

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I am pleased to present the Annual Report and the Financial Statements of CAM Resources Berhad and the Group for the year ended 31 December 2002.

FINANCIAL REVIEW

For the financial year ended 31 December 2002, the Group recorded a turnover of RM49.8 million and profit after tax of RM8.5 million. The profit after tax achieved was RM0.9 million lower than the projection of RM9.4 million. This was due to the sluggish and uncertainty in the global economy that affected our export and domestic sales.

CORPORATE DEVELOPMENTS

During the financial year, the entire issued and paid up share capital of the Company of 41,000,000 ordinary share of RM1.00 each was successfully listed on the Second Board of the Kuala Lumpur Stock Exchange on 14 March 2002. As an integral part to the listing, the following had been undertaken by the Company:

1. The acquisition of the entire issued and paid up share capital of Central Aluminium Manufactory Sdn Bhd of 3,022,475 ordinary shares of RM1.00 each for a consideration of RM39,611,117 to be satisfied by the issuance of 29,097,000 new ordinary share of RM1.00 each of CAM Resources Berhad.

The acquisition of the remaining 7.35% of the issued and paid up share capital of Central Melamineware Sdn Bhd of 36,002 ordinary shares of RM1.00 each for a consideration of RM423,683 to be satisfied by the issuance of 268,000 new ordinary share of RM1.00 each of CAM Resources Berhad. Both the acquisitions were completed on 7 January 2002.

2. An internal restructuring exercises was implemented by CAM Resources Berhad whereby the subsidiaries of Central Aluminium Manufactory Sdn Bhd were transferred to CAM Resources Berhad for a cash consideration of RM6,648,660 and the exercise was completed on 14 January 2002.
3. Public issue of 6,150,000 new ordinary share of RM1.00 each of CAM Resources Berhad at an issue price of RM1.38 per share.
4. Special issue of 5,185,000 new ordinary share of RM1.00 each of CAM Resources Berhad to Bumiputera investors approved by the Ministry of International Trade and Industry at an issue price of RM1.38 per share.



PROSPECTS

Despite the heightened geopolitical tensions and uncertain external economic conditions, Malaysia government has projected a growth rate of 4.5% for 2003. This is achievable by promoting domestic sources of growth, further intra-regional trade and particularly strengthening domestic consumption.

High employment level, low interest rates, better access to financing and significant increase in commodity prices have all powered the growth in private expenditure. We believe that these will all contribute positively to the Group performance.

Given the management efforts and focus in developing overseas market and the additional range of new products being introduced to the market, we are expecting an improvement in the Group's performance in 2003.

DIVIDEND

The Board has recommended for your approval a first and final dividend of 8% per share less income tax for the business year ended 31 December 2002.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend my appreciation to the management and staff for their hard work, commitment and dedication in their works to make us achieving another successful year. I also wish to thank all our shareholders, banks, valued

for the Group.



Lee Chin Yen
Executive Chairman

DIRECTORS PROFILE

LEE CHIN YEN, a Malaysian aged 54, was appointed the Executive Chairman/Director of CAM Resources Berhad (CAM) on 29 December 2000.

He was appointed the Managing Director of Central Aluminium Manufactory Sdn Bhd (CALuminium) in 1979, a Director of Central Melamineware Sdn Bhd (CMelamine) in 1988 and Advance Eagle Marketing Sdn Bhd (AEMkt) in 1989. A founding member and the driving force in the Group, he commenced his career in 1972 as an apprentice in Choo Chin Wah Company, a company principally involved in the manufacturing of aluminium in Thailand. After acquiring all the technical expertise, he returned to Malaysia in 1975 and formed a partnership with Tan Hong Cheng and others to manufacture aluminium household products in 1975. In 1979, this partnership was incorporated into a private limited company under the name of CALuminium and he was appointed the Managing Director. At present, he is also committee member of a few associations in Teluk Intan, Perak.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2002, he attended all the Board meetings held.

