



CEPATWAWASAN GROUP BERHAD

Company No: 536499-K



annual
report
2002

CEPAT WAJIB





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Notice of 2ND Annual GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2nd Annual General Meeting of Cepatawawasan Group Berhad (536499-K) will be held at Grand Ballroom, Sabah Hotel, Km 1, Jalan Utara, 90000 Sandakan, Sabah on Tuesday, 29 October 2002 at 11:00 am for the following purposes:-

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 April 2002 together with the Report of the Directors and Auditors thereon. (Resolution 1)
2. To approve the payment of Directors' fees. (Resolution 2)
3. To re-elect the following Directors:-
 - 3.1 Mr Seah Tee Lean, JP retires pursuant to Article 83 of the Company's Articles of Association, and being eligible, offers himself for re-election. (Resolution 3)
 - 3.2 Mr Ho Hee Chung retires pursuant to Article 83 of the Company's Articles of Association, and being eligible, offers himself for re-election. (Resolution 4)
 - 3.3 Datuk Lo Fui Ming retires pursuant to Article 83 of the Company's Articles of Association, and being eligible, offers himself for re-election. (Resolution 5)
 - 3.4 Mr Tsen Thau Tet, retires pursuant to Article 76 of the Company's Articles of Association, and being eligible, offers himself for re-election. (Resolution 6)
 - 3.5 Mr Ouh Mee Lan retires pursuant to Article 83 of the Company's Articles of Association, and being eligible, offers himself for re-election. (Resolution 7)
 - 3.6 Mr Tan Kum Peng retires pursuant to Article 83 of the Company's Articles of Association, and being eligible, offers himself for re-election. (Resolution 8)
 - 3.7 Mr Lim Ted Hing retires pursuant to Article 83 of the Company's Articles of Association, and being eligible, offers himself for re-election. (Resolution 9)
 - 3.8 Mr Peter Chan Ngai Choong retires pursuant to Article 83 of the Company's Articles of Association, and being eligible, offers himself for re-election. (Resolution 10)
 - 3.9 Mr Chen Syn Fook @ Charles retires pursuant to Article 83 of the Company's Articles of Association, and being eligible, offers himself for re-election. (Resolution 11)
 - 3.10 Encik Ag Ahmad Bin Ag Amin retires pursuant to Article 83 of the Company's Articles of Association, and being eligible, offers himself for re-election. (Resolution 12)
4. To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration. (Resolution 13)

Notice of 2ND Annual GENERAL MEETING (cont'd)

Special Business

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

5. **ORDINARY RESOLUTION:**

Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

“THAT subject to the provision of Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorized from time to time to issue and allot shares in the Company upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

(Resolution 14)

6. To transact any other business of the Company of which due notice has been given to the Company.

By Order of the Board

YEE CHU FAH
(MIA 13250)
Company Secretary

Sandakan, Sabah
7 October 2002

Notes:

- a) A member entitled to attend and vote is entitled to appoint one or more proxies, (subject to a maximum of two (2) proxies at each meeting) to attend and vote instead of him. Where a member appoints two (2) proxies he shall specify the proportion of his shareholding to be represented by each proxy. A proxy may but need not be a member of the Company, and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or person approved by the Companies Commission. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 39 40, Block C, Taman Indah Jaya Shophouses, Mile 4, North Road, 90000 Sandakan, Sabah, not less than 48 hours before the time appointed for holding the meeting.

Where the Form of Proxy is executed by a corporation, it must be either under seal or under the hand of any officer or attorney duly authorized.

Special Business

- b) The proposed resolution 14 is in relation to authority to allot shares pursuant to Section 132D of the Companies Act, 1965 and if passed, will give the Directors of the Company, from the date of the above general meeting, authority to issue and allot shares from the unissued capital of the Company for such purpose as the Directors may deem fit and in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying Notice of ANNUAL GENERAL MEETING

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1. Names of directors who are standing for re-election/re-appointment

(a) Seah Tee Lean, JP	(retiring pursuant to Article 83 of the Articles of Association of the Company)
(b) Datuk Lo Fui Ming	
(c) Ho Hee Chung	
(d) Tsen Thau Tet	(retiring pursuant to Article 76 of the Articles of Association of the Company)
(e) Ouh Mee Lan	(retiring pursuant to Article 83 of the Articles of Association of the Company)
(f) Tan Kum Peng	
(g) Lim Ted Hing	
(h) Peter Chan Ngai Choong	
(i) Chen Syn Fook @ Charles	
(j) Ag Ahmad Bin Ag Amin	

2. Details of attendance of directors at Board Meeting

Four (4) Board Meetings were held during the financial year from 1 May 2001 to 30 April 2002.

Name	Meetings attended	Maximum possible meetings to attend
Seah Tee Lean, JP (appointed on 01.10.2001)	4	4
Ho Hee Chung (appointed on 01.10.2001)	4	4
Datuk Lo Fui Ming (appointed on 01.10.2001)	4	4
Tsen Thau Tet	3	4
Ouh Mee Lan (appointed on 01.10.2001)	4	4
Tan Kum Peng (appointed on 01.10.2001)	4	4
Lim Ted Hing (appointed on 31.12.2001)	1	1
Peter Chan Ngai Choong (appointed on 12.10.2001)	2	3
Chen Syn Fook @ Charles (appointed on 12.10.2001)	3	3
Ag Ahmad Bin Ag Amin (appointed on 12.10.2001)	3	3

3. Place, date and time of the Annual General Meeting

Place	Date	Time
Grand Ballroom Sabah Hotel Km 1, Jalan Utara, 90000 Sandakan, Sabah	29 October 2002	11:00 am

4. Further details of individuals who are standing for re-election as directors

Details of directors who are standing for re-election are set out on page 6 to 8 of the Annual Report.

Corporate and Other INFORMATION

BOARD OF DIRECTORS

Seah Tee Lean, JP
Ho Hee Chung
Datuk Lo Fui Ming
Tsen Thau Tet
Ouh Mee Lan
Tan Kum Peng
Lim Ted Hing

Peter Chan Ngai Choong
Chen Syn Fook @ Charles
Ag Ahmad Bin Ag Amin

- Non-Executive Chairman
- Non-Executive Deputy Chairman
- Managing Director
- Executive Director
- Executive Director
- Executive Director
- Executive Director
- Independent Non-Executive Director
- Independent Non-Executive Director
- Independent Non-Executive Director

AUDIT COMMITTEE

Peter Chan Ngai Choong (Chairman)
Chen Syn Fook @ Charles
Ag Ahmad Bin Ag Amin
Lim Ted Hing

EXCO COMMITTEE

Lim Ted Hing (Chairman)
Datuk Lo Fui Ming
Tsen Thau Tet
Ouh Mee Lan
Tan Kum Peng
Seah Sen Onn @ David Seah

NOMINATION COMMITTEE

Seah Tee Lean, JP (Chairman)
Ho Hee Chung
Peter Chan Ngai Choong
Chen Syn Fook @ Charles
Ag Ahmad Bin Ag Amin

REMUNERATION COMMITTEE

Seah Tee Lean, JP (Chairman)
Ho Hee Chung
Chen Syn Fook @ Charles
Lim Ted Hing

COMPANY SECRETARY

Yee Chu Fah (MIA 13250)

REGISTERED OFFICE

Lot 39-40, Block C
Taman Indah Jaya Shophouses
Mile 4, North Road
P O Box 1562
90717 Sandakan, Sabah
Tel: 089-221569
Fax: 089-220881

AUDITORS

Ernst & Young
16th Floor, Wisma
Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan, Sabah

Tel: 089-217266
Fax: 089-272002

REGISTRAR

Signet Share Registration
Services Sdn. Bhd.

11th Floor, Tower Block
Komplek Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: 03-21454337
Fax: 03-24121353

SOLICITORS

Tan Pang Tsen & Co.
3rd Floor, Lot 1 to 4
Wisma Jasaga, Leboh Dua
90000 Sandakan, Sabah

Tel: 089-216644
Fax: 089-228899

Shearn Delamore & Co.
7th Floor, Wisma Hamzah-
Kwong Hing
No. 1, Leboh Ampang
50100 Kuala Lumpur

Tel: 03-20700644
Fax: 03-20785625

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad

LEGAL FORM AND DOMICILE

Public limited liability company
Incorporated and domiciled in
Malaysia

STOCK EXCHANGE LISTING

Second Board of the Kuala Lumpur
Stock Exchange

E-MAIL ADDRESS

cptgrp@tm.net.my

OF DIRECTORS



Seah Tee Lean, JP, aged 65, a Malaysian, started his working career after attending his secondary education and has been involved in the plantation industry for more than twenty (20) years. He was appointed to the Board on 01 October 2001 and he is currently the Non-Executive Chairman of the Company. He is also the Chairman of the Nomination Committee and Remuneration Committee. He has been involved in the timber industry for more than thirty (30) years. He is currently the Group Managing Director and Chief Executive Officer of Tekala Corporation Berhad, a company listed on the Main Board of the KLSE, the positions of which he has held since 1996 and is also a director of Borneo Golf Resort Berhad. He also sits on the Board of various private limited companies. He has attended four (4) Board Meetings out of a maximum possible of four (4) meetings during the financial year ended 30 April 2002. He holds direct interest of 8,538,873 shares in the Company and direct interest of 6,799,000 ICULS in the Company. He does not hold any shares in the subsidiaries. He has no family relationship with any directors and/or major shareholders of the Company. The

details of his related party transaction can be found on pages 60 to 61. He has no conviction for offences within the past ten (10) years.

Ho Hee Chung, aged 51, a Malaysian, has extensive experience in the business sector. He was appointed to the Board on 01 October 2001 and he is currently the Non-Executive Deputy Chairman of the Company. He also sits on the Nomination Committee and Remuneration Committee. He has more than twenty (20) years experience in the timber industry with involvement in timber concession holdings, timber contracting, timber trading and processing. His involvement in the plantation industry started about fifteen (15) years ago with several small land holdings which have since grown to the present size. He also sits on the Board of several other private limited companies. He has attended four (4) Board Meetings out of a maximum possible of four (4) meetings during the financial year ended 30 April 2002. He holds direct interest of 20,493,564 shares in the Company. He does not hold any shares in the subsidiaries. He has no family relationship with any directors and/or major shareholders of the Company. The details of his related party transaction can be found on pages 60 to 61. He has no conviction for offences within the past ten (10) years.



Datuk Lo Fui Ming, aged 46, a Malaysian, has extensive experience in the business sector. He was appointed to the Board on 01 October 2001 and is currently the Managing Director of the Company. He is also a member of the EXCO Committee. After attending secondary education, he started working in a timber camp in the operations division and was subsequently appointed as Manager. He set up his own logging company in the early 1980's and was involved in the various aspects of the timber industry including timber concession holding, logging contracting, timber trading and timber processing. His involvement in the plantation industry started about fifteen (15) years ago with several small land holdings which have since grown with the acquisition of Cepatwawasan Sdn Bhd and Bakara Sdn Bhd and the incorporation of Prolific Yield Sdn Bhd, which is involved in palm oil processing. He also sits on the Board of several other private limited companies. He has attended four (4) Board Meetings out of a maximum possible of four (4) meetings during the financial year ended 30 April 2002. He holds direct interest of 28,778,117 shares in the Company. He does not hold any shares in the subsidiaries. He

has no family relationship with any directors and/or major shareholders of the Company. The details of his related party transaction can be found on pages 60 to 61. He has no conviction for offences within the past ten (10) years.

Profile of the Board OF DIRECTORS (cont'd)

Tsen Thau Tet, aged 55, a Malaysian, was appointed to the Board on 06 February 2001. He is also a member of the EXCO Committee. He graduated from the University of Tasmania, Australia with a Bachelor of Agriculture Science in 1971. He is a member of the Society of Agricultural Scientists, Sabah and the Incorporated Society of Planters, Malaysia. He specializes in plantation agriculture, oil palm and cocoa agronomy and plantation management. Since 1971, he has held various positions with various institutions which include Agriculture Officer (Tawau) in the Department of Agriculture, Sabah, Agronomist for Ulu Dusun Oil Palm Research Station, Sandakan and General Manager for Pembangunan Ladang Hassan Sdn Bhd. At present, he is an agricultural consultant by profession and also the Chairman and Director of the Aqthal Jasmeg group of companies since 1980. He has attended three (3) Board Meetings out of a maximum possible of four (4) meetings during the financial year ended 30 April 2002. He holds direct interest of 1,614,329 shares and indirect interest of 1,423,230 shares in the Company. He also has direct interest of 666,000 ICULS in the Company. He does not hold any shares in the subsidiaries. He has no family relationship with any directors and/or major shareholders of the Company. The details of his related party transaction can be found on pages 60 to 61. He has no conviction for offences within the past ten (10) years.



Ouh Mee Lan, aged 52, a Malaysian, was appointed to the Board on 01 October 2001. He is also a member of the EXCO Committee. He has vast experience in the timber industry venturing into his own business in 1980 with the setting up of a timber logging and contracting firm. He has been involved in the plantation industry for about fifteen (15) years and is the co-founder of Syarikat Melabau Sdn Bhd and its subsidiaries which are principally involved in the operation of oil palm plantations. He also sits on the Board of several other private limited companies. He has attended four (4) Board Meetings out of a maximum possible of four (4) meetings during the financial year ended 30 April 2002. He holds direct interest of 8,730,228 shares in the Company. He does not hold any shares in the subsidiaries. He has no family relationship with any directors and/or major shareholders of the Company. The details of his related party transaction can be found on pages 60 to 61. He has no conviction for offences within the past ten (10) years.

Tan Kum Peng, aged 51, a Malaysian, was appointed to the Board on 01 October 2001. He is also a member of the EXCO Committee. He is the co-founder of Syarikat Melabau Sdn Bhd and its subsidiaries. In 1980, he ventured into the timber logging and contracting business with Ouh Mee Lan. He has been involved in the plantation industry for about fifteen (15) years. He had attended four (4) Board Meetings out of a maximum possible of four (4) meetings during the financial year ended 30 April 2002. He holds direct interest of 7,749,033 shares in the Company. He does not hold any shares in the subsidiaries. He has no family relationship with any directors and/or major shareholders of the Company. The details of his related party transaction can be found on pages 60 to 61. He has no conviction for offences within the past ten (10) years.





