 2.8710    | 2.4830    |

### (t) 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.

### (u) 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.

## 6 PROPERTY, PLANT AND EQUIPMENT

| In RM<br>Group                 | Freehold<br>land | Buildings   | Plant and<br>machinery | Motor<br>vehicles | Office<br>equipment | Furniture<br>and fittings | Computers | Total       |
|--------------------------------|------------------|-------------|------------------------|-------------------|---------------------|---------------------------|-----------|-------------|
| Net book value as at 1.4.2003  | 9,552,128        | 5,397,199   | 8,679,414              | 3,866,323         | 2,965,057           | 1,006,036                 | 378,590   | 31,844,747  |
| Additions                      | 23,075,561       | 345,528,242 | 60,956,161             | 838,612           | 213,633             | 14,349,493                | 1,813,017 | 446,774,719 |
| Disposals                      | –                | (133,888)   | –                      | (21,953)          | (12,749)            | –                         | (2,597)   | (171,187)   |
| Depreciation charge            | –                | (873,606)   | (2,673,397)            | (898,330)         | (414,340)           | (283,231)                 | (168,737) | (5,311,641) |
| Net book value as at 31.3.2004 | 32,627,689       | 349,917,947 | 66,962,178             | 3,784,652         | 2,751,601           | 15,072,298                | 2,020,273 | 473,136,638 |

### As at 31.3.2004

|                          |            |             |              |             |             |             |           |              |
|--------------------------|------------|-------------|--------------|-------------|-------------|-------------|-----------|--------------|
| Cost                     | 32,627,689 | 350,897,960 | 81,628,182   | 10,467,898  | 5,609,979   | 16,082,842  | 2,371,326 | 499,685,876  |
| Accumulated depreciation | –          | (980,013)   | (14,666,004) | (6,683,246) | (2,858,378) | (1,010,544) | (351,053) | (26,549,238) |
| Net book value           | 32,627,689 | 349,917,947 | 66,962,178   | 3,784,652   | 2,751,601   | 15,072,298  | 2,020,273 | 473,136,638  |

**6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

| In RM Group              | Freehold land | Buildings | Plant and machinery | Motor vehicles | Office equipment | Furniture and fittings | Computers | Total        |
|--------------------------|---------------|-----------|---------------------|----------------|------------------|------------------------|-----------|--------------|
| <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   |

Freehold land and building costing RM376,424,204 (31.3.2003 – RM8,687,420) inclusive of borrowing costs capitalised has been charged to financial institution for facilities granted to the Group up to RM199.7 million (31.3.2003 – RM3.2 million). The borrowing costs capitalised during the financial year is RM2,991,075 (31.3.2003 – RM7,348,302) and the accumulated borrowing costs capitalised as at 31 March 2004 is RM12,059,302 (31.3.2003 – RM9,068,227).

| In RM Company                  | Freehold land | Buildings | Motor vehicles | Office equipment | Furniture and fittings | Total      |
|--------------------------------|---------------|-----------|----------------|------------------|------------------------|------------|
| Net book value as at 1.4.2003  | 9,552,128     | 5,397,199 | 1,191,707      | 677,124          | 195,463                | 17,013,621 |
| Additions                      | –             | 807,053   | –              | 60,941           | 1,185                  | 869,179    |
| Disposals                      | –             | (133,888) | (3,446)        | –                | –                      | (137,334)  |
| Depreciation charge            | –             | (22,610)  | (237,652)      | (104,741)        | (19,635)               | (384,638)  |
| Net book value as at 31.3.2004 | 9,552,128     | 6,047,754 | 950,609        | 633,324          | 177,013                | 17,360,828 |

**As at 31.3.2004**

|                          |           |           |             |             |           |             |
|--------------------------|-----------|-----------|-------------|-------------|-----------|-------------|
| Cost                     | 9,552,128 | 6,176,771 | 3,912,550   | 1,804,641   | 558,499   | 22,004,589  |
| Accumulated depreciation | –         | (129,017) | (2,961,941) | (1,171,317) | (381,486) | (4,643,761) |
| Net book value           | 9,552,128 | 6,047,754 | 950,609     | 633,324     | 177,013   | 17,360,828  |

**As at 31.3.2003**

|                          |           |           |             |             |           |             |
|--------------------------|-----------|-----------|-------------|-------------|-----------|-------------|
| 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  |

Freehold land and building costing RM9,478,450 (31.3.2003 – RM8,687,420) inclusive of borrowing costs capitalised has been charged to financial institution for facility granted to the Company up to RM2.7 million (31.3.2003 – RM3.2 million). The borrowing costs capitalised during the financial year is RM163,549 (31.3.2003 – RM304,770) and the accumulated borrowing costs capitalised as at 31 March 2004 is RM2,188,244 (31.3.2003 – RM2,024,695).



**6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

| In RM                              | Group     |           | Company   |           |
|------------------------------------|-----------|-----------|-----------|-----------|
|                                    | 31.3.2004 | 31.3.2003 | 31.3.2004 | 31.3.2003 |
| Details of assets under :          |           |           |           |           |
| Hire purchase –                    |           |           |           |           |
| Plant and machinery –              |           |           |           |           |
| Additions during the year, at cost | 2,050,000 | 1,300,000 | –         | –         |
| Net book value at year end         | 2,883,000 | 1,235,000 | –         | –         |
| Motor vehicles –                   |           |           |           |           |
| Additions during the year, at cost | 387,470   | 913,719   | –         | 102,746   |
| Net book value at year end         | 2,382,437 | 2,231,362 | 386,364   | 679,385   |
| Office equipment and computers –   |           |           |           |           |
| Additions during the year, at cost | –         | 92,230    | –         | –         |
| Net book value at year end         | 57,644    | 76,858    | –         | –         |
| Finance lease –                    |           |           |           |           |
| Plant and machinery –              |           |           |           |           |
| Additions during the year, at cost | –         | 560,000   | –         | –         |
| Net book value at year end         | 373,333   | 466,667   | –         | –         |
| Motor vehicles –                   |           |           |           |           |
| Additions during the year, at cost | –         | 31,000    | –         | –         |
| Net book value at year end         | 20,667    | 25,833    | –         | –         |

**7 INVESTMENT IN SUBSIDIARY COMPANIES**

| In RM                                    | Company    |            |
|--|------------|------------|
|  | 31.3.2004  | 31.3.2003  |
| Unquoted shares at cost                  | 50,086,981 | 50,088,579 |
| Less : Allowance for diminution in value | –          | (1,598)    |
|  | 50,086,981 | 50,086,981 |

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

|   | Country of incorporation | Principal activities                 | Holding in equity |          |
|---|--------------------------|--------------------------------------|-------------------|----------|
|   |                          |                                      | 2004 (%)          | 2003 (%) |
| Subsidiary companies –                    |                          |                                      |                   |          |
| Ireka Sdn Bhd                             | Malaysia                 | Investment holding                   | 100               | 100      |
| Ireka iCapital Sdn Bhd (i)                | Malaysia                 | Investment holding                   | 100               | 100      |
| Ireka Corporation (HK) Ltd (i)            | Hong Kong                | Structural and building construction | 100               | 100      |
| Ireka-Chang Sheng Development Sdn Bhd (i) | Malaysia                 | Property development                 | 60                | 60       |

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

|   | Country of incorporation | Principal activities   | Holding in equity |          |
|---|--------------------------|--|-------------------|----------|
|   |                          |  | 2004 (%)          | 2003 (%) |
| Subsidiary companies of Ireka Sdn Bhd –           |                          |  |                   |          |
| Ireka Engineering & Construction Sdn Bhd          | Malaysia                 | Civil, structural and building construction, earthworks and renting of construction plant and machinery                        | 100               | 100      |
| Regalmont Sdn Bhd                                 | Malaysia                 | Property development   | 100               | 100      |
| Regalmont (Sabah) Sdn Bhd                         | Malaysia                 | Property development   | 100               | 100      |
| i-Residence Sdn Bhd                               | Malaysia                 | Dormant  | 100               | 100      |
| Regal Variety Sdn Bhd                             | Malaysia                 | Property development   | 100               | 100      |
| Ireka Hotels Sdn Bhd (i)                          | Malaysia                 | Investment holding   | 100               | 100      |
| Iswaja Enterprise Sdn Bhd                         | Malaysia                 | Investment holding   | 100               | 92       |
| i-Zen Hospitality Sdn Bhd                         | Malaysia                 | Property management  | 100               | 100      |
| Awarni Sdn Bhd (i)                                | Malaysia                 | Dormant  |                   |          |
| – Subsidiary company of Ireka Hotels Sdn Bhd      |                          |  | 67                | 67       |
| – Associated company of Iswaja Enterprise Sdn Bhd |                          |  | 33                | 33       |
| Subsidiary companies of Ireka iCapital Sdn Bhd    |                          |  |                   |          |
| e-Auction Sdn Bhd (i)                             | Malaysia                 | Online international auction trade and trading of industrial and construction equipment  | 96                | 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        | 100               | 100      |
| asiaegolf Tours Sdn Bhd (i)                       | Malaysia                 | Providing golf related services that includes golf booking and registration, transportation, meal and rental of golf equipment | 100               | 100      |
| i-Tech Network Solutions Sdn Bhd (i)              | Malaysia                 | IT solutions provider  | 100               | 100      |

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

## 8 INVESTMENT IN JOINTLY CONTROLLED ENTITIES

| In RM                                    | Group        |              | Company      |              |
|--|--------------|--------------|--------------|--------------|
|  | 31.3.2004    | 31.3.2003    | 31.3.2004    | 31.3.2003    |
| Capital contribution                     | 11,429,198   | 13,917,500   | 11,359,198   | 13,847,500   |
| Less : Allowance for diminution in value | (11,289,198) | (13,777,500) | (11,289,198) | (13,777,500) |
|  | 140,000      | 140,000      | 70,000       | 70,000       |
| Share of reserves                        | 272,612      | 409,371      | –            | –            |
|  | 412,612      | 549,371      | 70,000       | 70,000       |