TAN HONG CHENG, a Malaysian aged 54, was appointed the Managing Director/Director of CAM on 29 December 2000. He also sits in the Audit Committee as an ordinary member.

He was appointed the Managing Director of CMelamine in 1988, a Director of CALuminium in 1979 and AEMkt in 1989. He began his career in Loke Hup Porcelain as a shop assistant. In 1975, he formed a partnership with Lee Chin Yen and others to manufacture aluminium household products. This partnership was subsequently incorporated as CALuminium. He has more than 20 years of experience in the manufacturing of aluminium and stainless steel products. At present, he also sits on Board of Trustees in San Min Primary and Secondary School and Chong Min Primary School in Teluk Intan, Perak. He is also a committee member of the Chinese Chamber of Commerce in the Lower Perak District.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2002, he attended all the Board meetings held.

HIA WAN KIGA, a Malaysian aged 49, was appointed a Non-Executive Director of CAM on 29 December 2000 and a Non-Executive Director of CALuminium since 1999.

He began his career as an apprentice in Sungai Besar Engineering Sdn. Bhd., a company involved in the engineering works. In 1975, he set up his own company under the name of Union Engineering Works Sdn Bhd., a company principally involved in agriculture engineering. He is presently a committee member of a few local associations.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2002, he attended all the Board meetings held.

TAN KIM HONG, a Malaysian aged 30, was appointed an Executive Director of CAM on 15 January 2002 and a Factory Manager of CMelamine. She joined the Group in 1993 as a clerk and subsequently promoted to her current position since 2000. She is responsible for overseeing the overall production processes and maintenance of product quality in CMelamine.

She does not hold directorship in any other public companies. During the financial year ended 31 December 2002, she attended all the Board meetings held.

LEE POH CHOO, a Malaysian aged 28, was appointed an Executive Director of CAM on 15 January 2002.

She graduated from the Campbell University, USA in 1998 with a Bachelor degree in Business Administration. She joined CALuminium in 1998 and was responsible for the area of MIS and Marketing. She was promoted to Factory Manager of CALuminium in December 1998. She is responsible for overseeing the overall production processes and maintenance of product quality in CALuminium.

She does not hold directorship in any other public companies. During the financial year ended 31 December 2002, she attended all the Board meetings held.

DIRECTORS PROFILE (Cont'd)

CHAI MOI KIM, a Malaysian aged 45, was appointed an Independent Non-Executive Director of CAM on 15 January 2002. He also sits in the Audit Committee as a Chairman and serves as a member of the Remuneration and Nomination Committees of the Company.

He is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He started his career in 1980 as an Article clerk with an established local audit firm, and subsequently worked with several other established audit firms including an international audit firm until 1988. He left for FACB Group of companies as the Group Accountant in 1989. In 1992, he joined MBF Holdings Berhad as a Senior Manager of the corporate department where he served until 1994. In 1995, he set up his own audit practice, Kim & Co.. He also sits on the Board of two KLSE listed companies, namely Autoair Holdings Berhad and Widetech (Malaysia) Berhad where he was appointed as Independent Non-Executive Director.

During the financial year ended 31 December 2002, he attended all the Board meetings held.

AZIZUL BIN MOHD OTHMAN, a Malaysian aged 41, was appointed an Independent Non-Executive Director of CAM on 15 January 2002. He also serves as a member of the Remuneration and Nomination Committees of the Company.

Presently, he is the General Manager of Institute Teknologi Perak. He was responsible for setting up an Islamic independent secondary school, know as Ma'ahad al Ummah in Chepor, Perak in 1989 and he was a Director of Kolej Premier from 1993 to 1998.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2002, he attended 2 out of 3 Board meetings held.

CHIA KAY JOO, a Malaysian aged 56, was appointed an Independent Non-Executive Director of CAM on 15 January 2002. He also serves as a member of Audit, Remuneration and Nomination Committees of the Company.

