4.8 SHARE CAPITAL

	31.3.2003 RM'000
Authorised	
1,000,000 ordinary shares of RM1 each	1,000
Issued and fully paid	
600,000 ordinary shares of RM1 each	600

4.9 RETAINED PROFITS

At the balance sheet date, subject to the approval of the tax authorities, the Company has:

(i) tax exempt income amounting to approximately RM14,000 to frank the payment of tax exempt dividends, and

(ii) sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the abovementioned tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 March 2003.

4.10 DEFERRED TAXATION

	31.3.2003 RM'000
At 1 January 2003	75
Recognised in the income statement	(4)
Deferred tax liabilities	71

The components and movements of deferred tax liabilities during the period prior to offsetting are as follows:

Deferred tax liabilities	Accelerated Capital allowances RM'000
At 1 January 2003	75
Recognised in the income statement	(4)
At 31 March 2003	71

4.11 CHANGES IN ACCOUNTING POLICY

During the financial period, the Company applied the new MASB Standards – MASB 25: Income taxes and accordingly modified the relevant accounting policy. The change in accounting policy which resulted in prior year adjustment, is discussed below:

MASB 25: Income taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account for timing differences only to

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the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Company has commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

4.12 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate, liquidity and credit risks. The Company operates within clearly defined guidelines, and the policy is to not engage in speculative transactions.

(b) Interest rate risk

The investment in financial assets are short term in nature and they are not held for speculative purposes but have been mostly placed in short term deposits with a licensed bank.

(c) Liquidity risk

The Company actively manages its operating cash flows and the availability of funding to ensure all financing, repayment and funding needs are met.

(d) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Company management reporting procedures.

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

(e) Fair values

The aggregate fair value of financial liability carried on the balance sheet as at 31 March is presented in the following table:

	Carrying amount RM'000	Fair value RM'000
Financial liability		
Hire purchase payables	184	149

The fair value has been determined by discounting the relevant cash flows using current interest rates as at the balance sheet date.

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The carrying amounts of the following financial assets and liabilities approximate their fair values: cash and bank balances, fixed deposits with a licensed bank, receivables and payables.

5.0 STATEMENT OF CASH FLOW FOR THE THREE (3) MONTHS PERIOD ENDED 31 MARCH 2003

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	361
Adjustment for:	
Depreciation	71
Interest expense	7
Interest income	(1)
Operating profit before working capital changes	438
Increase in inventories	(31)
Decrease in receivables	98
Decrease in payables	(31)
Cash generated from operations	474
Tax paid	(100)
Net cash generated from operating activities	374
CASH FLOW FROM INVESTING ACTIVITY	
Purchase of plant and equipment, representing net cash used in investing activity	(47)
CASH FLOW FROM FINANCING ACTIVITIES	
Interest paid	(7)
Interest received	1
Dividends paid	(216)
Repayment of hire purchase payables	(26)
Net cash used in financing activities	(248)
Net increase in cash and cash equivalents	79
Cash and cash equivalents at 1 January	247
Cash and cash equivalents at 31 March	326
Cash and cash equivalents comprise:	
Cash and bank balances	223
Fixed deposits with a licensed bank	103
	326

6.0 AUDITED FINANCIAL STATEMENTS

No audited financial statements of AWFM have been prepared in respect of any period subsequent to 31 March 2003 as at the date of this report.

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I. INFORMATION ON GGLN

1.0 SUMMARISED RESULTS OF GGLN

We set out below the summarised results of GGLN based on the audited financial statements for the last five (5) financial years ended 31 December 2002 and three (3) months financial period ended 31 March 2003, as follows:

	<-----Year ended 31 December				----->	3 months to
	1998	1999	2000	2001	2002	31.3.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,104	1,497	3,009	1,384	2,765	1,285
Cost of sales	(757)	(1,086)	(2,716)	(825)	(1,526)	(575)
Gross profit	347	411	293	559	1,239	710
Other income	-	-	-	39	17	66
Operating expenses	(248)	(333)	(201)	(380)	(355)	(333)
Profit before depreciation, interest and taxation	99	78	92	218	901	443
Interest expense	(18)	(17)	(17)	(10)	(10)	(7)
Depreciation	(78)	(77)	(66)	(50)	(35)	(12)
Profit / (loss) before taxation	3	(16)	9	158	856	424
Taxation	(13)	(8)	(7)	(51)	(249)	(104)
(Loss) / profit after taxation	(10)	(24)	2	107	607	320
(Accumulated losses) / retained profits brought forward	(61)	(71)	(95)	(93)	56*	663*
(Accumulated losses) / retained profits carried forward	(71)	(95)	(93)	14	663	983
Weighted average number of ordinary shares in issue	30	30	36	100	100	100
Gross earnings / (loss) per share (RM)	0.10	(0.53)	0.25	1.58	8.56	4.24
Net (loss) / earnings per share (RM)	(0.33)	(0.80)	0.06	1.07	6.07	3.20
Gross dividend rate (%)	-	-	-	-	-	-

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Notes:

(1) The revenue in 2000 increased by approximately 101% as compared to 1999 as GGLN managed to secure major landscaping projects, one of which was the contract at Taman Awam Bandar Baru Bangi which amounted to approximately RM2,170,000. The decrease in revenue for 2001 was mainly due to the completion of the Bangi project. In 2002, GGLN managed to secure several projects at Bandar Mahkota Cheras and Kota Damansara with contract values amounting to approximately RM2,100,000, which are expected to be completed in 2003.