## 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       |             |
|--------------------------------|-------------|-------------|
|                                | 31.3.2004   | 31.3.2003   |
| Property, plant and equipment  | 38,662      | 47,200      |
| Current assets                 | 8,041,402   | 8,237,129   |
| Current liabilities            | (7,667,452) | (7,734,958) |
| Net assets                     | 412,612     | 549,371     |
| Revenue                        | 445,325     | 4,580,590   |
| Loss from ordinary activities  | (136,760)   | (156,890)   |
| Taxation                       | —           | —           |
| Share of net loss for the year | (136,760)   | (156,890)   |

The particulars of the jointly controlled entities are as follows :

| Ratio (%)  |  | Group     |           | Company   |           |
|--|--|-----------|-----------|-----------|-----------|
|  |  | 31.3.2004 | 31.3.2003 | 31.3.2004 | 31.3.2003 |
| <b>Jointly controlled entities</b>                                       | <b>Principal activities</b>  |           |           |           |           |
| (a) Ireka-Uspa Joint Venture<br>(i) (iii)                                | Construction of passage including<br>pipe-jacking, bridge and culvert in Gombak              | 70        | 70        | 70        | 70        |
| (b) Ireka – Negeri Roadstone<br>– Daewoo Joint Venture<br>(i) (ii) (iii) | Construction of Kuala Lumpur<br>International Airport runway I,<br>taxiways and drainage     | 55        | 55        | 55        | 55        |
| (c) Ireka – Sara Timur<br>Joint Venture (ii) (iv)                        | Construction of a sewerage<br>treatment plant at Kincimount<br>Lagoon, Luyang, Kota Kinabalu | 70        | 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 2003.

(iv) The financial year end is 31 March 2004.

## 9 OTHER INVESTMENTS

| In RM  | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 31.3.2004        | 31.3.2003        | 31.3.2004        | 31.3.2003        |
| At cost –  |                  |                  |                  |                  |
| Transferable corporate memberships in recreational clubs | 601,900          | 601,900          | 601,900          | 601,900          |
| Shares in an unquoted corporations                       | 1,266,985        | 1,266,985        | –                | –                |
| Subordinated bond 2002/2007                              | 4,000,000        | 4,000,000        | 4,000,000        | 4,000,000        |
|  | <b>5,868,885</b> | <b>5,868,885</b> | <b>4,601,900</b> | <b>4,601,900</b> |

## 10 LAND AND DEVELOPMENT EXPENDITURE

Consists of the following :

| In RM                             | At<br>1.4.2003     | Additions         | Reclassification    | At<br>31.3.2004    |
|-----------------------------------|--------------------|-------------------|---------------------|--------------------|
|                                   |                    |                   |                     |                    |
| Freehold land –                   |                    |                   |                     |                    |
| At cost                           | 85,194,197         | –                 | (35,909,161)        | <b>49,285,036</b>  |
| Borrowing cost capitalised        | 13,894,289         | 261,117           | (5,826,832)         | <b>8,328,574</b>   |
| Other direct and incidental costs | 3,408,342          | 500,460           | (1,643,181)         | <b>2,265,621</b>   |
|                                   | <b>102,496,828</b> | <b>761,577</b>    | <b>(43,379,174)</b> | <b>59,879,231</b>  |
| Development and construction –    |                    |                   |                     |                    |
| Borrowing cost capitalised        | 28,141,638         | 6,387,839         | (18,192,971)        | <b>16,336,506</b>  |
| Other direct and incidental costs | 37,433,951         | 27,558,708        | (22,765,499)        | <b>42,227,160</b>  |
|                                   | <b>65,575,589</b>  | <b>33,946,547</b> | <b>(40,958,470)</b> | <b>58,563,666</b>  |
|                                   | <b>168,072,417</b> | <b>34,708,124</b> | <b>(84,337,644)</b> | <b>118,442,897</b> |

Landed properties costing RM95,796,578 (31.3.2003 – RM167,061,555) have been charged to financial institutions for facilities granted to the Group up to RM181.9 million (31.3.2003 – RM172.6 million).

The borrowing costs capitalised during the financial year is RM6,648,956 (31.3.2003 – RM6,114,411).

## 11 GOODWILL ON CONSOLIDATION

| In RM                            | Group             |                   |
|----------------------------------|-------------------|-------------------|
|                                  | 31.3.2004         | 31.3.2003         |
| At beginning of year             | 16,863,990        | 17,797,200        |
| Amortisation charge for the year | (933,210)         | (933,210)         |
| At end of year                   | <b>15,930,780</b> | <b>16,863,990</b> |
| As at 31 March 2004 –            |                   |                   |
| Cost                             | 19,727,767        | 19,727,767        |
| Accumulated amortisation         | (3,796,987)       | (2,863,777)       |
| Net book value                   | <b>15,930,780</b> | <b>16,863,990</b> |

## 12 DEVELOPMENT PROPERTIES

| In RM  | Group        |             |
|--|--------------|-------------|
|  | 31.3.2004    | 31.3.2003   |
| Freehold land – at cost                                  | 16,753,782   | 3,786,851   |
| Development and construction –                           |              |             |
| Borrowing costs capitalised                              | 9,932,595    | 5,993,561   |
| Direct and incidental costs                              | 87,425,635   | 284,097,658 |
|  | 97,358,230   | 290,091,219 |
|  | 114,112,012  | 293,878,070 |
| Less : Cost recognised as an expense in Income Statement |              |             |
| – previous year  | (8,801,443)  | –           |
| – current year   | (38,728,503) | (8,801,443) |
|  | 66,582,066   | 285,076,627 |

Development properties costing RM114,112,012 (31.3.2003 – RM41,530,614) have been charged to financial institutions for facilities granted to the Group as disclosed in Note 10 to the financial statements.

## 13 INVENTORIES

| In RM                  | Group     |           | Company   |           |
|------------------------|-----------|-----------|-----------|-----------|
|                        | 31.3.2004 | 31.3.2003 | 31.3.2004 | 31.3.2003 |
| At cost –              |           |           |           |           |
| Construction materials | 5,336,033 | 7,494,940 | –         | 239,240   |
| Finished goods         | 1,432,725 | 3,922     | –         | –         |
|                        | 6,768,758 | 7,498,862 | –         | 239,240   |

## 14 TRADE AND OTHER RECEIVABLES

| In RM   | Group       |            | Company    |            |
|---|-------------|------------|------------|------------|
|   | 31.3.2004   | 31.3.2003  | 31.3.2004  | 31.3.2003  |
| Trade receivables (i)                               | 87,373,817  | 90,645,124 | 15,699,845 | 16,269,565 |
| Accrued billings in respect of property development | 6,756,062   | –          | –          | –          |
| Other receivables (ii)                              | 2,371,482   | 3,177,511  | 1,134,664  | 1,186,848  |
| Deposits  | 2,384,347   | 1,029,067  | 112,371    | 129,871    |
| Prepayments (iii)                                   | 4,425,246   | 4,589,018  | 3,372,106  | 3,411,428  |
|   | 103,310,954 | 99,440,720 | 20,318,986 | 20,997,712 |



#### 14 TRADE AND OTHER RECEIVABLES (CONT'D)

- (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) Inclusive of loan to a related corporation amounted to RM570,450 (31.3.2003 – RM570,450) by a subsidiary company which is unsecured, has no fixed term of repayment and bear interest at 8% per annum.
- (iii) Inclusive of tax paid in advance by the Company amounted to RM2,598,378 (31.3.2003 – RM2,429,956).

#### 15 AMOUNTS DUE FROM CUSTOMERS ON CONTRACTS

| In RM   | Group         |               | Company       |               |
|---|---------------|---------------|---------------|---------------|
|   | 31.3.2004     | 31.3.2003     | 31.3.2004     | 31.3.2003     |
| Costs incurred on contracts to date                       | 538,320,213   | 398,871,359   | 138,601,740   | 137,808,154   |
| Attributable profits, less recognised losses              | 63,989,920    | 50,176,794    | 16,807,179    | 25,781,945    |
|   | 602,310,133   | 449,048,153   | 155,408,919   | 163,590,099   |
| Progress billing on contracts                             | (559,127,237) | (391,314,335) | (135,454,389) | (135,454,388) |
|   | 43,182,896    | 57,733,818    | 19,954,530    | 28,135,711    |
| Amounts due from customers on contracts                   |               |               |               |               |
| Advances received on contracts included in trade payables | 697,300       | 2,569,297     | –             | –             |
| Retention sum on contracts included in trade receivables  | 14,177,863    | 22,091,016    | –             | 2,591,352     |

#### 16 AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

| In RM  | Group       |             | Company     |             |
|--|-------------|-------------|-------------|-------------|
|  | 31.3.2004   | 31.3.2003   | 31.3.2004   | 31.3.2003   |
| Amounts due from jointly controlled entities | 13,244,147  | 12,936,329  | 13,139,063  | 12,869,838  |
| Less : Allowance for doubtful debts          | (1,849,865) | (1,849,865) | (1,849,865) | (1,849,865) |
|  | 11,394,282  | 11,086,464  | 11,289,198  | 11,019,973  |

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 6.99% and 7.21% (31.3.2003 – 7.03% and 7.13%).

## 18 CASH AND CASH EQUIVALENTS

| In RM                        | Group        |              | Company     |             |
|------------------------------|--------------|--------------|-------------|-------------|
|                              | 31.3.2004    | 31.3.2003    | 31.3.2004   | 31.3.2003   |
| Deposits with licensed banks | 3,381,124    | 4,954,057    | –           | –           |
| Cash and bank balances       | 2,642,724    | 5,579,276    | 177,624     | 1,262,981   |
|                              | 6,023,848    | 10,533,333   | 177,624     | 1,262,981   |
| Bank overdrafts              | (21,261,945) | (17,492,031) | (3,249,446) | (2,638,484) |
|                              | (15,238,097) | (6,958,698)  | (3,071,822) | (1,375,503) |

The bank overdrafts are unsecured and bear interest at rates ranging from 7.00% to 8.00% (31.3.2003 – 7.40% to 8.40%) per annum.

