

# Penyata Kewangan

## Financial Statements

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## Report of the Directors

The Directors are pleased to present herewith their report together with the audited financial statements of the Company and of the Group for the year ended 31 January 2002.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the Group, which are substantially carried out in Malaysia, are:

- (i) the operation of the Numbers Forecast Totalisator (“NFO”) business;
- (ii) the operation of the Racing Totalisator (“RTO”) business;
- (iii) power generation and services in connection thereto;
- (iv) property investment; and
- (v) the importation, bottling, sale and distribution of Liquefied Petroleum Gas (“LPG”) in the People’s Republic of China.

In addition to the above, the Group has a joint venture in a film exhibition business and an associate which leases facilities for online lottery operations.

### REVIEW OF RESULTS

A review of the results of the Group for the year and an indication of future developments is included in the Chairman’s Statement. In summary, the financial results achieved by the Group for the year under review are as follows:

	<b>2002</b>	2001
	<b>RM’000</b>	RM’000
Profit on ordinary activities before taxation	<b>311,588</b>	334,718
Taxation	<b>(120,809)</b>	(109,648)
Profit on ordinary activities after taxation	<b>190,779</b>	225,070
Minority interests	<b>(29,427)</b>	(21,931)
Profit for the financial year	<b>161,352</b>	203,139
Dividends paid and proposed	<b>(90,953)</b>	(90,985)
Transfer to reserves	<b>70,399</b>	112,154

### FIXED ASSETS

Changes in fixed assets during the year are shown in Note 8 to the financial statements.

## Report of the Directors (cont'd)

**DIVIDENDS**

Dividends paid and proposed for the year ended 31 January 2002 are as follows:

	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
(i) Interim dividend of <b>8 sen tax-exempt</b> (2001: 8 sen tax-exempt) per share paid on 11 December 2001	<b>30,467</b>	30,347
(ii) Proposed final dividend of <b>22 sen gross</b> (2001: 22 sen gross) per share less Malaysian income tax	<b>60,411</b>	60,117
Total for the year	<b>90,878</b>	90,464

The proposed final dividend, if approved at the forthcoming Annual General Meeting, will be paid on 9 August 2002 to shareholders on record as at 12 July 2002.

**DIRECTORS**

The Directors who held office during the period are:

Khoo Teik Chooi	Chairman/Executive Director
Tan Poh Ching	Chief Executive Officer/Executive Director
Augustus Ralph Marshall	Executive Director
Kuok Khoon Hin @ David Kuok	Independent Director
Leong Wai Hoong	Independent Director
Ooi Boon Leong @ Law Weng Leun	Non-Executive Director
Datuk Khoo Eng Choo	Independent Director ( <i>Appointed on 31 January 2002</i> )

In accordance with Articles 76 and 77 of the Articles of Association, Kuok Khoon Hin and Ooi Boon Leong retire by rotation. Kuok Khoon Hin is not submitting himself for re-election while Ooi Boon Leong being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Tan Poh Ching and Leong Wai Hoong retire at the forthcoming Annual General Meeting in compliance with the Listing Requirements of the Kuala Lumpur Stock Exchange and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Datuk Khoo Eng Choo was appointed as an Independent Director on 31 January 2002 and, in accordance with Article 75 of the Articles of Association, Datuk Khoo Eng Choo retires and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

**DIRECTORS' INTERESTS**

The interests of the Directors in the shares of the Company and of a subsidiary undertaking, full details of which are set out in the Company's Register of Directors' Interests (which is open to inspection), are shown below:

**In the Company**

	<b>No. of shares of 7.5 pence each</b>		
	<b>As at</b>	<b>Bought</b>	<b>As at</b>
	<b>1 February 2001</b>		<b>31 January 2002</b>
Khoo Teik Chooi	(a) 30,376,320	-	(a) 30,376,320
Tan Poh Ching	20,000	-	20,000
Augustus Ralph Marshall	(b) 20,000	-	(b) 20,000
Ooi Boon Leong	(c) 6,708,000	-	(c) 6,708,000
David Kuok	5,000	-	5,000
Leong Wai Hoong	10,000	10,000	20,000

## Report of the Directors (cont'd)

**DIRECTORS' INTERESTS (cont'd)****In the subsidiary, Powertek Berhad**

		<b>No. of ordinary shares of RM1.00 each</b>
		<b>As at</b>
		<b>1 February 2001/31 January 2002</b>
Khoo Teik Chooi		20,000
Tan Poh Ching	(d)	250,000
Augustus Ralph Marshall	(e)	125,000
Ooi Boon Leong		500

- (a) Khoo Teik Chooi has a direct interest as to **20,000** (2001: 20,000) shares and an indirect interest as to **30,356,320** (2001: 30,356,320) shares which arises from his deemed interest in Ultimate Corporation Sdn Bhd.
- (b) These **20,000** (2001: 20,000) shares are held through a nominee.
- (c) Ooi Boon Leong has an indirect interest as to **20,000** (2001: 20,000) shares held through a nominee, as to **2,250,000** (2001: 2,250,000) shares which arises from his deemed interest in Dagang Sari Sdn Bhd and as to **4,438,000** (2001: 4,438,000) shares held through Inter-Community Welfare Foundation, of which he is a trustee.
- (d) Tan Poh Ching has a direct interest as to **125,000** (2001: 125,000) shares and an indirect interest as to **125,000** (2001: 125,000) shares held through his spouse.
- (e) Augustus Ralph Marshall has a direct interest as to **50,000** (2001: 50,000) shares and an indirect interest as to **75,000** (2001: 75,000) shares held through a nominee.

**Share options**

The Tanjong public limited company Employees' Share Option Scheme No. 2 ("ESOS") came into effect on 17 September 1999. Details of Directors' interests in share options are disclosed under Note 2 to the financial statements.

**Other interests**

Khoo Teik Chooi is a Director of Perkhidmatan Usaha Tegas Sdn Bhd, a wholly-owned subsidiary of Usaha Tegas Sdn Bhd. Tan Poh Ching and Augustus Ralph Marshall are Directors of Usaha Tegas Sdn Bhd whilst Augustus Ralph Marshall and Ooi Boon Leong are Director and Alternate Director of KLCC (Holdings) Bhd respectively, companies associated with the controlling shareholder as defined under the Financial Services Authority Listing Rules. As such, they are deemed interested in certain of the contracts set out under Related Party Transactions set out in Note 24 to the financial statements.

Otherwise, there were no contracts subsisting during, or at the end of, the year in which any Director is, or was, materially interested which are, or were, significant in relation to the business of the Group except as disclosed under Note 2 to the financial statements.

For the year ended 31 January 2002, the Company has purchased and maintained policies of insurance for its Directors and Officers against the financial consequences of actions which may be brought against them by outside parties for their acts or omissions in the course of performance of their duties as Directors or Officers of the Company.

## Report of the Directors (cont'd)

**SUBSTANTIAL SHAREHOLDERS**

The Directors are aware of the following persons (other than the Directors) who, as at 15 May 2002, are directly or indirectly interested in 3 per cent or more of the issued shares of the Company based on the Register kept pursuant to Section 211 of the Companies Act, 1985:

		<b>No. of 7.5 pence shares held</b>	<b>% of issued shares</b>
Usaha Tegas Sdn Bhd	(a)	124,688,000	32.35
Pacific States Investment Limited	(b)	124,688,000	32.35
Excorp Holdings N.V.	(c)	124,688,000	32.35
PanOcean Management Limited	(d)	124,688,000	32.35
Ananda Krishnan Tatparanandam	(e)	124,688,000	32.35
Usaha Tegas Resources Sdn Bhd	(f)	38,100,000	9.88
Khoo Teng Bin	(g)	30,536,320	7.92
Ultimate Corporation Sdn Bhd	(h)	30,356,320	7.88
Marlestone Investments Limited		17,380,016	4.51
The Capital Group Companies, Inc.	(i)	19,316,000	5.01
Capital Group International, Inc.	(j)	19,316,000	5.01
Capital International, Inc.		15,619,000	4.05
Fidelity International Limited	(k)	12,969,000	3.36

- (a) The interests disclosed include those of its wholly-owned subsidiary, Usaha Tegas Resources Sdn Bhd and are held through nominees.
- (b) Deemed interest arises through its direct controlling interest in Usaha Tegas Sdn Bhd.
- (c) The shares in Pacific States Investment Limited are held by Excorp Holdings N.V. ("EHN").
- (d) EHN is in turn held by PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations. PanOcean does not have any economic or beneficial interest in the shares.
- (e) Ananda Krishnan Tatparanandam has a deemed interest by virtue of trust and related arrangements. However, he does not have any economic or beneficial interest in the shares.
- (f) The interest is held through a nominee.
- (g) Khoo Teng Bin has an indirect interest in 30,356,320 shares which arises from his deemed interest in Ultimate Corporation Sdn Bhd.
- (h) The interest is held through nominees.
- (i) This represents the interests of The Capital Group Companies, Inc. which arises by virtue of holdings attributed to its affiliates.
- (j) This represents the interests of Capital Group International, Inc. which arises by virtue of holdings attributed to its subsidiaries.
- (k) This represents the interests of Fidelity International Limited and its direct and indirect subsidiaries.

## Report of the Directors (cont'd)

### TAX RESIDENCE STATUS

The Company is resident in Malaysia for both Malaysian tax purposes and under the terms of the UK/Malaysian double taxation treaty. Hence, as a non-UK tax resident, the Company is not subject to the Close Companies provisions of the UK Income and Corporation Taxes Act, 1988.

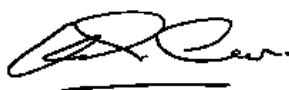
### SUPPLIERS PAYMENT POLICY

The Company is an investment holding company and does not have any trading relationships with suppliers.