He obtained a Bachelor degree in Law from University of London in 1981 and called to the English Bar in 1982 and admitted as an advocate and solicitor in Malaysia in 1985. He has been practising in the legal profession for approximately 18 years. He was a High Court Interpreter from 1971 to 1981 and a judicial officer serving as the Magistrate at the Teluk Intan Magistrate Court from 1982-1984. He left the civil service to set up his own legal practice in 1985.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2002, he attended all the Board meetings held.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

FAMILY RELATIONSHIP

Except for Mr Lee Chin Yen and Ms Lee Poh Choo, and Mr Tan Hong Cheng and Ms Tan Kim Hong who are father and daughter, none of the other Directors are related to one another, nor with any substantial shareholders.

CONFLICT OF INTEREST

Save as disclosed in the related party transactions on page 53 - 54 of this Annual Report, none of the other Directors have any conflict of interest with the Company during the financial year.

CONVICTIONS FOR OFFENCES

None of the Directors have been convicted of any offence (excluding traffic offence) within the last 10 years.

CORPORATE GOVERNANCE STATEMENT

The directors are accountable to shareholders for the business and affairs of the Company. The Directors of the Company support high standard of corporate behavior and accountability. The statement set out herewith is the manner in which the Board has applied the Principles (“the Principles”) and Best Practices (“the Best Practices”) of the Malaysian Code on Corporate Governance (“the Code”).

A. BOARD OF DIRECTORS

(i) The Board

The Board consists of persons of various professional fields, business and commercial experience relevant for the effective management of the Group. The profile of all the directors is set out in pages 8 to 9 of the Annual Report.

The Board has eight members, three of whom are independent Non-Executive Directors. The independent Non-Executive Directors are independent of management, and free from any business which could interfere with their independent judgement and their ability to act in the Group's best interest.

(ii) Board Responsibilities

The Board is responsible for the following:

- Reviewing and adopting a strategic plan for the Group
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management
- Developing and implementing an investor relations program or shareholder communications policy for the company
- Reviewing the adequacy and the integrity of the company's internal control systems and management information systems for compliance with applicable laws, regulations, rules, directives and guidelines

(iii) Appointments of the Board and Re-election

The Board has appointed a Nomination Committee comprising of all independent Non-Executive Directors. The members of the Nomination Committee consist of:-

1. Chai Moi Kim
2. Tuan Haji Azizul bin Mohd Othman
3. Chia Kay Joo

The function of the Nomination Committee amongst others, is to recommend to the Board candidates for all directorships or Board Committee to be filled. In addition, the Committee reviews the profile of the required skills and experience of each individual Director and assist in implementing the assessment programme to assess the effectiveness of the Board as a whole. An orientation and education programme for newly appointed Directors is part of the function of Nomination Committee. This is to ensure that the Board has an appropriate balance of expertise and abilities.

One third of the Board members are required to retire at every Annual General Meeting ("AGM") and be subject to re-election by shareholders. Newly appointed Directors shall hold office until the next following AGM and shall then be eligible for re-election by shareholders. All Directors, including the Managing Director shall retire from office at least once in every three years but shall be eligible for re-election.

(iv) Board Meeting and Supply of Information

The Board held three meetings during the financial year to control and monitor the development of the Group. The agenda for each Meeting is circulated to all the Directors for their perusal well in advance of the Board meeting date. They are given sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

All Directors have access to all information within the Company and the advice and services of the Company Secretary. This augmented by regular informal dialogue between Independent Directors and management on matters pertaining to the state of the Group affairs. Where necessary, the Directors are authorized to engage independent professionals in discharging their duties at the Group's expense.

(v) Directors' Training

The Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia. The directors will continue to attend relevant training programmes to further enhance their knowledge so as to enable them to discharge their responsibilities more effectively.

B. DIRECTORS' REMUNERATION

The Board has appointed the Remuneration Committee comprising of all independent Non-Executive Directors. The members of the Remuneration Committee consist of:-

1. Chai Moi Kim
2. Tuan Haji Azizul bin Mohd Othman
3. Chia Kay Joo

The Remuneration Committee reviews all benefits and entitlement of all Executive Directors on an annual basis, establish a formal and transparent procedure on executive remuneration and recommends to the Board the remuneration package of the Executive and Non-Executive Directors. The respective Director would abstain from participating in decisions regarding his/her own remuneration package.