Lim Ted Hing, aged 47, a Malaysian, and a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He was appointed to the Board of Directors on 31 December 2001 as Executive Director. He currently sits on the EXCO Committee, the Audit Committee and the Remuneration Committee. He joined Ernst & Young, a public accounting firm in 1985 and was the Senior Manager in charge of its Sandakan office before leaving to join Syarikat Tekala Sdn Bhd as Financial Controller in July 1994. He was appointed as Executive Director/Chief Operating Officer of Tekala Corporation Berhad, a company listed on the Main Board of the KLSE, in June 1996. He is currently a Director of Borneo Golf Resort Berhad and also an Independent Non-Executive Director of NPC Resources Berhad. He also sits on the Board of several private limited companies. He has attended one (1) Board Meeting out of a maximum possible of one (1) meeting during the financial year ended 30 April 2002. He holds direct interest of 1,484,488 shares in the Company and direct interest of 1,820,000

ICULS in the Company. He does not hold any shares in the subsidiaries. He has no family relationship with any directors and/or major shareholders of the Company. The details of his related party transaction can be found on pages 60 to 61. He has no conviction for offences within the past ten (10) years.

Peter Chan Ngai Choong, aged 41, a Malaysian, and holds a Master of Business Administration from Charles Sturt University, Australia. He was appointed to the Board as an Independent Non-Executive Director on 12 October 2001. He is the Chairman of the Audit Committee and a member of the Nomination Committee. He joined Carrier (Malaysia) Sdn Bhd in 1984 and was the Credit Administrator before leaving to join TM Sales & Services Sdn Bhd, also known as Trane, as the Finance and Administration Manager. He was then promoted to General Operations Manager in 1994. He was appointed as the Independent Non-Executive Director of S & P Food Industries (M) Berhad in March 1999 and currently sits on the Board of several other private limited companies. He has attended two (2) Board Meetings out of a maximum possible three (3) meetings during the financial year ended 30 April 2002. He does not hold any shares in the Company or the subsidiaries. He has no family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years.



Chen Syn Fook @ Charles, aged 67, a Malaysian, and has a Diploma in Public Administration from South Devon Technical College, United Kingdom. He was appointed to the Board as an Independent Non-Executive Director on 12 October 2001. He currently sits on the Audit Committee, the Nomination Committee and the Remuneration Committee. He is a retired civil servant having served the Sabah State Government for 35 years with the last position being the Principal Assistant Secretary in the Ministry of Natural Resources, Sabah. He has attended three (3) Board Meetings out of a maximum possible of three (3) meetings during the financial year ended 30 April 2002. He does not hold any shares in the Company or the subsidiaries. He has no family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years.

Ag Ahmad Bin Ag Amin, aged 40, a Malaysian, and had completed a two-year course at Institute Technology Industries. He was appointed to the Board as an Independent Non-Executive Director on 12 October 2001. He is a member of the Audit Committee and Nomination Committee of the Company. He is currently doing his own business in contract farming. He sits on the Board of Tekala Corporation Berhad as an Independent Non-Executive Director and also on the Board of few private limited companies. He has attended three (3) Board Meetings out of a maximum possible of three (3) meetings during the financial year ended 30 April 2002. He does not hold any shares in the Company or the subsidiaries. He has no family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years.

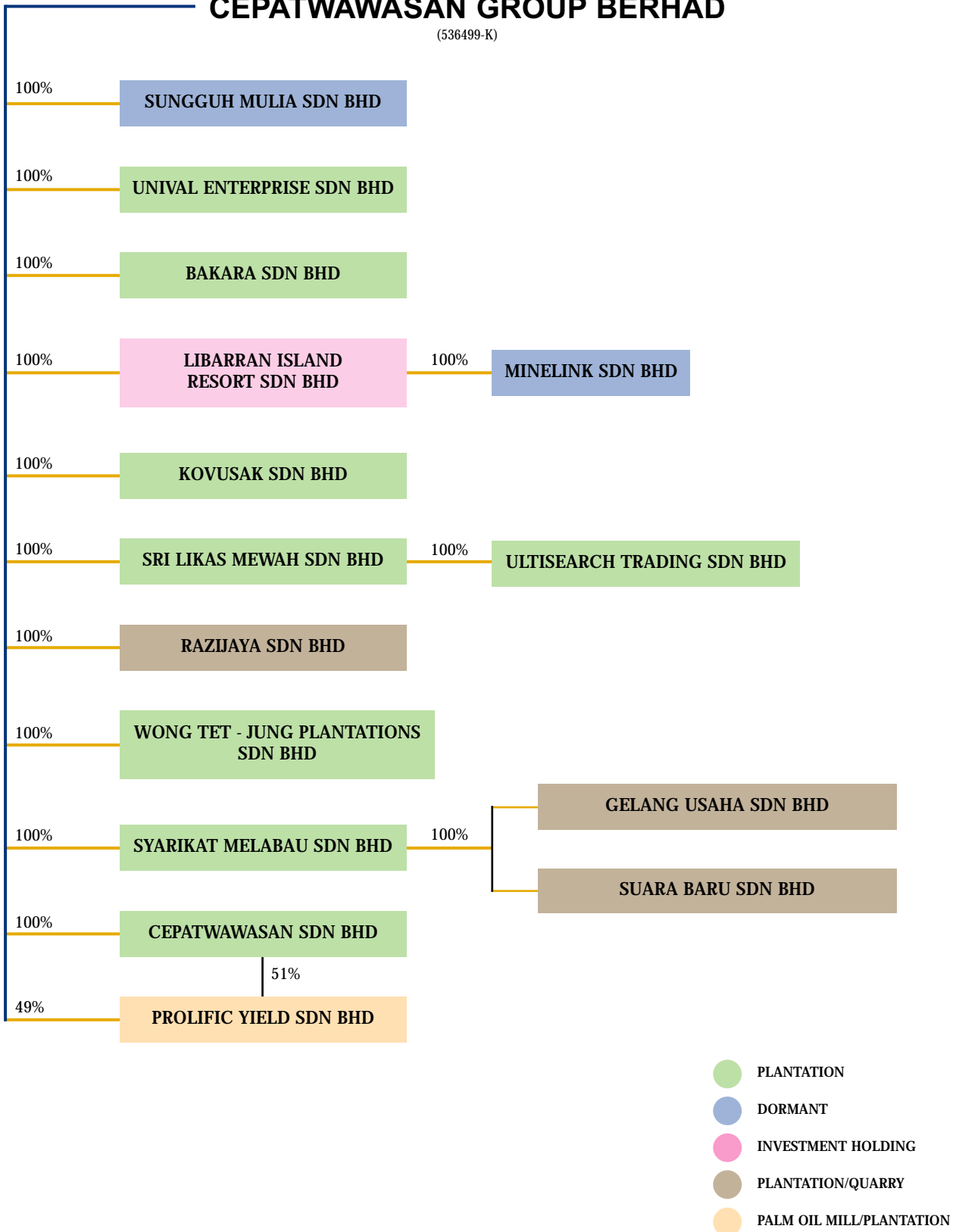


Group STRUCTURE



CEPATWAWASAN GROUP BERHAD

(536499-K)



Chairman's STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present to you, our valued shareholders, the Annual Report and the Audited Financial Statements for the Group and also for the Company for the financial year ended 30 April 2002.

BACKGROUND

Cepatwawasan Group Berhad ('Company' or 'Cepat') was incorporated on 11 January 2001 to facilitate the acquisition of 15 companies and pursuant to the restructuring exercise of S & P Food Industries (M) Berhad ('SPF') to assume the listing status of SPF on the Second Board of the Kuala Lumpur Stock Exchange ('KLSE').



Seah Tee Lean, JP
Chairman





The restructuring exercise of SPF is comprised of:-

- Reduction of S & P Food Industries (M) Berhad's ('SPF') existing issued and paid-up share capital of RM16,100,000 comprising 16,100,000 ordinary shares of RM1.00 each to RM8,050,000 comprising 8,050,000 ordinary shares of RM1.00 each pursuant to Section 64 of the Companies Act 1965 ('Act'), by the cancellation of RM0.50 of the par value of every ordinary share of RM1.00 each of SPF in issue and thereafter consolidating every two (2) ordinary shares of RM0.50 each into one (1) ordinary share of RM1.00 each ('SPF Consolidated Share');
- Scheme of arrangement between SPF, its shareholders and Cepat, under Section 176 of the Act, whereby the 8,050,000 SPF consolidated shares were exchanged with 8,050,000 ordinary shares of RM1.00 in Cepat, on the basis of one (1) new Cepat ordinary share for every SPF consolidated share;
- Settlement of debts owing by SPF to identified financial institutions amounting to RM35,855,772, partly by cash repayment of RM10,433,772 and the balance by conversion into RM25,422,000 nominal value of five (5)-year 4% Irredeemable Convertible Unsecured Loan Stocks ('ICULS') in Cepat at 100% of its nominal value;
- Settlement of a claim by SJ Securities Sdn Bhd against SPF amounting to RM1,264,433 partly by cash payment of RM64,120 and the balance by the issuance of RM1,200,000 nominal value of five (5)-year 4% ICULS in Cepat at 100% of its nominal value with the remaining RM313 waived;
- Acquisition by Cepat of equity interests in Cepatwawasan Sdn Bhd, Syarikat Melabau Sdn Bhd, Wong Tet-Jung Plantations Sdn Bhd, Razijaya Sdn Bhd, Prolific Yield Sdn Bhd, Sri Likas Mewah Sdn Bhd, Kovusak Sdn Bhd, Minelink Sdn Bhd, Bakara Sdn Bhd, Unival Enterprise Sdn Bhd, Sungguh Mulia Sdn Bhd, Suara Baru Sdn Bhd, Gelang Usaha Sdn Bhd, Libarran Island Resort Sdn Bhd and Ultisearch Trading Sdn Bhd ('Target Companies') for a total purchase consideration of RM170,205,185 satisfied by an issuance of 160,141,193 new Cepat ordinary shares of RM1.00 each at par and the balance of RM10,063,992 payable by four equal instalments;
- Acquisition of an oil palm estate from Syarikat P H Lim Sdn Bhd for a total purchase consideration of RM5,732,650 to be satisfied by an issuance of 5,732,650 new Cepat ordinary shares of RM1.00 each at par;
- Advance of RM5,000,000 cash to Cepat by certain vendors of the Target Companies;

- Settlement of amount owing to certain directors and shareholders of the Target Companies amounting to RM14,911,070 by the issuance of 14,911,070 new Cepat ordinary shares of RM1.00 each at par; and
- Disposal by Cepat of the entire equity interest in SPF to Simfoni Melangit Sdn Bhd for a total cash consideration of RM6,300,000.

The Company was listed on the KLSE on 24 October 2001. The said companies were acquired on 01 October 2001. The above restructuring exercise was completed on 06 November 2001.

INDUSTRY TRENDS AND DEVELOPMENT

The Company is an investment holding company. The Group is principally involved in the cultivation of oil palm plantations, the processing of oil palm for crude palm oil ('CPO') and palm kernel ('PK') and the supplying of stones for road constructions.

With the acquisition of the subsidiaries on 01 October 2001, the plantation sector has contributed positively to the earnings of our group.

Apart from the plantation sector, we anticipate that our quarry at Paitan will commence operations in financial year 2003 with the increasing stones demand for road constructions and road maintenance.



GROUP PERFORMANCE

The Group recorded a turnover of approximately RM47 million and a profit after tax of approximately RM3 million for the financial year ended 30 April 2002.

The Group's palm oil mill at Km 63.5, Sandakan-Lahad Datu highway has a processing capacity of 60 metric tonnes per hour and can be further upgraded to 75 metric tonnes per hour. Subsequent to the acquisition of the subsidiaries, the Group has undertaken a rationalization and consolidation exercise of the activities of the estates within the Group and this has resulted in significant cost savings which will translate into greater profitability for the Group in the coming years.

DIVIDENDS

As this is the first year the Group came into existence and only seven months of operational results were reflected in the financial statements, the directors do not recommend the payment of dividends for the financial year ended 30 April 2002.

GROUP PROSPECTS

Despite the volatile nature of the commodity prices for palm oil products, the Group remains optimistic that as long as appropriate cost control measures and operational efficiency processes are in place, the plantation sector is a long term viable business and will generate increases in shareholders' value in the course of time.

The Group has immature areas of oil palm planted in the total of 899 hectares and a plantable reserve of 1,253 hectares which upon the oil palm being planted and maturing will generate extra revenue for the Group.

The quarry sector of the Group is estimated to contribute to the earnings of the Group in the financial year ending 2003.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our gratitude to the management and employees for their dedicated service during the year. I would also like to convey our sincere thanks to our shareholders, customers, suppliers, business associate and the relevant authorities for their support of our Group.

SEAH TEE LEAN, JP
Chairman

07 October 2002



The Board of Directors (the 'Board') of Cepatwawasan Group Berhad (the 'Company') is pleased to present to the shareholders a report on the manner in which the Company has applied the principles and the extent of compliance with the Best Practices of Corporate Governance as contained in the Malaysian Code on Corporate Governance pursuant to paragraph 15.26 of the Listing Requirements of the Kuala Lumpur Stock Exchange ('Listing Requirements').

The Board recognises that the exercise of good Corporate Governance is a pre-requisite towards the continuing success of the Company as well as safeguarding and enhancing shareholders' value and protecting the interest of other stakeholders.

1. DIRECTORS

1.1 Board Composition

The Board currently consists of ten directors

- One Non-Executive Chairman
- One Non-Executive Deputy Chairman
- One Managing Director
- Four Executive Directors
- Three Independent Non-Executive Directors

The Managing Director and the Executive Directors have many years of experience in the operations of the Group which consist of plantations, palm oil mill and quarry. The Non-Executive Directors have extensive commercial experience. The Independent Directors, together with the Chairman and Deputy Chairman are actively involved in the various Board Meetings and the various Board Committees and provide unbiased and independent judgement into all Board deliberations.

The roles of the Chairman and the Managing Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Board has approved the Corporate objectives developed by the management and has also developed positions description limits to management responsibilities.

The Chairman (assisted by the Deputy Chairman) is primarily responsible for the orderly conduct and working of the Board while the Managing Director has overall responsibilities for the business operations of the Group and the implementation of Board policies and decisions.

The Company has complied with the requirement of paragraph 15.02 of the Listing Requirements whereby one third of the Board of Directors are Independent Directors.