### AUDITORS

The auditors, Messrs PricewaterhouseCoopers, have indicated their willingness to continue in office. A resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be tabled at the Annual General Meeting.

On behalf of the Board



**Khoo Teik Chooi**  
Chairman

Kuala Lumpur  
15 May 2002

## Directors' Responsibility Statement

The following statement, which should be read in conjunction with the report of the auditors set out on page 58, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the UK Companies Act, 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit and loss of the Company and of the Group for the financial year.

The Directors consider that, in preparing the financial statements on pages 59 to 93, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring the Company and the Group keep accounting records which 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 UK Companies Act, 1985, and in all material respects, the additional disclosure requirements of the approved Accounting Standards in Malaysia.

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

The Directors, having prepared the financial statements, have requested the Auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

## Independent Auditors' Report to the Shareholders of Tanjong Public Limited Company

We have audited the financial statements set out on pages 59 to 93.

### **Respective responsibilities of Directors and Auditors**

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Directors' Responsibility Statement on page 57. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act, 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 January 2002 and of the profit of the Company and of the Group and cash flows of the Group for the year then ended and have been properly prepared in accordance with the UK Companies Act, 1985.



### **PricewaterhouseCoopers**

Chartered Accountants  
and Registered Auditors

London

15 May 2002

## Group Profit and Loss Account

For the year ended 31 January 2002

	Note	2002 RM'000	2001 RM'000
TURNOVER (including share of joint venture)	1	<b>2,124,203</b>	2,116,077
Less: Share of joint venture's turnover		<b>(25,361)</b>	(23,403)
GROUP TURNOVER – Continuing operations	1	<b>2,098,842</b>	2,092,674
OPERATING COSTS	2	<b>(1,760,272)</b>	(1,710,804)
GROUP OPERATING PROFIT – Continuing operations		<b>338,570</b>	381,870
SHARE OF OPERATING RESULTS IN:			
Joint Venture		<b>200</b>	(1,433)
Associates		<b>(112)</b>	(737)
OPERATING PROFIT: GROUP AND SHARE OF ASSOCIATED UNDERTAKINGS	1	<b>338,658</b>	379,700
NET INTEREST EXPENSE AND NET INVESTMENT CHARGE	3	<b>(27,070)</b>	(44,982)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<b>311,588</b>	334,718
TAXATION	4	<b>(120,809)</b>	(109,648)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<b>190,779</b>	225,070
MINORITY INTERESTS		<b>(29,427)</b>	(21,931)
PROFIT FOR THE FINANCIAL YEAR		<b>161,352</b>	203,139
DIVIDENDS	5	<b>(90,953)</b>	(90,985)
RETAINED PROFIT FOR THE FINANCIAL YEAR		<b>70,399</b>	112,154
EARNINGS PER SHARE	6		
– Basic		<b>42.4 sen</b>	53.6 sen
– Diluted		<b>42.4 sen</b>	53.3 sen

The Notes on pages 66 to 93 form part of these financial statements.

## Statement of Group's Total Recognised Gains and Losses

For the year ended 31 January 2002

	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
Profit for the financial year	<b>161,352</b>	203,139
Exchange differences on foreign currency net investments	<b>644</b>	2,082
Total recognised gains and losses for the year	<b><u>161,996</u></b>	<u>205,221</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

For the year ended 31 January 2002

There are no differences between the reported profits and the historical cost profits on ordinary activities before and after taxation for the years ended 31 January 2002 and 2001.

The Notes on pages 66 to 93 form part of these financial statements.

## Company Profit and Loss Account

For the year ended 31 January 2002

	<b>Note</b>	<b>2002</b> <b>RM'000</b>	2001 RM'000
TURNOVER	1	<b>202,239</b>	92,803
OPERATING COSTS – Continuing operations	2	<b>(87,709)</b>	(5,390)
OPERATING PROFIT		<b>114,530</b>	87,413
TAXATION		<b>(55,207)</b>	(25,688)
PROFIT FOR THE FINANCIAL YEAR		<b>59,323</b>	61,725
RETAINED PROFIT BROUGHT FORWARD		<b>1,149,366</b>	1,178,626
DIVIDENDS	5	<b>(90,953)</b>	(90,985)
RETAINED PROFIT CARRIED FORWARD	21	<b>1,117,736</b>	1,149,366

The Notes on pages 66 to 93 form part of these financial statements.

## Group Balance Sheet

As at 31 January 2002

	Note	2002 RM'000	2001 RM'000
<b>FIXED ASSETS</b>			
Intangible assets	7	60,457	73,562
Tangible assets	8	2,173,588	1,712,328
Investment property	9	365,000	365,000
Joint venture	10		
Share of gross assets		33,018	32,875
Share of gross liabilities		(4,458)	(4,816)
		28,560	28,059
Associate	10	2,150	2,402
Long term investments	11	12,691	25,958
		<b>2,642,446</b>	<b>2,207,309</b>
<b>CURRENT ASSETS</b>			
Stocks	12	91,836	90,846
Debtors	13	131,357	106,361
Investments	14	492,554	488,535
Cash at bank and in hand		14,451	34,427
		730,198	720,169
<b>CREDITORS (amounts falling due within one year)</b>	15	<b>(421,494)</b>	<b>(455,425)</b>
<b>NET CURRENT ASSETS</b>		<b>308,704</b>	<b>264,744</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,951,150</b>	<b>2,472,053</b>
<b>CREDITORS (amounts falling due after more than one year)</b>	16	<b>(976,564)</b>	<b>(636,626)</b>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	19	<b>(146,137)</b>	<b>(111,053)</b>
<b>NET ASSETS</b>	1	<b>1,828,449</b>	<b>1,724,374</b>
<b>CAPITAL AND RESERVES</b>			
Paid up share capital	20	136,033	135,375
Share premium account		65,547	54,645
Revaluation reserve		9,915	9,915
Profit and loss account		1,363,809	1,292,766
<b>SHAREHOLDERS' FUNDS</b>		<b>1,575,304</b>	<b>1,492,701</b>
<b>MINORITY INTERESTS</b>		<b>253,145</b>	<b>231,673</b>
		<b>1,828,449</b>	<b>1,724,374</b>

The Notes on pages 66 to 93 form part of these financial statements.

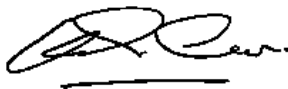
## Company Balance Sheet

As at 31 January 2002

	Note	2002 RM'000	2001 RM'000
<b>FIXED ASSETS</b>			
Investments	10	<b>973,379</b>	1,278,566
<b>CURRENT ASSETS</b>			
Debtors	13	<b>94,503</b>	29,905
Investments	14	<b>313,502</b>	91,708
Cash at bank and in hand		<b>298</b>	949
<b>CREDITORS (amounts falling due within one year)</b>	15	<b>408,303</b> <b>(62,366)</b>	122,562 (61,742)
<b>NET CURRENT ASSETS</b>		<b>345,937</b>	60,820
<b>NET ASSETS</b>		<b>1,319,316</b>	1,339,386
<b>CAPITAL AND RESERVES</b>			
Paid up share capital	20	<b>136,033</b>	135,375
Share premium account		<b>65,547</b>	54,645
Profit and loss account		<b>1,117,736</b>	1,149,366
<b>SHAREHOLDERS' FUNDS</b>		<b>1,319,316</b>	1,339,386

The Notes on pages 66 to 93 form part of these financial statements.

Approved by the Board on 15 May 2002.



**Khoo Teik Choo**  
Chairman

## Reconciliation of Movements in Shareholders' Funds and Reserves

As at 31 January 2002

	Share capital RM'000	Share premium RM'000	Revaluation reserves RM'000	Profit and loss account RM'000	Total 2002 RM'000	2001 RM'000
<b>GROUP</b>						
At 1 February	135,375	54,645	9,915	1,292,766	<b>1,492,701</b>	1,350,263
Exchange differences on foreign currency net investment	-	-	-	644	<b>644</b>	2,082
Net profit	-	-	-	161,352	<b>161,352</b>	203,139
Dividends	-	-	-	(90,953)	<b>(90,953)</b>	(90,985)
Issue of share capital arising from exercise of share options	658	10,902	-	-	<b>11,560</b>	28,202
At 31 January	<b>136,033</b>	<b>65,547</b>	<b>9,915</b>	<b>1,363,809</b>	<b>1,575,304</b>	<b>1,492,701</b>
<b>COMPANY</b>						
At 1 February	135,375	54,645	-	1,149,366	<b>1,339,386</b>	1,340,444
Net profit	-	-	-	59,323	<b>59,323</b>	61,725
Dividends	-	-	-	(90,953)	<b>(90,953)</b>	(90,985)
Issue of share capital arising from exercise of share options	658	10,902	-	-	<b>11,560</b>	28,202
At 31 January	<b>136,033</b>	<b>65,547</b>	<b>-</b>	<b>1,117,736</b>	<b>1,319,316</b>	<b>1,339,386</b>

Share capital represents issued and fully paid up shares with a nominal value of 7.5 pence each.

The Notes on pages 66 to 93 form part of these financial statements.

