



FINANCIAL

STATEMENTS

Directors' Report	20 - 23
Statements by Directors & Statutory Declaration	24
Report of the Auditors	25
Balance Sheets	26 - 27
Income Statements	28
Statements of Changes in Equity	29
Cash Flow Statements	30 - 31
Notes to the Financial Statements	32 - 68
Analysis of Shareholdings	69 - 70
List of Properties	71
Proxy	

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary companies are set out in note 4 to the financial statements. There have been no significant changes in the nature of these activities during the year.

RESULTS

	GROUP RM	COMPANY RM
Profit attributable to shareholders	<u>3,887,501</u>	<u>1,152,741</u>

DIVIDEND

During the year, the Company paid a first and final dividend of 8% per share less 28% tax amounting to RM2,361,600/- in respect of the financial year ended 31st December, 2002 as mentioned in the Directors' Report of that year.

The Directors recommend a first and final dividend of 4% per share less 28% tax amounting to RM1,180,800/- in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts, and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would require the writing off of 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 statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business 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 so 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:-

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and 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 amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

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

ISSUE OF SHARES

During the financial year, no new issue of shares was made by the Company.

DIRECTORS OF THE COMPANY

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

LEE CHIN YEN

TAN HONG CHENG

HIA WAN KIGA

LEE POH CHOO (F)

TAN KIM HONG (F)

CHAI MOI KIM

CHIA KAY JOO

AZIZUL MOHD OTHMAN

The interest of the Directors in office as at the end of the financial year in the shares of the Company during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965, are as follow:-

	Number of Ordinary Shares of RM1/- Each				At 31.12.03
	At 1.1.03	Bought	Sold	Transfer	
Direct Interest					
Lee Chin Yen	8,381,690	826,600	(4,232,100)	699,710	5,675,900
Tan Hong Cheng	7,271,602	1,179,800	(4,311,500)	207,231	4,347,133
Hia Wan Kiga	3,492,000	611,000	(1,456,400)	-	2,646,600
Tan Kim Hong	-	200,000	(15,000)	-	185,000
Lee Poh Choo	-	82,500	-	-	82,500
Indirect Interest					
Lee Chin Yen *#	1,726,310	164,500	-	(699,710)	1,191,100
Tan Hong Cheng **	1,815,398	535,000	(300,000)	(207,231)	1,843,167
Lee Poh Choo ***##	10,108,000	908,600	(4,232,100)	-	6,784,500
Tan Kim Hong ***##	9,087,000	1,514,800	(4,596,500)	-	6,005,300
Hia Wan Kiga ###	-	100,000	-	-	100,000

* Shares held through a nominee company

** Shares held by her father, Mr. Lee Chin Yen

*** Shares held by her father, Mr. Tan Hong Cheng

Shares held by his spouse and/or children

Shares held by her mother and/or sister and/or brother

Shares held by his brother

By virtue of their interest in the shares of the Company the Directors as disclosed above are also deemed to have an interest in the shares of the subsidiary companies to the extent of the shareholdings of the Company.

In accordance with Article 91 of the Company' s Articles of Association, Miss Lee Poh Choo, Miss Tan Kim Hong and Mr. Chai Moi Kim retire from the board at the forthcoming annual general meeting and being eligible offer themselves for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year no director of the Company has received or become entitled to receive any benefit (other than those disclosed as directors fees, other emoluments and benefits-in-kind in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for the deemed benefit which may arise from transactions entered into in the ordinary course of business as disclosed in note 36(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Moore Stephens, have expressed their willingness to continue in office.

On Behalf of the Board

LEE CHIN YEN

TAN HONG CHENG
KUALA LUMPUR
28 April 2004

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 26 to 68, are 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 the state of affairs of the Group and of the Company as at 31st December, 2003 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

On Behalf of the Board

LEE CHIN YEN

TAN HONG CHENG

KUALA LUMPUR
28 April 2004

STATUTORY DECLARATION

I, Lee Chin Yen, NRIC No.: 491130-08-6121, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 26 to 68 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.

LEE CHIN YEN

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
this 28th day of April 2004

Before me

Haron Hashim
No. W128
Commissioner for Oaths

REPORT OF THE AUDITORS

TO THE MEMBERS OF CAM RESOURCES BERHAD

We have audited the financial statements set out on pages 26 to 68

The preparation of 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 the approved standards on auditing in Malaysia. 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. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating 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 have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 31st December, 2003 and of the results of the operations, changes in equity and 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 its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Companies Act, 1965.

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(AF.0282)

CHONG KWONG CHIN
707/04/06 (J/PH)
PARTNER

KUALA LUMPUR
28 April 2004

BALANCE SHEETS

AS AT 31ST DECEMBER, 2003

	NOTE	GROUP		COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	39,948,656	39,476,661	-	-
Investments in subsidiary companies	4	-	-	46,683,460	46,683,460
Other investments	5	17,000	95,888	-	-
Deferred expenditure	6	-	-	-	-
		<u>39,965,656</u>	<u>39,572,549</u>	<u>46,683,460</u>	<u>46,683,460</u>
CURRENT ASSETS					
Inventories	7	30,234,868	25,611,612	-	-
Trade receivables	8	15,404,914	15,094,090	-	-
Other receivables, deposits and prepayments	9	1,391,831	3,656,427	1,287,289	2,427,588
Tax assets	10	1,523,624	593,618	5,827	-
Amount owing by subsidiary companies	11	-	-	5,183,340	2,645,558
Cash deposits with licensed banks	12	6,535,078	5,901,600	2,441,479	5,022,139
Cash and bank balances		2,110,648	1,776,328	51,517	94,700
		<u>57,200,963</u>	<u>52,633,675</u>	<u>8,969,452</u>	<u>10,189,985</u>
CURRENT LIABILITIES					
Trade payables	13	2,294,288	1,628,218	-	-
Other payables and accruals	14	2,525,788	2,366,300	85,064	79,553
Provision	15	185,822	-	-	-
Hire purchase payables	16	105,022	-	-	-
Bank overdrafts	17	2,655,617	1,276,554	-	-
Other bank borrowings	18	17,489,000	14,363,060	-	-
Tax liabilities		135,331	552,058	-	17,185
		<u>25,390,868</u>	<u>20,186,190</u>	<u>85,064</u>	<u>96,738</u>
NET CURRENT ASSETS		<u>31,810,095</u>	<u>32,447,485</u>	<u>8,884,388</u>	<u>10,093,247</u>
		<u><u>71,775,751</u></u>	<u><u>72,020,034</u></u>	<u><u>55,567,848</u></u>	<u><u>56,776,707</u></u>

	NOTE	GROUP		COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
CAPITAL AND RESERVES					
Share capital	19	41,000,000	41,000,000	41,000,000	41,000,000
Reserves	20	26,376,770	24,850,869	14,567,848	15,776,707
SHAREHOLDERS' EQUITY		67,376,770	65,850,869	55,567,848	56,776,707
NON-CURRENT LIABILITIES					
Hire purchase payables	16	149,181	-	-	-
Term loans - secured	21	-	1,879,465	-	-
Deferred tax liabilities	22	4,249,800	4,289,700	-	-
		4,398,981	6,169,165	-	-
		71,775,751	72,020,034	55,567,848	56,776,707

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

INCOME STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2003

	NOTE	GROUP		COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
OPERATING REVENUE	23	54,694,138	49,847,944	1,786,303	3,370,053
DIRECT OPERATING COSTS	24	(42,544,949)	(35,469,692)	-	-
GROSS PROFIT		12,149,189	14,378,252	1,786,303	3,370,053
OTHER OPERATING REVENUE		174,167	3,294,509	116,364	163,935
DISTRIBUTION COSTS		(4,000,221)	(3,603,587)	-	-
ADMINISTRATIVE COSTS		(2,555,070)	(2,288,965)	(230,067)	(143,993)
OTHER OPERATING COSTS		(322,703)	(239,834)	-	-
		(6,877,994)	(6,132,386)	(230,067)	(143,993)
PROFIT FROM OPERATIONS		5,445,362	11,540,375	1,672,600	3,389,995
FINANCE COSTS		(1,021,890)	(1,112,709)	-	-
PROFIT BEFORE TAXATION	25	4,423,472	10,427,666	1,672,600	3,389,995
TAXATION	26	(535,971)	(1,926,385)	(519,859)	(980,000)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		3,887,501	8,501,281	1,152,741	2,409,995
EARNINGS PER ORDINARY SHARE (SEN)	27	9.48	21.94		
PROPOSED FIRST AND FINAL DIVIDEND PER SHARE NET OF TAX (SEN)	28	2.88	5.76		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

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STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER, 2003

	SHARE CAPITAL RM	SHARE PREMIUM RM	RESERVE ON CONSOLIDATION RM	(ACCUMULATED LOSSES) / RETAINED PROFITS RM	TOTAL SHAREHOLDERS' EQUITY RM
GROUP					
At 1.1.02	300,000	-	-	(11,762)	288,238
Allotment of shares	40,700,000	14,977,100	-	-	55,677,100
Listing expenses written off *	-	(1,598,626)	-	-	(1,598,626)
Reserve on consolidation As previously reported	-	-	4,874,776	-	4,874,776
Prior year adjustments (note 29)	-	-	(1,891,900)	-	(1,891,900)
As restated	-	-	2,982,876	-	2,982,876
Profit for the year	-	-	-	8,501,281	8,501,281
At 31.12.02	41,000,000	13,378,474	2,982,876	8,489,519	65,850,869
First and final dividend of 8% per share less 28% tax in respect of financial year ended 31st December, 2002	-	-	-	(2,361,600)	(2,361,600)
Profit for the year	-	-	-	3,887,501	3,887,501
At 31.12.03	41,000,000	13,378,474	2,982,876	10,015,420	67,376,770
COMPANY					
At 1.1.02	300,000	-	-	(11,762)	288,238
Allotment of shares	40,700,000	14,977,100	-	-	55,677,100
Listing expenses written off *	-	(1,598,626)	-	-	(1,598,626)
Profit for the year	-	-	-	2,409,995	2,409,995
At 31.12.02	41,000,000	13,378,474	-	2,398,233	56,776,707
First and final dividend of 8% per share less 28% tax in respect of financial year ended 31st December, 2002	-	-	-	(2,361,600)	(2,361,600)
Profit for the year	-	-	-	1,152,741	1,152,741
At 31.12.03	41,000,000	13,378,474	-	1,189,374	55,567,848

* Expenses not directly recognised in income statements.