The Board has appointed Mr Peter Chan Ngai Choong as Senior Independent Non-Executive Director to whom concerns may be conveyed.

Four (4) Board Meetings were held in the financial year from 1 May 2001 to 30 April 2002. The details of attendance of each individual director are as follows:-

Name	Meetings attended	Maximum possible meetings to attend
Seah Tee Lean, JP (appointed on 01.10.2001)	4	4
Ho Hee Chung (appointed on 01.10.2001)	4	4
Datuk Lo Fui Ming (appointed on 01.10.2001)	4	4
Tsen Thau Tet	3	4
Ouh Mee Lan (appointed on 01.10.2001)	4	4
Tan Kum Peng (appointed on 01.10.2001)	4	4
Lim Ted Hing (appointed on 31.12.2001)	1	1
Peter Chan Ngai Choong (appointed on 12.10.2001)	2	3
Chen Syn Fook @ Charles (appointed on 12.10.2001)	3	3
Ag Ahmad Bin Ag Amin (appointed on 12.10.2001)	3	3

1.2 Principal responsibility of the Board

The Board assumes full responsibility for the operations of the Company. In discharging their responsibility, the Board considers all aspects of the operations of the Company and in particular the following areas:

Statement on the Application of the Principles and Best Practices of the Malaysian Code on CORPORATE GOVERNANCE (cont'd)

1. DIRECTORS - CONT'D

1.2 Principal responsibility of the Board

- Reviewing and adopting a strategic business plan for the Company.
- Overseeing the conduct of the business of the Company.
- Identifying and putting in place systems to manage any principal risk.
- Succession planning for senior management.
- Developing and implementing investor relations programme or shareholder communications policy.
- Reviewing internal control and management information systems.

The Board has a formal schedule of matters reserved to itself, which includes the overall Group business strategy, acquisition or divestment policy, approval of major capital expenditure, consideration of significant financial matters and it reviews the financial and operating performance of the Group.

1.3 Supply of information

All directors are supplied with an agenda and a set of Board papers prior to the Board Meetings. Committee members are also supplied with an agenda and working papers prior to the Committee Meetings. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made.

These information are supplied in a timely manner so as to enable the directors/Committee members to be properly briefed before the meetings concerned.

All directors have full access to information within the Company which are relevant to the directors in the course of their duties and for the benefit of the Company.

All directors have access to the advice and services of the Company Secretary.

There is a formal procedure sanctioned by the Board of Directors, whether as a full Board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

1.4 Appointment and Re-election of Directors

The Company's Articles of Association requires that at least one third of the directors (including the Managing Director) shall retire from office at every annual general meetings of the Company and that all the directors shall retire at least once in every three years but shall be eligible for re-election. Directors who are appointed by the Board shall hold office until the next annual general meeting of the Company when they shall retire and be eligible for re-election by the shareholders.

At any general meeting of which more than one (1) director is to be elected, each candidate shall be the subject of a separate motion and vote unless a motion for the appointment of two (2) or more persons as the directors by a single resolution shall have first been agreed to by the meeting without any vote being given against it.

1.5 Committee of Directors

The Company has established four Committee of Directors ('Committees') during the financial year under review. These Committees are established to assist in the performance of certain duties of the Board under a specific terms of reference. Three (3) of the Committees are composed of a majority of non-executive directors. The Board considers that the mix of commercial experience from the non-executive directors will complement the executive directors and create an effective Board.

The Committees established are as follows:

(i) *Audit Committee*

The Audit Committee was established on 31 December 2001 with the following directors appointed as Committee members:

Mr Peter Chan Ngai Choong (Chairman)	-	Independent Non-Executive Director
Mr Chen Syn Fook @ Charles	-	Independent Non-Executive Director
Encik Ag Ahmad Bin Ag Amin	-	Independent Non-Executive Director
Mr Lim Ted Hing	-	Executive Director

The terms of reference and the activities of the Audit Committee can be found on pages 21 to 23.

1. DIRECTORS - CONT'D

1.5 Committee of Directors - cont'd

(ii) *Nomination Committee*

The Nomination Committee was established on 31 December 2001 with the following directors appointed as Committee members:

Mr Seah Tee Lean (Chairman)	- Non-Executive Director
Mr Ho Hee Chung (Deputy Chairman)	- Non-Executive Director
Mr Peter Chan Ngai Choong	- Independent Non-Executive Director
Mr Chen Syn Fook @ Charles	- Independent Non-Executive Director
Encik Ag Ahmad Bin Ag Amin	- Independent Non-Executive Director

The functions of the Nomination Committee are as follows:

- Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.
- Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder.
- Recommend to the Board, directors to fill the seats on Committees of Directors.
- The Nomination Committee are enabled by the Board to:
 - annually review the required mix of skills and experience and other qualities including core competencies which non-executives should bring to the Board.
 - annually assess the effectiveness of the Board as whole, the Committees of Directors and for assessing the contribution of each director.

The Nomination Committee held its first meeting on 24 June 2002 which was attended by all the Committee members.

(iii) *Remuneration Committee*

The Remuneration Committee was established on 31 December 2001 with the following directors appointed as members:

Mr Seah Tee Lean (Chairman)	- Non-Executive Director
Mr Ho Hee Chung (Deputy Chairman)	- Non-Executive Director
Mr Chen Syn Fook @ Charles	- Independent Non-Executive Director
Mr Lim Ted Hing (appointed on 24 June 2002)	- Executive Director

The functions and authority of the Remuneration Committee are as follows:

- Review the annual remuneration packages of executive director such that the levels of remuneration are sufficient to attract and retain the directors needed to run the Company successfully.
- To recommend to the Board, the remuneration packages of the executive directors of the Company.

The Remuneration Committee held its first meeting on 24 June 2002 which was attended by all the Committee members.

(iv) *EXCO Committee*

The EXCO Committee was established on 31 December 2001 with the following persons appointed as Committee members:

Mr Lim Ted Hing (Chairman)	- Executive Director
Datuk Lo Fui Ming	- Managing Director
Mr Tsen Thau Tet	- Executive Director
Mr Ouh Mee Lan	- Executive Director
Mr Tan Kum Peng	- Executive Director
Mr Seah Sen Onn @ David Seah	- Co-opted Member

Statement on the Application of the Principles and Best Practices of the Malaysian Code on CORPORATE GOVERNANCE (cont'd)

1. DIRECTORS - CONT'D

1.5 Committee of Directors - cont'd

The EXCO is entrusted with the responsibility of carrying out tasks which are assigned to it by the Board under a set of terms of reference. Transactions carried out by the EXCO are presented in writing to the Board of Directors.

The EXCO Committee held two meetings during the financial year.

Date of meeting : 22 March 2002 and 27 March 2002

2. DIRECTORS' REMUNERATION

The Remuneration Committee provides remuneration packages which are sufficient and necessary to attract, retain and motivate directors to run the Company. The remuneration of Executive Directors is linked to performance while the remuneration of Non-Executives is linked to their experience and level of responsibilities undertaken. Remuneration practices of comparable companies are taken into consideration in determining the respective remuneration packages.

The aggregate directors' remuneration paid or payable to all directors of the Company for the financial year ended 30 April 2002 are as follows:

	Fees	Emoluments	EPF	Total
Executive Directors	RM25,000	RM942,000	RM113,040	RM1,080,040
Non-Executive Directors	RM83,500	RM280,000	RM33,600	RM397,100
	RM108,500	RM1,222,000	RM146,640	RM1,477,140

The number of directors whose total remuneration falls within the following range are as follows:

Range of Remuneration	Executive Director	Non-Executive Director
Below RM50,000	-	3
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	2
RM200,001 to RM250,000	3	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-

3. DIRECTORS' TRAINING

During the financial year, Datuk Lo Fui Ming, Mr Ho Hee Chung, Mr Tsen Thau Tet, Mr Ouh Mee Lan, Mr Tan Kum Peng and Mr Chen Syn Fook @ Charles attended and completed the Mandatory Accreditation Program ('MAP') for directors of public listed companies organized by Research Institute of Investment Analyst Malaysia, an affiliate of the Kuala Lumpur Stock Exchange ('KLSE').

All the directors of the Company have successfully completed the abovementioned MAP programme and are required to attend training programmes prescribed by KLSE from time to time.

4. SHAREHOLDERS

Dialogue between Companies and Investors

The annual report, quarterly reports and various mandatory announcements are the main channel of information by the Company of its financial performance, operations and corporate developments.

The Board considers it essential that investors are kept informed of all the latest financial result and developments of the Company and where appropriate, will provide disclosure which is in the best interest of the Company and also of the shareholders. All such reporting information can be obtained from the website of the KLSE.

4. SHAREHOLDERS (CONT'D)

The Annual General Meeting is an important forum for the Company as the Board is allowed the opportunity to have a dialogue with the shareholders to present the results and performance of the Group and to address all questions that may arise. Suggestions and comments by shareholders will be noted by directors for consideration.

This is the first year that the annual report of the Company is prepared for release to the shareholders since the listing of the Company on the Second Board of the KLSE on 24 October 2001.

Individual briefings to fund managers, analysts and prospective investors were held during the year. These briefings have given investors and interested parties a better understanding and appreciation of the performance and strategic plans of the Company.

5. FINANCIAL REPORTING

The financial statements of the Company are drawn up in compliance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. The Board is responsible to ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company. Accordingly, the Board has prepared the statement of responsibility for the preparation of the annual audited accounts on page 26.

The quarterly and annual financial statements are reviewed by the Audit Committee and subsequently by the Board prior to release for announcement to the KLSE.

6. INTERNAL CONTROL

The directors acknowledge their responsibility to maintain a system of internal control for the Group including risk assessment and risk management to ensure that the operations of the Group are run effectively and efficiently, proper financial and corporate compliance controls are in place and the assets of the Group are safeguarded so as to protect shareholders' investment. The Group's system of internal control can only provide reasonable but not absolute assurance against material misstatements, fraud or loss.

The Board has prepared the statement on internal control which can be found on page 24.

7. RELATIONSHIP WITH AUDITORS

The Company has always maintained a formal and transparent relationship with its auditors.

The role of the Audit Committee in relation to the external auditors is set out in the Report on Audit Committee on pages 21 to 23.

8. COMPLIANCE STATEMENT

As at the financial year end of 30 April 2002, the Group has complied with all of the Best Practices in Corporate Governance as set out in part 2 of the Malaysian Code on Corporate Governance, with the exception of the following:-

- An internal audit function for the Group has yet to be established. The Group currently has measures such as authorization procedures, segregation of duties, checks, reconciliations and staff manuals (as disclosed in the Audit Committee report on page 23) which serves as internal control functions of the Group. However, the Board is currently taking steps to address the issue and will consider the appointment of a professional audit firm or to engage an internal auditor to function as the Group's internal auditor.

9. ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements, the following additional information are provided:-

9.1 Utilisation of Proceeds

The gross proceeds raised pursuant to the restructuring exercise of S & P Food Industries (M) Berhad ('SPF') were fully utilized.

9.2 Share Buybacks

During the financial year, there were no share buyback by the Company.

Statement on the Application of the Principles and Best Practices of the Malaysian Code on CORPORATE GOVERNANCE (cont'd)

9. ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

9.3 Options, Warrants or Convertible Securities

During the financial year, 26,622,000 4% Irredeemable Convertible Unsecured Loan Stocks which will mature in 2006 ('ICULS') were issued by the Company on 06 November 2001 to settle the amount owing by SPF to identified financial institutions and a creditor. This was pursuant to the restructuring exercise of SPF and the subsequent assumption of the listing status of SPF on the Second Board of the KLSE by the Company.

On 18 April 2002, 12,802,000 ICULS were converted into ordinary shares of RM1.00 each.

9.4 American Deposit Receipt ('ADR') or Global Deposit Receipt ('GDR') Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

9.5 Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant authorities.

9.6 Non-Audit Fees

The amount of non-audit fees paid to the external auditors are disclosed in note 4 to the financial statements on page 44.

9.7 Profit Estimate, Forecast or Projection

No material variance arose between the results for the financial year and the unaudited results previously announced. There were no profit estimate, forecast or projection for the financial year ended 30 April 2002.

9.8 Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

9.9 Material Contracts

Material contracts entered into by the Company (the 'Borrower') involving directors and shareholders (the 'Lenders') still subsisting at the end of financial year ended 2002 are as follows:-

Date of Promissory Note	The Lenders	Principal Amount Borrowed (RM)
18.10.2001	Ho Hee Chung	600,000
22.10.2001	Datuk Lo Fui Ming	1,100,000
22.10.2001	Seah Tee Lean, JP	1,700,000
22.10.2001	Lim Ted Hing	400,000
22.10.2001	Tan Kum Peng	140,000
22.10.2001	Ouh Mee Lan	140,000
22.10.2001	Tsen Thau Tet	120,000
24.10.2001	Seah Sen Onn @ David Seah	800,000

- 1) The purpose of the said advances was to provide the Company with adequate funds to meet its obligation under the restructuring exercise of SPF.
- 2) The Lenders are all directors/shareholders of the Borrower or its subsidiaries.
- 3) The advances are unsecured and interest is charged at Malayan Banking Berhad's ('Maybank') base lending rate ('BLR') for the first year of the advance and then subsequently at 2% per annum above Maybank's BLR.

9.10 Analysis of Shareholdings

The analysis of shareholdings can be found on page 64.

9.11 List of Properties

The list of properties for the Group can be found on page 67.

9.12 Recurrent Related Party Transactions

The details of the related party transactions are set out in note 27 of the financial statements.

Statement of Directors' RESPONSIBILITY

for Preparing the Financial Statements

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

In preparing the financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

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

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

The above statement of directors' responsibility for preparing the financial statements was made in accordance to a Board resolution dated 13 September 2002.

Audit

COMMITTEE REPORT

for the Financial Year Ended 30 April 2002

FORMATION

The Audit Committee was formed on 31 December 2001.