## Group Cash Flow Statement

For the year ended 31 January 2002

	<b>Note</b>	<b>2002</b> <b>RM'000</b>	2001 RM'000
Cash flow from operating activities	25a	<b>398,967</b>	479,870
Returns on investments and servicing of finance	25b	<b>(72,922)</b>	(52,831)
Malaysian and other taxes paid		<b>(94,375)</b>	(113,906)
Capital expenditure	25b	<b>(9,062)</b>	(6,216)
Acquisitions and disposals	25b	<b>(562,166)</b>	(167,944)
Equity dividends paid		<b>(90,659)</b>	(90,424)
Cash (outflow)/inflow before use of liquid resources and financing		<b>(430,217)</b>	48,549
Management of liquid resources	25b	<b>2,503</b>	(49,817)
Financing	25b	<b>407,809</b>	(838)
Decrease in cash in the year		<b>(19,905)</b>	(2,106)
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT</b>			
Decrease in cash in the year		<b>(19,905)</b>	(2,106)
Movements in marketable securities and short term deposits		<b>(3,521)</b>	48,419
Movements in debt		<b>(396,359)</b>	29,040
Other non-cash changes		<b>6,822</b>	37
Movements in net (debt)/cash in the year		<b>(412,963)</b>	75,390
Net debt at beginning of year		<b>(226,291)</b>	(301,681)
Net debt at end of year	25c	<b>(639,254)</b>	(226,291)

The Notes on pages 66 to 93 form part of these financial statements.

# Significant Accounting Policies

31 January 2002

## 1. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention (modified for the revaluation of investment property) in accordance with Accounting Standards applicable in the United Kingdom. The financial statements have also incorporated the disclosure requirements of the approved Accounting Standards applicable in Malaysia, in all material respects. The accounting policies adopted by the Group comply with the Accounting Standards applicable in the United Kingdom and Malaysia. These are set out below and are consistent with the previous year. There are no differences in the results of the Group in the application of the said Accounting Standards in these financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### A Basis of consolidation

The Group financial statements include the financial statements of the Company and its subsidiary undertakings, the financial statements of which have been made up to 31 January.

The trading results of businesses acquired or sold are included in the profit and loss account from the date of effective acquisition or up to the date of sale.

Goodwill arising on consolidation represents the difference between the consideration paid for the shares in the subsidiary undertakings and the fair value of the attributable net assets acquired at the date of acquisition. Any goodwill is capitalised and amortised through the profit and loss account over the estimated economic useful life of the business acquired from the date of acquisition. Goodwill arising on consolidation previously written off to reserves is not reinstated unless there is a subsequent disposal of the business, in which case it is charged to the profit and loss account in the year of disposal.

### B Associated undertakings

The Group's investments in associated undertakings include joint ventures and associates.

Joint ventures are undertakings in which the Group holds an interest on a long term basis and which are jointly controlled by the Group and one or more other parties. Joint ventures are accounted for in the Group's financial statements using the gross equity method.

Associates are undertakings in which the Group has a long term participating interest and where the Group exercises significant influence over their operating and financial policies but does not have control over those policies. Associates are accounted for in the Group's financial statements using the equity method.

Equity accounting involves recognising in the profit and loss account, the Group's share of the results of associated companies for the period. The Group's investments in associated companies are carried in the balance sheet at an amount that reflects its share of the net assets of the associated companies.

Unrealised surpluses and deficits on transactions between group companies and associated companies have been eliminated to the extent of the Group's interest in the associated companies. Where necessary, in applying the equity method, adjustments have been made to the financial statements of associated companies to ensure consistency of accounting policies with the Group.

### C Foreign currencies

Unless hedged by foreign currency forward contracts, foreign currency transactions are accounted for at exchange rates prevailing at the transaction dates and monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. All transactions, assets and liabilities that are hedged by foreign currency forward contracts, are recognised at the rates specified in such forward contracts.

# Significant Accounting Policies

31 January 2002 (cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### C Foreign currencies (cont'd)

On consolidation, assets and liabilities of foreign subsidiary undertakings are translated into RM at rates of exchange ruling at the balance sheet date. Exchange differences resulting from the translation at closing rates of net investments in foreign subsidiary and associated undertakings are dealt with through reserves. All other exchange differences are dealt with through the profit and loss account.

The principal closing rates used in translation of foreign currency amounts to RM are as follows:

	<b>2002</b>	2001
1 US dollar	<b>3.8000</b>	3.8000
1 Australian dollar	<b>1.9758</b>	2.0743
1 Pound Sterling	<b>5.4169</b>	5.5550
1 Chinese Renminbi	<b>0.4591</b>	0.4591
1 EURO	<b>3.3339</b>	3.4030

### D Tangible fixed assets

All assets including land, buildings, plant and machinery are stated at cost less accumulated depreciation and impairment losses.

Assets under construction comprise turnkey contractor's payments, finance costs and any other directly attributable costs incurred in preparing these assets for their intended use. When these assets are ready for their intended use, the relevant finance costs will no longer be capitalised and the cost of assets will be depreciated over their useful lives.

Depreciation is provided to write off the cost less estimated residual values, of all tangible fixed assets, except freehold land, on a straight-line basis over their expected useful economic lives. The rates applied are as follows:

Long leasehold land	1%
Buildings	2% – 5%
Plant and machinery	3% – 17%
Fixtures, fittings and equipment	9% – 33%
Vehicles and livestock	20%

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

Asset replacement costs incurred for major scheduled overhauls of power plants are capitalised as part of power generation assets. They are subsequently depreciated on a straight line basis over their estimated useful lives of approximately 6 years.

### E Intangible assets

Premiums paid for the rights to operate a business are stated at cost adjusted for any pre-acquisition profits or losses and amortised over their estimated economic lives of 20 years.

Land and jetty use rights are stated at cost less amortisation and impairment losses.

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

## Significant Accounting Policies

31 January 2002 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **F Investment property**

Investment property represents an interest in land and a building which are held for their long term investment potential, any rental income being at market rates. The investment property is stated at a valuation based on its open market value at the balance sheet date. Increases in their carrying amount are credited to the investment property revaluation reserve. Decreases that offset previous increases of the same asset are charged against the said revaluation reserve, all other decreases are charged to the profit and loss account.

In accordance with the Statement of Standard Accounting Practice 19 ("SSAP 19"), "Accounting for Investment Properties", no depreciation is provided in respect of freehold investment property. Although the UK Companies Act, 1985 requires fixed assets to be depreciated, a departure from this requirement is permitted if this is necessary to present a true and fair view. As the investment property is held for investment and not consumption, the Directors consider that systematic annual depreciation would be inappropriate. This is because depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot reasonably be separately identified or quantified.

#### **G Stocks**

Stocks are stated at the lower of cost and net realisable value. The cost of trading livestock is determined using the specific identification method and includes an appropriate proportion of overheads. LPG finished products, distillate fuel, spares and consumables are determined on a first-in-first-out basis.

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

#### **H Debtors**

Trade debtors are carried at invoiced amounts less estimates for doubtful debts based on a review of all outstanding amounts at the period end. Bad debts are written off in the period in which they are identified.

#### **I Investments**

Investments in subsidiary companies, associated companies, jointly controlled entities and other non-current investments are shown at cost less provisions for impairment. A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Permanent diminution in the value of an investment is recognised as an expense in the period in which the diminution is identified.

Current asset investments include marketable securities and short term deposits. Marketable securities are carried at the lower of cost and market value, determined on an individual investment basis. Cost is computed on a weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Decreases in the carrying amount of marketable securities are charged to the profit and loss account. Movements in such investments are reported under the heading of management of liquid resources in the cash flow statement.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the profit and loss account.

Long term investments are stated at lower of cost and net realisable value.

#### **J Cash & cash equivalents**

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

# Significant Accounting Policies

31 January 2002 (cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### **K Financial instruments**

#### *Financial instruments recognised in the balance sheet*

The Group's financial instruments which are recognised in the balance sheet comprise cash, other liquid resources, long term investments, bank loans, other borrowings and other items such as trade debtors and creditors that arise directly from its operations.

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

#### *Financial instruments not recognised in the balance sheet*

The Group is a party to foreign currency forward contracts which are not recognised in the financial statements on inception. Foreign currency forward contracts are entered into to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Any increase or decrease in the amount required to settle the asset or liability is offset by a corresponding movement in the value of the foreign currency forward contracts. The gains and losses are offset for financial reporting purposes.

#### *Fair value estimation for disclosure purposes*

In estimating fair values of financial instruments, the following assumptions and bases were applied:

- (i) The book values of cash, deposits and commercial papers approximate their fair values due to their short maturity.
- (ii) The fair value of current asset investments has been calculated using quoted market prices at the year end.
- (iii) The fair value of long term investments is a combination of quoted market price where the underlying investments are quoted, and either cost or valuation where the underlying investments are not quoted.
- (iv) The book value of loans with floating rates approximates to fair value intrinsically.
- (v) The fair value of long term creditors and loans and borrowings with fixed interest rates was derived from the net present value of future cash flows arising based on prevailing market interest rates.

### **L Deferred taxation**

Deferred taxation is provided in full on the difference between the accounting treatment and tax treatment for depreciation in respect of accelerated capital allowances and other timing differences. Provision is made, or recovery anticipated, where timing differences will reverse in the foreseeable future. Deferred tax liabilities are not discounted.

### **M Turnover**

Turnover for the Group represents the gross value of receipts for the completed Numbers Forecast Totalisator games, share of net surpluses from the Racing Totalisator business, capacity charges and energy billings from power plants, income from letting of the investment property and sale of liquefied petroleum gas. Turnover is recognised upon the delivery of products or performance of services net of discounts after eliminating sales within the Group.

Turnover for the Company consists of dividends from subsidiaries, interest and investment income.

### **N Borrowings**

Borrowings are recognised based on proceeds received, and where they relate to Private Debt Securities, are stated net of discount. Any difference between the proceeds from Private Debt Securities and their redemption value is recognised in the profit and loss account over the period of the borrowings.