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2003

	NOTE	GROUP		COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit Before Taxation		4,423,472	10,427,666	1,672,600	3,389,995
Adjustments for:-					
Allowance for doubtful debts		147,964	52,526	-	-
Bad debts written off		-	87,740	-	-
Capital work-in-progress written off		6,178	-	-	-
Depreciation of property, plant and equipment		3,721,597	3,555,044	-	-
Dividend revenue		-	-	(1,786,303)	(3,370,053)
Loss on disposal of other investment		55,282	-	-	-
Loss/(Gain) on disposal of property, plant and equipment		2,350	(1,824,427)	-	-
Interest expenses		897,397	997,137	-	-
Interest revenue		(147,356)	(207,095)	(116,364)	(163,935)
Property, plant and equipment written off		-	3,343	-	-
Provision for employee benefits		185,822	-	-	-
Sundry deposit written off		-	6,625	-	-
Unrealised (gains)/loss on foreign exchange		(6,872)	8,528	-	-
Operating Profit/(Loss) Before Working Capital Changes		9,285,834	13,107,087	(230,067)	(143,993)
Increase in inventories		(4,623, 256)	(7,933,533)	-	-
Decrease/(Increase) in trade and other receivables		1,812,938	(1,966,806)	-	89,000
Increase/(Decrease) in trade and other payables		818,894	(2,791,743)	(1,153)	(600,158)
Cash Generated From/(Used In) Operations		7,294,410	415,005	(231,220)	(655,151)
Tax refunded		106,411	-	-	-
Interest paid		(897,397)	(997,137)	-	-
Tax paid		(2,029, 015)	(1,734,953)	(42,707)	(19,200)
Net Cash Generated From/(Used In) Operating Activities		4,474,409	(2,317,085)	(273,927)	(674,351)

	NOTE	GROUP		COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiary companies		-	-	-	(6,648,660)
Acquisition of subsidiary companies, net of cash acquired	30	-	1,251,817	-	-
Advances to subsidiary companies		-	-	(2,537,782)	(2,645,558)
Dividends received		-	-	2,426,438	-
Interest received		147,356	207,095	116,364	163,935
Proceeds from disposal of other investments		23,606	-	-	-
Proceeds from disposal of property, plant and equipment		3,300	345,300	-	-
Purchase of property, plant, equipment and capital work-in-progress	31	(3,900,420)	(8,633,246)	-	-
Net Cash (Used In)/Generated From Investing Activities		(3,726,158)	(6,829,034)	5,020	(9,130,283)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to shareholders		(2,354,936)	-	(2,354,936)	-
Payments to hire purchase payables		(50,797)	-	-	-
Repayments of bankers' acceptances		(51,469,000)	(39,661,000)	-	-
Repayments of term loans		(2,621,525)	(849,453)	-	-
Repayments of lease obligation		-	(14,705)	-	-
Proceeds from bankers' acceptances		55,337,000	41,150,000	-	-
Listing expenses incurred		-	(876,079)	-	(876,079)
Proceeds from issuance of shares		-	15,642,300	-	15,642,300
Net Cash (Used In)/Generated From Financing Activities		(1,159,258)	15,391,063	(2,354,936)	14,766,221
Effects of exchange rate changes on cash and cash equivalents		(258)	1,178	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(411,265)	6,246,122	(2,623,843)	4,961,587
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		6,401,374	155,252	5,116,839	155,252
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	32	5,990,109	6,401,374	2,492,996	5,116,839

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER, 2003

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

1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Second Board of the Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange). The registered office of the Company is located at Mezzanine Floor, 8A, Jalan Sri Semantan Satu, Damansara Heights, 50490 Kuala Lumpur while the principal place of business is located at Batu 12, Jalan Hutan Melintang, 36400 Hutan Melintang, Perak Darul Ridzuan.

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in the note 4 to the financial statements. There have been no significant changes in the nature of these activities during the year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 28 April, 2004

2. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous years except for the adoption of new applicable accounting standards as follow:-

Retrospective application

(i) MASB 25, Income Taxes

The retrospective effects of adopting MASB 25 are summarised in the statement of changes in equity and further information is disclosed in note 29 to the financial statements. The effect of adoption of MASB 25 on the current financial year is an increase in the Group's profit for the year by RM42,900/- (2002 : RM42,200/-).

Arising from adoption of this new standard, the accounting policy on taxation as disclosed in note 2(k) has been amended accordingly and this has also resulted in new disclosure format as set out in note 26 to the financial statements.

(ii) MASB 27, Borrowing Costs

The adoption of MASB 27 does not affect any changes in accounting policy as the Group and the Company were already applying the principles in the standard.

(iii) MASB 29, Employee Benefits

Comparative figures have not been restated and no prior year adjustment is recognised as there is no material impact on the financial statements.

Arising from the adoption of this new standard, the accounting policy on employee benefits is disclosed in note 2 (n).

Prospective application from 1st July, 2002

MASB 26, Interim Financial Reporting

MASB 26 has no impact on the financial statements of the Group and of the Company.

Prospective application from 1st January, 2003

- (i) MASB 28, Discontinuing Operations
- (ii) MASB 30, Accounting and Reporting by Retirement Benefit Plans

Both MASB 28 and MASB 30 have no impact on the financial statements of the Group and of the Company.

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies. Certain freehold land and buildings of a subsidiary company are stated in the Group's financial statements at values reflecting the effective acquisition costs to the Group (group cost) of these property, plant and equipment.

(b) Basis of Consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and all of its subsidiary companies which are disclosed in note 4 to the financial statements made up to the end of the financial year.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The financial statements of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements based on the acquisition method from the effective date of acquisition or up to the effective date of disposal respectively. The assets and liabilities of subsidiary companies are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheets.

(c) Subsidiary Company

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

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is determined on individual basis.

(d) Goodwill or Reserve on Consolidation

Goodwill or reserve on consolidation arising from acquisition of subsidiary companies represents the difference between the consideration paid for the shares in the subsidiary companies and the fair values attributable to the identifiable assets and liabilities of the subsidiary companies at the effective date of their acquisition.

Goodwill or reserve on consolidation is retained in the consolidated financial statements at cost less accumulated impairment losses, if any. Upon the disposal of interest in the subsidiary company, the related goodwill or reserve on consolidation will be included in the computation of gain or loss on disposal of interest in the subsidiary company in the consolidated income statement.

(e) Property, Plant and Equipment and Depreciation

In the subsidiary company's financial statements, certain freehold land and buildings are stated at valuation less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is not depreciated. Additions subsequent to the date of the last valuation exercise are stated at cost less accumulated depreciation and accumulated impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

In the consolidated financial statements, all property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and capital work-in-progress which are not depreciated.

All other property, plant and equipment are depreciated on the straight line method to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:-

Buildings and warehouse	2%
Furniture, fittings, office equipment and signboard	5% - 10%
Factory equipment and electrical installation	5% - 10%
Motor vehicles	20%
Moulds	20%
Plant and machinery	10%
Renovation	5%

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

Gain or loss arising from the disposal of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the property, plant and equipment and is recognised in the income statement.

Capital work-in-progress consists of expenditure incurred on construction of property, plant and equipment which take a substantial period of time to be ready for their intended uses.

This expenditure is stated at cost less accumulated impairment losses, if any, and no depreciation is provided. Upon completion of construction, the cost will be reclassified to the respective property, plant and equipment and depreciated according to the depreciation policy of the Group.

(f) Impairment of Assets

The carrying amounts of assets other than inventories, financial assets and tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of net selling price and the value in use, which measured by reference to discounted future cash flows. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statements. Any subsequent reversal of impairment loss due to an increase in recoverable amount is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statements.

(g) Deferred Expenditure

Deferred expenditure in respect of expenses incurred in relation with the listing exercise undertaken by the Company are written off against the share premium arising from new shares issued pursuant to the listing exercise.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value and are determined on the weighted average basis. Cost includes the actual cost of purchases and incidentals in bringing the inventories into store and for manufactured inventories, it also includes a portion of labour and relevant production overheads.