Included in cash and bank balances of the Group are amounts of RM675,960 (31.3.2003 – RM258,552) held under Housing Development Account (opened and maintained under Section 7A of the Housing Development (Control and Licensing) Act, 1966) and therefore restricted from use in other operations.

## 19 TRADE AND OTHER PAYABLES

| In RM  | Group       |             | Company    |           |
|--|-------------|-------------|------------|-----------|
|  | 31.3.2004   | 31.3.2003   | 31.3.2004  | 31.3.2003 |
| Current – Trade payables (i)                         | 146,673,710 | 84,298,892  | 4,261,551  | 3,621,280 |
| Other payables (ii)                                  | 23,365,763  | 28,865,881  | 1,520,028  | 2,604,779 |
| Progress billings in respect of property development | 2,969,972   | 5,594,402   | –          | –         |
| Accruals (iii)                                       | 30,204,149  | 319,616     | 15,453,072 | –         |
| Trade deposit  | 23,500      | 20,000      | –          | –         |
|  | 203,237,094 | 119,098,791 | 21,234,651 | 6,226,059 |
| Non-current – Other payables                         | –           | 13,200,000  | –          | –         |
|  | 203,237,094 | 132,298,791 | 21,234,651 | 6,226,059 |

(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 RM11.4 million for property acquired under a deferred payment method.

(iii) Inclusive of RM26,260,270 (31.3.2003 – RM Nil) accrued for construction work.

| In RM                                     | Group       |             | Company     |             |
|---|-------------|-------------|-------------|-------------|
|   | 31.3.2004   | 31.3.2003   | 31.3.2004   | 31.3.2003   |
| <b>Current</b>                            |             |             |             |             |
| Secured – Bridging loans                  | 40,417,295  | 54,362,244  | –           | –           |
| Finance lease and hire purchase           | 2,569,138   | 1,473,840   | 167,384     | 140,858     |
| Term loans                                | 69,867,691  | 6,544,568   | 39,987,394  | 4,678,418   |
|   | 112,854,124 | 62,380,652  | 40,154,778  | 4,819,276   |
| Unsecured – Revolving credits             | 43,235,555  | 44,688,504  | 9,070,107   | 9,061,000   |
| Trade finance                             | 26,495,060  | 43,594,832  | –           | 90,081      |
|   | 69,730,615  | 88,283,336  | 9,070,107   | 9,151,081   |
|   | 182,584,739 | 150,663,988 | 49,224,885  | 13,970,357  |
| <b>Non-current</b>                        |             |             |             |             |
| Secured – Finance lease and hire purchase | 2,130,936   | 1,963,162   | 196,043     | 342,444     |
| Term loans                                | 269,026,869 | 233,740,320 | 205,696,083 | 187,913,820 |
|   | 271,157,805 | 235,703,482 | 205,892,126 | 188,256,264 |
|   | 453,742,544 | 386,367,470 | 255,117,011 | 202,226,621 |

(a) Repayment terms :

| In RM   | Group       |             | Company     |             |
|---|-------------|-------------|-------------|-------------|
|   | 31.3.2004   | 31.3.2003   | 31.3.2004   | 31.3.2003   |
| (i) Bank borrowings                           |             |             |             |             |
| Not later than 1 year                         | 180,015,601 | 149,190,148 | 49,057,501  | 13,829,499  |
| Between 1 to 2 years                          | 78,268,256  | 49,274,617  | 36,670,630  | 36,670,640  |
| Between 2 to 5 years                          | 190,758,613 | 184,465,703 | 169,025,453 | 151,243,180 |
|   | 449,042,470 | 382,930,468 | 254,753,584 | 201,743,319 |
| (ii) Finance lease and hire purchase          |             |             |             |             |
| Minimum lease payments– Not later than 1 year | 2,876,728   | 1,680,972   | 193,661     | 170,064     |
| – Between 1 to 2 years                        | 1,451,271   | 1,264,323   | 143,472     | 143,472     |
| Between 2 to 5 years                          | 1,001,622   | 1,056,570   | 52,571      | 270,616     |
|   | 5,329,621   | 4,001,865   | 389,704     | 584,152     |
| Finance charges                               | (629,547)   | (564,863)   | (26,277)    | (100,850)   |
|   | 4,700,074   | 3,437,002   | 363,427     | 483,302     |
| Present value – Not later than 1 year         | 2,569,138   | 1,473,840   | 167,384     | 140,858     |
| – Between 1 to 2 years                        | 1,294,859   | 1,029,043   | 143,472     | 118,558     |
| – Between 2 to 5 years                        | 836,077     | 934,119     | 52,571      | 223,886     |
|   | 4,700,074   | 3,437,002   | 363,427     | 483,302     |

Interest rate on the finance lease and hire purchase for the year is 3.50% to 7.90% (31.3.2003 – 3.50% to 7.90%).

## 20 BORROWINGS (CONT'D)

### (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.

## 21 SHARE CAPITAL

|  | No. of ordinary shares<br>of RM1.00 each |             | Amount<br>In RM |             |
|--|--|-------------|-----------------|-------------|
|  | 31.3.2004                                | 31.3.2003   | 31.3.2004       | 31.3.2003   |
| Authorised share capital                     |  |             |                 |             |
| As at 31 March                               | 500,000,000                              | 500,000,000 | 500,000,000     | 500,000,000 |
| Issued and fully paid-up                     |  |             |                 |             |
| As at 1 April 2003/2002                      | 103,248,000                              | 68,661,000  | 103,248,000     | 68,661,000  |
| Issued during the year : – Private placement | 8,825,000                                | –           | 8,825,000       | –           |
| – ESOS                                       | 234,000                                  | 171,000     | 234,000         | 171,000     |
| – Rights issue                               | –  | 34,416,000  | –               | 34,416,000  |
| As at 31 March                               | 112,307,000                              | 103,248,000 | 112,307,000     | 103,248,000 |

### (a) Purchase of own shares

The Company did not purchase or re-sell any of its own shares during the financial year ended 31 March 2004.

### (b) Employees' Share Option Scheme ("ESOS"/"Scheme")

The main features of the Employees' Share Option Scheme ("ESOS"/"Scheme") are :

- (i) 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;
- (ii) ESOS is in force for a period of five years commencing 1 November 2001. Hence, the Scheme shall expire on 31 October 2006;
- (iii) The option price for Eligible Employees shall be at a discount of not more than 10% from the weighted average market price of the ordinary shares of the Company for the five (5) market days preceding the offer date pursuant to Bye-Law 7 of the ESOS hereof are at the par value of the ordinary shares of the Company at the time the ESOS option is offered, whichever is higher; and
- (iv) The total number of ordinary shares to be issued under the ESOS shall not at any one point of time exceed ten per cent (10%) of the total issued and paid up share capital of the Company during the existence of the ESOS.

Pursuant to the Scheme, options to subscribe for 9,300,835 ordinary shares of RM1.00 each in the Company had been granted as of 31 March 2004, of which 7,293,835 share options remain outstanding as at 31 March 2004.

## 21 SHARE CAPITAL (CONT'D)

### (c) Issue of shares during the year upon exercise of options

During the year, 234,000 ordinary shares of RM1.00 each were issued at between RM1.00 and RM1.18 per share for cash, upon the exercise of options granted under the Scheme. The aggregate premium of RM5,840 was credited to the share premium account.

Information with respect to the number of options granted under the Scheme is as follows :

|                         | No. of share options |           |
|-------------------------|----------------------|-----------|
|                         | 31.3.2004            | 31.3.2003 |
| As at 1 April 2003/2002 | 6,231,000            | 6,036,000 |
| Granted                 | 1,735,835            | 665,000   |
| Exercised               | (234,000)            | (171,000) |
| Lapsed                  | (439,000)            | (299,000) |
| As at 31 March          | 7,293,835            | 6,231,000 |

### (d) Details of share options granted during the financial year

Expiry date – 31.10.2006

| In RM                                   | 31.3.2004   | 31.3.2003   |
|---|-------------|-------------|
| Exercise price per share                | 1.00 – 1.18 | 1.00 – 1.32 |
| Market value per share                  | 0.90 – 1.11 | 1.04 – 1.51 |
| Aggregate proceeds if shares are issued | 1,863,402   | 759,100     |

### (e) Details of share options exercised during the financial year

Expiry date – 31.10.2006

| In RM                                 | 31.3.2004   | 31.3.2003   |
|---------------------------------------|-------------|-------------|
| Exercise price per share              | 1.00 – 1.18 | 1.00 – 1.32 |
| Market value per share                | 1.30 – 1.49 | 1.12 – 1.64 |
| Aggregate proceeds from shares issued | 239,840     | 225,720     |

### (f) Details of share options held by the Company's Directors and the Group's key management personnel during the financial year

Details of share options held by the company's Directors and the Group's key management personnel during the financial year are as follows :

|                         | No. of share options |           |
|-------------------------|----------------------|-----------|
|                         | 31.3.2004            | 31.3.2003 |
| As at 1 April 2003/2002 | 2,448,000            | 2,520,000 |
| Granted                 | 294,495              | –         |
| Exercised               | –                    | (72,000)  |
| As at 31 March          | 2,742,495            | 2,448,000 |



## 21 SHARE CAPITAL (CONT'D)

### (g) Terms of options outstanding as at 31 March 2004

| Grant Date | Exercise price<br>In RM | No. of share options<br>outstanding |                  |
|------------|-------------------------|-------------------------------------|------------------|
|            |                         | 31.3.2004                           | 31.3.2003        |
| 07.12.2001 | 1.18                    | 5,960,684                           | 5,656,000        |
| 01.04.2002 | 1.20                    | 199,414                             | 178,000          |
| 01.07.2002 | 1.30                    | 49,737                              | 69,000           |
| 02.12.2002 | 1.00                    | 242,500                             | 328,000          |
| 01.04.2003 | 1.00                    | 162,000                             | –                |
| 01.07.2003 | 1.00                    | 292,500                             | –                |
| 01.10.2003 | 1.03                    | 76,000                              | –                |
| 02.01.2004 | 1.01                    | 311,000                             | –                |
|            |                         | <u>7,293,835</u>                    | <u>6,231,000</u> |

The above outstanding share options expire on 31 October 2006.