## Notes to the Financial Statements

31 January 2002

## 1. SEGMENTAL INFORMATION

	Turnover RM'000	Operating profit/(loss) RM'000	Net assets/ (liabilities) RM'000
<b>GROUP 2002</b>			
<b>Malaysia</b>			
NFO	1,397,501	191,835	(10,442)
RTO	9,600	(29,505)	44,568
Power Generation	588,690	229,301	1,123,196
Property Investment	39,316	24,429	184,033
	<b>2,035,107</b>	<b>416,060</b>	<b>1,341,355</b>
<b>People's Republic of China</b>			
LPG	72,137	(75,392)	6,080
<b>Segment totals</b>	<b>2,107,244</b>	<b>340,668</b>	<b>1,347,435</b>
Inter-segment elimination	(8,402)	-	-
Non-segmental operating expenditure	-	(2,098)	-
Non-segmental net assets	-	-	450,304
	<b>2,098,842</b>	<b>338,570</b>	<b>1,797,739</b>
<b>Joint venture</b>	<b>25,361</b>	<b>200</b>	<b>28,560</b>
<b>Associate</b>	-	(112)	2,150
<b>Total</b>	<b>2,124,203</b>	<b>338,658</b>	<b>1,828,449</b>
<b>GROUP 2001</b>			
<b>Malaysia</b>			
NFO	1,478,116	175,247	(8,774)
RTO	6,919	(32,036)	45,598
Power Generation	533,463	229,819	1,103,739
Property Investment	33,286	20,501	161,931
	<b>2,051,784</b>	<b>393,531</b>	<b>1,302,494</b>
<b>People's Republic of China</b>			
LPG	48,853	(8,614)	80,200
<b>Segment totals</b>	<b>2,100,637</b>	<b>384,917</b>	<b>1,382,694</b>
Inter-segment elimination	(7,963)	-	-
Non-segmental operating expenditure	-	(3,047)	-
Non-segmental net assets	-	-	311,219
	<b>2,092,674</b>	<b>381,870</b>	<b>1,693,913</b>
<b>Joint venture</b>	<b>23,403</b>	<b>(1,433)</b>	<b>28,059</b>
<b>Associate</b>	-	(737)	2,402
<b>Total</b>	<b>2,116,077</b>	<b>379,700</b>	<b>1,724,374</b>

## Notes to the Financial Statements

31 January 2002 (cont'd)

**1. SEGMENTAL INFORMATION (cont'd)**

Non-segmental net assets include current assets and long term investments, interest-bearing assets, interest accruals and dividends payable.

**Turnover of the Company consists of:**

	<b>Company</b>	
	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
Dividends from subsidiaries	<b>192,125</b>	89,600
Listed investment outside Malaysia		
Dividends	<b>319</b>	656
Surplus on realisation	<b>4,379</b>	-
Interest income	<b>5,416</b>	2,547
	<b>202,239</b>	92,803

**2. OPERATING COSTS – Continuing operations**

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>2002</b>	2001	<b>2002</b>	2001
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Cost of sales		<b>1,554,605</b>	1,569,924	-	-
Distribution cost		<b>30,208</b>	36,508	-	-
Administrative expenses		<b>77,337</b>	62,638	<b>1,067</b>	5,390
Other operating expenses		<b>30,469</b>	41,734	-	-
Provision for impairment	<b>2a</b>				
Tangible assets		<b>58,558</b>	-	-	-
Intangible assets		<b>9,095</b>	-	-	-
		<b>67,653</b>	-	-	-
Provision for intercompany advances	<b>2b</b>	-	-	<b>86,642</b>	-
		<b>1,760,272</b>	1,710,804	<b>87,709</b>	5,390

**(a) Provision for impairment**

An impairment provision of **RM67,653,000** has been made in the current financial year following a review of the carrying value of the underlying fixed assets relating to the LPG investments in the People's Republic of China. The net book values of intangible and tangible assets as reflected in Notes 7 and 8 have accordingly been reduced.

**(b) Provision for intercompany advances**

A provision has been made in respect of advances to a subsidiary company arising from the impairment of the LPG investments described above.

## Notes to the Financial Statements

31 January 2002 (cont'd)

## 2. OPERATING COSTS – Continuing operations (cont'd)

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
This is arrived at after charging the following items:					
Group audit fees to					
PricewaterhouseCoopers,					
– United Kingdom		152	156	152	156
– firms of worldwide organisation		372	346	120	102
Other auditors		44	47	–	–
Non-audit service fees to					
PricewaterhouseCoopers, firms of					
worldwide organisation		349	104	145	80
Other auditors		45	–	–	–
Depreciation on property, plant and					
machinery		104,962	109,364	–	–
Amortisation of intangible assets		4,011	4,008	–	–
Rent of land & buildings		2,099	1,962	–	–
Hire of plant & machinery		960	1,031	–	–
Directors' emoluments	2c	3,130	2,964	270	270
Staff costs	2d	33,709	28,955	–	–

## (c) Directors' emoluments

These comprise emoluments received by Directors of the Company, for their services, which are provided wholly outside the United Kingdom.

	Group	
	2002 RM'000	2001 RM'000
<i>Executive Directors:</i>		
Salaries and other emoluments	2,188	2,045
Benefits in kind	68	115
Employer's statutory contributions	192	182
Expense allowances	408	348
	<b>2,856</b>	2,690
<i>Non-Executive Directors:</i>		
Fees	270	270
Benefits in kind	4	4
	<b>274</b>	274
	<b>3,130</b>	2,964

Included in the above are salaries, benefits and other emoluments of **RM1,009,000** (2001: RM945,000) paid to the highest paid Director.

Apart from the above, the Group paid **RM4,500** (2001: RM7,500) to a firm in which a Non-Executive Director, Ooi Boon Leong is the sole proprietor, for professional legal services rendered.

There are no long term incentive schemes other than the options granted under the ESOS to subscribe for shares in the Company as detailed below. These options remain unexercised as at 15 May 2002. Further details of the ESOS are shown in Note 20.

## Notes to the Financial Statements

31 January 2002 (cont'd)

**2. OPERATING COSTS – Continuing operations (cont'd)****(c) Directors' emoluments (cont'd)**

	No. of 7.5 pence shares comprised in options	
	As at 1 February 2001/31 January 2002	Option Price (RM)
Khoo Teik Chooi	500,000	8.05
Tan Poh Ching	500,000	8.05
Augustus Ralph Marshall	500,000	8.05

The above mentioned Directors may exercise their options in respect of a maximum of one-fifth of all their option shares in each year of the ESOS, provided that any option shares not subscribed for in any year of the ESOS may, in addition to the yearly entitlement of a maximum of one-fifth of all the option shares exercisable in any other year of the ESOS, be subscribed for in any subsequent year until and including the last year of the ESOS.

The market price of the Company's shares ranged from RM4.76 to RM9.10 during the financial year.

**(d) Staff costs**

	Group	
	2002 RM'000	2001 RM'000
i) The staff costs incurred during the year were as follows:		
Wages and salaries	<b>30,493</b>	25,702
Statutory contributions to social security	<b>170</b>	369
Statutory contributions to employees provident fund	<b>3,046</b>	2,884
	<b>33,709</b>	28,955

There are no other pension or post retirement benefit arrangements for Directors and employees.

	No. of Employees	
	2002	2001
ii) The average monthly number of persons employed by the Group during the year was as follows:		
Management	<b>64</b>	67
Operations	<b>459</b>	468
Administration	<b>169</b>	188
	<b>692</b>	723
Part-time staff	<b>160</b>	167
	<b>852</b>	890

With the exception of **140** (2001: 146) employees who were employed in the People's Republic of China, all employees were employed in Malaysia.

## Notes to the Financial Statements

31 January 2002 (cont'd)

## 3. NET INTEREST EXPENSE AND NET INVESTMENT CHARGE

	Group	
	2002 RM'000	2001 RM'000
<b>Net interest expense</b>		
Interest income	13,585	16,259
Interest on borrowings	(32,949)	(57,329)
	<b>(19,364)</b>	(41,070)
<b>Net investment charge</b>		
Dividends from current asset investments		
Quoted in Malaysia	730	677
Quoted outside Malaysia	394	717
Surplus on realisation of current asset investments		
Quoted in Malaysia	-	1,158
Quoted outside Malaysia	6,123	4,848
Provision for diminution in value of long term and current asset investments	(13,228)	(5,984)
Unrealised foreign exchange loss	(1,725)	(5,328)
	<b>(7,706)</b>	(3,912)
	<b>(27,070)</b>	(44,982)

## 4. TAXATION

	Group	
	2002 RM'000	2001 RM'000
<b>Malaysian taxation</b>		
Income tax – current year		
Parent company	1,245	433
Subsidiary companies	83,710	78,919
Joint venture entity	38	26
Income tax – prior years		
Parent company	89	-
Subsidiary companies	(325)	215
Deferred taxation		
Subsidiary companies	35,562	29,876
Joint venture entity	(196)	-
	<b>120,123</b>	109,469
<b>Foreign taxation</b>		
Income tax – current year		
Parent company	78	167
Subsidiary companies	728	(56)
Deferred taxation – subsidiary company	(120)	68
	<b>686</b>	179
	<b>120,809</b>	109,648

## Notes to the Financial Statements

31 January 2002 (cont'd)

**4. TAXATION (cont'd)**

The effective tax rate of the Group for the financial year was, at 38.8%, higher than the statutory income tax rate of 28% prevailing in Malaysia mainly due to losses of subsidiaries not available for relief at Group level and the non-deductibility of certain expenses for tax purposes.

Subject to agreement by the tax authorities of the respective jurisdictions, the amount of unutilised tax losses of subsidiary companies available for set-off against the future income chargeable to tax of the respective subsidiary companies amounted to **RM115,918,000** (2001: RM86,527,000).

The effective tax rate of the Company was, at 48.2%, higher than the statutory income tax rate of 28% prevailing in Malaysia mainly due to the non-deductibility of the provision for advances to the subsidiary company referred to in Note 2 (b).