In arriving at the net realisable value, due allowance would be made for all obsolete and slow-moving items.

(i) Foreign Currency Transaction

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the time of the transaction and where settlement had not taken place by 31st December, 2003, at the approximate rates ruling as at that date. All gains and losses on exchange are included in the income statement.

The principal exchange rates (denominated in units of Ringgit Malaysia per foreign currency) used in translating foreign currency amounts are as follow:

	2003	2002
	RM	RM
Singapore Dollar	2.232	2.192
Brunei Dollar	2.232	2.192
United States Dollar	3.797	3.800
Sri Lanka Rupee	0.039	0.039
New Taiwan Dollar	0.112	0.111

(j) Hire Purchase

Hire purchase instalment plans are agreements whereby the lender conveys to the hirer, in return for a series of instalment payments, the rights to use the assets involved with an option for hirer to purchase the assets upon full settlement of the instalment payments.

Cost of property, plant and equipment acquired under the hire purchase instalment plans are capitalised as property, plant and equipment and depreciated in accordance with the Company' s policy on depreciation of property, plant and equipment. The related finance charges are allocated to the income statement over the period of the instalment plans based on the sum-of-digit method so as to produce a constant periodic rate of interest charges on the remaining balance of the liability. The total outstanding instalment payments after deducting the future finance charges representing the present value of hire purchase liabilities, are included in creditors.

(k) Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Deferred tax is recognised, using the liability method, on all temporary differences except where the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(l) Revenue Recognition

Revenue from sales of goods is recognised when goods are delivered.

Interest revenue are recognised on time proportion basis that reflects the effective yield of the asset.

Rental revenue are recognised on receivable basis.

Dividend revenue from subsidiary companies is recognised when the right to receive the dividend is established. Dividend revenue from other investments is recognised on receipt basis.

(m) Cash and Cash Equivalents

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

(n) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as expenses in the income statement as incurred.

(o) Provision for Liabilities

Provision for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(p) Financial Instruments

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

The recognised financial instruments comprise cash deposits, cash and bank balances, trade and other receivables, trade and other payables, other non-current investments, bank borrowings and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise financial guarantees given to licensed banks for subsidiary companies' credit facilities and contingent liabilities of the Group. These financial instrument would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable.

(i) Cash Deposits, Cash and Bank Balances and Receivables

Cash deposits with licensed banks and cash and bank balances are stated at costs.

Receivables are stated at cost less allowance for doubtful debts, if any, which are the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

(ii) Payables

Payables are stated at cost which are the fair values of the consideration to be paid in the future for goods and services received.

(iii) Other Non-Current Investments

Non-current investments other than investments in subsidiary companies are stated at cost less allowance for diminution in value, if any. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(iv) Interest Bearings Borrowings

Interest bearing borrowings which include hire purchase, term loans, bank overdrafts and bankers' acceptances are stated at the amount of proceeds received, net of transaction costs.

(v) Equity Instruments

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

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those external costs directly attributable to the equity transaction which would otherwise have been avoided. Cost of issuing equity securities in connection with a business combination are included in the cost of acquisition.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND RM	BUILDINGS & WAREHOUSE RM	PLANT & MACHINERY, MOULDS, FACTORY EQUIPMENT & ELECTRICAL INSTALLATION RM	FURNITURE, FITTINGS, OFFICE EQUIPMENT, SIGNBOARD & RENOVATION RM	MOTOR VEHICLES RM	CAPITAL WORK-IN- PROGRESS RM	TOTAL RM
COST							
At 1.1.03	4,837,206	11,791,906	30,935,147	1,226,361	2,464,296	5,372,609	56,627,525
Additions	-	223,102	405,940	228,317	470,165	2,877,896	4,205,420
Reclassified from capital work-in- progress	-	3,034,936	3,370,467	-	-	(6,405,403)	-
Disposals	-	-	-	(11,740)	-	-	(11,740)
Written off	-	-	-	-	-	(6,178)	(6,178)
At 31.12.03	4,837,206	15,049,944	34,711,554	1,442,938	2,934,461	1,838,924	60,815,027
ACCUMULATED DEPRECIATION							
At 1.1.03	-	1,062,051	13,810,590	578,635	1,699,588	-	17,150,864
Charge for the year	-	322,349	3,032,088	119,183	247,977	-	3,721,597
Disposals	-	-	-	(6,090)	-	-	(6,090)
At 31.12.03	-	1,384,400	16,842,678	691,728	1,947,565	-	20,866,371
NET BOOK VALUE							
At 31.12.03	4,837,206	13,665,544	17,868,876	751,210	986,896	1,838,924	39,948,656
At 31.12.02	4,837,206	10,729,855	17,124,557	647,726	764,708	5,372,609	39,476,661
Depreciation charge for the year ended 31.12.02	-	411,081	2,839,682	104,274	200,007	-	3,555,044

(a) Included in the property, plant and equipment of the Group is property, plant and equipment pledged to licensed banks for banking facilities obtained as disclosed in note 18 and 21 to the financial statements as follow:-

	GROUP	
	2003 RM	2002 RM
NET BOOK VALUE		
Freehold land	1,309,206	4,514,206
Buildings and warehouse	-	9,881,474
Factory equipment	-	80,730
Moulds	-	1,576
Plant and machinery	-	2,238,988
	<u>1,309,206</u>	<u>16,716,974</u>

(b) Included in the above property, plant and equipment are assets acquired under hire purchase instalment plans as follow:-

	GROUP	
	2003 RM	2002 RM
Cost	<u>431,665</u>	<u>-</u>
Net book value	<u>382,889</u>	<u>-</u>

(c) The capital work-in-progress is in respect of cost incurred on construction of machinery, moulds platform, fittings, factory and office buildings by subsidiary companies.

4. INVESTMENTS IN SUBSIDIARY COMPANIES

	COMPANY	
	2003 RM	2002 RM
Unquoted shares, at cost	<u>46,683,460</u>	<u>46,683,460</u>

The particulars of subsidiary companies are as follow:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2003	2002
Central Aluminium Manufactory Sdn. Bhd.	Malaysia	Manufacturing and trading in aluminium and stainless steel household products	100%	100%
Central Melamineware Sdn. Bhd.	Malaysia	Manufacturing and trading in melamineware products	100%	100%
Advance Eagle Marketing Sdn. Bhd.	Malaysia	Trading of household products	100%	100%

5. OTHER INVESTMENTS

	GROUP	
	2003 RM	2002 RM
At cost;		
Shares quoted in Malaysia	78,888	78,888
Less: Disposal	(78,888)	-
	-	78,888
Transferable club membership	17,000	17,000
	<u>17,000</u>	<u>95,888</u>
Market value		
- quoted shares	-	16,987
	<u>-</u>	<u>16,987</u>

6. DEFERRED EXPENDITURE

	GROUP/COMPANY	
	2003 RM	2002 RM
Listing expenses, at cost		
At beginning of the year	-	722,547
Additions during the year	-	876,079
	-	1,598,626
Less : Set-off against share premium account (note 33)	-	(1,598,626)
At end of the year	-	-
	<u>-</u>	<u>-</u>

7. INVENTORIES

	GROUP	
	2003 RM	2002 RM
At cost;		
Goods-in-transit - raw materials	-	437,816
Raw materials	12,828,019	11,992,514
Work-in-progress	4,367,789	4,105,315
Finished goods	13,039,060	9,075,967
	<u>30,234,868</u>	<u>25,611,612</u>

There were no inventories carried at net realisable value.

8. TRADE RECEIVABLES

	GROUP	
	2003 RM	2002 RM
Balance outstanding	15,583,334	15,146,616
Less: Allowances for doubtful debts	(178,420)	(52,526)
	<u>15,404,914</u>	<u>15,094,090</u>

The Group's normal trade credit term extended to trade debtors ranges from 30 to 120 days.

Included in trade receivables is an amount of RM7,555/- (2002 : RM69,564/-) owing by a company, Caelygirl (M) Sdn. Bhd., in which Mr. Khor Mooi Soong, a brother-in-law of Mr. Tan Hong Cheng, has substantial financial interest and is also a director.

The currency exposure profile is disclosed in note 39 to the financial statements.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Other receivables	679,524	3,033,430	-	-
Staff advances	274,516	240,053	-	-
Sundry deposits	319,780	228,817	1,150	1,150
Prepayments	118,011	154,127	-	-
Dividends receivable	-	-	1,286,139	2,426,438
	<u>1,391,831</u>	<u>3,656,427</u>	<u>1,287,289</u>	<u>2,427,588</u>

Dividends receivable are in respect of dividend declared by the subsidiary companies, Central Aluminium Manufactory Sdn. Bhd., Central Melamineware Sdn. Bhd. and Advance Eagle Marketing Sdn. Bhd. (2002 : Central Aluminium Manufactory Sdn. Bhd. and Central Melamineware Sdn. Bhd.).

Included in other receivables of the Group are amounts of Nil (2002 : RM1,501,994/-) and RM661,468/- (2002 : RM1,517,720/-) in respect of outstanding proceeds from the disposal of property, plant and equipment and sale and installation of machinery respectively to a third party.