## 22 RESERVES

| In RM                               | Group              |                    | Company            |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                     | 31.3.2004          | 31.3.2003          | 31.3.2004          | 31.3.2003          |
| Retained profits –                  |                    |                    |                    |                    |
| As at 1 April                       | 24,085,325         | 21,873,891         | 13,152,789         | 13,709,405         |
| Net profit for the year             | <u>3,680,486</u>   | <u>7,167,338</u>   | <u>1,369,984</u>   | <u>4,399,288</u>   |
| Profit attributable to shareholders | 27,765,811         | 29,041,229         | 14,522,773         | 18,108,693         |
| Less : Dividends                    | <u>(4,832,053)</u> | <u>(4,955,904)</u> | <u>(4,832,053)</u> | <u>(4,955,904)</u> |
| As at 31 March                      | <u>22,933,758</u>  | <u>24,085,325</u>  | <u>9,690,720</u>   | <u>13,152,789</u>  |
| Share premium –                     |                    |                    |                    |                    |
| As at 1 April                       | 20,474,210         | 21,006,402         | 20,474,210         | 21,006,402         |
| Issue of shares                     | 1,312,159          | 54,774             | 1,312,159          | 54,774             |
| Expenses for share issues           | <u>(108,035)</u>   | <u>(586,966)</u>   | <u>(108,035)</u>   | <u>(586,966)</u>   |
| As at 31 March                      | <u>21,678,334</u>  | <u>20,474,210</u>  | <u>21,678,334</u>  | <u>20,474,210</u>  |
| Reserves                            | <u>44,612,092</u>  | <u>44,559,535</u>  | <u>31,369,054</u>  | <u>33,626,999</u>  |

## 23 DEFERRED TAXATION

| In RM                                     | Group     |           | Company   |           |
|---|-----------|-----------|-----------|-----------|
|   | 31.3.2004 | 31.3.2003 | 31.3.2004 | 31.3.2003 |
| As at beginning of the year               | 2,254,000 | 2,117,000 | 403,000   | 250,000   |
| Amount recognised in the income statement | 544,856   | 137,000   | 57,000    | 153,000   |
| As at end of the year                     | 2,798,856 | 2,254,000 | 460,000   | 403,000   |

Presented after appropriate offsetting as follows :

| In RM                    | Group        |           | Company   |           |
|--------------------------|--------------|-----------|-----------|-----------|
|                          | 31.3.2004    | 31.3.2003 | 31.3.2004 | 31.3.2003 |
| Deferred tax assets      | (16,839,296) | –         | –         | –         |
| Deferred tax liabilities | 19,638,152   | 2,254,000 | 460,000   | 403,000   |
|                          | 2,798,856    | 2,254,000 | 460,000   | 403,000   |

The component and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows :

| In RM                                     | Group      |           | Company   |           |
|---|------------|-----------|-----------|-----------|
|   | 31.3.2004  | 31.3.2003 | 31.3.2004 | 31.3.2003 |
| <b>Deferred tax liabilities</b>           |            |           |           |           |
| Property, plant and equipment –           |            |           |           |           |
| As at 1 April 2003                        | 2,254,000  | 2,117,000 | 403,000   | 250,000   |
| Amount recognised in the income statement | 17,384,152 | 137,000   | 57,000    | 153,000   |
| As at 31 March 2004                       | 19,638,152 | 2,254,000 | 460,000   | 403,000   |

**Deferred tax assets of the Group :**

| In RM                              | Tax losses and<br>unabsorbed<br>capital allowance | Provisions and<br>retirement<br>benefits obligation | Total        |
|------------------------------------|---|---|--------------|
| As at 1 April 2003                 | –   | –   | –            |
| Recognised in the income statement | (16,835,436)                                      | (3,860)   | (16,839,296) |
| As at 31 March 2004                | (16,835,436)                                      | (3,860)   | (16,839,296) |

## 23 DEFERRED TAXATION (CONT'D)

At balance sheet date, deferred tax assets have not been recognised in respect of the following items :

### Deferred tax assets

| In RM  | Group             |                  | Company        |           |
|--|-------------------|------------------|----------------|-----------|
|  | 31.3.2004         | 31.3.2003        | 31.3.2004      | 31.3.2003 |
| Unutilised tax losses carried forward                    | 7,511,726         | 1,959,364        | –              | –         |
| Unabsorbed industrial building allowance carried forward | 37,001,360        | –                | –              | –         |
| Unabsorbed capital allowance carried forward             | 25,021,112        | 42,340           | 120,996        | –         |
|  | <u>69,534,198</u> | <u>2,001,704</u> | <u>120,996</u> | <u>–</u>  |

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

## 24 REVENUE

| In RM                   | Group              |                    | Company            |                   |
|-------------------------|--------------------|--------------------|--------------------|-------------------|
|                         | 31.3.2004          | 31.3.2003          | 31.3.2004          | 31.3.2003         |
| Construction            | 426,277,159        | 302,942,915        | 107,449,497        | 69,501,971        |
| Property development    | 45,812,266         | 10,596,389         | –                  | –                 |
| Hospitality and leisure | 21,516,279         | 508,504            | –                  | –                 |
| Trading and services    | 6,296,672          | 610,882            | 3,750,000          | –                 |
|                         | <u>499,902,376</u> | <u>314,658,690</u> | <u>111,199,497</u> | <u>69,501,971</u> |

## 25 COST OF SALES

| In RM          | Group              |                    | Company           |                   |
|----------------|--------------------|--------------------|-------------------|-------------------|
|                | 31.3.2004          | 31.3.2003          | 31.3.2004         | 31.3.2003         |
| Contract costs | 381,971,189        | 236,342,759        | 97,467,417        | 57,883,570        |
| Other          | 56,877,182         | 33,716,343         | –                 | 1,056,555         |
|                | <u>438,848,371</u> | <u>270,059,102</u> | <u>97,467,417</u> | <u>58,940,125</u> |

## 26 NET PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

The following items have been charged/(credited) in arriving at net profit from ordinary activities before taxation :

| In RM   | Group      |            | Company     |             |
|---|------------|------------|-------------|-------------|
|   | 31.3.2004  | 31.3.2003  | 31.3.2004   | 31.3.2003   |
| Allowance for diminution in value of subsidiary     | –          | 1,598      | –           | 1,598       |
| Allowance for doubtful debts                        | 15,000     | –          | –           | –           |
| Amortisation of goodwill                            | 933,210    | 933,210    | –           | –           |
| Auditors' remuneration                              |            |            |             |             |
| – Current year provision                            | 296,765    | 265,565    | 97,650      | 88,200      |
| – Underprovision in prior year                      | 11,750     | 49,250     | –           | 48,200      |
| – Non audit fee                                     | –          | 9,775      | –           | 9,775       |
| Bad debts   | 20,487     | –          | –           | –           |
| Directors' remuneration                             |            |            |             |             |
| – Fees  | 260,000    | 278,000    | 260,000     | 260,000     |
| – Emoluments  | 2,964,910  | 2,373,735  | 488,288     | 240,965     |
| Dividends   |            |            |             |             |
| – Unquoted investment in subsidiary                 | –          | –          | (3,446,959) | (4,271,407) |
| Investment in jointly controlled entity written off | –          | 1          | –           | 1           |
| Interest expenses                                   | 21,489,382 | 16,204,590 | 11,539,829  | 5,505,946   |
| Interest income                                     | (227,863)  | (47,753)   | (134,106)   | –           |
| Lease rental  | 900,806    | –          | –           | –           |
| Loss on foreign exchange                            |            |            |             |             |
| – Realised  | 9,227      | 8,402      | 9,149       | 2,907       |
| Management fees                                     | 300,105    | –          | –           | –           |
| Preliminary expenses                                | –          | 3,809      | –           | –           |
| Pre-opening expenses                                | 3,275      | 1,592,063  | –           | –           |
| Property, plant and equipment                       |            |            |             |             |
| – Depreciation                                      | 5,311,641  | 3,240,988  | 384,638     | 438,011     |
| – Gain on disposals                                 | (1,975)    | (52,347)   | 1,112       | –           |
| – Loss on disposals                                 | 4,652      | 9,335      | 45          | 7,833       |
| – Written off                                       | 1,590      | –          | –           | –           |
| Rental of   |            |            |             |             |
| – Land and buildings                                | 760,654    | 782,184    | 215,736     | 283,104     |
| – Plant and machinery                               | 9,641,574  | 9,170,707  | –           | 2,032,672   |

## 27 TAXATION

| In RM  | Group     |           | Company   |           |
|--|-----------|-----------|-----------|-----------|
|  | 31.3.2004 | 31.3.2003 | 31.3.2004 | 31.3.2003 |
| Current tax based on profit for the financial year : |           |           |           |           |
| Malaysian income taxation                            | 5,295,432 | 3,150,560 | 80,000    | 500,000   |
| Overseas taxation                                    | 116,361   | (40,268)  | –         | –         |
| Deferred tax – Note 23                               | 544,856   | 137,000   | 57,000    | 153,000   |
|  | 5,956,649 | 3,247,292 | 137,000   | 653,000   |