COMMITTEE MEMBERS

The members of the Audit Committee as at the date of this report are as follows:

Mr Peter Chan Ngai Choong (Chairman)	-	Independent Non-Executive Director
Mr Chen Syn Fook @ Charles	-	Independent Non-Executive Director
Encik Ag Ahmad Bin Ag Amin	-	Independent Non-Executive Director
Mr Lim Ted Hing	-	Executive Director

TERMS OF REFERENCE

1. Composition

- 1.1 The Audit Committee shall consist of at least 3 members, with a majority of independent directors. At least one member shall be a member of the MIA or a director who has fulfilled part C(ii) of Chapter 15 of the Listing Requirements of the Kuala Lumpur Stock Exchange. No alternate director shall be appointed as a member of the Committee. The Chairman of the Committee shall be an independent director.
- 1.2 In the event that a member of an Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three, the Board of Directors shall within three months make such appointment of new members as to have the minimum of three members in the Committee.

2. Authority

- 2.1 The Committee is authorised by the Board to investigate any matter within its terms of reference. It shall have full and unrestricted access to any information pertaining to the Company and shall have the resources it requires to perform its duties. All employees are directed to co-operate with any request made by the Committee.
- 2.2 The Committee is authorised by the Board to obtain outside legal or other external independent professional advice, if it considers necessary.

3. Functions and Duties

The functions and duties of the Committee shall be:

- 3.1 To review the following and report the same to the Board:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal accounting controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the Company to the external auditor;
 - (e) the quarterly results and year-end financial statements of the Group and the Company, focusing particularly on:
 - changes in accounting policies and practices
 - significant adjustments arising from the audit
 - significant and unusual events
 - the going concern assumption
 - compliance with accounting standards and other legal requirements

COMMITTEE REPORT

for the Financial Year Ended 30 April 2002 (cont'd)

3. Functions and Duties (cont'd)

- (f) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (g) the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; and
 - (h) any appraisal or assessment of the performance of members of the internal audit function.
- 3.2 To consider any related party transactions and conflict of interest situation that may arise within the Company or Group.
 - 3.3 To consider the major findings of internal investigations and managements response and ensure that appropriate action is taken on the recommendations of the internal audit function.
 - 3.4 To recommend and consider the nomination and appointment of a person or persons as external auditors, the audit fees and any questions of resignation or dismissal.
 - 3.5 To consider any other functions or duties as may be agreed to by the Committee and the Board.
 - 3.6 To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).

4. Quorum and Attendance of Meetings

- 4.1 The quorum of meetings of the Committee shall consist not less than three (3) members; the majority of those present must be independent directors.
- 4.2 The Head of Finance, the Head of Internal Audit and a representative of the external auditors shall normally attend meetings. Other Board members, employees and external independent professional advisers may attend meetings upon the invitation of the Committee.
- 4.3 The Company Secretary shall be the secretary of the Committee.

5. Frequency of Meetings and Minutes

- 5.1 Meetings shall be held not less than four (4) times in a financial year. The external auditors may request a meeting if they consider that one is necessary.
- 5.2 The Committee shall meet with the external auditor without executive board members present, at least once in a financial year.
- 5.3 Minutes of each meeting shall be distributed to each member of the Board.

MEETINGS

The Audit Committee held two (2) meetings since its inception on 31 December 2001.

The attendance of the members at the Audit Committee meetings is as follows:

Member	Meetings attended	Maximum possible meetings to attend
Mr Peter Chan Ngai Choong	2	2
Mr Chen Syn Fook @ Charles	2	2
Encik Ag Ahmad Bin Ag Amin	2	2
Mr Lim Ted Hing	2	2

Members of the senior management were invited to attend these meetings as and when necessary. The external auditors have also attended one of the meetings by invitation.

Audit

COMMITTEE REPORT

for the Financial Year Ended 30 April 2002 (cont'd)

ACTIVITIES

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year included the following:-

- (i) Review of the external auditors' scope of work and their audit plan.
- (ii) Reviewing with the external auditors on the results of their audit, the audit report and internal control recommendations in respect of improvements in internal control procedures noted in the course of their audit.
- (iii) Reviewing the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards.
- (iv) Reviewing the Company's compliance with the Revamped Listing Requirements of the Kuala Lumpur Stock Exchange and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- (v) Review of the quarterly unaudited financial results announcements and recommending for the Board of Directors' approval.
- (vi) Reviewing the related party transactions entered into by the Group.
- (vii) Review and recommend to the Board the re-appointment of external auditors and their audit fees.
- (viii) Review of the Company's status of compliance with the Malaysian Code on Corporate Governance for the purpose of the issuing of a Corporate Governance Statement pursuant to the requirement of paragraph 15.26 of the Revamped Listing Requirements of the Kuala Lumpur Stock Exchange.

INTERNAL AUDIT FUNCTION

During the financial year ended 30 April 2002, the Internal Audit function had not been formally set up. However, the Company has the following policies and procedures in place since 01 October 2001:-

- (a) System documentation;
- (b) Segregation of duties;
- (c) Authorisation procedures; and
- (d) Group service manual for executives and non-executives.

Similar control procedures have been designed to prevent or detect and correct any errors within the system. Control procedures, amongst others, include:-

- approval and control documents;
- checking the arithmetical accuracy of the records;
- maintaining and reviewing control accounts and trial balances;
- reconciliations;
- comparing the results of cash and stock counts with accounting records;
- comparing internal data with external sources of information; and
- limiting direct physical access to assets and record.

INTERNAL CONTROL

The Board recognizes that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. As with any internal control system, controls can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board has reviewed and approved the Group's budget for the year. As part of the budgeting process, all the departments consider both internal and external risk factors that may affect operations of the Company. This includes analyzing the Group's historical performance, competitors, customers' requirements and customers' business trends, availability of resources, production capacity and other internal resources. At Board meetings, actual performance and results were monitored against budgets, with reasons for significant variances identified and highlighted to the Board for the appropriate corrective measures. The monitoring and management of the Group as a whole is delegated to the Executive Committee comprising five Executive Board members of the Company and one Executive Director of the subsidiary companies. Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These meetings serve as a two-way platform for the Board, through the Executive Committee, to communicate and address significant matters in relation to the Group's strategic, operational and financial affairs.

The Board is cognizant of the importance of maintaining a control conscious culture and embedding strong control features throughout the Group. The Group's organization structure identifies the heads of each department, their subordinates and superiors. The structure enables a clear reporting line from worker level up to the Board. The Board communicates its expectation of the system of internal control informally throughout the Group through the Executive Committee members who are actively involved in the day-to-day operations of the Group.

The Board has considered the need for an internal audit function, but has decided the current control mechanisms are sufficient for the size of the Group. The Board will review this decision again next year. Currently, the Executive Committee members through their day-to-day involvement in the business operations and attendance at operational and management level meetings, manage and monitor the Group's direction, operational effectiveness and efficiency, and adherence to Group's policies and procedures. The Executive Committee members will inform the Board of any significant unresolved matters which require Board intervention or Board-level decision-making.

The above Statement on Internal Control was made in accordance to a Board resolution dated 13 September 2002.



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Financial Statements

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Directors' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the year ended 30 April 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year under review.

RESULTS FOR THE FINANCIAL YEAR

	GROUP (7 months) RM	COMPANY (12 months) RM
Profit/(loss) after tax	3,173,703	(3,349,120)

There were no material transfers to or from reserves or provisions during the financial year except those as disclosed in the statement of changes in equity.

REMUNERATION COMMITTEE

The remuneration committee consists of:

Seah Tee Lean, JP	- Chairman
Ho Hee Chung	- Member
Chen Syn Fook @ Charles	- Member
Lim Ted Hing	- Member

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tsen Thau Tet	
Wong Chai Yong @ Stefanie	(Resigned on 31 December 2001)
Seah Tee Lean, JP	(Appointed on 1 October 2001)
Ho Hee Chung	(Appointed on 1 October 2001)
Datuk Lo Fui Ming	(Appointed on 1 October 2001)
Ouh Mee Lan	(Appointed on 1 October 2001)
Tan Kum Peng	(Appointed on 1 October 2001)
Peter Chan Ngai Choong	(Appointed on 12 October 2001)
Ag. Ahmad Bin Ag. Amin	(Appointed on 12 October 2001)
Chen Syn Fook @ Charles	(Appointed on 12 October 2001)
Lim Ted Hing	(Appointed on 31 December 2001)

Directors' REPORT

(cont'd)

DIRECTORS (cont'd)

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, interests in shares and 4% Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2001/2006 of the Company, as stated below:

<u>Name of Directors</u>	<u>Ordinary shares of RM1 each</u>					<u>30.4.2002</u>
	<u>1.5.2001</u>	<u>At date of appointment</u>	<u>Movements during the year</u>		<u>Conversion of ICULS</u>	
			<u>Bought</u>	<u>Sold</u>		
Direct shareholding						
Seah Tee Lean, JP	-	13,127,873	-	(4,589,000)	-	8,538,873
Ho Hee Chung	-	29,114,564	-	(12,099,000)	5,686,000	22,701,564
Datuk Lo Fui Ming	-	31,023,117	-	(6,402,000)	4,000,000	28,621,117
Ouh Mee Lan	-	9,542,228	-	(2,778,000)	1,916,000	8,680,228
Tan Kum Peng	-	9,514,033	-	(2,965,000)	1,200,000	7,749,033
Lim Ted Hing	-	3,634,488	-	(2,150,000)	-	1,484,488
Tsen Thau Tet	1	-	2,514,328	(900,000)	-	1,614,329

Indirect shareholding

Tsen Thau Tet	-	-	1,423,230	-	-	1,423,230
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**4% Irredeemable Convertible Unsecured
Loan Stocks 2001/2006 of RM1 nominal value**

<u>Name of Directors</u>	<u>Movements during the year</u>					<u>30.4.2002</u>
	<u>1.5.2001</u>		<u>Bought</u>	<u>Sold</u>	<u>Converted</u>	
Seah Tee Lean, JP	-		6,799,000	-	-	6,799,000
Ho Hee Chung	-		5,686,000	-	(5,686,000)	-
Datuk Lo Fui Ming	-		4,000,000	-	(4,000,000)	-
Ouh Mee Lan	-		1,916,000	-	(1,916,000)	-
Tan Kum Peng	-		1,200,000	-	(1,200,000)	-
Lim Ted Hing	-		1,820,000	-	-	1,820,000
Tsen Thau Tet	-		666,000	-	-	666,000

The Directors by virtue of their interests in shares in the Company are also deemed to have interest in shares in all of its related companies to the extent the Company has an interest.

The other Directors in office at the end of the financial year had no interest in the shares in the Company or its related companies or in the 4% ICULS 2001/2006 of the Company during the financial year.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the 4% ICULS 2001/2006 as stated above.

Since the end of the previous financial period, no Director has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with any 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 required to be disclosed by Section 169(8) of the Companies Act, 1965 other than those disclosed in notes 4, 8, 15 and 27 to the financial statements.

Directors' REPORT (cont'd)

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RESTRUCTURING SCHEME

On 23 July 2001, the Company entered into a Deed of Adherence and Participation ('the said Deed') between the Company, S & P Food Industries (M) Berhad ('SPF') and the shareholders of SPF, under which the Company agreed to participate, undertake and to assume its role in relation to the proposed restructuring, reorganisation and reconstruction arrangements. On 6 November 2001, the Company had fully discharged its role and obligations under the above said arrangements as follows:

- The increase in the authorised share capital of the Company from RM100,000 comprising 100,000 ordinary shares of RM1 each to RM500,000,000 comprising 500,000,000 ordinary shares of RM1 each by the creation of an additional 499,900,000 ordinary shares of RM1 each.
- The allotment of 8,050,000 ordinary shares of RM1 each of the Company in exchange for the entire issued and paid-up share capital of SPF.
- The settlement of the SPF Group's financial obligations of RM35,855,772 due to identified financial institutions partly by a cash payment of RM10,433,772 and the balance by an allotment of RM25,422,000 nominal value of 4% ICULS 2001/2006 at 100% of its nominal value.
- The settlement of a claim by SJ Securities Sdn. Bhd. against SPF amounting to RM1,264,433 partly by a cash payment of RM64,120 and the balance by the issuance of RM1,200,000 nominal value of 4% ICULS 2001/2006 at 100% of its nominal value with the remaining balance of RM313 waived.
- The acquisition of the equity interest in the following companies resulting in them becoming wholly owned subsidiaries of the Company for a total purchase consideration of RM175,937,836 satisfied by way of the following:

Subsidiary Companies	Issuance of shares in the Company RM	* Cash consideration RM	Total consideration RM
Bakara Sdn. Bhd.	16,433,952	709,655	17,143,607
Cepatwawasan Sdn. Bhd.	56,912,176	1,898,668	58,810,844
Gelang Usaha Sdn. Bhd.	1,214,514	(43,862)	1,170,652
Kovusak Sdn. Bhd.	3,654,503	262,646	3,917,149
Libarran Island Resort Sdn. Bhd.	3,796,905	(1,554)	3,795,351
Minelink Sdn. Bhd.	418,905	(10,321)	408,584
Prolific Yield Sdn. Bhd.	16,837,380	5,828,794	22,666,174
Razijaya Sdn. Bhd.	9,021,267	(26,681)	8,994,586
Sri Likas Mewah Sdn. Bhd.	14,013,838	(16,561)	13,997,277
Suara Baru Sdn. Bhd.	6,546,060	1,116,631	7,662,691
Sungguh Mulia Sdn. Bhd.	1,073,263	(16,412)	1,056,851
Syarikat Melabau Sdn. Bhd.	25,359,791	111,323	25,471,114
Ultisearch Trading Sdn. Bhd.	133,799	(18,299)	115,500
Unival Enterprise Sdn. Bhd.	2,932,867	(22,017)	2,910,850
Wong Tet-Jung Plantation Sdn. Bhd.	7,524,623	291,983	7,816,606
	<u>165,873,843</u>	<u>10,063,993</u>	<u>175,937,836</u>

Directors' REPORT

(cont'd)

RESTRUCTURING SCHEME (cont'd)

- * The cash consideration, represents the adjustment for profit earned or losses incurred from 1 May 2000 up to 30 September 2001, the month preceding the completion date of the acquisition, which was satisfied by a cash payment to or reimbursement from the vendors.
- (f) The settlement of amounts totaling RM14,911,070 owing to the vendors of the subsidiary companies by the issuance of 14,911,070 ordinary shares of RM1 each at par.
 - (g) The disposal of the entire equity interest in SPF to Simfoni Melangit Sdn. Bhd. for a cash consideration of RM6,300,000.
 - (h) The cash settlements pursuant to the said Deed to identified financial institutions and a creditor of SPF out of advances of RM5,000,000 obtained from certain Directors of the Company and a director of certain subsidiary companies. These advances have no fixed terms of repayment and interest is charged at Malayan Banking Berhad ('Maybank')'s base lending rate ('BLR') for the first year and subsequently at two percent per annum above Maybank's BLR.