10. TAX ASSETS

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Tax paid in advance	987,509	593,618	5,827	-
Tax recoverable	536,115	-	-	-
	<u>1,523,624</u>	<u>593,618</u>	<u>5,827</u>	<u>-</u>

11. AMOUNT OWING BY SUBSIDIARY COMPANIES

	COMPANY	
	2003	2002
	RM	RM
In respect of amount owing by:-		
Central Aluminium Manufactory Sdn. Bhd.	4,243,340	1,763,340
Central Melamineware Sdn. Bhd.	940,000	882,218
	<u>5,183,340</u>	<u>2,645,558</u>

These amounts are non-trade in nature, unsecured, interest free and have no fixed term of repayment.

12. CASH DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Cash deposits with licensed banks				
- pledged	-	862,608	-	-
- unpledged	6,535,078	5,038,992	2,441,479	5,022,139
	<u>6,535,078</u>	<u>5,901,600</u>	<u>2,441,479</u>	<u>5,022,139</u>

Certain cash deposits of the Group in previous financial year were registered under the names of certain directors of the Company and being held in trust for its subsidiary companies as follow:-

	GROUP	
	2003	2002
	RM	RM
Under joint names of Messrs. Lee Chin Yen and Tan Hong Cheng for:-		
Central Aluminium Manufactory Sdn. Bhd.	-	543,759
Central Melamineware Sdn. Bhd.	-	318,849
Advance Eagle Marketing Sdn. Bhd.	-	16,853
	<u>-</u>	<u>879,461</u>

The maturity profile and effective interest rate are disclosed in note 39 to the financial statements.

13. TRADE PAYABLES

The normal trade credit term granted by trade creditors to the Group ranges from 30 to 120 days.

Included in trade payables is an amount of RM32,953/- (2002 : RM9,207/-) owing to a company, Rubysteel Metal Industry (M) Sdn. Bhd., in which Messrs. Khor Mooi Soong and Khor Mooi Huat, the brothers-in-law of Mr. Tan Hong Cheng, have substantial financial interest and are also directors.

The currency exposure profile is disclosed in note 39 to the financial statements.

14. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Other payables	595,836	214,686	70,000	70,000
Dividend payables	6,664	-	6,664	-
Accruals	1,923,288	2,151,614	8,400	9,553
	<u>2,525,788</u>	<u>2,366,300</u>	<u>85,064</u>	<u>79,553</u>

Included in other payables of the Group is an amount of RM147,000/- (2002 : Nil) owing to an enterprise, Union Engineering Works, in which a director of the Company, Mr. Hia Wan Kiga is the proprietor.

15. PROVISION

This is in respect of provision for short term accumulating compensated absences for the subsidiary companies, Central Aluminium Manufactory Sdn. Bhd., Central Melamineware Sdn. Bhd. and Advance Eagle Marketing Sdn. Bhd..

The provision is made based on the number of days of outstanding compensated absences of each employee multiplied by their respective salary/wages as at year end.

16. HIRE PURCHASE PAYABLE

	GROUP	
	2003 RM	2002 RM
Gross instalment payments	277,477	-
Less: Future finance charges	(23,274)	-
Total present value of hire purchase liabilities	<u>254,203</u>	<u>-</u>
Payable within 1 year		
Gross instalment payments	119,880	-
Less: Future finance charges	(14,858)	-
Present value of hire purchase liabilities	105,022	-
Payable after 1 year but not later than 5 years		
Gross instalment payments	157,597	-
Less: Future finance charges	(8,416)	-
Present value of hire purchase liabilities	149,181	-
Total present value of hire purchase liabilities	<u>254,203</u>	<u>-</u>

The maturity profile and effective interest rate are disclosed in note 39 to the financial statements.

17. BANK OVERDRAFTS

	GROUP	
	2003 RM	2002 RM
Secured	1,373,822	1,276,554
Unsecured	1,281,795	-
	<u>2,655,617</u>	<u>1,276,554</u>

The bank overdrafts of the Group bear interest at rates ranging from 7.25% to 7.75% (2002 : 7.65% to 8.20%) per annum.

The securities for the secured bank overdrafts are disclosed in the note 18 to the financial statements.

The unsecured bank overdrafts are supported as follow:-

- (i) corporate guarantee of the Company; and
- (ii) negative pledge by a subsidiary company, Advance Eagle Marketing Sdn. Bhd..

The maturity profile and effective interest rates are disclosed in note 39 to the financial statements.

18. OTHER BANK BORROWINGS

	GROUP	
	2003	2002
	RM	RM
SECURED		
Bankers' acceptances	2,186,000	9,431,000
Term loans (note 21)	-	742,060
	2,186,000	10,173,060
UNSECURED		
Bankers' acceptances	15,303,000	4,190,000
	<u>17,489,000</u>	<u>14,363,060</u>

The bankers' acceptances of the Group bear interest at rates ranging from 3.50% to 4.75% (2002:2.83% to 4.76%) per annum.

The securities for bank overdrafts as disclosed in note 17 to the financial statements and the bankers' acceptances facilities of the Group are secured as follow:-

(a) Specific securities

- (i) facility agreement and first legal charge for RM450,000/- over a subsidiary company's, Central Melamineware Sdn. Bhd. ("CMelamine"), freehold land.

(b) Common securities

- (i) negative pledge by CMelamine; and
- (ii) corporate guarantee by the Company.

The unsecured bankers' acceptances of the Group are supported by the following:-

- (a) facility agreement by Central Aluminium Manufactory Sdn. Bhd. ("Caluminium");
- (b) negative pledge by a subsidiary company, Advance Eagle Marketing Sdn. Bhd.; and
- (c) corporate guarantee by the Company.

The interest rates, securities and terms of repayment of term loans in the previous financial year were disclosed in note 21 to the financial statements.

The maturity profile and effective interest rates are disclosed in note 39 to the financial statements.

19. SHARE CAPITAL

	GROUP/COMPANY	
	2003 RM	2002 RM
Ordinary shares of RM1/- each		
Authorised:		
At beginning of the year	100,000,000	500,000
Created during the year	-	99,500,000
At end of the year	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
At beginning of the year	41,000,000	300,000
Issued for acquisition of subsidiary companies	-	29,365,000
Special issue to Bumiputera	-	5,185,000
Public issue	-	6,150,000
At end of the year	<u>41,000,000</u>	<u>41,000,000</u>

20. RESERVES

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
DISTRIBUTABLE				
Retained profits	10,015,420	8,489,519	1,189,374	2,398,233
NON-DISTRIBUTABLE				
Share premium (note 33)	13,378,474	13,378,474	13,378,474	13,378,474
Reserve on consolidation (note 30)	2,982,876	2,982,876	-	-
	16,361,350	16,361,350	13,378,474	13,378,474
	<u>26,376,770</u>	<u>24,850,869</u>	<u>14,567,848</u>	<u>15,776,707</u>

21. TERM LOANS - SECURED

	GROUP/COMPANY	
	2003 RM	2002 RM
Term Loan I Repayable by 120 equal monthly instalments commenced in September, 1999 and bears interest rate at 8.15% per annum	-	649,120
Term Loan II Repayable by 120 equal monthly instalments commenced in September, 1999 and bears interest rate at 7.65% per annum	-	89,243
Term Loan III Repayable by 84 equal monthly instalments commenced in September, 1999 and bears interest rate at 8.15% per annum	-	527,028
Term Loan IV Repayable by 84 equal monthly instalments commenced in March, 1999 and bears interest rate at 8.40% per annum	-	1,002,243
Term Loan V Repayable by 84 equal monthly instalments commenced in March, 1999 and bears interest rate at 6.5% per annum	-	33,688
Term Loan VI Repayable by 96 equal monthly instalments commenced in November, 2000 and bears interest rate at 7.9% per annum	-	320,203
	-	2,621,525
Repayable within 12 months (note 18)	-	(742,060)
Repayable after 12 months	-	1,879,465

In previous financial year, the securities for term loans I to IV of a subsidiary company, Central Aluminium Manufactory Sdn. Bhd. ("CALuminium") are as follow:-

(a) Specific securities

- (i) fixed charge and debenture for RM1,200,000/- on a piece of freehold land of CALuminium for term loan I ;
- (ii) fixed charge and debenture for RM145,000/- on landed property of CALuminium for term loan II ;
- (iii) fixed charge and debenture for RM1,200,000/- on landed property of CALuminium for term loan III ;
- (iv) private caveat on a piece of freehold land of CALuminium for term loan III ; and
- (v) facility agreement for term loan IV.

(b) Common securities

- (i) debentures totalling RM10,450,000/- comprising fixed and floating charges over all assets of CALuminium;
- (ii) corporate guarantee by the Company; and
- (iii) joint and several guarantees by certain directors of the Company namely Mr. Lee Chin Yen and Mr. Tan Hong Cheng.

In previous financial year, the securities for term loans V and VI of a subsidiary company, Central Melamineware Sdn. Bhd. ("CMelamine") are as follow:-

- (a) Specific security
Facility agreement and first legal charge for RM400,000/- over CMelamine's freehold land for term loan VI.
- (b) Common securities
 - (i) corporate guarantee by the Company; and
 - (ii) negative pledge by CMelamine.