**5. DIVIDENDS**

	<b>Group/ Company</b>	
	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
Interim dividend of <b>8 sen tax-exempt</b> (2001: 8 sen tax-exempt) per share paid on 11 December 2001	<b>30,467</b>	30,347
Proposed final dividend of <b>22 sen gross</b> (2001: 22 sen gross) per share less Malaysian income tax	<b>60,411</b>	60,117
	<b>90,878</b>	90,464
Final dividend of prior year, at 22 sen gross per share less Malaysian income tax on shares allotted between:		
1 February 2001 to book closure date of 13 July 2001	<b>75</b>	-
1 February 2000 to book closure date of 14 July 2000	-	521
	<b>90,953</b>	90,985

**6. EARNINGS PER SHARE**

Earnings per share is calculated by dividing the profit after taxation and minority interests for the year of **RM161,351,710** (2001: RM203,138,757) by the weighted average number of shares in issue during the year being **380,354,980** (2001: 378,751,961) shares.

Diluted earnings per share has been calculated by dividing the aforementioned profit after taxation and minority interests for the year by the weighted average number of shares diluted for the effect of share options being **380,634,607** (2001: 380,500,485) shares.

## Notes to the Financial Statements

31 January 2002 (cont'd)

## 7. FIXED ASSETS – INTANGIBLE ASSETS

Group	Premiums RM'000	Land use rights RM'000	Jetty use rights RM'000	Total RM'000
Cost:				
At 1 February 2001	88,170	7,848	2,204	98,222
Exchange Adjustment	–	1	–	1
At 31 January 2002	<b>88,170</b>	<b>7,849</b>	<b>2,204</b>	<b>98,223</b>
Amortisation:				
At 1 February 2001	23,937	658	65	24,660
Charge for the year	3,776	7,191	2,139	13,106
At 31 January 2002	<b>27,713</b>	<b>7,849</b>	<b>2,204</b>	<b>37,766</b>
Net book amount:				
At 31 January 2002	<b>60,457</b>	<b>–</b>	<b>–</b>	<b>60,457</b>
At 31 January 2001	<b>64,233</b>	<b>7,190</b>	<b>2,139</b>	<b>73,562</b>

Included under charge for the year is an impairment provision in respect of land use rights and jetty use rights amounting to **RM9,095,000** (2001: Nil) in respect of the LPG intangible assets as discussed in Note 2 (a).

## 8. FIXED ASSETS – TANGIBLE ASSETS

Group	At 1 February 2001 RM'000	Additions RM'000	Disposals RM'000	Adjustments, reclassifications & transfers RM'000	At 31 January 2002 RM'000
<b>Cost</b>					
Freehold land	14,393	–	–	–	<b>14,393</b>
Long leasehold land	18,068	–	–	931	<b>18,999</b>
	<b>32,461</b>	<b>–</b>	<b>–</b>	<b>931</b>	<b>33,392</b>
Buildings	33,153	96	–	(745)	<b>32,504</b>
Land and buildings	<b>65,614</b>	<b>96</b>	<b>–</b>	<b>186</b>	<b>65,896</b>
Assets under construction	186,070	599,064	–	(316,981)	<b>468,153</b>
Plant and machinery	1,720,669	64	(185)	316,420	<b>2,036,968</b>
Fixtures, fittings & equipment	94,677	6,575	(1,511)	(4,941)	<b>94,800</b>
Vehicles	9,365	3,183	(1,417)	(61)	<b>11,070</b>
Livestock	2,806	139	(875)	(74)	<b>1,996</b>
<b>Total</b>	<b>2,079,201</b>	<b>609,121</b>	<b>(3,988)</b>	<b>(5,451)</b>	<b>2,678,883</b>

## Notes to the Financial Statements

31 January 2002 (cont'd)

## 8. FIXED ASSETS – TANGIBLE ASSETS (cont'd)

	At 1 February 2001 RM'000	Charge for the year RM'000	Disposals RM'000	Adjustments, reclassifications & transfers RM'000	At 31 January 2002 RM'000
<b>Accumulated Depreciation</b>					
<b>Group</b>					
Long leasehold land	(1,099)	(200)	–	–	<b>(1,299)</b>
Buildings	(3,409)	(22,902)	–	–	<b>(26,311)</b>
Land and buildings	(4,508)	(23,102)	–	–	<b>(27,610)</b>
Plant and machinery	(289,071)	(130,042)	44	21,828	<b>(397,241)</b>
Fixtures, fittings & equipment	(65,539)	(8,405)	1,438	139	<b>(72,367)</b>
Vehicles	(5,799)	(1,844)	1,021	–	<b>(6,622)</b>
Livestock	(1,956)	(127)	596	32	<b>(1,455)</b>
<b>Total</b>	<b>(366,873)</b>	<b>(163,520)</b>	<b>3,099</b>	<b>21,999</b>	<b>(505,295)</b>

	At 31 January 2002 RM'000	At 31 January 2001 RM'000
<b>Net Book Value</b>		
<b>Group</b>		
Freehold land	<b>14,393</b>	14,393
Long leasehold land	<b>17,700</b>	16,969
	<b>32,093</b>	31,362
Buildings	<b>6,193</b>	29,744
Land and buildings	<b>38,286</b>	61,106
Assets under construction	<b>468,153</b>	186,070
Plant and machinery	<b>1,639,727</b>	1,431,598
Fixtures, fittings & equipment	<b>22,433</b>	29,138
Vehicles	<b>4,448</b>	3,566
Livestock	<b>541</b>	850
<b>Total</b>	<b>2,173,588</b>	1,712,328

During the financial year, assets under construction amounting to **RM320,044,000** (2001: Nil) in respect of the new power plant have been completed and hence, transferred to plant and machinery. Included in assets under construction were advisory fees paid to related parties amounting to **RM8,561,000** (2001: RM1,575,000). Finance costs capitalised for assets under construction during the financial year amounted to **RM11,930,000** (2001: Nil).

Included in charge for the year is an impairment provision totalling **RM58,558,000** (2001: Nil) relating mainly to buildings (**RM21,593,000**) and plant and machinery (**RM36,504,000**) in respect of the LPG fixed assets as discussed in Note 2 (a).

## Notes to the Financial Statements

31 January 2002 (cont'd)

**9. FIXED ASSETS – INVESTMENT PROPERTY**

**Group**  
**2002/2001**  
**RM'000**  
**365,000**

At 1 February/31 January

The property is principally held for investment purposes and not for consumption within the business. As such, no depreciation is charged in accordance with SSAP 19.

Messrs Jones Lang Wootton had, on 31 March 1999, valued Menara Maxis at RM365,000,000 on an open market existing use basis. This gave rise to a surplus on valuation of RM9,915,000 which has been credited to the investment property revaluation reserve.

In accordance with SSAP 19, an internal valuation to determine the carrying value of Menara Maxis is undertaken annually, based on the terms of existing sub-leases for occupied floors and estimated market rental rates for unoccupied floors. The Directors are satisfied, based on the findings, that the year end carrying value of Menara Maxis at RM365,000,000 is appropriate.

The property has been pledged as collateral for the syndicated term loan facility referred to in Note 17.

**10. FIXED ASSETS – JOINT VENTURE, ASSOCIATE AND SUBSIDIARY UNDERTAKINGS**

	<b>Unquoted shares at cost RM'000</b>	<b>Advances RM'000</b>	<b>Share of losses RM'000</b>	<b>Net book amount RM'000</b>
<b>Group</b>				
<b>Investment in joint venture:</b>				
At 1 February 2001	2,500	30,375	(4,816)	28,059
Movements	–	143	358	501
At 31 January 2002	<u>2,500</u>	<u>30,518</u>	<u>(4,458)</u>	<u>28,560</u>
<b>Investment in associate:</b>				
At 1 February 2001	2,380	4,991	(4,969)	2,402
Movements	–	14	(266)	(252)
At 31 January 2002	<u>2,380</u>	<u>5,005</u>	<u>(5,235)</u>	<u>2,150</u>
<b>Company</b>				
<b>Investments in subsidiary undertakings:</b>				
At 1 February 2001	121,368	1,157,198	–	1,278,566
Movements	–	(218,545)	–	(218,545)
	121,368	938,653	–	1,060,021
Less: Provision for intercompany advances [see Note 2 (b)]	–	(86,642)	–	(86,642)
At 31 January 2002	<u>121,368</u>	<u>852,011</u>	<u>–</u>	<u>973,379</u>

Other details of principal subsidiaries, joint venture and associate undertakings are set out in Note 23. The above advances are interest free and have no fixed terms of repayment.

## Notes to the Financial Statements

31 January 2002 (cont'd)

## 11. LONG TERM INVESTMENTS

	Group	
	2002 RM'000	2001 RM'000
At cost:		
At 1 February	25,958	18,287
Additions	1,280	8,797
Disposals	(247)	(1,126)
	<u>26,991</u>	<u>25,958</u>
Less: Provision for diminution in value	(14,300)	-
Net book value at 31 January	<u>12,691</u>	<u>25,958</u>

Long term investments represent minority equity interests held in limited partnerships, which were formed to generate capital gains primarily from venture capital investments in early stage companies. These partnerships have tenures of 10 years with expiration periods ranging from 30 June 2009 to 15 September 2010.