LISTING STATUS

On 24 October 2001 the Company was successfully listed on the Second Board of the Kuala Lumpur Stock Exchange.

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

The Company, pursuant to the said Deed, has issued the 4% ICULS 2001/2006 which carry an option to subscribe for unissued shares of the Company to certain financial institutions and a creditor of SPF Group.

The main features of the ICULS are:

- (i) The ICULS which bear a coupon rate of 4% per annum payable semi-annually are convertible into fully paid-up ordinary shares of RM1.00 each in the Company at any time from the date of the issuance of the ICULS (6 November 2001) to maturity (6 November 2006) at the conversion price of RM1.00 nominal value of ICULS for each new ordinary share. ICULS that have not been converted upon maturity will be mandatorily converted into new ordinary share of RM1.00 each credited as fully paid-up.
- (ii) Upon conversion of the ICULS into new ordinary shares, each share shall rank pari passu in all respects with the ordinary shares of the Company except that it shall not be entitled to any rights, dividends and/or other distribution declared prior to the date of conversion of the ICULS.

The details and movements of the ICULS which carry the option to subscribe for unissued shares of the Company, which are required to be disclosed under Section 169 (11) and (12) of the Companies Act, 1965 are as follows:

Directors' REPORT (cont'd)

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (cont'd)

Name	4% Irredeemable Convertible Unsecured Loan Stocks 2001/2006 of RM1 nominal value				
	Issued	Bought	Sold	Converted	30.4.2002
Danaharta Managers Sdn. Bhd.	6,619,000	-	(4,000,000)	-	2,619,000
United Overseas Bank (Malaysia) Berhad	228,000	-	-	-	228,000
Bank Utama (Malaysia) Berhad	875,000	-	-	-	875,000
Malayan Banking Berhad	1,813,000	-	(1,000,000)	-	813,000
Seah Tee Lean, JP	-	6,799,000	-	-	6,799,000
Lim Ted Hing	-	1,820,000	-	-	1,820,000
Tsen Thau Tet	-	666,000	-	-	666,000
Datuk Lo Fui Ming	-	4,000,000	-	(4,000,000)	-
Ouh Mee Lan	-	1,916,000	-	(1,916,000)	-
Tan Kum Peng	-	1,200,000	-	(1,200,000)	-
Ho Hee Chung	-	5,686,000	-	(5,686,000)	-
Standard Chartered Bank Malaysia Berhad	6,799,000	-	(6,799,000)	-	-
OCBC Bank (M) Bhd	5,686,000	-	(5,686,000)	-	-
Sogelease Advance (M) Sdn. Bhd.	820,000	-	(820,000)	-	-
Public Bank Berhad	666,000	-	(666,000)	-	-
Multi-Purpose Credit Sdn. Bhd.	1,916,000	-	(1,916,000)	-	-
SJ Securities Sdn. Bhd.	1,200,000	-	(1,200,000)	-	-
	<u>26,622,000</u>	<u>22,087,000</u>	<u>(22,087,000)</u>	<u>(12,802,000)</u>	<u>13,820,000</u>

During the financial year, 12,802,000 ordinary shares of RM1.00 each were issued by virtue of the conversion of some of the ICULS which had been issued.

SHARE CAPITAL

Pursuant to a members' special resolution in writing dated 30 August 2001, the authorised share capital of the Company was increased from RM100,000 to RM500,000,000 by the creation of an additional 499,900,000 ordinary shares of RM1 each in the Company.

Subsequent to the increase in the authorised share capital, the issued and paid-up share capital of the Company was increased from RM2 to RM201,636,915 by the following share allotments at par;

- (i) allotment of 8,050,000 ordinary shares of RM1 each in exchange for the entire equity interest in SPF;
- (ii) allotment of 165,873,843 ordinary shares of RM1 each as settlement for the considerations of the acquisitions of 15 subsidiary companies;

Directors' REPORT

(cont'd)

SHARE CAPITAL (cont'd)

- (iii) allotment of 14,911,070 ordinary shares of RM1 each as settlement of amounts owing to certain directors and former shareholders of the subsidiary companies;
- (iv) allotment of 12,802,000 ordinary shares of RM1 each pursuant to the conversion of 12,802,000 4% ICULS 2001/2006; and

The new allotments during the year rank pari passu in all respects with the existing shares.

As at 30 April 2002, there were still 13,820,000 4% ICULS 2001/2006 with options to subscribe for unissued shares in the Company.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) it necessary to make a provision for doubtful debts in respect of these financial statements or the amount written off for bad debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) 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 consolidated financial statements and the financial statements misleading.
- (e) As 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 liability 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.
- (f) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Directors' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

(g) In the opinion of the Directors:

- (i) no contingent liability or any other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

On behalf of the Board,

Datuk Lo Fui Ming, Director

Tsen Thau Tet, Director

Sandakan, Sabah
Malaysia
19 August 2002

Statement by DIRECTORS

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

We, **Datuk Lo Fui Ming** and **Tsen Thau Tet**, being two of the Directors of **CEPATWAWASAN GROUP BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 35 to 63 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the financial position of the Group and of the Company as at 30 April 2002 and of the results of the Group and of the Company for the year ended on that date; and
- (ii) the cash flows of the Group and of the Company for the year ended 30 April 2002.

On behalf of the Board,

Datuk Lo Fui Ming, Director

Tsen Thau Tet, Director

Sandakan, Sabah
Malaysia
19 August 2002

Statutory DECLARATION

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

I, **Lim Ted Hing**, being the Director primarily responsible for the financial management of **CEPATWAWASAN GROUP BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 35 to 63 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed **Lim Ted Hing**
at Sandakan in the State of Sabah
on 19 August 2002

Lim Ted Hing, Director

Before me -

Auditors' Report TO THE MEMBERS OF CEPATWAWASAN GROUP BERHAD

We have audited the financial statements set out on pages 35 to 63. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 30 April 2002 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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 those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

KEVIN K. HOW
846/07/04 (J/PH)
Partner

Sandakan, Malaysia
19 August 2002

Income

STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2002

	Note	GROUP	COMPANY	
		2002 (7 months) RM	2002 (12 months) RM	2001 (3 months) RM
REVENUE	3	47,491,750	500,000	-
COST OF SALES AND SERVICES		(33,932,027)	-	-
GROSS PROFIT		13,559,723	500,000	-
OTHER OPERATING INCOME		149,193	-	-
LISTING EXPENSES		(3,166,298)	(3,166,298)	-
ADMINISTRATIVE EXPENSES		(2,472,059)	(221,574)	(9,053)
DISTRIBUTION COSTS		(2,768,978)	-	-
PROFIT/(LOSS) FROM OPERATIONS	4	5,301,581	(2,887,872)	(9,053)
FINANCE COSTS	5	(1,259,372)	(434,148)	-
PROFIT/(LOSS) BEFORE TAX		4,042,209	(3,322,020)	(9,053)
INCOME TAX EXPENSE	6	(868,506)	(27,100)	-
PROFIT/(LOSS) AFTER TAX		<u>3,173,703</u>	<u>(3,349,120)</u>	<u>(9,053)</u>
EARNINGS PER SHARE				
		Sen		
- Basic	7	<u>2.89</u>		
- Diluted	7	<u>2.75</u>		

The notes set out on pages 41 to 63 form an integral part of the financial statements.

Balance SHEETS

AS AT 30 APRIL 2002

	Note	GROUP	COMPANY	
		2002 RM	2002 RM	2001 RM
ASSETS				
Property, plant and equipment	8	18 6,510,493	-	-
Investment in subsidiary companies	9	-	196,509,071	-
Goodwill on consolidation		59,005,540	-	-
		<u>245,516,033</u>	<u>196,509,071</u>	<u>-</u>
CURRENT ASSETS				
Amount due from subsidiary companies	10	-	26,326,944	-
Inventories	11	3,459,258	-	-
Trade receivables		1,572,739	-	-
Other receivables		4,753,747	1,727,730	-
Tax refundable		167,407	112,900	-
Fixed deposits placed with licensed banks	12	1,697,984	-	-
Cash and bank balances		1,123,182	305,068	2
		<u>12,774,317</u>	<u>28,472,642</u>	<u>2</u>
LESS: CURRENT LIABILITIES				
Amount due to subsidiary companies	13	-	2,774,551	-
Amount due to bankers	14	12,367,793	-	-
Amount due to Directors	15	6,437,275	6,437,275	-
Trade payables		2,995,336	-	-
Other payables	16	6,023,958	3,671,145	9,053
Hire purchase creditors	17	676,226	-	-
Leasing creditors	18	152,291	-	-
Provision for taxation		398,886	-	-
		<u>29,051,765</u>	<u>12,882,971</u>	<u>9,053</u>
NET CURRENT (LIABILITIES)/ ASSETS		<u>(16,277,448)</u>	<u>15,589,671</u>	<u>(9,051)</u>
		<u>229,238,585</u>	<u>212,098,742</u>	<u>(9,051)</u>

Balance SHEETS

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AS AT 30 APRIL 2002 (cont'd)

	Note	GROUP	COMPANY	
		2002 RM	2002 RM	2001 RM
Financed by:				
Share capital	19	201,636,915	201,636,915	2
Retained profit/(accumulated losses)	20	3,164,650	(3,358,173)	(9,053)
SHAREHOLDERS' EQUITY/(DEFICIT)		204,801,565	198,278,742	(9,051)
LONG TERM LIABILITIES				
Irredeemable Convertible Unsecured				
Loan Stocks	21	13,820,000	13,820,000	-
Deferred taxation	22	213,600	-	-
Amount due to bankers	14	9,251,969	-	-
Hire purchase creditors	17	880,711	-	-
Leasing creditors	18	3,690	-	-
Lease rental payable	23	267,050	-	-
		24,437,020	13,820,000	-
		229,238,585	212,098,742	(9,051)
NET TANGIBLE ASSETS/ (LIABILITIES) PER SHARE	24	0.72	0.98	(4,526)

The notes set out on pages 41 to 63 form an integral part of the financial statements.

Statements of CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2002

	Note	Share capital RM	Retained profit/ (Accumulated losses) RM	Total RM
GROUP				
BALANCE AT 30 APRIL 2001		2	(9,053)	(9,051)
ISSUE OF SHARES	19	188,834,913	-	188,834,913
CONVERSION OF ICULS		12,802,000	-	12,802,000
PROFIT FOR THE YEAR		-	3,173,703	3,173,703
BALANCE AT 30 APRIL 2002		<u>201,636,915</u>	<u>3,164,650</u>	<u>204,801,565</u>
COMPANY				
DATE OF INCORPORATION		2	-	2
LOSS FOR THE PERIOD		-	(9,053)	(9,053)
BALANCE AT 30 APRIL 2001		2	(9,053)	(9,051)
ISSUE OF SHARES	19	188,834,913	-	188,834,913
CONVERSION OF ICULS		12,802,000	-	12,802,000
LOSS FOR THE YEAR		-	(3,349,120)	(3,349,120)
BALANCE AT 30 APRIL 2002		<u>201,636,915</u>	<u>(3,358,173)</u>	<u>198,278,742</u>

The notes set out on pages 41 to 63 form an integral part of the financial statements.

Cash Flow STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2002

	GROUP	COMPANY	
	2002 (7 months) RM	2002 (12 months) RM	2001 (3 months) RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	4,042,209	(3,322,020)	(9,053)
Adjustments for:			
Depreciation of property, plant and equipment	1,591,193	-	-
Finance costs	1,259,372	434,148	-
Loss on disposal of equipment	1,681	-	-
Interest received on fixed deposits	(5,440)	-	-
Interest recovered on advances given	(16,554)	-	-
Operating profit/(loss) before working capital changes	6,872,461	(2,887,872)	(9,053)
Net change in accounts with Directors	6,296,195	6,296,195	-
Net change in accounts with subsidiary companies	-	10,401,606	-
Increase in inventories	(1,638,177)	-	-
Decrease/(increase) in receivables	10,603,852	(1,727,730)	-
(Decrease)/increase in payables	(1,270,213)	3,369,024	9,053
Cash generated from operations	20,864,118	15,451,224	-
Interest paid	(275,442)	-	-
Income tax paid	(1,045,232)	(140,000)	-
Interest recovered on advances given	16,554	-	-
Interest received on fixed deposits	5,440	-	-
<i>Net cash from operating activities</i>	19,565,438	15,311,224	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in a subsidiary company	-	(500,000)	-
Acquisition of subsidiary companies net of cash and cash equivalents (note 25)	(17,945,549)	(10,308,266)	-
Proceeds from disposal of investment in SPF	6,300,000	6,300,000	-
Cash settlement to identified financial institutions and a creditor of SPF	(10,497,891)	(10,497,891)	-
Decrease in fixed deposits	1,517,539	-	-
Proceeds from disposal of equipment	2,702	-	-
Additions of property, plant and equipment (note 25)	(3,686,766)	-	-
Interest capitalised under property, plant and equipment (note 25)	(248,268)	-	-
<i>Net cash used in investing activities</i>	(24,558,233)	(15,006,158)	-

Cash Flow STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2002 (cont'd)

	<u>GROUP</u>	<u>COMPANY</u>	
	2002 (7 months) RM	2002 (12 months) RM	2001 (3 months) RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of shares	-	-	2
Proceeds from drawdown of term loans	2,000,000	-	-
Repayment of term loans	(1,875,130)	-	-
Payment of finance lease and hire purchase liabilities	(783,265)	-	-
Interest paid on hire purchase	(17,290)	-	-
Interest paid on leasing	(28,709)	-	-
Interest paid on term loans	(503,783)	-	-
	<hr/>	<hr/>	<hr/>
<i>Net cash(used in)/from financing activities</i>	(1,208,177)	-	2
	<hr/>	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(6,200,972)	305,066	2
Cash and cash equivalents at date of acquisition/beginning of year	2	2	-
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year (note 25)	(6,200,970)	305,068	2
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes set out on pages 41 to 63 form an integral part of the financial statements.

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2003

1. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of Accounting*

The financial statements of the Group and of the Company have been prepared in accordance with the historical cost convention unless otherwise indicated in the significant accounting policies and comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board (MASB).