22. DEFERRED TAX LIABILITIES

	GROUP	
	2003 RM	2002 RM
At beginning of the year	4,289,700	-
In respect of subsidiary companies acquired	-	4,165,900
Transfer (to)/ from income statement (note 26)		
Deferred tax charge	3,000	166,000
Less: Reversal of deferred tax liabilities arising from group cost adjustment	(42,900)	(42,200)
	(39,900)	123,800
At end of the year	4,249,800	4,289,700

This is in respect of estimated tax liabilities/(assets) arising from the following temporary differences:-

	GROUP	
	2003 RM	2002 RM
Capital and industrial building allowances claimed on property, plant and equipment in excess of their depreciation charge	2,740,000	2,654,000
Repayment of lease rentals for property, plant and equipment under finance lease which are in excess of their depreciation charge	8,000	14,000
Surplus arising from group cost adjustment of freehold land and buildings	1,806,800	1,849,700
Provision for short term accumulating compensated absences	(52,000)	-
Allowance for doubtful trade debts	(49,000)	(14,000)
Unrealised gain/(loss) on foreign exchange	2,000	(2,000)
Unrealised profits on inventories	(206,000)	(212,000)
	4,249,800	4,289,700

There were no deferred tax liabilities or assets which have not been recognised in the financial statements.

23. OPERATING REVENUE

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Dividend revenue	-	-	1,786,303	3,370,053
Sales of goods	54,694,138	49,847,944	-	-
	<u>54,694,138</u>	<u>49,847,944</u>	<u>1,786,303</u>	<u>3,370,053</u>

24. DIRECT OPERATING COSTS

This is in respect of cost directly attributable to the sales of goods.

25. PROFIT BEFORE TAXATION

(a) Profit before taxation is arrived at after charging/(crediting):-

(i) Directors' Remuneration

Paid and payable to the following directors:

	GROUP/COMPANY	
	2003 RM	2002 RM
Directors' fee		
Lee Chin Yen	10,000	10,000
Tan Hong Cheng	10,000	10,000
Hia Wan Kiga	10,000	10,000
Lee Poh Choo	10,000	10,000
Tan Kim Hong	10,000	10,000
Chai Moi Kim	12,000	12,000
Chia Kay Joo	10,000	10,000
Azizul Mohd Othman	10,000	10,000
	<u>82,000</u>	<u>82,000</u>
	GROUP	
	2003 RM	2002 RM
Other emoluments consist of salary, bonus, employees' provident fund and allowances		
Lee Chin Yen	203,840	201,827
Tan Hong Cheng	203,840	201,827
Hia Wan Kiga	47,040	46,575
Lee Poh Choo	78,564	72,445
Tan Kim Hong	57,908	50,814
	<u>591,192</u>	<u>573,488</u>

	GROUP	
	2003 RM	2002 RM
Benefits-in-kind		
- estimated monetary value for usage of Group' s property, plant and equipment		
Lee Chin Yen	23,950	20,841
Tan Hong Cheng	23,950	17,517
Hia Wan Kiga	7,400	-
Lee Poh Choo	5,300	4,417
Tan Kim Hong	5,300	3,975
	<u>65,900</u>	<u>46,750</u>

(ii) Other items

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Allowance for doubtful debts	147,964	52,526	-	-
Auditors' remuneration				
- current year	57,500	55,800	5,000	4,800
- under/(over) provision in prior year	1,700	(1,500)	210	-
Bad debts written off	-	87,740	-	-
Capital work-in- progress written off	6,178	-	-	-
Depreciation of property, plant and equipment	3,721,597	3,555,044	-	-
Hiring of equipment	9,220	1,840	-	-
Interest expenses				
- term loans	66,473	246,593	-	-
- bank overdrafts	168,139	194,514	-	-
- lease	-	229	-	-
- bankers' acceptances	652,843	555,801	-	-
- hire purchase	9,942	-	-	-
Loss on disposal of other investments	55,282	-	-	-
Net loss/(gain) on foreign exchange				
- realised	54,608	44,560	-	-
- unrealised	(6,872)	8,528	-	-
Property, plant and equipment written off	-	3,343	-	-
Rental of premises	249,555	310,416	-	-
Sundry deposits written off	-	6,625	-	-
Loss/(Gain) on disposal of property, plant and equipment	2,350	(1,824,427)	-	-
Interest revenue	(147,356)	(207,095)	(116,364)	(163,935)
Rental revenue	(1,600)	-	-	-

(b) Employees Information

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Staff costs	<u>10,860,324</u>	<u>10,071,846</u>	<u>-</u>	<u>-</u>

Included in the staff costs is a provision for short term accumulating compensated absences amounting to RM185, 822/- (2002 : Nil).

The number of employees including full-time directors of the Group and of the Company as at the financial year end were 764 (2002 : 793) and Nil (2002 : Nil) respectively.

26. TAXATION

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Based on results for the year	722,836	1,802,585	520,000	980,000
Transfer (from)/ to deferred tax liabilities (note 22)	<u>(39,900)</u>	<u>123,800</u>	<u>-</u>	<u>-</u>
	682,936	1,926,385	520,000	980,000
Overprovision in prior years	<u>(146,965)</u>	<u>-</u>	<u>(141)</u>	<u>-</u>
Tax expense	<u>535,971</u>	<u>1,926,385</u>	<u>519,859</u>	<u>980,000</u>

Effective from Year of Assessment 2003, the Malaysian government enacted a change in the statutory tax rate from 28% to 20% , for companies with paid-up share capital of RM2.5 million and below at the beginning of the basis period, for chargeable income of up to RM100,000/-. For chargeable income in excess of RM100,000/-, statutory tax at the rate of 28% is still applicable.

The reconciliation of the tax amount at statutory tax rate to the Company's tax expense are as follow:-

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Accounting profit before taxation	<u>4,423,472</u>	<u>10,427,666</u>	<u>1,672,600</u>	<u>3,389,995</u>

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Tax at the Malaysia statutory income tax rate of:-				
- first RM100,000/- at 20%	40,000	-	-	-
- balance at 28%	1,183,000	2,919,700	468,000	949,000
Expenses not deductible for tax purposes	153,236	122,785	52,000	31,000
Revenue not subject to tax	-	(385,600)	-	-
Double deduction incentives	(49,700)	(18,000)	-	-
Depreciation on non-qualifying property, plant and equipment	134,400	34,200	-	-
Reinvestment allowance claimed under Schedule 7A of the Income Tax Act, 1967, in respect of qualifying property, plant and equipment utilised to set-off against taxable profit for the year	(419,600)	(748,700)	-	-
Deferred tax liabilities (over)/under recognised in prior year	(358,400)	2,000	-	-
Overprovision in prior years	(146,965)	-	(141)	-
Tax expense	<u>535,971</u>	<u>1,926,385</u>	<u>519,859</u>	<u>980,000</u>

Subject to agreement by the Inland Revenue Board:-

- (i) the Group has estimated unabsorbed reinvestment allowances of RM2,751,000/- (2002: RM3,640,000/-) carried forward, available for set off against future taxable profits; and
- (ii) the Company has tax credit of approximately of RM87,100/- (2002 : RM19,200/-) and potential tax credit arising from dividends receivable from subsidiary companies of RM500,200/- (2002 : RM943,600/-) under Section 108 of the Income Tax Act, 1967, to frank future payment of dividends of approximately RM1,510,200/- (2002 : RM2,476,000/-) without incurring additional tax liability.

27. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the Group' s profit attributable to shareholders of RM3,887,501/- (2002 : RM8,501,281/-) by the weighted average number of ordinary shares in issue during the year of 41,000,000 (2002 : 38,747,164) ordinary shares of RM1/- each.

28. DIVIDEND

At the forthcoming annual general meeting, a first and final dividend of 4% per share less 28% tax amounting to RM1,180,800/- (2002 : RM2,361,600/-) will be proposed for shareholders' approval.

29. PRIOR YEAR ADJUSTMENTS

Change in Accounting Policy

During the financial year, the adoption of MASB 25 is applied retrospectively as follow:-

MASB 25 : Income Taxes

In previous year, deferred tax was provided for using the partial basis of the balance sheet liability method. Under the partial basis, deferred tax liabilities were not provided if no liability was expected to arise in the foreseeable future and that there were no indications the temporary differences would reverse thereafter. In addition, deferred tax assets were only recognised when there was a reasonable expectation of realisation in the near future.

Upon adoption of MASB 25 : Income Taxes, the Group changed its accounting policy to the comprehensive basis of the balance sheet liability method. Under this method, deferred tax liabilities are recognised for all material temporary differences. Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the deferred tax asset can be utilised.

This change in accounting policy has been applied retrospectively and the effects on the financial statements for the year ended 31 st December, 2002 are as follow:-

	As Previously Reported RM	Effect of change in policy RM	As Restated RM
GROUP			
Balance Sheet			
Deferred tax liabilities	2,440,000	1,849,700	4,289,700
Reserve on consolidation	4,874,776	(1,891,900)	2,982,876
Income Statement			
Taxation	(1,968, 585)	42,200	(1,926,385)
Profit attributable to shareholders	8,459,081	42,200	8,501,281
Earnings per ordinary share (sen)	<u>21.83</u>	<u>0.11</u>	<u>21.94</u>

30. ACQUISITION OF SUBSIDIARY COMPANIES

On 7th January, 2002, the Company acquired the entire equity interest in Central Aluminium Manufactory Sdn. Bhd. ("CALuminium") and the remaining 7.35% equity interest in Central Melamineware Sdn. Bhd. ("CMelamine") not already held by the Goup for a total purchase consideration of RM40,034,800/- satisfied by 29,365,000 new ordinary shares of RM1/- each of the Company.