## 12. STOCKS

	Group	
	2002 RM'000	2001 RM'000
Trading livestock	5,984	4,748
LPG finished products	2,721	1,332
Distillate fuel	14,861	11,230
Spares and consumables	68,834	74,100
	<u>92,400</u>	<u>91,410</u>
Less: Provision for stock obsolescence	(564)	(564)
	<u>91,836</u>	<u>90,846</u>

## 13. DEBTORS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Amounts falling due within one year</b>				
Trade debtors	92,757	64,148	-	-
Amounts due from subsidiary undertakings	-	-	-	27,648
Other debtors	23,431	28,948	-	-
Dividend receivable	-	-	92,160	-
Taxation recoverable	3,589	3,362	-	-
Prepayments	11,580	9,903	2,343	2,257
	<u>131,357</u>	<u>106,361</u>	<u>94,503</u>	<u>29,905</u>

## Notes to the Financial Statements

31 January 2002 (cont'd)

## 14. CURRENT ASSET INVESTMENTS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>At Cost:</b>				
<i>Marketable Securities</i>				
Listed in Malaysia	<b>28,805</b>	26,425	<b>121</b>	121
Listed outside Malaysia	<b>4,522</b>	19,261	-	14,364
	<b>33,327</b>	45,686	<b>121</b>	14,485
Less: Provision for diminution in value	<b>(6,698)</b>	(7,769)	<b>(51)</b>	(1,483)
	<b>26,629</b>	37,917	<b>70</b>	13,002
<i>Short term deposits with licensed financial institutions</i>	<b>465,925</b>	450,618	<b>313,432</b>	78,706
	<b>492,554</b>	488,535	<b>313,502</b>	91,708
<b>At Market Value:</b>				
<i>Marketable Securities</i>				
Listed in Malaysia	<b>26,505</b>	22,979	<b>70</b>	83
Listed outside Malaysia	<b>5,313</b>	21,155	-	12,919
	<b>31,818</b>	44,134	<b>70</b>	13,002
<i>Short term deposits with licensed financial institutions</i>	<b>465,925</b>	450,618	<b>313,432</b>	78,706
	<b>497,743</b>	494,752	<b>313,502</b>	91,708

## 15. CREDITORS (amounts falling due within one year)

		Group		Company	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade creditors		<b>38,626</b>	41,812	-	-
Other creditors		<b>67,906</b>	90,207	<b>619</b>	1,183
Taxation		<b>16,877</b>	24,569	<b>1,336</b>	442
Accruals		<b>58,412</b>	93,225	-	-
Bank loans	17	<b>5,440</b>	118,853	-	-
Commercial papers	17	<b>169,859</b>	-	-	-
Proposed dividends		<b>64,374</b>	86,759	<b>60,411</b>	60,117
		<b>421,494</b>	455,425	<b>62,366</b>	61,742

## Notes to the Financial Statements

31 January 2002 (cont'd)

**16. CREDITORS (amounts falling due after more than one year)**

	Note	Group	
		2002 RM'000	2001 RM'000
Bank loans	17	170,960	186,400
Private Debt Securities	17	800,000	-
Deferred consideration	17	-	444,000
Security deposits for office rental		5,604	6,226
		<b>976,564</b>	<b>636,626</b>

**17. NET DEBT**

	Note	Group	
		2002 RM'000	2001 RM'000
<b>Liquid Resources:</b>			
Cash		14,451	34,427
Short term deposits		465,925	450,618
Current asset investments		26,629	37,917
		<b>507,005</b>	<b>522,962</b>
<b>Debt:</b>			
Bank loans (secured)			
Fixed rate term loan	17a (i)	-	113,413
Syndicated term loan	17a (ii)	176,400	191,840
Private Debt Securities (unsecured)			
Redeemable bonds	17b (i)	350,000	-
Islamic debt securities	17b (ii)	450,000	-
Commercial papers	17b (iii)	169,859	-
		<b>1,146,259</b>	<b>305,253</b>
Deferred consideration	17c	-	444,000
		<b>1,146,259</b>	<b>749,253</b>
<b>Net Debt</b>	25c	<b>(639,254)</b>	<b>(226,291)</b>

(a) The bank loans comprise:

- (i) a fixed rate term loan secured by a charge over the leasehold land and a fixed and floating charge on the assets of a subsidiary undertaking, which bears interest of 8.75% per annum. The loan was fully prepaid in February 2001.

## Notes to the Financial Statements

31 January 2002 (cont'd)

**17. NET DEBT (cont'd)**

- (ii) a syndicated term loan secured by a fixed charge over the freehold land and a floating charge over assets of a subsidiary undertaking and a put option granted by the Company.

The loan bears interest rates which are determined in advance for periods of up to 6 months by reference to lenders' base lending rate. For the financial year, the interest rates on the loan ranged from 6.86% to 8.55% (2001: 6.86% – 8.55%) per annum. The loan is repayable in 29 semi-annual instalments, the first of which commenced in January 2000.

Under the terms of the put option, the majority lenders may require the Company to purchase the amount outstanding under the term loan on 1 April 2006 or upon occurrence of certain put option events. These include inter alia: a breach of certain financial covenants by the Company; the winding up, dissolution or liquidation of the Company or of certain subsidiary undertakings; the Company ceasing to be the holding company of such subsidiary undertakings and the termination of the lease agreement between these subsidiary undertakings.

- (b) The Private Debt Securities comprise:

- (i) unsecured redeemable bonds of nominal value which were issued by Powertek Berhad ("Powertek") at par on 29 August 2001. The weighted average interest rate of the bonds is 6.18% payable semi-annually in arrears with tenures between 5 to 10 years. The proceeds from the bonds were advanced by Powertek to Panglima to part finance the construction of its power plant.
- (ii) Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") with a nominal value of RM450 million which was issued by Pahlawan Power Sdn Bhd ("Pahlawan") on 31 January 2002. The average interest rate of the BaIDS is 6.08% payable semi-annually in arrears with a tenure between 2 to 10 years. The proceeds from the BaIDS were mainly utilised by Pahlawan to settle the deferred consideration due to Tenaga Nasional Berhad ("TNB").
- (iii) Commercial Papers ("CP's") with a nominal value of RM170 million which were first issued on 12 November 2001 as part of Powertek's Private Debt Securities to finance the construction of a power plant undertaken by Panglima Power Sdn Bhd ("Panglima"), a wholly-owned subsidiary of Powertek. These CP's bear interests ranging from 2.92% to 3.10% per annum and are expected to be refinanced with long term borrowings by Panglima within the next financial year.

- (c) The deferred consideration was incurred pursuant to the acquisition from TNB of Tanjong Kling Power Station by Pahlawan and to be fully repaid by 6 August 2005. The said consideration carried interest at a fixed rate of 7% per annum, payable semi-annually in arrears.

Pursuant to a Supplementary Agreement signed on 16 July 2001 between Powertek, Pahlawan and TNB, Pahlawan had on 31 December 2001 fully settled the outstanding amount in consideration of the termination of certain agreements with TNB.

## Notes to the Financial Statements

31 January 2002 (cont'd)

## 17. NET DEBT (cont'd)

	Note	Group	
		2002 RM'000	2001 RM'000
<b>Amounts falling due within 1 year</b>			
Bank loans			
Fixed rate term loan	17a (i)	–	113,413
Syndicated term loan	17a (ii)	5,440	5,440
Commercial papers	17b (iii)	169,859	–
		<b>175,299</b>	<b>118,853</b>
<b>Amounts falling due after more than 1 year</b>			
Bank loan			
Syndicated term loan	17a (ii)	170,960	186,400
Private Debt Securities			
Redeemable bonds	17b (i)	350,000	–
Islamic debt securities	17b (ii)	450,000	–
		<b>970,960</b>	<b>186,400</b>
Deferred consideration	17c	–	444,000
		<b>970,960</b>	<b>630,400</b>
<b>Total Debt</b>		<b>1,146,259</b>	<b>749,253</b>

The maturity analysis of the Group's debt is as follows:

**Maturity of debt:**

Within 1 year	175,299	118,853
Between 1 to 2 years	7,720	5,440
Between 2 to 5 years	305,460	473,540
5 years or more	657,780	151,420
	<b>1,146,259</b>	<b>749,253</b>

## 18. FINANCIAL INSTRUMENTS

The primary purposes of financial instruments are to maintain an adequate level of liquidity and to raise finance for the Group's operations. There was no trading in financial instruments during the period under review. The main risks arising from the Group's financial instruments are interest rate risk and foreign currency risk.

The Group finances its operations by a mixture of internal funds and bank and other borrowings. Borrowings are incurred in the same currency as the anticipated revenues from the underlying business activities, at both fixed and floating rates of interest, for specific transactions. While the Group seeks to maintain a significant proportion of borrowings at fixed rates over the medium term, the interest rate profile of borrowings is regularly reviewed against prevailing and anticipated market interest rates. The repayment and maturity profiles of borrowings are structured after taking into consideration the cash inflows expected to be generated from the underlying operations or assets and the economic life of the assets or operations being financed. At 31 January 2002, 69% of the Group's borrowings were at fixed rates with the balance mainly at floating rates, which are uncapped.

## Notes to the Financial Statements

31 January 2002 (cont'd)

**18. FINANCIAL INSTRUMENTS (cont'd)**

The Group has potential currency risk exposure in its net investment in overseas subsidiaries and in those financial assets that are denominated in foreign currencies ("translation exposure"). The Group has not hedged against translation exposure as these investments do not form a significant proportion of the Group's gross assets.

The Group has entered into foreign currency forward contracts to protect the Group from its foreign currency payment obligations in Ringgit as explained in Note 22(b). Apart from these, the Group has insignificant transaction exposure as some expenses are in currencies other than the functional currencies of the operating entities.

The Group's holdings of short term financial assets minimises liquidity risk as there are sufficient liquid assets and bank and other borrowings to meet the Group's operating requirements for the foreseeable future. Short term debtors and creditors that fall within the definition of financial instruments have been excluded from all the following disclosures as permitted.