## 27 TAXATION (CONT'D)

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<br>31.3.2004 | 31.3.2003   | Company<br>31.3.2004 | 31.3.2003   |
|---|--------------------|-------------|----------------------|-------------|
| Profit before taxation                          | 9,601,948          | 10,415,626  | 1,506,984            | 5,052,288   |
| Taxation at Malaysian statutory tax rate of 28% | 2,688,545          | 2,916,375   | 421,956              | 1,414,641   |
| Income not subject to tax                       | (475,186)          | (3,132,026) | (284,956)            | (3,834,263) |
| Expenses not deductible for tax purposes        | 1,679,161          | 3,635,277   | –                    | 3,097,717   |
| Loss on subsidiaries not available for taxation | 2,101,443          | –           | –                    | –           |
| Utilisation of unabsorbed capital allowance     | –                  | (66,334)    | –                    | –           |
| Effect of different tax rates in other country  | (37,314)           | (40,268)    | –                    | –           |
| Other items                                     | –                  | (65,732)    | –                    | (25,095)    |
| Tax expense for the year                        | 5,956,649          | 3,247,292   | 137,000              | 653,000     |

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 2004.

| In RM   | Company<br>31.3.2004 | 31.3.2003 |
|---|----------------------|-----------|
| Tax losses are analysed as follows :  |                      |           |
| Tax savings recognised during the year arising for utilisation of current year tax losses | 158,182              | –         |

## 28 DIVIDENDS

| In RM  | 31.3.2003 |
|--|-----------|
| Group and Company                                  |           |
| Final dividends of 6.5% less 28% tax for Year 2003 | 4,832,006 |
| Arising from exercise of options under ESOS        | 47        |
|  | 4,832,053 |

## 29 EARNINGS PER SHARE

The basic earnings per share has been calculated by dividing the Group's profit after taxation and minority interests of RM3,680,486 (31.3.2003 – RM7,167,338) by the weighted average number of ordinary shares in issue during the financial year of 103,754,900 (31.3.2003 – 78,783,571).

| In RM  | Group<br>31.3.2004 | 31.3.2003  |
|--|--------------------|------------|
| Net profit for the year                                    | 3,680,486          | 7,167,338  |
| Weighted average number of ordinary share in issue – Basic | 103,754,900        | 78,783,571 |
| Earnings per share (sen) – Basic                           | 3.55               | 9.09       |
| Issued ordinary shares at beginning of the year            | 103,248,000        | 68,661,000 |
| Effect of shares issued during the year                    | 506,900            | 10,122,571 |
| Weighted average number of ordinary shares – Basic         | 103,754,900        | 78,783,571 |



## 29 EARNINGS PER SHARE (CONT'D)

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 2004 is not material.

## 30 SEGMENTAL REPORTING

### Primary Reporting – Business segments

| 31.3.2004<br>In RM                               | Construction | Property<br>development | Trading<br>and<br>services | Hospitality<br>and<br>leisure | Investment<br>holding | Elimination  | Consolidated |
|--|--------------|-------------------------|----------------------------|-------------------------------|-----------------------|--------------|--------------|
| <b>Revenue</b>                                   |              |                         |                            |                               |                       |              |              |
| External sales                                   | 426,277,159  | 45,812,266              | 6,296,672                  | 21,516,279                    | –                     | –            | 499,902,376  |
| Inter-segment sales                              | 93,411,298   | –                       | –                          | –                             | 756,000               | (94,167,298) | –            |
| Total revenue                                    | 519,688,457  | 45,812,266              | 6,296,672                  | 21,516,279                    | 756,000               | (94,167,298) | 499,902,376  |
| <b>Result</b>                                    |              |                         |                            |                               |                       |              |              |
| Segment result                                   | 35,447,039   | 6,899,450               | 144,775                    | (7,020,345)                   | 577,410               | (4,114,892)  | 31,933,437   |
| Unallocated corporate expenses                   |              |                         |                            |                               |                       |              | (933,210)    |
| Operating profit                                 |              |                         |                            |                               |                       |              | 31,000,227   |
| Interest expenses                                |              |                         |                            |                               |                       |              | (21,489,382) |
| Interest income                                  |              |                         |                            |                               |                       |              | 227,863      |
| Share of net loss of jointly controlled entities | (136,760)    |                         |                            |                               |                       |              | (136,760)    |
| Income taxation                                  |              |                         |                            |                               |                       |              | (5,956,649)  |
| Minority interest                                |              |                         |                            |                               |                       |              | 35,187       |
| Net profit for the year                          |              |                         |                            |                               |                       |              | 3,680,486    |

### Primary Reporting – Other information

| 31.3.2004<br>In RM                        | Construction | Property<br>development | Trading<br>and<br>services | Hospitality<br>and<br>leisure | Investment<br>holding | Consolidated |
|---|--------------|-------------------------|----------------------------|-------------------------------|-----------------------|--------------|
| <b>Other information</b>                  |              |                         |                            |                               |                       |              |
| Segment assets                            | 185,444,117  | 199,082,606             | 1,446,472                  | 446,641,268                   | 2,096,761             | 834,711,224  |
| Investment in jointly controlled entities | 412,612      | –                       | –                          | –                             | –                     | 412,612      |
| Unallocated corporate assets              |              |                         |                            |                               |                       | 15,930,780   |
| Consolidated total assets                 |              |                         |                            |                               |                       | 851,054,616  |
| Segment liabilities                       | 544,068,603  | 125,005,350             | 1,309,705                  | 7,737,143                     | 120,782               | 678,241,583  |
| Consolidated total liabilities            |              |                         |                            |                               |                       | 678,241,583  |
| Capital expenditure                       | 3,622,807    | 28,037,719              | 78,436                     | 419,450,509                   | 189                   | 451,189,660  |
| Depreciation                              | 3,136,072    | 182,508                 | 19,292                     | 1,909,701                     | 64,068                | 5,311,641    |
| Non-cash expenses other than depreciation |              |                         |                            |                               |                       | 1,069,970    |

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

## Primary Reporting – Business segments

| 31.3.2003<br>In RM                               | Construction | Property<br>development | Trading<br>and<br>services | Hospitality<br>and<br>leisure | Investment<br>holding | Elimination  | Consolidated |
|--|--------------|-------------------------|----------------------------|-------------------------------|-----------------------|--------------|--------------|
| <b>Revenue</b>                                   |              |                         |                            |                               |                       |              |              |
| External sales                                   | 302,942,915  | 10,596,389              | 610,882                    | 508,504                       | –                     | –            | 314,658,690  |
| Inter-segment sales                              | 53,352,100   | –                       | –                          | –                             | 2,200,000             | (55,552,100) | –            |
| Total revenue                                    | 356,295,015  | 10,596,389              | 610,882                    | 508,504                       | 2,200,000             | (55,552,100) | 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 interest                                |              |                         |                            |                               |                       |              | (996)        |
| Net profit for the year                          |              |                         |                            |                               |                       |              | 7,167,338    |

## Primary Reporting – Other information

| 31.3.2003<br>In RM                        | Construction | Property<br>development | Trading<br>and<br>services | Hospitality<br>and<br>leisure | Investment<br>holding | Consolidated |
|---|--------------|-------------------------|----------------------------|-------------------------------|-----------------------|--------------|
| <b>Other information</b>                  |              |                         |                            |                               |                       |              |
| Segment assets                            | 462,895,838  | 154,069,049             | 49,183                     | 57,568,058                    | 2,573,745             | 677,155,873  |
| Investment in jointly controlled entities | 549,371      | –                       | –                          | –                             | –                     | 549,371      |
| Unallocated corporate assets              |              |                         |                            |                               |                       | 16,863,990   |
| Consolidated total assets                 |              |                         |                            |                               |                       | 694,569,234  |
| Segment liabilities                       | 443,752,847  | 91,633,345              | 17,091                     | 268,243                       | 486,766               | 536,158,292  |
| Consolidated total liabilities            |              |                         |                            |                               |                       | 536,158,292  |
| Capital expenditure                       | 9,134,002    | 60,162,441              | –                          | 8,580,998                     | 13,391                | 77,890,832   |
| Depreciation                              | 3,018,436    | 88,518                  | 9,537                      | 44,718                        | 79,779                | 3,240,988    |
| Non-cash expenses other than depreciation |              |                         |                            |                               |                       | 1,091,698    |

### 31 CAPITAL COMMITMENTS

| In RM  | Group            |           | Company   |           |
|--|------------------|-----------|-----------|-----------|
|  | 31.3.2004        | 31.3.2003 | 31.3.2004 | 31.3.2003 |
| Capital expenditure approved and contracted for (in Million) | –                | 50.00     | –         | 0.15      |
| Obligation on rental of equipment                            |                  |           |           |           |
| Not later than 1 year  | 941,521          | –         | –         | –         |
| Later than 1 year and not later than 2 years                 | 941,521          | –         | –         | –         |
| Later than 2 years and not later than 5 years                | 262,501          |           |           |           |
|  | <u>2,145,543</u> | –         | –         | –         |

### 32 SIGNIFICANT RELATED PARTY TRANSACTIONS

| In RM  | 31.3.2004          | Group | 31.3.2003          |
|--|--------------------|-------|--------------------|
| <b>Jointly controlled entities :</b>                                       |                    |       |                    |
| Progress billings on contracts (to)/by                                     |                    |       |                    |
| – Ireka-Uspa Joint Venture   | 487,107            |       | (593,577)          |
| Rental of machinery charged to   |                    |       |                    |
| – Ireka-Uspa Joint Venture   | <u>(153,507)</u>   |       | <u>(330,540)</u>   |
| <b>Companies in which certain Directors are deemed to have interests :</b> |                    |       |                    |
| Rental of machinery charged to   |                    |       |                    |
| – Imuda Sdn Bhd  | 83,044             |       | 106,352            |
| – Inovtecs Sdn Bhd   | 962                |       | 11,552             |
| – Ifonda Sdn Bhd   | 119,240            |       | 44,792             |
| Rental of machinery charged (by)   |                    |       |                    |
| – Imuda Sdn Bhd  | (1,387,488)        |       | –                  |
| – Inovtecs Sdn Bhd   | (679,659)          |       | –                  |
| Building materials and spare parts purchase from/(sale to)                 |                    |       |                    |
| – Quality Parts Sdn Bhd  | <u>3,498,904</u>   |       | <u>2,919,359</u>   |
| <b>Subsidiary companies :</b>  |                    |       |                    |
| Progress billings on contracts by/(to)                                     |                    |       |                    |
| – Ireka Engineering & Construction Sdn Bhd                                 | 93,411,298         |       | 50,232,160         |
| – Ireka Corporation (HK) Ltd   | <u>(611,200)</u>   |       | <u>(1,653,000)</u> |
| Interest received from   |                    |       |                    |
| – Ireka Hotels Sdn Bhd   | (3,232,380)        |       | (2,915,206)        |
| – Regalmont Sdn Bhd  | <u>(3,052,873)</u> |       | <u>(2,619,292)</u> |