On 14th January, 2002, the Company acquired from CALuminium its entire equity interest in Advance Eagle Marketing Sdn. Bhd. and 92.65% equity interest in CMelamine for a total cash consideration of RM6,648,660/-.

(i) The fair values of the identifiable assets and liabilities of the subsidiary companies at the effective date of their acquisition are as follow:-

	GROUP	
	2003	2002
	RM	RM
Property, plant and equipment	-	34,424,669
Other investments	-	95,888
Inventories	-	17,678,079
Trade receivables	-	13,942,545
Other receivables, deposits and prepayments	-	1,400,285
Tax assets	-	593,618
Cash deposits with licensed banks	-	1,313,327
Cash and bank balances	-	1,811,316
Trade payables	-	(2,041,150)
Other payables and accruals	-	(4,034,144)
Amount owing to directors	-	(25,922)
Lease payables	-	(14,705)
Bank overdrafts	-	(1,872,826)
Bankers' acceptances	-	(12,132,000)
Term loans	-	(3,470,978)
Tax liabilities	-	(484,426)
Deferred tax liabilities	-	(4,165,900)
Total net assets	-	43,017,676
Reserve on consolidation (note 20)	-	(2,982,876)
Total purchase considerations	-	40,034,800
Less : Discharged by issuance of the Company' s shares	-	(40,034,800)
Purchase consideration payable by cash	-	-
Cash and cash equivalents of subsidiary companies acquired	-	(1,251,817)
Cash flows on acquisition, net of cash and cash equivalents acquired	-	(1,251,817)

- (ii) The results of the subsidiary companies incorporated into the consolidated results of the Group for the period commencing from their effective date of acquisition are as follow:

	GROUP	
	2003 RM	2002 RM
Operating revenue	-	49,847,944
Direct operating costs	-	(35,469,692)
Gross profit	-	14,378,252
Other operating revenue	-	3,130,574
Distribution costs	-	(3,603,587)
Administrative costs	-	(2,144,972)
Other operating costs	-	(239,834)
	-	(5,988,393)
Profit from operations	-	11,520,433
Finance costs	-	(1,112,709)
Profit before taxation	-	10,407,724
Taxation	-	(1,890,000)
Profit attributable to shareholders	-	8,517,724

- (iii) Effects of acquisition of subsidiary companies on Group' s balance sheet as at year end are as follow:

	GROUP	
	2003 RM	2002 RM
Property, plant and equipment	-	39,476,661
Other investments	-	95,888
Inventories	-	25,611,612
Trade receivables	-	15,094,090
Other receivables, deposits and prepayments	-	3,655,277
Tax assets	-	593,618
Cash deposits with licensed banks	-	879,461
Cash and bank balances	-	1,681,628
Trade payables	-	(1,628,218)
Other payables and accruals	-	(2,286,747)
Bank borrowings	-	(16,242,525)
Bank overdrafts	-	(1,276,554)
Tax liabilities	-	(534,873)
Deferred tax liabilities	-	(4,289,700)
	-	60,829,618

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

During the year, the Group acquired property, plant and equipment and capital work-in-progress with aggregate cost of RM4,205,420/- (2002 : RM8,633,246/-) which are satisfied by the following:

	GROUP	
	2003 RM	2002 RM
Hire purchase financing	305,000	-
Cash payments	3,900,420	8,633,246
	<u>4,205,420</u>	<u>8,633,246</u>

32. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Cash and bank balances	2,110,648	1,776,328	51,517	94,700
Cash deposits with licensed banks (note 12)	6,535,078	5,901,600	2,441,479	5,022,139
Bank overdrafts (note 17)	(2,655,617)	(1,276,554)	-	-
	<u>5,990,109</u>	<u>6,401,374</u>	<u>2,492,996</u>	<u>5,116,839</u>

The cash deposits of the Group amounted to Nil (2002 : RM862, 608/-) are not freely available for the Group's use as they have been pledged for banking facilities of the Group. These cash deposits can only be utilised to repay the banking facilities involved.

33. SHARE PREMIUM

	GROUP/COMPANY	
	2003 RM	2002 RM
At beginning of the year	13,378,474	-
In respect of share premium arising from issue of shares pursuant to:-		
Acquisition of subsidiary companies	-	10,669,800
Special issue to Bumiputra	-	1,970,300
Public issue	-	2,337,000
	<u>13,378,474</u>	<u>14,977,100</u>
Less: Listing expenses written off (note 6)	-	(1,598,626)
At end of the year (note 20)	<u>13,378,474</u>	<u>13,378,474</u>

34. CONTINGENT LIABILITIES - UNSECURED

GROUP

- (i) A neighbouring land owner had obtained a court injunction for a right of carriage way through certain portion of land owned by a subsidiary company, Central Aluminium Manufactory Sdn. Bhd. ("CALuminium") and to restraint CALuminium from closing or blocking the said carriage way. The plaintiff is in the progress of obtaining a court order on the right of carriage way.

No provision has been made in the financial statements in respect of any possible costs which may arise from the legal proceedings.

- (ii) A trade creditor has made a legal claim against a subsidiary company, Advance Eagle Marketing Sdn. Bhd. ("AEM"), for overdue interest charges amounted to RM594,944/- together with interest and legal proceedings' costs.

No provision has been made for the claim in the financial statements as a reliable estimate of the final amount and timing of payment of the claim are unable to be ascertained pending the outcome of the legal proceedings and the Directors are of the opinion that AEM has an arguable defence against the claim.

- (iii) The tax liability of a subsidiary company, AEM, was underprovided by RM57,756/- due to taxation on specific allowance for doubtful debts incurred in the financial year ended 31st December, 1997, which has not been taken into account by the Inland Revenue Board ("IRB") in arriving at the tax assessment for that financial year. AEM has filed an appeal to the IRB on this matter and is currently pending reply from the IRB. The Directors are of the opinion that the outcome of the appeal will be favourable to AEM and therefore no provision for the said amount is required.

COMPANY

	2003 RM	2002 RM
In respect of corporate guarantee by the Company for credit facilities granted to subsidiary companies by licensed banks:-		
Central Aluminium Manufactory Sdn. Bhd.	14,503,943	5,134,243
Central Melamineware Sdn. Bhd.	3,910,276	2,563,861
Advance Eagle Marketing Sdn. Bhd.	1,730,398	58,000
	<u>20,144,617</u>	<u>7,756,104</u>

35. CAPITAL COMMITMENT

	GROUP	
	2003 RM	2002 RM
In respect of capital expenditure contracted for		
- factory expansion	-	449,034
In respect of capital expenditure approved but not contracted for		
- factory expansion	510,840	3,800,865
- purchase of machinery and equipment	455,568	603,000
- new factory building	915,100	1,000,000
	<u>1,881,508</u>	<u>5,403,865</u>
	<u>1,881,508</u>	<u>5,852,899</u>

36. SIGNIFICANT RELATED PARTIES TRANSACTIONS

(a) Significant inter-company transactions of the Company for the year are as follow:-

	COMPANY	
	2003 RM	2002 RM
Dividend receivable from subsidiary companies		
- Advance Eagle Marketing Sdn. Bhd. ("AEM")	450,005	-
- Central Aluminium Manufactory Sdn. Bhd. ("CALuminium")	846,293	1,753,036
- Central Melamineware Sdn. Bhd. ("CMelamine")	490,005	1,617,017
Acquisition of 100% equity interest in AEM from CALuminium	-	1,307,950
Acquisition of 92.65% equity interest in CMelamine from CALuminium	-	5,340,710
	<u>-</u>	<u>5,340,710</u>

The above transactions are entered in the ordinary course of business at terms mutually agreed between the companies.

(b) Significant transactions with other related parties are as follow:

	GROUP	
	2003 RM	2002 RM
Trade		
Received and receivable from a company in which Mr. Khor Mooi Soong, a brother-in-law of Mr. Tan Hong Cheng, has substantial financial interest and is also a director:-		
Caelygirl (M) Sdn. Bhd.		
- Sales	(14,865)	(179,433)
Paid and payable to a company in which Messrs. Khor Mooi Soong and Khor Mooi Huat, the brothers-in-law of Mr. Tan Hong Cheng, have substantial financial interest and are also directors:-		
Rubysteel Metal Industry (M) Sdn. Bhd.		
- Purchases	82,678	89,635
Non-Trade		
Paid and payable to an enterprise in which a director of the Company, Mr. Hia Wan Kiga, is the proprietor:-		
Union Engineering Works		
- Upkeep of plant and machinery	160,191	15,023
Paid to a substantial shareholder of the Company:-		
S. S. Luxware (M) Sdn. Bhd.		
- Rental of premises	<u>75,000</u>	<u>137,499</u>

The above transactions are entered in the ordinary course of business and are based on terms not materially different from transactions with external parties.