(b) *Basis of Consolidation*

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 April 2002. Particulars of the subsidiary companies are set out in note 9 to the financial statements. The results of subsidiaries acquired or disposed of are included in the consolidated financial statements from the date of acquisition or up to the date of disposal, as applicable. Intercompany transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The financial statements of the subsidiaries are consolidated based on the acquisition method of accounting. The difference between the consideration paid for the shares in the subsidiary companies and the value of attributable net assets acquired is treated as goodwill or reserve on consolidation where applicable. Goodwill arising on consolidation is not amortised.

(c) *Subsidiary Companies*

A subsidiary company is defined as a company in which the Group has a long term interest of more than 50% of the equity and whose financial and operating policy decisions are controlled by the Group.

Shares in subsidiary companies are stated at cost or valuation unless in the opinion of the Directors, there has been a permanent diminution in value, in which case provision is made for the diminution in value.

(d) *Depreciation of Property, Plant and Equipment*

- (i) Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

Where an indication of impairment exists, the recoverable amount of the property, plant and equipment is determined and the carrying amount of the property, plant and equipment is written down immediately to its recoverable amount. Impairment loss is recognised as an expense. Any reversal of an impairment loss will be immediately recognised as income.

- (ii) Leasehold land and plantations held on long-term leases (with remaining lease period of over 50 years) are not amortised. The non-amortisation of the long leasehold land and plantations has no material effect on the financial statements. The effect on the non-amortisation of the leasehold land and plantations is disclosed under note 8 to the financial statements.

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised under plantation development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on immature plantation is similarly capitalised under plantation development expenditure until such time when the plantation attains maturity. No provision for amortisation on plantation development expenditure is considered necessary as the plantations' estimated useful lives are maintained through replanting programmes.

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Depreciation of Property, Plant and Equipment (cont'd)

(ii) Proceeds from the sale of timber salvaged in the course of clearing the Group's leasehold lands for plantation development in mitigation of further capital expenditure in developing the plantations is deducted against the plantation development expenditure in arriving at the carrying amount of plantation.

(iii) Direct expenditure incurred on quarry development is capitalised under quarry development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on quarry development is similarly capitalised under quarry development expenditure until such time when the quarry commences operation.

Quarry development expenditure is amortised based on the proportion of stone volume extracted over the estimated volume of extractable stone from the quarry reserve.

(iv) All other property, plant and equipment are depreciated over their estimated useful lives by equal annual instalments. The estimated useful lives are as follows:

Leasehold property	50 years
Estate buildings	20 years
Oil mill	20 years
Roads	14 - 15 years
Plant and machinery	14 - 15 years
Heavy equipment	10 years
Motor vehicles	6 - 7 years
Furniture, fittings and equipment	10 years
Renovations	10 years

(v) Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(e) Leased Property, Plant and Equipment

Property, plant and equipment held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Group are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is written off in the income statement so as to produce a constant periodic rate of charge. These property, plant and equipment are depreciated over their expected useful lives on the basis outlined in note 1(d)(iv) above.

Lease rental payments on operating leases are written off in the income statement in the year in which they are payable.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow moving items, where applicable.

Cost of crude palm oil and milled oil palm produce consists of direct material cost, direct labour, other direct charges and an appropriate proportion of factory overheads and are determined on the weighted average basis.

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Inventories (cont'd)

Cost of consumable stores includes expenses incurred in bringing the inventories into stores and is computed using the weighted average basis.

Cost of quarry stocks consists of direct labour, other direct charges and an appropriate proportion of overhead and is computed using the weighted average basis.

(g) Bad and Doubtful Debts

Known bad debts are written off and appropriate provision is made for any amount considered to be doubtful of collection.

(h) Deferred Taxation

Deferred taxation is provided using the liability method for the tax effects of all material timing differences other than differences which are not expected to reverse in the foreseeable future. In accounting for timing differences, deferred tax debits are not accounted for unless there is reasonable expectation of their realisation.

(i) Revenue Recognition

Revenue of the Group derived from:

- (i) sales of plantation produce is recognised upon delivery of products to customers during the year less returns; and
- (ii) sales of stones is recognised upon delivery of products and customers acceptance.

Dividend income is recognised when the shareholders' right to receive payment is established.

Transactions between companies within the group are excluded in determining the revenue of the Group.

(j) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are highly liquid investments which are readily convertible to cash with short periods to maturity and are subject to an insignificant risk of changes in value. They also include borrowings which are not subject to a term facility and are integral to the cash management function of the Group and of the Company.

2. GENERAL

The company is incorporated in Malaysia under the Companies Act, 1965 and the financial statements of the Group and of the Company are expressed in Ringgit Malaysia.

The registered office and the principal place at which the business is carried out are located at Lot 39-40, Block C, Taman Indah Jaya Shophouses, Mile 4, North Road, Sandakan, Sabah.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

3. REVENUE

	GROUP	COMPANY	
	2002 (7 months) RM	2002 (12 months) RM	2001 (3 months) RM
Revenue comprises:			
Sales of fresh fruit bunches	1,071,590	-	-
Sales of crude palm oil	41,263,216	-	-
Sales of palm kernel	4,938,702	-	-
Sales of earth and stone	218,242	-	-
Dividend income	-	500,000	-
	47,491,750	500,000	-

4. PROFIT/(LOSS) FROM OPERATIONS

	GROUP	COMPANY	
	2002 (7 months) RM	2002 (12 months) RM	2001 (3 months) RM
This is stated after charging:			
Auditors' remuneration			
- Audit fee	69,900	15,000	2,000
- Non audit fee	350,000	350,000	-
Depreciation of property, plant and equipment (note 8)	1,591,193	-	-
Directors' remuneration			
- Directors of the Company			
- fees	108,500	108,500	-
- emoluments	1,133,440	106,653	-
- Directors of the subsidiaries			
- emoluments	117,668	-	-
Land and office rental	19,600	-	-
Loss on disposal of equipment	1,681	-	-
and crediting:			
Equipment hire income	(5,000)	-	-
Interest recovered on advances given	(16,554)	-	-
Interest received on fixed deposits	(7,444)	-	-
	(5,000)	-	-

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

5. FINANCE COSTS

	GROUP	COMPANY	
	2002 (7 months) RM	2002 (12 months) RM	2001 (3 months) RM
Interest on -			
Advances	26,512	26,512	-
Bank overdrafts	272,972	-	-
Bank loans	503,783	-	-
ICULS	266,556	266,556	-
Loans from Directors	141,080	141,080	-
Hire purchase	17,290	-	-
Leasing	28,709	-	-
Others	2,470	-	-
	1,259,372	434,148	-

6. INCOME TAX EXPENSE

	GROUP	COMPANY	
	2002 (7 months) RM	2002 (12 months) RM	2001 (3 months) RM
(a) The charge for income tax expense is made up as follows:			
On the profit for the year:			
Malaysian income tax	1,130,674	27,100	-
Transferred from deferred taxation (note 22)	(259,400)	-	-
Prior year item:			
Overprovision of Malaysian income tax	(2,768)	-	-
	868,506	27,100	-

(b) The income tax expense of the Group varies from the amount of income tax determined by applying the Malaysian income tax rate of 28% to profit before tax mainly because of:

- (i) utilisation of unabsorbed capital and agriculture allowances and tax losses brought forward resulting in tax savings of approximately RM470,500; and
 - (ii) difference in treatment of certain expenses for accounting and taxation purpose.
- (c) As at 30 April 2002, the Group has unutilised tax losses and unabsorbed capital and agriculture allowances amounting RM8,036,000 and RM8,610,100 respectively which, subject to the agreement with the Inland Revenue Board, can be carried forward and utilised to offset against future business profits of the Group.

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

7. EARNINGS PER SHARE - GROUP

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the Group's profit after tax with the weighted average of 109,981,036 ordinary shares in issue during the financial year.

	2002
	RM
Consolidated profit after taxation	3,173,703
Weighted average number of ordinary shares in issue	109,981,036
Basic earnings per ordinary share (sen)	<u>2.89</u>

(b) Diluted earnings per share

The diluted earnings per share is calculated by dividing the Group's profit after tax with the weighted average of 122,361,984 ordinary shares in issue during the financial year after considering the dilutive effect of 13,820,000 Irredeemable Convertible Unsecured Loan Stocks (ICULS) which were issued by the Company on 6 November 2001 and convertible into new ordinary shares of RM1.00 each in the Company.

The adjusted consolidated profit is arrived at by adding notional interest which would have been saved on the assumed conversion of ICULS as follows:-

	2002
	RM
Consolidated profit after taxation	3,173,703
Add: notional interest on ICULS net of tax	191,920
Adjusted consolidated profit after taxation	<u>3,365,623</u>

The weighted average number of ordinary shares outstanding plus the weighted average number of ordinary shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares is calculated as follows:-

	2002
	RM
Weighted average number of ordinary shares in issue	109,981,036
Assumed conversion of ICULS on 6 November 2001	12,380,948
Weighted average number of ordinary shares for diluted earnings per share	<u>122,361,984</u>
Diluted earnings per ordinary share (sen)	<u>2.75</u>

8. PROPERTY, PLANT AND EQUIPMENT**GROUP**

	Leasehold land, property, oil mill, buildings and roads RM	Plantation development expenditure RM	Quarry development expenditure RM	Plant and machinery RM	Heavy equipment and motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in- progress RM	Total RM
Cost -								
At date of acquisition	48,270,801	106,644,971	8,780,098	16,135,009	9,821,964	1,591,185	2,089,149	193,333,177
Additions	466,565	1,097,360	667,900	825,103	1,362,869	259,489	17,569	4,696,855
Disposals	-	-	-	-	-	(6,950)	-	(6,950)
Reclassification	88,993	-	-	1,046,625	873,747	-	(2,009,365)	-
At 30 April 2002	48,826,359	107,742,331	9,447,998	18,006,737	12,058,580	1,843,724	97,353	198,023,082
Accumulated Depreciation -								
At date of acquisition	919,741	-	-	3,384,858	4,762,511	773,432	-	9,840,542
Charge for the period	323,860	-	-	701,592	555,613	93,549	-	1,674,614
Disposals	-	-	-	-	-	(2,567)	-	(2,567)
At 30 April 2002	1,243,601	-	-	4,086,450	5,318,124	864,414	-	11,512,589
Net Book Value -								
At 30 April 2002	47,582,758	107,742,331	9,447,998	13,920,287	6,740,456	979,310	97,353	186,510,493

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP

Long leasehold land, property, oil mill, buildings and roads comprise:-

	Cost RM	Accumulated Depreciation RM	Net Book Value RM
Long leasehold land	36,672,902	-	36,672,902
Leasehold property	536,000	32,059	503,941
Buildings	2,178,247	241,523	1,936,724
Oil mill	8,905,588	820,605	8,084,983
Roads	533,622	149,414	384,208
	<u>48,826,359</u>	<u>1,243,601</u>	<u>47,582,758</u>

Depreciation of property, plant and equipment is taken up in the financial statements as follows:

	<u>GROUP</u> <u>2002</u> <u>(7 months)</u> <u>RM</u>
Written off in income statement	1,591,193
Capitalised under plantation development expenditure	34,429
Capitalised under quarry development expenditure	48,992
	<u>1,674,614</u>

Plantation development expenditure capitalised during the financial year included the following:

	<u>GROUP</u> <u>2002</u> <u>(7 months)</u> <u>RM</u>
Depreciation of property, plant and equipment	34,429
Interest on term loan	39,024
Interest on bank overdraft	48,225
	<u>121,678</u>

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)**GROUP**

Quarry development expenditure capitalised during the financial year included the following:

	<u>GROUP</u> 2002 (7 months) RM
Depreciation of property, plant and equipment	48,992
Director's remuneration	
- Director of the Company	235,200
Interest on term loan	132,340
Interest on bank overdraft	28,679
	<u>28,679</u>

Heavy equipment and motor vehicles acquired under leasing and hire purchase arrangements are as follows:

	<u>GROUP</u> 2002 RM
Hire purchase	
Cost	2,833,760
Accumulated Depreciation	(341,958)
Net Book Value	<u>2,491,802</u>
Leasing	
Cost	1,174,477
Accumulated Depreciation	(640,447)
Net Book Value	<u>534,030</u>

Leasehold land, mill structure and buildings, plantations plant and machinery of the Group with a total net book value amounting to RM52,078,610, have been pledged to financial institutions as securities for banking facilities amounting to RM28,900,000 granted to subsidiary companies. The details of the credit facilities are stated in note 14 to the financial statements.

The financial impact of non-amortisation of the long leasehold land and plantations on the financial results as stated in note 1(d)(ii) is an increase in amortisation charge for the Group of RM3,026,203.