The remuneration of Executive Director is linked to corporate and individual performance. The remuneration of Non-Executive Directors are related to their experience and level of responsibilities and would be subject to the approval of the Board.

For the financial year ended 31 December 2002, the details of Directors' remuneration are as follows:

	Fees RM'000	Basic Salaries RM'000	Other Emoluments* RM'000	Benefit in kind RM'000	Total RM'000
Executive Director	40	396	130	47	613
Non-Executive Directors	42	36	11	-	89
Total	82	432	141	47	702

* Other emoluments include contribution to Employees' Provident Fund, bonus and incentive.

The number of Directors of the Company whose total remuneration falls within the following bands:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 to RM100,000	2	1
RM150,000 to RM250,000	2	-

C. ACCOUNTABILITY AND AUDIT

(i) Internal Control

Internal Control Statement in respect of the state of internal control of the Company pursuant to paragraph 15.27(b) of the Listing Requirements.

The Board acknowledges its responsibilities for establishing a sound system of internal control to safeguard shareholders' investment and the Group's assets, and to provide reasonable assurance on the reliability of the financial statements. However, any such system can only provide reasonable but not absolute assurance against material misstatement or loss. The components of the Group's internal financial control include:-

- Business system

The information systems operated within the Group have been developed with controls to safeguard the integrity of financial data.

- Financial and operational reporting
Financial and operations reports are reported monthly to the Executive Directors and to the Board on a quarterly basis.
- Authorisation limits
The Group well-defined organisation structure with a clear line of accountability, segregation of duties and strict authorisation, approval and control procedures within which senior management operate.
- Financial controls and procedural compliance reporting
The Group has engaged an independent professional accounting firm to provide internal audit function. The internal audit function shall regularly report on the compliance with the internal financial controls and procedures to the Audit Committee.

The Board shall ensure that whatever recommendations made by the internal audit are duly implemented.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the CAM Group, which has been in place for the year under review and up to date of approval of the Annual Report. The Audit Committee, through the outsourced internal audit, shall regularly reviews and reveals to the Board on the adequacy and effectiveness of the accounting and operating controls systems.

(ii) Financial Reporting

Directors' Responsibility statement in respect of Audited Financial Statements pursuant to Paragraph 15.27 (a) of the Listing Requirements.

The Board of Directors is responsible for preparing financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results and cash flows of the Group and of the Company for the year then ended. The Board of Directors is also responsible in ensuring that the financial statements of the Group and the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, consistently applied and by reasonable and prudent judgements and estimates.

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the financial statements present a fair assessment of the Group's position and prospects.

(iii) Relationship with Auditors

The Company has always maintained a transparent relationship with both the internal and external auditors in seeking professional advice and towards ensuring compliance with accounting standards in Malaysia.

D. RELATIONSHIP WITH SHAREHOLDERS

The annual report and the quarterly announcements are the primary modes of communication to report on the Group's business activities and financial performance.

The AGM is the main forum where dialogue with shareholders can be effectively conducted. Shareholders are notified of the meeting with a copy of the Company Annual Report sent to the shareholders at least 21 days before the meeting. At each AGM, shareholders are given ample time and opportunity to ask for more information, without limiting of the type of queries asked and there do not seek prior approval from the major shareholders. During the meeting, the Managing Director and the Executive Director are prepared to provide responses to queries and to receive feedback from the shareholders during the meeting. The external auditors are also present to provide their professional and independent clarification on issue of concern raised by the shareholders.