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

| In RM   | 31.3.2004 | Company | 31.3.2003 |
|---|-----------|---------|-----------|
| <b>Jointly controlled entities :</b>  |           |         |           |
| Progress billings on contracts by/(to)<br>– Ireka-Uspa Joint Venture                      | 487,107   |         | (593,577) |
| Rental of plant and machinery charged by<br>– Ireka-Negeri Roadstone-Daewoo Joint Venture | –         |         | 2,032,672 |
| <b>Companies in which certain Directors are deemed to have interests :</b>                |           |         |           |
| Building materials and spare parts purchase from<br>– Quality Parts Sdn Bhd               | 3,498,904 |         | 2,919,359 |

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

| In RM                                  | 31.3.2004 | Group | 31.3.2003 | 31.3.2004 | Company | 31.3.2003 |
|--|-----------|-------|-----------|-----------|---------|-----------|
| <b>Included in trade receivables :</b> |           |       |           |           |         |           |
| Ifonda Sdn Bhd                         | –         |       | –         | –         |         | 274,066   |
| Imuda Sdn Bhd                          | 4,001,681 |       | 4,863,711 | –         |         | 123       |
| Inovtecs Sdn Bhd                       | 594,556   |       | 16,849    | –         |         | –         |
|  | 4,596,237 |       | 4,880,560 | –         |         | 274,189   |
| <b>Included in trade payables :</b>    |           |       |           |           |         |           |
| Ifonda Sdn Bhd                         | 136,095   |       | –         | –         |         | –         |
| Inovtecs Sdn Bhd                       | 481,097   |       | 18,394    | –         |         | –         |
| Quality Parts Sdn Bhd                  | 1,790,121 |       | 192       | –         |         | 192       |
|  | 2,407,313 |       | 18,586    | –         |         | 192       |

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.

### 33 CONTINGENT LIABILITIES

| In RM  | 31.3.2004  | Group | 31.3.2003   | 31.3.2004   | Company | 31.3.2003   |
|--|------------|-------|-------------|-------------|---------|-------------|
| <b>Unsecured –</b>   |            |       |             |             |         |             |
| (a) Corporate guarantees for due performance of contracts.   | 3,547,421  |       | 3,547,421   | 3,547,421   |         | 3,547,421   |
| (b) Corporate guarantees for credit facilities granted to suppliers.   | –          |       | 32,769      | 3,439,532   |         | 1,968,156   |
| (c) Corporate guarantees for credit facilities.  | 86,496,704 |       | 136,898,417 | 273,548,962 |         | 292,529,510 |
| (d) Letters of undertaking for utilised credit facilities.   | 721,800    |       | 1,509,650   | 30,082,426  |         | 32,397,720  |
| (e) 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. | 3,193,581  |       | 3,193,581   | 3,193,581   |         | 3,193,581   |

## 34 EMPLOYEES

|                           | Group             |                   | Company          |                  |
|---------------------------|-------------------|-------------------|------------------|------------------|
|                           | 31.3.2004         | 31.3.2003         | 31.3.2004        | 31.3.2003        |
| Number of employees       | 1,427             | 1,152             | 80               | 126              |
| <b>In RM</b>              |                   |                   |                  |                  |
| Employees' Provident Fund | 3,576,841         | 2,857,510         | 292,062          | 166,692          |
| Other staff costs         | 40,809,982        | 26,341,725        | 3,080,874        | 1,714,352        |
|                           | <b>44,386,823</b> | <b>29,199,235</b> | <b>3,372,936</b> | <b>1,881,044</b> |

## 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 :

| Group<br>In RM                   | Less than 1 year | 1 to 5 years | Total       | Effective<br>interest rate<br>during the year (%) |
|----------------------------------|------------------|--------------|-------------|---|
| <b>31.3.2004</b>                 |                  |              |             |   |
| Financial assets –               |                  |              |             |   |
| Deposits, cash and bank balances | 6,023,848        | –            | 6,023,848   | 3.20  |
| Subordinated bond 2002/2007      | –                | 4,000,000    | 4,000,000   | VARIABLE RATES                                    |
| Financial liabilities –          |                  |              |             |   |
| Bank borrowings                  | 180,015,601      | 269,026,869  | 449,042,470 | 3.75 – 9.50                                       |
| Bank overdrafts                  | 21,261,945       | –            | 21,261,945  | 7.00 – 7.80                                       |
| <b>31.3.2003</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                                       |



## (a) Interest rate risk (cont'd)

| Company<br>In RM                 | Less than 1 year | 1 to 5 years | Total       | Effective<br>interest rate<br>during the year (%) |
|----------------------------------|------------------|--------------|-------------|---|
| <b>31.3.2004</b>                 |                  |              |             |   |
| Financial assets –               |                  |              |             |   |
| Deposits, cash and bank balances | 177,624          | –            | 177,624     | –   |
| Subordinated bond 2002/2007      | –                | 4,000,000    | 4,000,000   | VARIABLE RATES                                    |
| Financial liabilities –          |                  |              |             |   |
| Bank borrowings                  | 49,057,501       | 205,696,083  | 254,753,584 | 3.75 – 7.90                                       |
| Bank overdrafts                  | 3,249,446        | –            | 3,249,446   | 7.00 – 7.80                                       |
| <b>31.3.2003</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.

## (c) Fair values

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

| In RM  | Group              |             | Company            |            |
|--|--------------------|-------------|--------------------|------------|
|  | Carrying<br>amount | Fair Value  | Carrying<br>amount | Fair Value |
| <b>31.3.2004</b>                             |                    |             |                    |            |
| Financial assets                             |                    |             |                    |            |
| Trade and other receivables                  | 103,310,954        | 103,310,954 | 20,318,986         | 20,318,986 |
| Amounts due from jointly controlled entities | 11,394,282         | –           | 11,289,198         | –          |
| Amounts due from subsidiary companies        | –                  | –           | 486,306,454        | –          |
| Deposits, cash and bank balances             | 6,023,848          | 6,023,848   | 177,624            | 177,624    |
| Other investment                             | 5,868,885          | 1,868,885   | 4,601,900          | 601,900    |

## (c) Fair values (cont'd)

| In RM  | Group           |             | Company         |             |
|--|-----------------|-------------|-----------------|-------------|
|  | Carrying amount | Fair Value  | Carrying amount | Fair Value  |
| Financial liabilities                        |                 |             |                 |             |
| Trade and other payables                     | 203,237,094     | 203,237,094 | 21,234,651      | 21,234,651  |
| Amounts due to subsidiary companies          | –               | –           | 186,429,339     | –           |
| Borrowings                                   | 453,742,544     | 453,742,544 | 255,117,011     | 255,117,011 |
| Bank overdrafts                              | 21,261,945      | 21,261,945  | 3,249,446       | 3,249,446   |
| <b>31.3.2003</b>                             |                 |             |                 |             |
| Financial assets                             |                 |             |                 |             |
| Trade and other receivables                  | 99,440,720      | 99,440,720  | 20,997,712      | 20,997,712  |
| Amounts due from jointly controlled entities | 11,086,464      | –           | 11,019,973      | –           |
| Amounts due from subsidiary companies        | –               | –           | 344,721,973     | –           |
| Deposits, cash and bank balances             | 10,533,333      | 10,533,333  | 1,262,981       | 1,262,981   |
| Other investments                            | 5,868,885       | 1,868,885   | 4,601,900       | 601,900     |
| Financial liabilities                        |                 |             |                 |             |
| Trade and other payables                     | 119,098,791     | 119,098,791 | 6,226,059       | 6,226,059   |
| Amounts due to subsidiary companies          | –               | –           | 129,780,929     | –           |
| Borrowings                                   | 386,367,470     | 386,367,470 | 202,226,621     | 202,226,621 |
| Bank overdrafts                              | 17,492,031      | 17,492,031  | 2,638,484       | 2,638,484   |

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

## (i) Deposits, cash and bank balances

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

## (ii) 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.

## (iii) Subordinated bond

It was not practical to estimate reliably the fair values of subordinated bonds in an unquoted special purpose vehicle company because there is no fixed coupon rate.

## (iv) Receivables and payables

The carrying amounts of receivables and payables are reasonable estimates of fair value because of their short maturity periods.

### 35 FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair values (cont'd)

##### (v) Contingent liabilities

It was not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

##### (vi) Related party transaction

It was not practical to estimate the fair values of amounts due from/to subsidiaries and jointly controlled entities because there is no fixed repayment term.

### 36 SUBSEQUENT EVENT

On 11 May 2004, the Company has announced a new private placement proposal of up to 14,296,202 new ordinary shares of RM1.00 each. Applications to Securities Commission and Foreign Investment Committee were both made on 28 May 2004. The proposal is also subject to the approvals of Bursa Malaysia Securities Berhad for the listing and quotation for the new shares to be issued and the shareholders of the Company at an Extraordinary General Meeting to be convened.