**(a) Financial Liabilities**

- (i) The fair values and interest rate risk profile of the Group's financial liabilities are as follows:

	2002		2001	
	Book value RM'000	Fair value RM'000	Book value RM'000	Fair value RM'000
<i>Fixed Rate</i>				
Private Debt Securities				
Redeemable bonds	350,000	351,018	-	-
Islamic debt securities	450,000	451,146	-	-
Bank borrowings	-	-	113,413	116,471
Deferred consideration	-	-	444,000	443,633
	<b>800,000</b>	<b>802,164</b>	557,413	560,104
<i>Floating Rate</i>				
Syndicated term loan	176,400	176,400	191,840	191,840
Commercial papers	169,859	169,859	-	-
	<b>346,259</b>	<b>346,259</b>	191,840	191,840
<i>No Interest Rate</i>				
Security deposits for office rental	5,604	4,110	6,226	2,972
	<b>1,151,863</b>	<b>1,152,533</b>	755,479	754,916

- (ii) The maturity profile of the Group's financial liabilities are as follows:

	2002		2001	
	RM'000	%	RM'000	%
In one year or less	175,299	15	118,853	16
In more than one year but not more than two years	8,992	1	5,440	1
In more than two years but not more than five years	305,460	27	473,540	62
In more than five years	662,112	57	157,646	21
	<b>1,151,863</b>	<b>100</b>	755,479	100

## Notes to the Financial Statements

31 January 2002 (cont'd)

**18. FINANCIAL INSTRUMENTS (cont'd)****(a) Financial Liabilities (cont'd)**

(iii) The interest rate risk profile of the Group's fixed rate financial liabilities are as follows:

	<b>2002</b>	2001
Weighted average interest rate (%)	<b>5.6</b>	7.5
Weighted average period for which rate is fixed (years)	<b>5.7</b>	7.6

The details of fixed and floating rates of financial liabilities are set out in Note 17.

The valuation basis of financial liabilities is explained in the accounting policies relating to financial instruments.

**(b) Financial Assets**

(i) The fair value profiles of the Group's financial assets are as follows:

	<b>2002</b>		2001	
	<b>Book value RM'000</b>	<b>Fair value RM'000</b>	Book value RM'000	Fair value RM'000
Cash, deposits and repurchase agreements	<b>480,376</b>	<b>480,376</b>	485,045	485,045
Current asset investments	<b>26,629</b>	<b>31,818</b>	37,917	44,133
Long term investments	<b>12,691</b>	<b>12,931</b>	25,958	42,714
	<b>519,696</b>	<b>525,125</b>	548,920	571,892

(ii) The interest rate risk and currency profile of the Group's financial assets are as follows:

	<b>At 31 January 2002</b>			At 31 January 2001		
	<b>Floating rate</b>	<b>No interest rate</b>	<b>Total</b>	Floating rate	No interest rate	Total
<b>Currency</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	RM'000	RM'000	RM'000
RM	<b>409,488</b>	<b>33,828</b>	<b>443,316</b>	418,161	46,958	465,119
USD	<b>40,473</b>	<b>13,911</b>	<b>54,384</b>	19,941	28,131	48,072
AUD	<b>16,118</b>	<b>2,047</b>	<b>18,165</b>	14,051	1,096	15,147
SGD	-	<b>348</b>	<b>348</b>	-	13,512	13,512
Others	<b>3,067</b>	<b>416</b>	<b>3,483</b>	6,535	535	7,070
	<b>469,146</b>	<b>50,550</b>	<b>519,696</b>	458,688	90,232	548,920

The deposits with banks and holdings of repurchase agreements bear interest rates fixed in advance for various periods of maturity from overnight up to six months. Current asset investments are investments in listed securities while the long term investments are investments in partnerships as detailed in Note 11.

## Notes to the Financial Statements

31 January 2002 (cont'd)

**18. FINANCIAL INSTRUMENTS (cont'd)****(c) Currency Exposures**

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their functional currency. Exchange differences on retranslation of these assets and liabilities at the balance sheet date are dealt with in the profit and loss account.

Functional currency	Net foreign currency monetary assets/ (liabilities) in RM'000				
	Ringgit Malaysia	US Dollar	Australian Dollar	Others	Total
<b>At 31 January 2002</b>					
Ringgit Malaysia	-	142,321	31,784	6,173	<b>180,278</b>
Renminbi	-	(87,009)	-	-	<b>(87,009)</b>
Others	-	1,524	-	21	<b>1,545</b>
<b>Total</b>	<b>-</b>	<b>56,836</b>	<b>31,784</b>	<b>6,194</b>	<b>94,814</b>
<b>At 31 January 2001</b>					
Ringgit Malaysia	-	102,560	17,506	6,704	126,770
Renminbi	-	(80,488)	-	-	(80,488)
Others	(3,152)	1,375	-	21	(1,756)
<b>Total</b>	<b>(3,152)</b>	<b>23,447</b>	<b>17,506</b>	<b>6,725</b>	<b>44,526</b>

**19. PROVISION FOR LIABILITIES AND CHARGES**

Deferred tax in respect of accelerated capital allowances:

	Group	
	2002 RM'000	2001 RM'000
At 1 February	<b>111,053</b>	81,109
Provision for the year	<b>35,084</b>	29,944
At 31 January	<b>146,137</b>	111,053

All timing differences have been accounted for.

## Notes to the Financial Statements

31 January 2002 (cont'd)

**20. PAID UP SHARE CAPITAL**

	<b>Number of shares of 7.5 pence each</b>	<b>£'000</b>	<b>RM'000</b>
<b>Authorised</b>			
At 1 February 2001 and 31 January 2002	<b>450,000,000</b>	<b>33,750</b>	<b>160,390</b>
<b>Allotted and fully paid</b>			
At 1 February 2001	<b>379,527,136</b>	<b>28,465</b>	<b>135,375</b>
Options exercised under the ESOS for cash consideration	<b>1,854,000</b>	<b>139</b>	<b>658</b>
At 31 January 2002	<b>381,381,136</b>	<b>28,604</b>	<b>136,033</b>

**Employees' Share Option Scheme No. 2 ("ESOS")**

The ESOS commenced on 17 September 1999 and will continue to be in force for a period of five years from that date. In accordance with the bye-laws of the ESOS, options to subscribe for shares in the Company were granted to eligible employees and Executive Directors. The movements of the option shares under the ESOS during the year are as follows:

	<b>Number of option shares '000</b>
At 1 February 2001	13,474
Granted and accepted	2,745
Lapsed	(1,514)
Exercised	(1,857)
At 31 January 2002	<b>12,848</b>

During the financial year, 1,854,000 option shares comprising 5,000 option shares exercised in the previous year and 1,849,000 option shares exercised during the year were allotted to the grantees.

The outstanding ESOS as at 31 January 2002, consisted of the following:

<b>Date of offers of options</b>	<b>Price per share RM</b>	<b>Number of option shares '000</b>
6 October 1999	8.05	7,750
6 January 2000	8.75	175
7 April 2000	10.40	614
11 July 2000	8.45	407
6 October 2000	6.20	1,048
8 January 2001	6.12	532
6 April 2001	5.70	118
11 July 2001	6.45	42
8 October 2001	8.13	1,987
7 January 2002	7.88	175
		<b>12,848</b>

## Notes to the Financial Statements

31 January 2002 (cont'd)

**21. RETAINED PROFIT**

Based on estimated tax credits available under the Malaysian Income Tax Act, 1967 and subject to agreement with the Malaysian Inland Revenue Board, RM1,013 million of the retained profits of the Company is available for distribution by way of dividends without incurring additional tax liability. Of this amount, RM147.1 million is available for distribution as tax exempt dividends.

**22. COMMITMENTS AND CONTINGENCIES****(a) Capital commitments**

	<b>Group</b>	
	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
Authorised and contracted	<b>561,805</b>	1,115,976
Authorised but not contracted	<b>39,468</b>	6,634
	<b>601,273</b>	1,122,610
Analysed as follows:		
Power generating assets	<b>560,517</b>	1,110,863
Fixtures, fittings and equipment	<b>29,162</b>	3,482
Others	<b>11,594</b>	8,265
	<b>601,273</b>	1,122,610

Included in amount authorised and contracted, RM536,820,000 is in relation to the construction of the new 720MW Combined Cycle Gas Turbine ("CCGT") power plant by Panglima. The design, engineering, procurement, construction and commissioning contract ("EPC Contract") in respect of the CCGT power plant was awarded to Siemens Aktiengesellschaft and Siemens Power Generation Asia Pacific Sdn Bhd (collectively known as "Siemens") on a turnkey basis. The CCGT power plant is being constructed in two phases. The first phase being the construction of a 460MW Open Cycle Gas Turbine ("OCGT") power plant. The second phase being the conversion of the OCGT power plant into a 720MW CCGT power plant twelve (12) months after completion of the first phase. As at financial year end, the OCGT power plant has been substantially completed.

**(b) Forward contract commitments**

	<b>Group</b>	
	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
EURO currency – at rates averaging RM1: EURO 0.2949 (2001: 0.2878)	<b>348,897</b>	748,879

The Group has entered into foreign currency forward contracts to protect the Group from movements in exchange rates in relation to its payment obligations in respect of the above EPC contract.

As at 31 January 2002, the settlement dates on foreign currency forward contracts ranged between 1 month and 1 year. The local currency amounts to be paid and contractual exchange rates of the outstanding contracts are as above.

## Notes to the Financial Statements

31 January 2002 (cont'd)

**22. COMMITMENTS AND CONTINGENCIES (cont'd)****(c) Lease commitment**

The Group has an effective annual commitment under a non-cancellable operating lease in respect of land and buildings, which expires as follows:

	<b>Group</b>	
	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
Five years and over	<b>11,902</b>	11,565

The above commitment represents the minority shareholders' interest in the gross annual rental commitment of **RM36,066,000** (2001: RM35,046,000), arising pursuant to a lease agreement, entered into by a wholly-owned subsidiary undertaking with a fellow subsidiary undertaking, Impian Klasik Sdn Bhd, in which the Group has a 67% interest.