37. SEGMENT ANALYSIS

Segment information is presented in respect of the Group's business segment. As the Group operates within one geographical segment, geographical segment analysis is not applicable.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate asset, interest earning assets and revenue, interest bearing liabilities and expenses and tax assets, liabilities and expenses.

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

The Group comprise the following main business segments:-

Investment holding	Investment holding
Manufacturing	Manufacturing of aluminium, stainless steel and melamineware household products
Trading	Trading of household products

MAJOR BUSINESS SEGMENT

	INVESTMENT HOLDING RM	MANUFAC- TURING RM	TRADING RM	ELIMINATIONS RM	CONSOLIDATED RM
2003					
REVENUE					
External revenue	-	31,606,832	23,087,306	-	54,694,138
Inter-segment revenue	-	19,454,908	3,355,194	(22,810,102)	-
Total revenue	-	51,061,740	26,442,500	(22,810,102)	54,694,138
RESULT					
Segment result	(230,067)	3,809,423	1,715,434	(121,277)	5,173,513
Operating profit					5,173,513
Interest revenue					147,356
Interest expense					(897,397)
Taxation					(535,971)
Profit from ordinary activities					3,887,501

	INVESTMENT HOLDING RM	MANUFAC- TURING RM	TRADING RM	ELIMINATIONS RM	CONSOLIDATED RM
OTHER INFORMATION					
Segment assets	53,205,606	78,935,964	14,374,694	(57,425,347)	88,090,917
Other investments					17,000
Cash deposits with licensed banks					6,535,078
Tax assets					1,523,624
Consolidated total assets					96,166,619
Segment liabilities	85,064	11,390,017	9,095,279	(15,564,462)	5,005,898
Interest bearing liabilities					20,398,820
Tax liabilities					135,331
Deferred tax liabilities					4,249,800
Consolidated total liabilities					29,789,849
2003					
Capital expenditure	-	3,945,213	260,207	-	4,205,420
Depreciation of property, plant and equipment	-	3,637,096	84,501	-	3,721,597
SIGNIFICANT NON-CASH EXPENSES OTHER THAN DEPRECIATION					
Allowance for doubtful debts	-	73,865	74,099	-	147,964
Provision for short term accumulating compensated absences	-	162,804	23,018	-	185,822
2002					
REVENUE					
External revenue	-	30,913,599	18,934,345	-	49,847,944
Inter-segment revenue	-	17,310,529	1,902,351	(19,212,880)	-
Total revenue	-	48,224,128	20,836,696	(19,212,880)	49,847,944

	INVESTMENT HOLDING RM	MANUFAC- TURING RM	TRADING RM	ELIMINATIONS RM	CONSOLIDATED RM
RESULT					
Segment result	3,226,060	14,405,562	1,242,719	(7,656,633)	11,217,708
Operating profit					11,217,708
Interest revenue					207,095
Interest expense					(997,137)
Taxation					(1,926,385)
Profit from ordinary activities					8,501,281
OTHER INFORMATION					
Segment assets	51,851,306	77,736,725	11,331,041	(55,303,954)	85,615,118
Other investments					95,888
Cash deposits with licensed banks					5,901,600
Tax assets					593,618
Consolidated total assets					92,206,224
2002					
Segment liabilities	79,553	11,153,082	7,992,529	(15,230,646)	3,994,518
Interest bearing liabilities					17,519,079
Tax liabilities					552,058
Deferred tax liabilities					4,289,700
Consolidated total liabilities					26,355,355
Capital expenditure	-	8,589,286	43,960	-	8,633,246
Depreciation of property, plant and equipment	-	3,482,381	72,663	-	3,555,044
SIGNIFICANT NON-CASH EXPENSES OTHER THAN DEPRECIATION					
Allowance for doubtful debts	-	28,559	23,967	-	52,526
Bad debt written off	-	32,753	54,987	-	87,740
Gain on disposal of property, plant and equipment	-	(1,824,427)	-	-	(1,824,427)

Inter-segment revenue comprises sales revenue which are priced at cost plus a percentage profit mark-up.

Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

38. COMPARATIVE FIGURES

Certain comparative figures have been restated to reflect the prior year adjustment as disclosed in note 29 to the financial statements.

39. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group is exposed to a variety of risks in the normal course of business. The Group's risk management seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks are as follow:-

(i) Foreign Exchange Risk

The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency.

The Group maintains a natural hedge, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank account which will primarily be used for payment of purchases in the same denomination. Foreign exchange exposures in transactional currencies other than functional currency of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group as at financial year end that are not denominated in its functional currency are as follow:

	NEW TAIWAN DOLLAR RM	BRUNEI DOLLAR RM	SINGAPORE DOLLAR RM	UNITED STATES DOLLAR RM	SRI LANKA RUPEE RM	TOTAL RM
GROUP						
2003						
TRADE RECEIVABLES						
Ringgit Malaysia	-	120,653	485,974	1,089,245	-	1,695,872
TRADE PAYABLES						
Ringgit Malaysia	28,364	-	-	-	-	28,364
CASH AND BANK BALANCES						
Ringgit Malaysia	-	-	20,065	340,033	154	360,252

	NEW TAIWAN DOLLAR RM	BRUNEI DOLLAR RM	SINGAPORE DOLLAR RM	UNITED STATES DOLLAR RM	SRI LANKA RUPEE RM	TOTAL RM
GROUP						
2002						
TRADE RECEIVABLES						
Ringgit Malaysia	-	240,462	768,424	276,830	-	1,285,716
TRADE PAYABLES						
Ringgit Malaysia	253,999	-	-	-	-	253,999
CASH AND BANK BALANCES						
Ringgit Malaysia	-	-	11,397	252,126	153	263,676

(ii) Interest Rate Risk

The Group's and the Company's exposure to interest rate risk relates to interest bearing financial assets and liabilities.

- interest bearing financial assets

Cash deposits with licensed banks are not held for speculative purposes but, as mentioned in note 12 to the financial statements, are placed to satisfy conditions for borrowing facilities granted to the Group and for better yield returns than cash at banks.

The Group and the Company manages its interest rate yield by prudently balances the placement of deposits with varying maturity periods.

- interest bearing financial liabilities

Interest bearing financial liabilities include hire purchase, bankers' acceptances and bank overdraft facilities. Other than the hire purchase facilities which are kept at a minimum level, all other interest bearing borrowings of the Group are short term in nature to finance the working capital needs. The Group actively reviews its debt portfolio to ensure minimal exposure against interest rate hikes.

The effective interest rates at financial year end and the periods in which the interest bearing financial assets and liabilities reprice or mature, whichever is earlier, are as follow:

	Effective Interest Rate %	Total RM	----- Maturities ----->		
			Within 1 Year RM	1 - 5 Years RM	After 5 Years RM
2003					
Group					
Financial Asset					
Cash deposits with licensed banks	2.20 - 3.20	6,535,078	6,535,078	-	-
Financial Liabilities					
Bank overdrafts	7.25 - 7.75	2,655,617	2,655,617	-	-
Bankers' acceptances	3.50- 4.75	17,489,000	17,489,000	-	-
Hire purchase payables	6.19 - 10.20	254,203	105,022	149,181	-
Company					
Financial Asset					
Cash deposits with licensed banks	2.75 - 3.20	2,441,479	2,441,479	-	-
2002					
Group					
Financial Asset					
Cash deposits with licensed banks	2.60 - 4.00	5,901,600	5,901,600	-	-
Financial Liabilities					
Bank overdrafts	7.65 - 8.20	1,276,554	1,276,554	-	-
Bankers' acceptances	2.83 - 4.76	13,621,000	13,621,000	-	-
Term loans	6.50 - 8.40	2,621,525	742,060	1,815,745	63,720
Company					
Financial Asset					
Cash deposits with licensed banks	2.60 - 3.20	5,022,139	5,022,139	-	-

(iii) Market Risk

The Group's principal exposure to market risk arises from the quoted investments and transferable club membership held for long term purposes. As the amount held is not significant, exposure to market risk is minimal.

(iv) Credit Risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Trade debtors are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial assets.

(v) Liquidity and Cash Flow Risks

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and 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.

(b) Fair Values

The methods and assumptions used to estimate the fair values of each class of financial assets and liabilities are as follow:-

(i) Cash Deposits, Cash and Bank Balances, Trade and Other Receivables and Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

(ii) Quoted Investments

The fair values of quoted shares are determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Borrowings

The carrying amounts of bank overdrafts and bankers' acceptances approximate fair values due to the relatively short term maturity of these financial liabilities.

The carrying amount of long term floating rate loan approximate its fair value.

The fair values of hire purchase payables and fixed rate term loan are estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangements.

The carrying amounts of the Group and the Company's financial assets and liabilities at balance sheet date approximate their fair values except as follow:-

	Carrying Amount RM	Fair Value RM
2003		
GROUP		
Financial Asset		
Transferable club membership	<u>17,000</u>	<u>* -</u>
2002		
GROUP		
Financial Assets		
Transferable club membership	17,000	* -
Investment in quoted shares	<u>78,888</u>	<u>**16,987</u>
	<u>95,888</u>	<u>16,987</u>
Financial Liability		
Term loans	<u>2,621,525</u>	<u>2,632,424</u>

* It is not practical to estimate the fair value of the transferable club membership because of the lack of quoted market prices and inability to estimate fair value without incurring excessive costs.