### 37 COMPARATIVE FIGURES

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

| In RM                                 | 31.3.2003    |                        |
|---------------------------------------|--------------|------------------------|
|                                       | As restated  | As previously reported |
| <b>Group</b>                          |              |                        |
| Balance sheet                         |              |                        |
| Development properties                | 285,076,627  | 279,482,225            |
| Trade and other payables              | 119,098,791  | 113,504,389            |
| Cash flow statement                   |              |                        |
| Borrowing costs capitalised           | (7,088,826)  | (8,035,970)            |
| Land and development expenditure      | (60,549,612) | (59,602,468)           |
| <b>Company</b>                        |              |                        |
| Balance sheet                         |              |                        |
| Trade and other receivables           | 20,997,712   | 273,345,168            |
| Amounts due from subsidiary companies | 344,721,973  | 92,374,517             |

## STATISTICS OF SHAREHOLDINGS AS AT 5 AUGUST 2004

|                                |   |                                 |
|--------------------------------|---|---------------------------------|
| Authorised share capital       | : | RM500,000,000.00                |
| Issued & fully paid-up capital | : | RM113,914,700.00                |
| 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 – 999               | 113                 | 27,613        | 0.02  |
| 1,000 – 10,000        | 3,646               | 9,685,450     | 8.50  |
| 10,001 – 100,000      | 291                 | 7,667,988     | 6.73  |
| 100,001 – 5,695,734*  | 55                  | 39,920,767    | 35.05 |
| 5,695,735 and above** | 4                   | 56,612,882    | 49.70 |
| Total                 | 4,109               | 113,914,700   | 100   |

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

| Directors' shareholdings                     | No. of shares | Direct |      | No. of shares | Indirect |       |
|--|---------------|--------|------|---------------|----------|-------|
|  |               |        | %    |               |          | %     |
| Haji Abdullah Bin Yusof                      | 1,500,000     |        | 1.32 | 15,398,248 ~  |          | 13.52 |
| Lai Siew Wah                                 | -             |        | -    | 49,001,998 ~~ |          | 43.02 |
| Datuk Lai Jaat Kong @ Lai Foot Kong PJN, JSM | 3,670,500     |        | 3.22 | -             |          | -     |
| Datuk Haji Burhanuddin Bin Ahmad Tajudin PJN | 340,000       |        | 0.30 | -             |          | -     |
| Chan Soo Har @ Chan Kay Chong                | 2,184,750     |        | 1.92 | -             |          | -     |
| Lai Man Moi                                  | 2,090,250     |        | 1.83 | -             |          | -     |
| Kwok Yoke How                                | 576,003       |        | 0.51 | -             |          | -     |
| Haji Mohd. Sharif Bin Haji Yusof             | -             |        | -    | -             |          | -     |
| Lai Voon Hon                                 | 12,000        |        | #    | 49,001,998 ~~ |          | 43.02 |
| Lai Voon Huey, Monica                        | 6,000         |        | #    | 49,001,998 ~~ |          | 43.02 |

| Substantial shareholders    | No. of shares | Direct |       | No. of shares | Indirect |       |
|-----------------------------|---------------|--------|-------|---------------|----------|-------|
|                             |               |        | %     |               |          | %     |
| Ideal Land Holdings Sdn Bhd | 49,001,998    |        | 43.02 | -             |          | -     |
| Magnipact Resources Sdn Bhd | 15,398,248    |        | 13.52 | -             |          | -     |
| Haji Abdullah Bin Yusof     | 1,500,000     |        | 1.32  | 15,398,248 ~  |          | 13.52 |
| Lai Siew Wah                | -             |        | -     | 49,001,998 ~~ |          | 43.02 |
| Lai Voon Hon                | -             |        | -     | 49,001,998 ~~ |          | 43.02 |
| Lai Voon Keat               | -             |        | -     | 49,001,998 ~~ |          | 43.02 |
| Lai Voon Wai                | -             |        | -     | 49,001,998 ~~ |          | 43.02 |
| Liw Yoke Yin                | 3,000         |        | #     | 49,001,998 ~~ |          | 43.02 |

### Notes

~ Deemed interests through Magnipact Resources Sdn Bhd

~~ Deemed interests through Ideal Land Holdings Sdn Bhd

# Insignificant

**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    | 18.52 |
| 2   | Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ideal Land Holdings Sdn Bhd)         | 13,500,000    | 11.85 |
| 3   | Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ideal Land Holdings Sdn Bhd)                     | 12,000,000    | 10.53 |
| 4   | Mayfin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Magnipact Resources Sdn Bhd)                     | 10,020,000    | 8.80  |
| 5   | Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Magnipact Resources Sdn Bhd)                   | 3,585,499     | 3.15  |
| 6   | Ling Siok Guong   | 3,500,000     | 3.07  |
| 7   | Cimsec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad for Datuk Lai Jaat Kong @ Lai Foot Kong)                     | 2,424,000     | 2.13  |
| 8   | Tee Tiam Lee  | 2,000,000     | 1.76  |
| 9   | Cimsec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad for Magnipact Resources Sdn Bhd)                             | 1,792,749     | 1.57  |
| 10  | Thong Kok Cheong  | 1,763,900     | 1.55  |
| 11  | Mahomed Ferheen   | 1,719,900     | 1.51  |
| 12  | Cimsec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad for Lai Man Moi)   | 1,578,750     | 1.39  |
| 13  | Haji Abdullah Bin Yusof   | 1,500,000     | 1.32  |
| 14  | Mayfin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Sow Mun)                                     | 1,439,800     | 1.26  |
| 15  | Cimsec Nominees (Tempatan) Sdn Bhd (EON Finance Berhad for Chan Soo Har @ Chan Kay Chong)                           | 1,378,250     | 1.21  |
| 16  | Malaysia Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ideal Land Holdings Sdn Bhd)                   | 1,316,250     | 1.16  |
| 17  | Sapiah @ Safiah Binti Hussin  | 1,200,000     | 1.05  |
| 18  | Tan Kar Leng @ Chen Kar Leng  | 1,166,600     | 1.02  |
| 19  | Moo Ah Hin @ Moo Too Kim  | 1,156,600     | 1.02  |
| 20  | Ideal Land Holdings Sdn Bhd   | 1,092,866     | 0.96  |
| 21  | Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Datuk Lai Jaat Kong @ Lai Foot Kong) | 1,023,000     | 0.90  |
| 22  | Kong Sum Mooi   | 1,000,000     | 0.88  |
| 23  | Kwok Yoke How   | 576,003       | 0.51  |
| 24  | Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chan Soo Har @ Chan Kay Chong)       | 511,500       | 0.45  |
| 25  | Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lai Man Moi)                         | 511,500       | 0.45  |
| 26  | Golden Pavilion Pub & Grill Sdn Bhd   | 483,400       | 0.42  |
| 27  | Ng Tiong Seng Corporation Sdn Bhd   | 464,300       | 0.41  |
| 28  | Chin Choy Fan   | 376,500       | 0.33  |
| 29  | HSBC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Oh Kim Sun)  | 340,300       | 0.30  |
| 30  | Datuk Haji Burhanuddin Bin Ahmad Tajudin  | 340,000       | 0.30  |

## STATISTICS OF WARRANT HOLDINGS AS AT 5 AUGUST 2004

| Size of holdings      | No. of warrantholders | No. of warrants | %     |
|-----------------------|-----------------------|-----------------|-------|
| 1 – 999               | 87                    | 9,651           | 0.04  |
| 1,000 – 10,000        | 1,002                 | 2,325,430       | 10.65 |
| 10,001 – 100,000      | 85                    | 1,884,998       | 8.63  |
| 100,001 – 1,091,958*  | 12                    | 3,662,038       | 16.77 |
| 1,091,959 and above** | 3                     | 13,957,069      | 63.91 |
| Total                 | 1,189                 | 21,839,186      | 100   |

\* Less than 5% of issued warrants

\*\* 5% and above of issued warrants

| Directors' warrant holdings                  | No. of warrants | Direct |      | Indirect        |       |
|--|-----------------|--------|------|-----------------|-------|
|  |                 |        | %    | No. of warrants | %     |
| Haji Abdullah Bin Yusof                      | 306,962         |        | 1.41 | 3,759,566 ~     | 17.21 |
| Lai Siew Wah                                 | –               |        | –    | 10,254,904 ~~   | 46.96 |
| Datuk Lai Jaat Kong @ Lai Foot Kong PJN, JSM | 764,044         |        | 3.50 | –               | –     |
| Datuk Haji Burhanuddin Bin Ahmad Tajudin PJN | 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 | –               | –     |
| Haji Mohd. Sharif Bin Haji Yusof             | –               |        | –    | –               | –     |
| Lai Voon Hon                                 | –               |        | –    | 10,254,904 ~~   | 46.96 |
| Lai Voon Huey, Monica                        | –               |        | –    | 10,254,904 ~~   | 46.96 |

| Substantial warrant holders | No. of warrants | Direct |       | Indirect        |       |
|-----------------------------|-----------------|--------|-------|-----------------|-------|
|                             |                 |        | %     | 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 ~     | 17.21 |
| Lai Siew Wah                | –               |        | –     | 10,254,904 ~~   | 46.96 |
| Lai Voon Hon                | –               |        | –     | 10,254,904 ~~   | 46.96 |
| Lai Voon Keat               | –               |        | –     | 10,254,904 ~~   | 46.96 |
| Lai Voon Wai                | –               |        | –     | 10,254,904 ~~   | 46.96 |
| Liw Yoke Yin                | –               |        | –     | 10,254,904 ~~   | 46.96 |