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

9. INVESTMENT IN SUBSIDIARY COMPANIES

	<u>COMPANY</u> 2002 RM
Unquoted shares - at cost	196,509,071

Details of the subsidiary companies, which are incorporated in Malaysia, at 30 April 2002 are as follows:

<u>Subsidiary Companies</u>	<u>Principal Activities</u>	<u>Percentage of equity held by the Group 2002</u>
Cepatwawasan Sdn Bhd	Cultivation of oil palm	100%
Syarikat Melabau Sdn Bhd	Cultivation of oil palm	100%
Wong Tet-Jung Plantations Sdn Bhd	Cultivation of oil palm	100%
Razijaya Sdn Bhd	Operation of quarry	100%
Sri Likas Mewah Sdn Bhd	Cultivation of oil palm	100%
Kovusak Sdn Bhd	Cultivation of oil palm	100%
Libarran Island Resort Sdn Bhd	Investment holding	100%
Bakara Sdn Bhd	Cultivation of oil palm	100%
Unival Enterprise Sdn Bhd	Cultivation of oil palm	100%
Sungguh Mulia Sdn Bhd	Cultivation of oil palm	100%

<u>Subsidiary Companies</u>	<u>Principal Activities</u>	<u>Percentage of equity held by the Group 2002</u>
Subsidiary company of Cepatwawasan Sdn Bhd		
Prolific Yield Sdn Bhd	Milling and sales of oil palm products	100%
Subsidiary companies of Syarikat Melabau Sdn Bhd		
Suara Baru Sdn Bhd	Cultivation of oil palm and operation of quarry	100%
Gelang Usaha Sdn Bhd	Cultivation of oil palm	100%
Subsidiary company of Sri Likas Mewah Sdn Bhd		
Ultisearch Trading Sdn Bhd	Cultivation of oil palm	100%

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

9. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

<u>Subsidiary Companies</u>	<u>Principal Activities</u>	<u>Percentage of equity held by the Group 2002</u>
Subsidiary company of Libarran Island Resort Sdn. Bhd.		
Minelink Sdn. Bhd.	Cultivation of oil palm, not yet commenced business	100%

The effect of the acquisition on the financial results of the Group during the financial year is shown below:-

	<u>GROUP</u> <u>2002</u> <u>RM</u>
Revenue	47,491,750
Operating costs	(39,627,521)
Profit before taxation	7,864,229
Taxation	(868,506)
Increase in Group net profit	<u>6,995,723</u>

The effect of the acquisition on the financial position of the Group as at the end of the financial year is as follows:-

	<u>GROUP</u> <u>2002</u> <u>RM</u>
Property, plant and equipment	186,510,493
Goodwill	59,005,540
Trade receivables	1,572,739
Inventories	3,459,259
Tax refundable	54,507
Other receivables	3,026,017
Fixed deposits	1,697,984
Cash and bank balances	818,114
Other payables	(2,352,813)
Trade payables	(2,995,336)
Provision for taxation	(398,886)
Hire purchase and leasing creditors	(1,712,918)
Deferred taxation	(213,600)
Lease rental payable	(267,050)
Amount due to bankers	(21,619,762)
Increase in Group net assets	<u>226,584,288</u>

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

10. AMOUNT DUE FROM SUBSIDIARY COMPANIES

	<u>GROUP</u> 2002 RM
Amounts arising from settlement of purchase consideration of leasehold lands on behalf of the subsidiary companies by issuance of shares in the Company	10,729,650
Amounts arising from settlement of purchase consideration of investment on behalf of the subsidiary companies by issuance shares in the Company	8,313,278
Advances	7,284,016
	<u>26,326,944</u>

Advances are unsecured, interest free and with no fixed terms of repayment.

11. INVENTORIES

	<u>GROUP</u> 2002 RM
At cost -	
Consumable stores	779,846
Crude palm oil	1,918,471
Palm kernel	237,002
Quarry stock	523,939
	<u>3,459,258</u>

12. FIXED DEPOSITS PLACED WITH LICENSED BANKS

	<u>GROUP</u> 2002 RM
Fixed deposits pledged as security for banking facilities granted to the subsidiary companies	114,409
Fixed deposits free from any encumbrances	83,575
Money market deposit	1,500,000
	<u>1,697,984</u>

13. AMOUNT DUE TO SUBSIDIARY COMPANIES

This represents unsecured, interest-free advances from subsidiary companies with no fixed terms of repayment.

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

14. AMOUNT DUE TO BANKERS

	<u>GROUP</u> 2002 RM
Bank overdrafts	8,907,727
Bank loans, secured	
Repayable by 60 monthly instalments	
- commencing January 1999	837,124
- commencing August 2000	386,953
- commencing October 2000	1,530,300
- commencing February 2002	958,309
- commencing June 2002	1,983,591
- commencing September 2003	390,477
Repayable by 72 monthly instalments	
- commencing January 1998	684,328
- commencing September 1999	327,420
Repayable by 96 monthly instalments	
- commencing July 1998	5,613,533
	<u>21,619,762</u>
Less: Portion repayable after 12 months	
- not later than two years	6,958,690
- later than two years but not later than five years	2,102,174
- later than five years	191,105
	<u>(9,251,969)</u>
Portion repayable within 12 months	<u>12,367,793</u>

The above banking facilities are secured by:-

- (a) legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of subsidiary companies;
- (b) debentures incorporating fixed and floating charges over all the assets of the subsidiary companies presently owned and subsequently acquired;
- (c) joint and several guarantee by certain Directors and a director of certain subsidiary companies; and
- (d) personal guarantees from third parties.

The bank overdrafts bear interest ranging from 1% to 2.5% per annum above the bank's base lending rate.

Bank loans bear interest ranging from 5.5% to 9.3% per annum.

15. AMOUNT DUE TO DIRECTORS

This includes unsecured advances amounting to RM4,200,000 received from Directors with no fixed terms of repayment. The advances bear interest at Malayan Banking Berhad's base lending rate (BLR) for the first year and thereafter at 2% above BLR.

The other advances of RM2,237,275 are unsecured, interest-free and with no fixed terms of repayment.

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

16. OTHER PAYABLES

	<u>GROUP</u>	<u>COMPANY</u>	
	2002 RM	2002 RM	2001 RM
Amount due to a director of certain subsidiary companies who is also a shareholder of the Company	932,629	932,629	-
Amount due to shareholders of the Company	2,111,814	2,111,814	-
Other payables and accruals	2,979,515	626,702	9,053
	<u>6,023,958</u>	<u>3,671,145</u>	<u>9,053</u>

Amount due to a director of certain subsidiary companies who is also a shareholder of the company includes an amount of RM800,000 which bears interest at Maybank's BLR for the first year and thereafter at 2% above BLR. The advances are unsecured and have no fixed term of repayment. The balance of RM132,629 advances represents unsecured, interest-free and with no fixed term of repayments.

Amount due to shareholders of the Company is unsecured, interest-free and with no fixed terms of repayment.

17. HIRE PURCHASE CREDITORS

	<u>GROUP</u> 2002 RM
Hire-purchase payments:-	
- not later than one year	760,510
- later than one year and not later than five years	992,719
- later than five years	-
	<u>1,753,229</u>
Less: Future interest charges	(196,292)
	<u>1,556,937</u>
Current:	
- not later than one year	676,226
Non-current:	
- later than one year and not later than five years	880,711
- not later than five years	-
	<u>1,556,937</u>

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

18. LEASING CREDITORS

	<u>GROUP</u> 2002 RM
Leasing payments:-	
- not later than one year	157,228
- later than one year and not later than five years	3,720
- later than five years	-
	<hr/>
	160,948
Less: Future interest charges	(4,967)
	<hr/>
	155,981
	<hr/> <hr/>
Current:	
- not later than one year	152,291
Non-current:	
- later than one year and not later than five years	3,690
- later than five years	-
	<hr/>
	155,981
	<hr/> <hr/>

19. SHARE CAPITAL

	<u>GROUP AND COMPANY</u>	
	2002 RM	2001 RM
Authorised:		
Ordinary shares of RM1 each		
Balance at beginning of year	100,000	100,000
Created during the year	499,900,000	-
	<hr/>	<hr/>
Balance at end of year	500,000,000	100,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
Ordinary shares of RM1 each		
Balance at beginning of year	2	2
Issue of shares during the year for		
- acquisition of subsidiary companies	165,873,843	-
- acquisition of shares in SPF	8,050,000	-
- settlement of amounts due to vendors of the subsidiaries	14,911,070	-
Conversion of ICULS	12,802,000	-
	<hr/>	<hr/>
Balance at end of year	201,636,915	2
	<hr/> <hr/>	<hr/> <hr/>

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

19. SHARE CAPITAL (cont'd)

During the year, the authorised share capital of the Company was increased from RM100,000 to RM500,000,000 by the creation of an additional 499,900,000 ordinary shares of RM1 each in the Company.

Subsequent to the increase in the authorised share capital, the issued and paid-up share capital of the Company was increased from RM2 to RM201,636,915 by the following share allotments at par;

- (i) allotment of 8,050,000 ordinary shares of RM1 each in exchange for the entire equity interest in SPF;
- (ii) allotment of 165,873,843 ordinary shares of RM1 each as settlement for the considerations of the acquisitions of 15 subsidiary companies;
- (iii) allotment of 14,911,070 ordinary shares of RM1 each as settlement of amounts owing to certain directors and former shareholders of the subsidiary companies;
- (iv) allotment of 12,802,000 ordinary shares of RM1 each pursuant to the conversion of 12,802,000 4% ICULS 2001/2006; and

The new allotments during the year rank pari passu in all respects with the existing shares.

As at 30 April 2002, there were still 13,820,000 4% ICULS 2001/2006 with options to subscribe for unissued shares in the Company.

20. RETAINED PROFIT

Based on estimated balance of tax exempt account of RM10,000,000 and tax credits available, the retained profit of the Group are available for distribution by way of dividends without incurring additional tax liability.

21. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	<u>GROUP AND COMPANY</u>	
	2002 RM	2001 RM
4% ICULS 2001/2006 at nominal value of RM1.00 each:		
Issued during the year	26,622,000	-
Converted to ordinary shares	(12,802,000)	-
At 30 April	<u>13,820,000</u>	<u>-</u>

- (a) The ICULS which bear a coupon rate of 4% per annum payable semi-annually are convertible into fully paid-up ordinary shares of RM1.00 each in the Company at any time from the date of the issuance of the ICULS (6 November 2001) to maturity (6 November 2006) at the conversion price of RM1.00 nominal value of ICULS for each new ordinary share. ICULS that have not been converted upon maturity will be mandatorily converted into new ordinary share of RM1.00 each credited as fully paid-up.
- (b) Upon conversion of the ICULS into new ordinary shares, each share shall rank pari passu in all respects with the ordinary shares of the Company except that it shall not be entitled to any rights, dividends and/or other distribution declared prior to the date of conversion of the ICULS.

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

22. DEFERRED TAXATION

	<u>GROUP</u> 2002 RM
At date of acquisition	473,000
Transferred to income statement (note 6)	(259,400)
	<hr/>
Balance carried forward	213,600
	<hr/> <hr/>
This is in respect of the following timing differences:	
On excess of capital allowances over depreciation	760,700
	<hr/> <hr/>

The following potential deferred tax liabilities of certain subsidiary companies have not been provided for in the financial statements as it is anticipated that the tax effects of such deferrals will not reverse in the foreseeable future:

	<u>GROUP</u> 2002 RM
Capital allowances in excess of depreciation of property, plant and equipment	2,426,900
	<hr/> <hr/>

The Group has not accounted for the following timing differences which would result in a debit to the deferred tax balance:

	<u>GROUP</u> 2002 RM
Capital allowances in excess of depreciation of property, plant and equipment	1,134,000
Unutilised tax losses	(2,250,000)
Unabsorbed capital and agriculture allowances	(2,411,000)
	<hr/>
	(3,527,000)
	<hr/> <hr/>

23. LEASE RENTAL PAYABLE

This represents sublease rental for 107 parcels of subsidiary companies' land which are payable over the remaining lease term of 49 years commencing in the year 2049.

24. NET TANGIBLE ASSETS/(LIABILITIES) PER SHARE

The net tangible assets/(liabilities) per share is calculated by dividing the shareholders' funds, after deducting goodwill arising on consolidation by 201,636,915 (2001: 2) ordinary shares of the Company in issue as at 30 April 2002.

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

25. NOTES TO CASH FLOW STATEMENT

(a) Acquisition of Subsidiary Companies

During the year, the Company acquired 15 subsidiary companies. The fair values of assets and liabilities assumed were as follows:

	2002 RM
Property, plant and equipment	183,492,635
Inventories	1,821,081
Receivables	16,930,338
Fixed deposits	1,694,532
Cash and bank balances	721,594
Tax refundable	67,970
Amount due to bankers	(21,008,626)
Amounts due to directors	(14,097,908)
Payables	(11,067,598)
Hire purchase creditors	(1,334,312)
Leasing creditors	(483,471)
Provision for taxation	(216,775)
Deferred taxation	(473,000)
	<hr/> 156,046,460
Goodwill	19,891,376
	<hr/> 175,937,836
Total purchase consideration	175,937,836
Less: Amount discharged by issuance of shares	(165,873,843)
	<hr/> 10,063,993
Purchase consideration discharged by cash	10,063,993
Incidental cost of acquisition	244,273
	<hr/> 10,308,266
Total amount	10,308,266
Cash and cash equivalents acquired from subsidiary companies	
- Cash and bank balances	(721,594)
- Fixed deposits	(62,584)
- Bank overdrafts	8,421,461
	<hr/> 7,637,283
Cash flow on acquisition, net of cash and cash equivalents acquired	<hr/> <hr/> 17,945,549

(b) Property, Plant and Equipment

During the year, the Group acquired property, plant and equipment, incurred quarry development expenditure and plantation development expenditure totalling RM4,696,855 made up as follows:

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

25. NOTES TO CASH FLOW STATEMENT (cont'd)

	<u>GROUP</u> 2002 RM
Plant and equipment acquired under hire purchase arrangement	678,400
Cash payments	3,686,766
Depreciation of property, plant and equipment capitalised	83,421
Finance cost capitalised	248,268
	<u>4,696,855</u>

(c) Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	<u>GROUP</u> 2002 RM	<u>COMPANY</u> 2002 RM	2001 RM
Fixed deposits	1,697,984	-	-
Cash and bank balances	1,123,182	305,068	2
Bank overdrafts (note 14)	(8,907,727)	-	-
	<u>(6,086,561)</u>	<u>305,068</u>	<u>2</u>
Less: Fixed deposits pledged to licensed banks (note 12)	(114,409)	-	-
	<u>(6,200,970)</u>	<u>305,068</u>	<u>2</u>

26. CONTINGENT LIABILITIES**Unsecured**

	<u>GROUP</u> 2002 RM	<u>COMPANY</u> 2002 RM	2001 RM
Guarantee for banking facilities granted to subsidiaries	-	17,000,000	-
Guarantee for credit facilities granted to subsidiaries	-	2,064,400	-
Guarantee for credit facilities granted to a contractor	20,000	-	-
	<u>20,000</u>	<u>19,064,400</u>	<u>-</u>

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

GROUP

	2002 (7 months)	
	Amount of transactions RM	Outstanding amounts RM
Transactions with certain Directors of the Company:		
Non trade transactions		
Interest on loan from Directors		
- Datuk Lo Fui Ming	36,839	36,839
- Tsen Thau Tet	4,019	4,019
- Tan Kum Peng	4,689	4,689
- Ouh Mee Lan	4,689	4,689
- Ho Hee Chung	20,515	20,515
- Lim Ted Hing	13,396	13,396
- Seah Tee Lean, JP	56,933	56,933
Interest on ICULS		
- Seah Tee Lean, JP	134,862	134,862
- Lim Ted Hing	36,101	36,101
- Tsen Thau Tet	13,211	13,211
Transactions with a director of certain subsidiary companies who is also a shareholder of the Company:		
Non trade transactions		
Interest on advances obtained		
- Seah Sen Onn	26,512	26,512
Transactions with a company in which Datuk Lo Fui Ming, Lim Ted Hing and Seah Sen Onn have financial interests: Wonderful Harvest Sdn. Bhd.		
Non trade transactions		
Interest recovered on advances given	1,147	-
Trade transactions		
Equipment hire paid	34,503	-
Transactions with a company in which Tsen Thau Tet has financial interest:		