** The carrying value of investment in quoted shares are higher than their fair value. No allowance for diminution in value has been made to reduce the carrying amount to their fair value as the amounts involved are not material.

The nominal/notional amounts and fair value of financial instruments not recognised in the balance sheets are as follow:-

	Note	Nominal/ Notional Amounts RM	Fair Value RM
2003			
GROUP			
Contingent liabilities arising from the following legal suits:-			
(i) Right of carriage way	34(i)	* -	# -
(ii) Claim for overdue interest charges	34(ii)	<u>594,944</u>	<u># -</u>

	Note	Nominal/ Notional Amounts RM	Fair Value RM
2003			
GROUP			
Tax liability in respect of underprovision for tax for the year of assessment 1998	34(iii)	<u>57,756</u>	<u>57,756</u>
COMPANY			
Contingent liabilities in respect of corporate guarantee by the Company for credit facilities granted to subsidiary companies	34	<u>20,144,617</u>	<u>20,144,617</u>
2002			
GROUP			
Contingent liabilities arising from the following legal suits:-			
(i) Right of carriage way	34(i)	* -	# -
(ii) Claim for overdue interest charges	34(ii)	<u>594,944</u>	<u># -</u>
Tax liability in respect of underprovision for tax for the year of assessment 1998	34(iii)	<u>57,756</u>	<u>57,756</u>
COMPANY			
Contingent liabilities in respect of corporate guarantee by the Company for credit facilities granted to subsidiary companies	34	<u>7,756,104</u>	<u>7,766,897</u>

* Unable to ascertain the nominal/notional amount as no monetary claimed was made by the plaintiff other than the legal costs involved.

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

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2004

Authorised Share Capital	:	RM100,000,000
Issued and Paid-up Share Capital	:	RM 41,000,000
Class of Shares	:	Ordinary Share of RM1.00
Voting Rights	:	1 vote per ordinary share
Number of Shareholders	:	1,668

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Indirect Interest	
	No of Shares	%	No of Shares	%
Lee Chin Yen	6,702,500	16.35	164,500	0.40
Tan Hong Cheng	5,955,300	14.53	235,000	0.57
Hia Wan Kiga	2,646,600	6.46	100,000	0.24
Chia Hui Sia	2,121,000	5.17	-	-

DIRECTORS' SHAREHOLDINGS

Name of Shareholders	Direct Interest		Indirect Interest	
	No of Shares	%	No of Shares	%
Lee Chin Yen	6,702,500	16.35	164,500	0.40
Tan Hong Cheng	5,955,300	14.53	235,000	0.57
Hia Wan Kiga	2,646,600	6.46	100,000	0.24
Lee Poh Choo	82,500	0.20	-	-
Tan Kim Hong	185,000	0.45	-	-
Chai Moi Kim	-	-	-	-
Chia Kay Joo	-	-	-	-
Azizul Mohd Othman	-	-	-	-

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No of Holders	Total Holdings	%
Less than 100	2	100	-
100 to 1,000	464	455,398	1.11
1,001 to 10,000	880	3,980,200	9.71
10,001 to 100,000	278	9,111,710	22.22
100,001 to 2,049,999	41	15,223,667	37.13
2,050,000 and above	3	12,228,925	29.83
	1,668	41,000,000	100.00

THIRTY LARGEST SHAREHOLDERS

AS AT 30 APRIL 2004

	Name of Shareholders	No of Shares	%
1	Lee Chin Yen	5,649,590	13.78
2	Tan Hong Cheng	4,257,735	10.38
3	Hia Wan Kiga	2,321,600	5.66
4	Chia Hui Sia	1,580,000	3.85
5	Yeoh Kiat Chan	1,580,000	3.85
6	S. S. Luxware (M) Sdn Bhd	1,124,900	2.74
7	RC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Chin Yen	1,026,600	2.50
8	Koid Hun Kian	1,025,100	2.50
9	Tan Choong Ming	1,007,900	2.46
10	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hong Cheng	943,467	2.30
11	RC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hong Cheng	700,000	1.71
12	A.A. Assets Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Hui Sia	541,000	1.32
13	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Caely Holdings Bhd	455,700	1.11
14	A.A. Assets Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Kiat Chan	420,000	1.02
15	Chew Pay Chiam	330,000	0.80
16	Hia Wan Kiga	325,000	0.79
17	Johan Enterprise Sdn Bhd	314,000	0.77
18	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Huan Dee Lam	307,700	0.75
19	Su Ming Yaw	242,000	0.59
20	Amir Sharifuddin Bin Ayub	190,000	0.46
21	Tan Kim Hong	185,000	0.45
22	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Khor Mooi Soong	175,000	0.43
23	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hamzah Bin Mohd Noor	172,000	0.42
24	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Lee Thiam Loy	146,500	0.36
25	Tan Ah Sek @ Tan Hong Tean	143,000	0.35
26	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Soo Lan	141,000	0.34
27	Chin Nyook Fong	140,200	0.34
28	Chok Vi Meng @ Cheok Vi Meng	138,700	0.34
29	Tan Gaik Eng	136,000	0.33
30	Lee Ngee Moi	132,400	0.32
	Total	25,852,092	63.02

LIST OF PROPERTIES

AS AT 31 DECEMBER 2003

Registered /Beneficial Owner/Title and Location/Share owned	Description/ existing use	Tenure/ age of building	Land area/ built-up area sq.ft.	Net book value@ 31.12.03 RM
CA Aluminium				
GM 612 Lot 48 Mukim Hutan Melintang (3/4 share)	Vacant land	Freehold/ -	143,748/ -	198,000
GM 624 Lot 3516 Mukim Hutan Melintang (1/10 share)	Vacant land Quarter	Freehold/ 8 years	281,506/ 11,664	55,000/ 45,400
HS(D) LP 15142 PT. 20041, Mukim Durien Sebatang	Vacant land	Freehold/ -	1,308,020/ -	1,441,000
GM 550 Lot 889 Mukim Changkat Jong	Vacant land	Freehold/ -	72,658/ -	70,000
GM 544 Lot 51 Mikim Hutan Melintang	Factory land/Factory	Freehold/ 6 years	155,455/ 70,152	643,000/ 3,982,598
GM 846 Lot 49, GM 875 Lot 2486, Mukim Hutan Melintang	Factory land/Factory / office	Freehold/ 20 years/ 1 year	278,784/ 141,165 6,400	1,075,000/ 6,304,486/ 491,126
LP 10670, PT 3257, Mukim Hutan Melintang	Double Storey House	Freehold/ 7 years	3,062/ 1,812	46,000/ 90,033
Geran 3843 & 3844 Lot 5298 & 5299 Mukim Hutang Melintang	Factory/ Quarter	1 year	64,000/ 10,384	2,409,234/ 128,056
A-45, Lorong 11/1A Taman Bandar Baru Sungai Petani	3 Storey Shophouse	Freehold/ 5 years	1,300/ 3,900	214,608
				17,193,541
CM elamine				
Geran no.3843 Lot no.5298 Mukim Hutan Melintang	Factory land	Freehold/ -	224,062/ -	537,131
Geran no.3844 Lot no.5299 Mukim Hutan Melintang	Factory land	Freehold/ -	324,250/ -	772,075
Railway Wharf, Jalan Maharaja Lela 36500	Factory building/ Warehouse	4 years	16,000	3
				1,309,209



CAM RESOURCES BERHAD (535311-D)
(Incorporated in Malaysia)

I / We, _____ NRIC No. _____
Full Name In Capital Letters

of _____
Address

being a member/members of **CAM RESOURCES BERHAD**

hereby appoint _____ NRIC No. _____
Full Name In Capital Letters

of _____
Address

or failing him/her, _____
Full Name In Capital Letters

of _____
Address

as* my/our proxy to vote for* me/us on* my/our behalf at the Third Annual General Meeting of Cam Resources Berhad to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 22 June 2004 at 11.00 a.m. and at any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are as follows :-
(The next paragraph should be completed only when two proxies are appointed)

* First Proxy (1).....%

* Second Proxy (2).....%

Number of Shares held :

No .	Resolution	For	Against
1	To receive the Audited Financial Statements for the financial year ended 31 December 2003 together with the Report of the Directors and Auditors thereon		
2	To approve the payment of a first and final dividend of 4% less 28% tax for the financial year ended 31 December 2003		
3	To approve the Directors Fees for the financial year ended 31 December 2003		
4.	To re-elect Ms Lee Poh Choo as Director		
5.	To re-elect Ms Tan Kim Hong as Director		
6.	To re-elect Mr Chai Moi Kim as Director		
7.	To re-appoint Messrs Moore Stephens as Auditors and to authorise the Directors to fix their remuneration		
8.	Authority to issue shares		

(Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____ 2004

Signature(s)/ Common seal of Shareholder(s)

NOTES :

- (1) A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (2) To be valid, this form, duly completed must be deposited at the Company's Registrar, PFA Registration Services Sdn Bhd, Level 13, Uptown 1, No.1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting.
- (3) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
- (4) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (5) Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- (6) If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

(* Delete if not applicable)