**(d) Contingent liabilities**

	<b>Group</b>	
	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
Irrevocable bid bond to TNB in respect of a bid for an interest in a power station	-	1,000

**23. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS**

The principal subsidiary and associated undertakings of the Group all of which have been included in the consolidated financial statements, are shown below:

<b>Name of subsidiary/ associated undertaking</b>	<b>Country of incorporation and operations</b>	<b>Class of share</b>	<b>Percentage holding and voting rights<sup>+</sup></b>	<b>Principal activities</b>
<b>Held by the parent company</b>				
Pan Malaysian Pools Sdn Bhd	Malaysia	Ordinary	100%	Numbers Forecast Totalisator business and Racing Totalisator business
Daya Mahsuri Sdn Bhd	Malaysia	Ordinary	100%	Investment holding
Global Investments (BVI) Limited	British Virgin Islands	Ordinary	100%	Investment holding
<b>Held by the Group</b>				
Powertek Berhad	Malaysia	Ordinary	84%	Power Generation and services in connection thereto

## Notes to the Financial Statements

31 January 2002 (cont'd)

## 23. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS (cont'd)

Name of subsidiary/ associated undertaking	Country of incorporation and operations	Class of share	Percentage holding and voting rights <sup>+</sup>	Principal activities
<b>Held by the Group</b>				
Pahlawan Power Sdn Bhd	Malaysia	Ordinary	84%	Power Generation and services in connection thereto
Panglima Power Sdn Bhd	Malaysia	Ordinary	84%	Power Generation and services in connection thereto
Impian Klasik Sdn Bhd	Malaysia	Ordinary	67%	Property Investment
Tanjong City Centre Property Management Sdn Bhd	Malaysia	Ordinary	100%	Letting and maintenance of Menara Maxis
Pacific LPG Company Limited Taixing	People's Republic of China	Capital contribution	60%	Importation, bottling, sale & distribution of liquefied petroleum gas
Pacific LPG Company Limited Wuhu	People's Republic of China	Capital contribution	65%	Importation, bottling, sale & distribution of liquefied petroleum gas
National Stud Farm Sdn Bhd	Malaysia	Ordinary	100%	Horse breeding/ agistment services
Wynyarra 1996 Pty Ltd	Australia	Ordinary	100%	Horse racing/ breeding
ETS Services Sdn Bhd	Malaysia	Ordinary	100%	Provision of services related to electronic transaction systems
PMP Management Services Sdn Bhd	Malaysia	Ordinary	100%	Provision of consultancy services
Tanjong Golden Village Sdn Bhd*	Malaysia	Ordinary	50%	Film exhibition
Pacific Online Systems Corporation**	Philippines	Class "B" Common	20%	Leasing of facilities for online lottery operations

\* Joint venture

\*\* Associate

+ For the financial years ended 31 January 2002 and 31 January 2001

## Notes to the Financial Statements

31 January 2002 (cont'd)

**24. RELATED PARTY TRANSACTIONS**

The following is a summary of material transactions as defined by Financial Reporting Standard 8, "Related Party Disclosures", which have been contracted in the ordinary course of business and on normal commercial terms between the Group and companies that are associated with:

- (i) the trust that is associated with the family of Ananda Krishnan Tatparanandam and foundations ("the Trust") and
- (ii) the family of Ananda Krishnan Tatparanandam.

The trustee of the Trust is the controlling shareholder of the Company as defined by the Financial Services Authority Listing Rules.

	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
<b>Expenses charged to the Group profit and loss account:</b>		
Equipment lease rentals	<b>1,680</b>	2,092
Software support and licence fees	<b>4,620</b>	5,519
Telecommunication and related services	<b>1,448</b>	2,086
Closed circuit television broadcasting	<b>2,054</b>	2,787
Consultancy and advisory services	<b>16,655</b>	14,077
Building and property maintenance services	<b>3,179</b>	2,531
Other services	<b>356</b>	468
	<b>29,992</b>	29,560
<b>Income credited to the Group profit and loss account:</b>		
Lease rental and tenant service revenue	<b>20,308</b>	18,298
Others	<b>359</b>	28
	<b>20,667</b>	18,326
<b>Recovery of expenses and shared overhead costs:</b>	<b>7,188</b>	8,190

The above transactions were principally with Compute Systems Limited, Communications And Satellite Services Sdn Bhd, Perkhidmatan Usaha Tegas Sdn Bhd, UTSB Management Sdn Bhd, KLCC Urusharta Sdn Bhd, Maxis Communications Berhad and Pan Malaysian Sweeps Sdn Bhd.

During the year, the amounts paid and received in respect of these transactions amounted to **RM41,530,000** (2001: RM35,106,000) and **RM24,161,000** (2001: RM16,276,000) respectively.

	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
<b>Acquisition of tangible fixed assets:</b>		
Financial advisory fees	<b>4,712</b>	1,575
Technical advisory fees	<b>3,849</b>	-
Telelink gateway system	<b>1,480</b>	-
Cost incurred in conjunction with the construction of Menara Maxis	<b>390</b>	1,349
	<b>10,431</b>	2,924

These amounts were paid to UTSB Management Sdn Bhd, All Asia Power Services Sdn Bhd, Multimedia Interactive Technologies Sdn Bhd, KLCC (Holdings) Bhd, Kuala Lumpur City Centre Bhd and UT Projects Sdn Bhd.

## Notes to the Financial Statements

31 January 2002 (cont'd)

**24. RELATED PARTY TRANSACTIONS (cont'd)****Related party balances:**

	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
Amounts due to related parties	<b>4,423</b>	3,061
Amounts due from related parties	<b>7,326</b>	1,831

**25. NOTES ON GROUP CASH FLOW STATEMENT****(a) Reconciliation of operating profit to operating cash flows**

	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
Operating profit	<b>338,570</b>	381,870
Depreciation and amortisation	<b>108,973</b>	113,372
Adjustment for other non-cash items	<b>67,395</b>	4,329
	<b>514,938</b>	499,571
Movement in stocks	<b>(11,850)</b>	(18,153)
Movement in debtors	<b>(28,275)</b>	(500)
Movement in creditors	<b>(75,846)</b>	(1,048)
<b>Net cash inflow from operating activities</b>	<b>398,967</b>	479,870

**(b) Analysis of cash flows for headings netted in the cash flow statement**

	<b>2002</b>	2001
	<b>RM'000</b>	RM'000
<b>Returns on investments and servicing of finance</b>		
Interest received	<b>14,850</b>	16,565
Interest paid	<b>(58,197)</b>	(58,982)
Dividend received from current asset investments	<b>1,030</b>	1,329
Dividend paid to minority interests	<b>(30,605)</b>	(11,743)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(72,922)</b>	(52,831)
<b>Capital expenditure</b>		
Purchase of fixed assets	<b>(10,121)</b>	(6,905)
Disposal of fixed assets	<b>1,059</b>	689
<b>Net cash outflow from capital expenditure</b>	<b>(9,062)</b>	(6,216)
<b>Acquisitions and disposals</b>		
Construction of a power generation plant	<b>(560,890)</b>	(159,521)
Long term investment	<b>(1,276)</b>	(8,423)
<b>Net cash outflow from acquisitions and disposals</b>	<b>(562,166)</b>	(167,944)

## Notes to the Financial Statements

31 January 2002 (cont'd)

## 25. NOTES ON GROUP CASH FLOW STATEMENT (cont'd)

## (b) Analysis of cash flows for headings netted in the cash flow statement (cont'd)

	2002 RM'000	2001 RM'000
<b>Management of liquid resources</b>		
Increase in funds placed on deposit	(15,307)	(60,633)
Decrease in current asset investments	18,830	13,281
Currency translation differences	(1,020)	(2,465)
<b>Net cash inflow/(outflow) from management of liquid resources</b>	<b>2,503</b>	<b>(49,817)</b>
<b>Financing</b>		
Issue of ordinary shares	11,450	28,202
Increase/(Decrease) in borrowings	396,359	(29,040)
<b>Net cash inflow/(outflow) from financing</b>	<b>407,809</b>	<b>(838)</b>

## (c) Analysis of net debt

	Cash and bank balances RM'000	Marketable securities & short term deposits RM'000	Debt RM'000	Total RM'000
At 1 February 2001	34,427	488,535	(749,253)	(226,291)
Net cashflow	(19,905)	(3,521)	-	(23,426)
Net borrowings	-	-	(396,359)	(396,359)
Non-cash changes	(71)	7,540	(647)	6,822
<b>At 31 January 2002</b>	<b>14,451</b>	<b>492,554</b>	<b>(1,146,259)</b>	<b>(639,254)</b>

## 26. SUBSEQUENT EVENTS

## (a) Acquisition of interest

On 4 February 2002, Tanjong Entertainment Sdn Bhd, a wholly-owned subsidiary of the Company, acquired one ordinary share in Global Entertainment And Management Systems Sdn Bhd ("GEMS") presently representing one third of the issued share capital of GEMS. GEMS was formed pursuant to a joint venture with two other parties to acquire a 25% equity interest in Tanjong Golden Village Sdn Bhd ("TGV") for a total cash consideration of RM12.92 million (the "Acquisition") from Village Cinemas International Pty Ltd ("Village"). A Sale and Purchase Agreement on the Acquisition has been executed on 8 February 2002 whereby upon approval from the Malaysian Foreign Investment Committee (the "Completion Date"), Village shall sell and assign the 25% equity interest and shareholder's loan in TGV to GEMS. A deposit equivalent to 10% of the purchase consideration was paid on 6 March 2002 while the remaining 90% amounting to RM11.6 million is payable on the Completion Date.

## (b) Commencement of operations

Subsequent to the financial year end, Panglima achieved commercial operations in respect of its OCGT power plant. In March 2002, Panglima encountered a post-commissioning incident relating to one of the gas turbine units of its power plant. Rectification work is being carried out at the date of this report. At this juncture, this incident is not expected to have a material impact on the Group's financial performance.