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)**GROUP**

	2002 (7 months)	
	Amount of transactions RM	Outstanding amounts RM
Trade transactions		
Purchase of fresh fruit bunches		
- Aqthal Jasmeg Cash Crop Sdn. Bhd.	46,039	4,700
Sales of stones		
- Aqthal Jasmeg Cash Crop Sdn. Bhd.	5,136	-
Transactions with a company in which Ouh Mee Lan and Tan Kum Peng have financial interests:		
Purchase of fresh fruit bunches		
- Sungai Pin Sdn. Bhd.	44,604	-

COMPANY

	2002 (12 months)		2001 (3 months)	
	Amount of transactions RM	Outstanding amounts RM	Amount of transactions RM	Outstanding amounts RM
Transaction with certain Director of the Company:				
Non trade transactions				
Interest on loan from Directors				
- Datuk Lo Fui Ming	36,839	36,839	-	-
- Tsen Thau Tet	4,019	4,019	-	-
- Tan Kum Peng	4,689	4,689	-	-
- Ouh Mee Lan	4,689	4,689	-	-
- Ho Hee Chung	20,515	20,515	-	-
- Lim Ted Hing	13,396	13,396	-	-
- Seah Tee Lean, JP	56,933	56,933	-	-
Interest on ICULS				
- Seah Tee Lean, JP	134,862	134,862	-	-
- Lim Ted Hing	36,101	36,101	-	-
- Tsen Thau Tet	13,211	13,211	-	-

Notes to the FINANCIAL STATEMENTS

- 30 APRIL 2002 (cont'd)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

COMPANY

2002 (12 months)		2001 (3 months)	
Amount of transactions RM	Outstanding amounts RM	Amount of transactions RM	Outstanding amounts RM

Transactions with a director of certain subsidiary companies who is also a shareholder of the Company:

Non trade transactions

Interest on advances obtained

- Seah Sen Onn

26,512	26,512	-	-
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All the outstanding related party trade transactions have been settled subsequent to the financial year end.

The Directors are of the opinion that all related party transactions were entered into in the normal course of business on terms mutually agreed between the respective parties.

28. SEGMENTAL INFORMATION

	Revenue RM	GROUP Profit/(loss) before tax RM	Total assets employed RM
By activity:			
Plantation and mill	47,273,508	4,128,320	182,942,177
Quarry operations	218,242	(86,111)	16,342,633
	47,491,750	4,042,209	199,284,810
Goodwill on consolidation	-	-	59,005,540
	47,491,750	4,042,209	258,290,350

No segmental information by geographical area has been presented, as the Group operates predominantly in Malaysia.

FINANCIAL STATEMENTS

Notes to the

- 30 APRIL 2002 (cont'd)

29. EMPLOYEES INFORMATION

	GROUP	COMPANY	
	2002 RM	2002 RM	2001 RM
Staff costs	4,110,812	-	-

The total number of employees of the Group at year end was 954.

The Company had no employees as at 30 April 2002 and 2001.

30. COMPARATIVE FIGURES

As this is the Company's first set of consolidation financial statements drawn up, there are no comparative figures for the Group.

Shareholding STATISTICS

AS AT 31 AUGUST 2002

Paid-Up & Issued Share Capital	:	201,636,915
Authorised Share Capital	:	500,000,000
Type of Share	:	Ordinary Share of RM1.00 each
No of Shareholders	:	6,491
Voting Rights	:	One Vote for Every Share

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	Total Holdings	Percentage (%)
1 to 999	794	388,046	0.19
1,000 to 10,000	4,700	15,917,452	7.90
10,001 to 100,000	856	26,418,226	13.10
100,001 to 10,081,844*	139	109,641,510	54.38
10,081,845 and above**	2	49,271,681	24.43
TOTAL	6,491	201,636,915	100.00

Notes: * Less than 5% of Issued Shares
 ** 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDERS

According to Register maintained under Section 69 of the Companies Act, 1965, the substantial shareholders' interests in shares of the Company are as follows:-

	Ordinary Shares of RM1 each	
	Direct Interest	%
Datuk Lo Fui Ming	28,778,117	14.27
Ho Hee Chung	20,493,564	10.16

DIRECTORS' INTERESTS

According to Register maintained under Section 134 of the Companies Act, 1965, the directors' interests in shares and share options of the Company are as follows:-

Ordinary Shares of RM1 each

Name of Directors	Direct		Indirect		Options Over Ordinary Shares of RM1 each
	Interest	%	Interest	%	
Seah Tee Lean, JP	8,538,873	4.23	-	-	6,799,000
Ho Hee Chung	20,493,564	10.16	-	-	-
Datuk Lo Fui Ming	28,778,117	14.27	-	-	-
Tsen Thau Tet	1,614,329	0.80	1,423,230	0.71	666,000
Ouh Mee Lan	8,730,228	4.33	-	-	-
Tan Kum Peng	7,749,033	3.84	-	-	-
Lim Ted Hing	1,484,488	0.74	-	-	1,820,000

Shareholding STATISTICS

AS AT 31 AUGUST 2002 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS:

No.	Name	No. of Shares Held	%
1.	DATUK LO FUI MING	22,519,117	11.17
2.	HO HEE CHUNG	20,493,564	10.16
3.	SEAH TEE LEAN	8,538,873	4.23
4.	OUH MEE LAN	7,108,320	3.53
5.	TAN KUM PENG	6,749,033	3.35
6.	SEH KEW @ OUH SEH KEW	6,305,567	3.13
7.	LI NAI KWONG	5,322,309	2.64
8.	ENG NOMINEES (ASING) SDN BHD Kim Eng Ong Asia Securities Pte Ltd for Wong Hon Chak	4,351,821	2.16
9.	LAW YAU MING, ERIC	4,222,591	2.09
10.	WONG KIAM KONG	4,199,793	2.08
11.	SYARIKAT P H LIM SDN BHD	3,256,120	1.61
12.	UNIVERSAL TRUSTEE (MALAYSIA) BHD BHLB Pacific Emerging Companies Growth Fund	3,063,000	1.52
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Datuk Lo Fui Ming	3,000,000	1.49
14.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD BHLB Pacific High Growth Fund	2,885,000	1.43
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Danaharta Managers Sdn Bhd for Datuk Lo Fui Ming (S& P Food Ind)	2,619,000	1.30
16.	GREENFINGERS SDN BHD	2,312,280	1.15
17.	ANTHONY JOHN WONG	1,920,161	0.95
18.	LIM CHEE LEONG	1,785,051	0.89
19.	LO KEN HIN	1,772,865	0.88
20.	TSEN THAU TET	1,614,329	0.80
21.	SEAH SEN ONN @ DAVID SEAH	1,566,027	0.78
22.	FONG THAM YU	1,514,000	0.75
23.	AQTHAL JASMEG CASH CROP ENTERPRISE SDN BHD	1,423,230	0.71
24.	LEONG CHOI YUK	1,419,420	0.70
25.	HO KHIN FONG @ HENRY HO	1,293,944	0.64
26.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Chu Hang Seng (29D)	1,143,695	0.57
27.	ELIZABETH GOLINGI @ ELIZABETH A PATERSON	1,023,260	0.51
28.	CHAN SAIK CHUEN	1,020,434	0.51
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Ho Khin Fong @ Henry Ho (120030)	1,000,000	0.50
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Tan Kum Peng (120031)	1,000,000	0.50

List of Properties OF THE GROUP

AS AT 30 APRIL 2002

Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value as at 30.04.2002 RM'000	Year Acquired
1 Prolific, Wong Tet-Jung Plantations Off Km 63.7 Sandakan- Lahad Datu Highway	Leasehold 99 years Perpetuity (Sublease 99 years)	2069 2070 2074 2075 2076 2082	39.752 hectares 30.607 hectares 18.195 hectares 207.991 hectares 9.967 hectares 6.463 hectares	Oil Palm Plantation & Oil Mill	19,655	2001
Kolapis-Beluran Area District of Labuk Sugut	Leasehold 99 years	2097 2073	6.435 hectares 2.250 hectares	Plantable Reserve		
			321.660 hectares			
Prolific Yield Lot 39, Block C Taman Indah Jaya Phase 4A Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	83.610 Sq.M	Double Storey Terrace Shoplot	238	2001
Prolific Yield Lot 40, Block C, Taman Indah Jaya Phase 4A Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	106.600 Sq.M	Double Storey Terrace Shoplot	298	2001
2 Melabau, Suara & Gelang Estates 0.2 Km East of Km 96 Sandakan-Lahad Datu Highway	Leasehold 99 years	2078 2079 2080 2081 2082 2085 2086 2095 2093 2097	17.110 hectares 260.780 hectares 202.303 hectares 136.615 hectares 88.690 hectares 252.660 hectares 14.930 hectares 4.993 hectares 154.700 hectares 12.300 hectares	Oil Palm Plantation & Quarry	39,555	2001
	Perpetuity (Sublease 99 years)	2075 2080 2093	316.549 hectares 136.763 hectares 5.751 hectares			
Km 28, Jalan Labuk	Leasehold 99 years	2097 2065	10.930 hectares 3.055 hectares	Plantable Reserve		
			1618.129 hectares			
3 Sri Likas & Ultisearch Estates 2.6 Km North of Km 31 Sukau Road	Leasehold 99 years	2085 2094 2096 2098	10.120 hectares 386.100 hectares 168.700 hectares 47.750 hectares	Oil Palm Plantation	13,660	2001
			612.670 hectares			

List of Properties OF THE GROUP

AS AT 30 APRIL 2002 (cont'd)

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Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value as at 30.04.2002 RM'000	Year Acquired
4 Unival Estate Off Km 113 Sandakan-Lahad Datu Highway	Leasehold 99 years	2095	<u>261.350 hectares</u>	Oil Palm Plantation	4,219	2001
5 Bakara Estates Bukit Garam/Sg. Lokan Off Km 76.5 Sandakan-Lahad Highway	Leasehold 99 years	2085	150.300 hectares	Oil Palm Plantation	13,300	2001
		2087	400.000 hectares			
		2079	5.83 hectares			
	Perpetuity	2082	71.003 hectares			
	(Sublease 99 years)	2096	36.200 hectares			
		2096	<u>205.829 hectares</u>			
			<u>869.162 hectares</u>			
6 Sri Likas Estate Off Km 65.5, Sandakan-Telupid- Kota Kinabalu Highway	Leasehold 99 years	2078	<u>202.300 hectares</u>	Oil Palm Plantation	4,783	2001
Gum Gum Area, Off Km 26.6 Jalan Labuk	Leasehold 99 years	2064	22.383 hectares	Oil Palm & Teak	950	2001
		2068	13.241 hectares			
		2066	7.013 hectares			
			<u>244.937 hectares</u>			
7 Cepatwawasan & Kovusak Estates Km 4.5, Jalan Beluran Locality of Segama, 33.5 North-West of Lahad Datu Town Centre	Leasehold 99 years	2061	992.700 hectares	Oil Palm Plantation	42,800	2001
		2071	133.550 hectares			
		2078	485.300 hectares			
	Leasehold 99 years	2078	33.720 hectares	Plantable Reserve	300	2001
			<u>1645.270 hectares</u>			
8 Minelink Estate Sg. Lingkabau Area 122 Km North-West of Sandakan	Leasehold 99 years	2098	<u>809.400 hectares</u>	Plantable Reserve	5,261	2001
9 Razijaya & Sungguh Mulia Estates Sungai-Sungai Locality 99 Km North-West of Sandakan	Leasehold 99 years	2098	<u>362.200 hectares</u>	Quarry & Plantable Reserve	10,257	2001

Note

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Lot 39-40, Block C, Taman Indah Jaya Shophouses
Mile 4, North Road, P O Box 1562, 90717 Sandakan, Sabah
Tel: 089-221569/272681/272773/271775/229906
Fax: 089-220881

Proxy FORM

2nd Annual General Meeting

*I/We _____
(Please use Block Letters)

*NRIC No./Passport No./Company No. _____ of _____

being a member of CEPATWAWASAN GROUP BERHAD hereby appoint _____

_____ *NRIC No./Passport No. _____

of _____

or failing whom, _____

of _____

as *my/our proxy to vote for *me/us and on *my/our behalf at the Annual General Meeting of the Company to be held at Grand Ballroom, Sabah Hotel, Km 1, Jalan Utara, 90000 Sandakan, Sabah on Tuesday, 29 October 2002 at 11:00 am and, at every adjournment thereof *for/against the resolution(s) to be proposed thereat.

As witness *my/our hand this _____ day of _____ 2002



No. of shares held: _____

Signature of member

* Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit).

Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 April 2002 together with the Report of the Directors and Auditors thereon.		
2.	To approve the payment of Directors' fees.		
	To re-elect the following Directors:-		
3.	Mr Seah Tee Lean, JP		
4.	Mr Ho Hee Chung		
5.	Datuk Lo Fui Ming		
6.	Mr Tsen Thau Tet		
7.	Mr Ouh Mee Lan		
8.	Mr Tan Kum Peng		
9.	Mr Lim Ted Hing		
10.	Mr Peter Chan Ngai Choong		
11.	Mr Chen Syn Fook @ Charles		
12.	Encik Ag Ahmad Bin Ag Amin		
13.	To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
14.	To authorize the issue of shares up to 10% of the Issued Capital		

Notes

- (a) A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or person approved by the Companies Commission.
- (b) To be valid this form duly completed must be deposited at the registered office of the Company not less than forty eight (48) hours before the time for holding the meeting.
- (c) A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meetings.
- (d) Where a member appoints more than one (1) proxy, (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (e) If the appointer is a corporation, this form must be executed under its seal or under the hand of its attorney.

Please fold here

Affix
stamp
here

The Company Secretary
CEPATWAWASAN GROUP BERHAD

Lot 39-40, Block C,
Taman Indah Jaya Shophouses
Mile 4, North Road
P O Box 1562
90717 Sandakan, Sabah

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