CORPORATE GOVERNANCE STATEMENT (Cond't)

E. OTHER INFORMATION

During the financial year ended 31 December 2002, there were no:-

- (a) options, warrants or convertible securities issued by the Company or its subsidiaries;
- (b) share buyback;
- (c) American Depository Receipts or Global Depository Receipts programmes sponsored by the Company;
- (d) sanctions and/or penalties imposed on the Company or its subsidiary companies;
- (e) variance of results which differs by 10% or more from any profit estimate/forecast/ projection/unaudited results announced;
- (f) profit guarantee given by the Company;
- (g) material contracts of the Company and its subsidiary companies involving directors and substantial shareholders;
- (h) recurrent related party transactions of revenue nature during the year involving revenue of more than RM1 million and hence shareholders' mandate is not required;
- (i) contract relating to loan by the Company;
- (j) revaluation policy on landed property during the financial year.

Status Of Utilization Of Listing Proceeds

The status of utilization of proceeds raised from the Public Issue and Special Issue of shares in conjunction with the Listing Exercise is as follows:-

	Proposed Utilization	Amount Utilized Up To 31/03/2003	Balance at 31/03/2003
	RM'000	RM'000	RM'000
Repayment of bank borrowings	4,620	4,620	0
Acquisition of plant and machinery	3,000	2,397	603
Factory expansion	5,200	2,415	2,785
General working capital	1,222	1,222	0
Estimated Listing Exercise expenses	1,600	1,599	1
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	15,642	12,253	3,389

The balance of the proceeds is expected to be fully utilized in the financial year of 2003.

AUDIT COMMITTEE REPORT

COMPOSITION

The members of the Audit Committee comprises the following:

<u>Members of The Committee</u>	<u>Designation in The Company</u>
Chai Moi Kim	Chairman/ Independent Non-Executive Director
Chia Kay Joo	Independent Non-Executive Director
Tan Hong Cheng	Managing Director

The summary of attendance at Audit Committee meetings for the financial year ended 31 December 2002.

Member	No. of Meetings Attended
Chai Moi Kim	3 of 3
Chia Kay Joo	3 of 3
Tan Hong Cheng	3 of 3

The Finance Manager and a representative from external auditors were also invited and have attended these meetings.

ACTIVITIES OF AUDIT COMMITTEE

The summary activities by the Audit Committee during the year ended 31 December 2002 are as follows:

- a) Reviewed the quarterly and year end unaudited financial results before submission for the Board's approval.
- b) Reviewed and discussed with the external auditors their audit plan and significant audit issues.
- c) Reviewed and discussed the scope of work and audit plan with the internal auditors.
- d) Reviewed the adequacy of provision for doubtful debts and bad debts written off. shall be an independent
- e) Reviewed and discussed related party transactions.

TERM OF REFERENCE

Objective

The primary objectives of the committee are:

- a) To safeguard the interests of the minority shareholders;
- b) To assist the Board in discharging its responsibilities in the areas of management of internal control, accounting policies and financial reporting; and
- c) To provide a line of communication between the Board and the internal and external auditors through regular meetings.

Members

- a) The Committee Members shall be appointed by the Board of Director from amongst the Directors of the Company and shall comprise not less than three members, a majority of whom shall be independent Directors.
- b) At least one of the Committee member:
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years working experience and:-
 1. he must have passed the examinations specified in part I of the 1st Schedule of the Accountants Act 1967; or
 2. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 3. fulfills such other requirements as prescribed by the Kuala Lumpur Stock Exchange
- c) No Alternate Director shall be appointed as a member of the Committee.
- d) The members of the Committee shall elect a Chairman from among their member who Non-Executive Director.

AUDIT COMMITTEE REPORT (Cont'd)

- e) The Board of Directors shall review the term of office and performance of the Committee and each of its members at least once every three years to determine whether such members have carried out their duties in accordance with their terms of reference.
- f) If a member of the Committee resigns, dies or for any other reason ceases to be member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

Secretary

The Company Secretary or his assistant shall be the Secretary of the Committee.