### Notes

~ Deemed interests through Magnipact Resources Sdn Bhd

~~ Deemed interests through Ideal Land Holdings Sdn Bhd



**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)         | 3,360,000       | 15.39 |
| 4   | Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Datuk 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  | Haji Abdullah Bin Yusof   | 306,962         | 1.41  |
| 11  | Kok Chee Seng   | 172,948         | 0.79  |
| 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  | Lembaga Tabung Haji   | 70,578          | 0.32  |
| 18  | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Kunandran a/l S. Thayaparasivam)   | 69,871          | 0.32  |
| 19  | Tan Boo Nam   | 63,857          | 0.29  |
| 20  | Kok Chee Seng   | 63,674          | 0.29  |
| 21  | Ideal Land Holdings Sdn Bhd   | 57,401          | 0.26  |
| 22  | HDM Nominees (Asing) Sdn Bhd (Philip Securities Pte Ltd for Yap Kin Seng)   | 56,015          | 0.26  |
| 23  | Institute for Development Studies (Sabah)   | 55,300          | 0.25  |
| 24  | Tan Eng Nam   | 51,533          | 0.24  |
| 25  | Datuk Haji Burhanuddin Bin Ahmad Tajudin  | 40,330          | 0.18  |
| 26  | Eng Nominees (Tempatan) Sdn Bhd (Kim Seng Securities Pte Ltd for Tiong Mee See @ Albert)                            | 39,210          | 0.18  |
| 27  | Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lee Beng Seng)                                   | 37,488          | 0.17  |
| 28  | Lee Beng Seng   | 36,969          | 0.17  |
| 29  | Othman Bin Merican  | 31,368          | 0.14  |
| 30  | H.A.S Trading Sdn Bhd   | 30,885          | 0.14  |

## LIST OF PROPERTIES AS AT 31 MARCH 2004

|   | Location  | Tenure   | Approximate<br>Land Area<br>(Built-up Area) | Description  | Age      | Net Book<br>Value (RM) | Year of<br>Acquisition |
|---|---|----------|---|--|----------|------------------------|------------------------|
| 1 | Geran 12737, Lot 50589<br>Mukim of Kuala Lumpur<br>Wilayah Persekutuan                                  | Freehold | 1,528 sq ft<br>(7,040 sq ft)                | 4-storey shop<br>office for own use                            | 16 years | 701,315                | 1988                   |
| 2 | Geran 42276/M2/2/44<br>Lot 32432, Mukim of Plentong   | Freehold | 824 sq ft<br>(884 sq ft)                    | Walk-up flat<br>for investment                                 | 17 years | 46,595                 | 1987                   |
| 3 | Lots No. 388, 389 & 391<br>Section 67, Town of Kuala Lumpur   | Freehold | 53,851 sq ft                                | Operation of<br>a hotel known as<br>The Westin<br>Kuala Lumpur | N/A      | 366,945,754            | 1993/1994              |
| 4 | HSD 103399, HSD 103400 (Part)<br>and HSD 103401<br>Lot 21755, Mukim of Batu<br>District of Kuala Lumpur | Freehold | 228,254 sq ft                               | Vacant land for<br>future development                          | N/A      | 38,822,678             | 1994                   |
| 5 | Lot 21756, Mukim of Batu  | Freehold | 215,622 sq ft                               | Vacant land for<br>future development                          | N/A      | 54,448,711             | 2003                   |
| 6 | Percinct 7, Plot G27 held under<br>Geran 39540, Lot No. 1503<br>Mukim Sg. Gumut<br>Daerah Hulu Selangor | Freehold | 43,986 sq ft                                | Homestate for<br>investment                                    | N/A      | 439,570                | 1995                   |
| 7 | CT No. 9985, Lot No. 5755<br>Mukim Kajang, Selangor Darul Ehsan   | Freehold | 272,915 sq ft                               | Workshop with<br>2-storey office<br>building for own use       | N/A      | 9,478,449              | 1997                   |
| 8 | Geran 18076, Lot 8849<br>Mukim of Kajang, District of Ulu Langat  | Freehold | 220,806 sq ft                               | Vacant land for<br>future development                          | N/A      | 2,470,935              | 2000                   |

|     | Location  | Tenure   | Approximate<br>Land Area | Description                | Age     | Net Book<br>Value (RM) | Year of<br>Acquisition |
|-----|---|----------|--------------------------|----------------------------|---------|------------------------|------------------------|
| 9   | Unit No. B045/F/1-1,<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling | Freehold | 1,194 sq ft              | Office unit for investment | 6 years | 417,900                | 2002                   |
| 10  | Unit No. B045/F/2-1<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling  | Freehold | 1,422 sq ft              | Office unit for investment | 6 years | 383,940                | 2002                   |
| 11  | Unit No. B045/F/3-1<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling  | Freehold | 1,422 sq ft              | Office unit for investment | 6 years | 369,720                | 2002                   |
| 12. | Unit No. B045/F/4-1<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling  | Freehold | 1,422 sq ft              | Office unit for investment | 6 years | 355,500                | 2002                   |
| 13  | Unit No. B045/F/5-1<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling  | Freehold | 1,422 sq ft              | Office unit for investment | 6 years | 355,500                | 2002                   |
| 14  | Unit No. B045/F/1-2<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling  | Freehold | 1,194 sq ft              | Office unit for investment | 6 years | 417,900                | 2002                   |
| 15  | Unit No. B045/F/2-2<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling  | Freehold | 1,422 sq ft              | Office unit for investment | 6 years | 383,940                | 2002                   |

|    | Location  | Tenure   | Approximate<br>Land Area | Description                 | Age     | Net Book<br>Value (RM) | Year of<br>Acquisition |
|----|---|----------|--------------------------|-----------------------------|---------|------------------------|------------------------|
| 16 | Unit No. B045/F/3-2<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling      | Freehold | 1,422 sq ft              | Office unit for investment  | 6 years | 369,720                | 2002                   |
| 17 | Unit No. B045/F/4-2<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling      | Freehold | 1,422 sq ft              | Office unit for investment  | 6 years | 355,500                | 2002                   |
| 18 | Unit No. B045/F/5-2<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling      | Freehold | 1,422 sq ft              | Office unit for investment  | 6 years | 355,500                | 2002                   |
| 19 | Unit No. B045/D/6-3<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling      | Freehold | 1,422 sq ft              | Office unit for investment  | 6 years | 355,500                | 2002                   |
| 20 | Unit No. B045/D/6-4<br>Business Park<br>Bandar Sri Damansara<br>District of Petaling      | Freehold | 1,422 sq ft              | Office unit for investment  | 6 years | 355,500                | 2002                   |
| 21 | Lot No. 2, Sector 1<br>Lembah Beringin<br>Mukim Kuala Kelumpang<br>Daerah Ulu Selangor    | Freehold | 7,185 sq ft              | Bungalow lot for investment | N/A     | 179,625                | 2002                   |
| 22 | Plot No. H21, Precinct 8<br>Lembah Beringin<br>Mukim Sungai Gumut<br>Daerah Hulu Selangor | Freehold | 46,368 sq ft             | Homestate for investment    | N/A     | 278,208                | 2002                   |

**NOTICE IS HEREBY GIVEN THAT THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT EAST VIP LOUNGE, KUALA LUMPUR GOLF & COUNTRY CLUB, NO. 10, JALAN 1/70D, OFF JALAN BUKIT KIARA, 60000 KUALA LUMPUR ON TUESDAY, 28 SEPTEMBER 2004 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 2004. **RESOLUTION 1**
- 2 To approve the payment of Directors' fees of RM260,000.00 for the year ended 31 March 2004. **RESOLUTION 2**

- 3 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 PJN 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 3**

- 4 To re-elect the following Directors who retire in accordance with Article 91 of the Company's Articles of Association :

a Lai Siew Wah **RESOLUTION 4**

b Datuk Lai Jaat Kong @  
Lai Foot Kong PJN, JSM **RESOLUTION 5**

c Haji Abdullah Bin Yusof **RESOLUTION 6**

- 5 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 7**

#### 6 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 Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) and **THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company". **RESOLUTION 8**

- 7 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

6 September 2004

#### 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 notarially 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 8, 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.

**1 The names of 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 Lai Siew Wah, retiring by rotation pursuant to Article 91 of the Company's Articles of Association.
- iii Datuk Lai Jaat Kong @ Lai Foot Kong PJN, JSM, retiring by rotation pursuant to Article 91 of the Company's Articles of Association.
- iv Haji Abdullah Bin Yusof, 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, six (6) board meetings were held. Details of attendance of Directors at the Board Meetings are as follows :

| Name   | Attendance |
|--|------------|
| i Haji Abdullah Bin Yusof  | 6/6        |
| ii Lai Siew Wah  | 6/6        |
| iii Datuk Lai Jaat Kong @<br>Lai Foot Kong <small>PJN, JSM</small> | 5/6        |
| iv Datuk Haji Burhanuddin Bin<br>Ahmad Tajudin <small>PJN</small>  | 6/6        |
| v Lai Man Moi  | 6/6        |
| vi Chan Soo Har @ Chan Kay Chong                                   | 6/6        |
| vii Kwok Yoke How  | 4/6        |
| viii Haji Mohd. Sharif Bin Haji Yusof                              | 6/6        |
| ix Lai Voon Hon  | 5/6        |
| x Lai Voon Huey, Monica  | 6/6        |

## STATEMENT ACCOMPANYING NOTICE

OF TWENTY EIGHTH ANNUAL GENERAL MEETING OF  
IREKA CORPORATION BERHAD

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**3 Date, time and place of general meeting**

| Type of Meeting             | Date              | Time       | Place   |
|-----------------------------|-------------------|------------|---|
| 28th Annual General Meeting | 28 September 2004 | 10.30 a.m. | East VIP Lounge<br>Kuala Lumpur Golf & Country Club<br>No. 10, Jalan 1/70D<br>Off Jalan Bukit Kiara<br>60000 Kuala Lumpur |

**4 Further details of Directors who are standing for election**

Not applicable



NOTE



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AFFIX  
STAMP

IREKA CORPORATION BERHAD  
Co. No. : 25882-A  
NO. 32 MEDAN SETIA DUA  
BUKIT DAMANSARA  
50490 KUALA LUMPUR  
ATTN : THE COMPANY SECRETARY