Authority

The Committee, whenever necessary and reasonable for the performance of its duties shall at the expense of the Company :-

- a) have authority to investigate any activity within its term of reference.
- b) have the resources which are required to perform its duties.
- c) have unrestricted access to any information pertaining to the company.
- d) have direct communication with the external auditors and person (s) carrying out the internal audit function.
- e) be able to obtain external legal or other independent professional advice.
- f) be able to convene meetings with external auditors, excluding the attendance of the executive director of the Committee, whenever deemed necessary.

Duties

The duties of the Committee shall be:-

- a) To review the audit plan, evaluation of the system of internal controls and audit report with the external auditors.
- b) To recommend to the Board the nomination and appointment of external auditors, their audit fees and any question of resignation or dismissal occurred.
- c) To review the assistance given by the Company's Officers to the external auditors.
- d) To review the adequacy of the scope, functions, programmes and the results of the internal audit procedures and that it has the necessary authority to carry out its work.
- e) To review the quarterly results, year end financial statements and consolidated financial statement of the Group, before submission to the Board's approval.
- f) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- g) To review any significant transactions which are not in the normal course of the Company's business.
- h) To review the procedures established by the management for compliance with the Kuala Lumpur Stock Exchange (KLSE) and other statutory authorities.
- i) To report to the Boards its activities and significant findings.
- j) To carry out other duties as may be agreed by the Committee and the Board of Directors.

Meeting

- a) The quorum for any meeting of the Committee shall be two and the majority of members present shall be independent Directors.
- b) Apart from the members of the Committee who will be present at the meetings, the Committee may invite any member of the Chief Executive, the head of finance, the head of internal audit and representatives of the external auditors to be present at meetings of the Committee.
- c) The Committee shall meet at least four times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties.
- d) Upon request by the external auditors, the Chairman may call for a meetings of the Committee to consider any matters the external auditors believe should be brought to the attention of the directors or shareholders of the Company.
- e) If at any meeting, the Chairman is not present at the time appointed for holding meeting, or is unwilling to act, the members present may choose one of their members other than an Executive Director to chair the meeting.

Minutes

Minutes of each Committee meeting are to be prepared and sent to Committee members and the Company's directors who are non-members of the Committee. If the Company Secretary had not taken the minutes, a copy of the minutes should be sent to him or her for permanent filing.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors acknowledge their responsibility of ensuring that the financial statements of the Company and the Group are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. This is to give a true and fair view of the Company and the Group's state of affairs, results and cash-flow position for the financial year then ended.

The Directors are required to ensure that the Company keeps proper and adequate accounting records that disclose with reasonable accuracy the financial position of the Company and the Group, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act.

The Directors are to take reasonable steps to safeguard the assets of the Company and the Group so as to prevent and detect fraud and other irregularities.

STATEMENT OF INTERNAL CONTROL

The Board of Directors is committed to maintaining a sound system of internal control in the Group. The system of internal control is designed to manage the principal business risks and risk of failure to achieve the business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The control processes are review by the Board on an ongoing basis for the identification, evaluation and reporting of the major risks within the Group. Clear line of authority and responsibilities, policies and procedures have been laid down for regular review and management of business risk. The personal involvement of the Chairman and Managing Director in the daily operations has minimised the business risk of the Group.

The Group has well defined operational procedures and controls by obtaining the ISO qualification on the stainless steel and melamineware products. This includes information systems controls to ensure the reporting of complete and accurate production information. The ISO standard cover systems for obtaining authority for major transactions and for ensuring compliance with Company's policy and procedures that have significant financial implications. The control procedures are also in place to ensure that assets are subject to proper physical controls and that the organization remains structured to ensure appropriate segregation of duties.

The monitoring of control procedure is achieved through management regular review. The Executive Director reports financial results and significant issues to the Board on a quarterly basis. The monitoring control are also supplemented by comprehensive reviews undertaken by the internal audit function which was outsourced beginning of October 2002, on the controls in operation for each key business process.

The Directors are of the opinion that the existing system of internal control was satisfactory and has not resulted in significant losses, contingencies or uncertainties that would require disclosure in the Group's annual report.