(2) The gross margin dropped marginally in 1999 to 27% as compared to approximately 31% in 1998, mainly due to the adoption of a competitive pricing strategy by GGLN. The gross margin declined further to 10% in year 2000 due to more sub-contract works with lower profit margin were obtained. In 2001, the gross profit margin improved to 40% and further to 45% in 2002 as a result of improved pricing and the reduction in direct costs by the use of in-house propagated plants, as compared to the plants supplied by third parties in prior years.

(3) The effective tax rates in 1998 to 2002, except for 1999 were higher than the statutory tax rates due to certain expenses being disallowed for taxation purposes. The tax expense of RM8,000 in 1999 was in relation to the under provision of taxation in prior years. There was no tax charge for 1999 on that year's profit as the amount payable was waived in accordance with the provisions of Income Tax (Amendment) Act, 1999.

(4) There was no dividend declared or paid during the financial years under review.

(5) There were no exceptional items in the financial years under review.

* Retained profits brought forward for the year ended 31 December 2002 and the period ended 31 March 2003 have been restated to reflect the prior year adjustment arising from the change in accounting policy for income taxes, in complying with the requirements of MASB 25 : Income Taxes. The effect of this change is as follows:

	Year ended 31.12.02	Period ended 31.3.03
	RM'000	Rm'000
Balance as at 1 January 2002/1 January 2003	14	618
Effects of adopting MASB 25	42	45
Balance as at 1 January 2002/1 January 2003 as restated	56	663

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2.0 SUMMARISED BALANCE SHEETS OF GGLN

We set out below the summarised balance sheets of GGLN based on the audited financial statements as at 31 December 1998 to 2002 and 31 March 2003, as follows:

	<---As at 31 December				--->	31 March
	1998	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSET						
Plant and equipment	200	153	105	62	148	324
CURRENT ASSETS						
Inventories	-	-	31	104	187	213
Trade receivables	189	408	883	567	1,166	1,582
Other receivables	7	15	18	31	28	63
Due from customers on contracts	-	-	-	-	-	117
Fixed deposit with a licensed bank	-	-	-	-	-	17
Cash and bank balances	26	19	2	143	133	46
	222	442	934	845	1,514	2,038
CURRENT LIABILITIES						
Trade payables	154	389	897	604	584	664
Other payables	48	15	37	24	92	115
Due to a director	75	115	1	53	2	-
Due to customers on contracts	-	-	-	-	-	47
Hire purchase payables	53	52	36	22	30	47
Taxation	26	34	36	86	201	355
	356	605	1,007	789	909	1,228
NET CURRENT (LIABILITIES) / ASSETS	(134)	(163)	(73)	56	605	810
	66	(10)	32	118	753	1,134
FINANCED BY:						
Share capital	30	30	100	100	100	100
(Accumulated losses)/ Retained profits	(71)	(95)	(93)	14	663	983
Shareholders' equity	(41)	(65)	7	114	763	1,083
Hire purchase payables	107	55	25	4	35	145
Deferred taxation	-	-	-	-	(45)	(94)
	66	(10)	32	118	753	1,134
Net (liabilities)/tangible assets per ordinary share (RM)	(1.37)	(2.17)	0.07	1.14	7.63	10.83

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Notes:

GGLN increased its paid-up capital from RM30,002 to RM100,000 in year 2000 by issuing 69,998 ordinary shares of RM1.00 each to provide for additional working capital.

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3.0 STATEMENT OF ASSETS AND LIABILITIES OF GGLN AS AT 31 MARCH 2003

The following statement of assets and liabilities is based on the audited financial statements of GGLN as at 31 March 2003 and should be read in conjunction with the notes thereon:

	Note	RM'000
NON-CURRENT ASSET		
Plant and equipment	4.2	324
CURRENT ASSETS		
Inventories		213
Trade receivables	4.3	1,582
Other receivables	4.4	63
Due from customers on contracts	4.5	117
Fixed deposit with a licensed bank	4.6	17
Cash and bank balances		46
		2,038
CURRENT LIABILITIES		
Trade payables	4.7	664
Other payables		115
Due to customers on contracts	4.5	47
Hire purchase payables	4.8	47
Taxation		355
		1,228
NET CURRENT ASSETS		810
		1,134
FINANCED BY:		
Share capital	4.9	100
Retained profits	4.10	983
Shareholder's equity		1,083
Hire purchase payables	4.8	145
Deferred taxation	4.11	(94)
		1,134

Note : Statement of Changes in Equity is not separately presented as there is no major movement in reserves other than those disclosed in this Report.

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4.0 NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

4.1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and comply with applicable Approved Accounting Standards in Malaysia.

(b) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of plant and equipment on a straight line basis over the estimated useful lives of the assets concerned. The annual rates used are as follows:

Motor vehicles	20%
Computer and telecommunication equipment	20%
Furniture and fittings	10%
Office equipment	10%
Electrical installation	10%
Renovation	10%
Machinery	10%

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of equipment exceeds its recoverable amount. In determining the recoverable amount of equipment, expected future cash flows are discounted to their present value. The impairment loss is charged to the income statement, unless it reverses a previous revaluation, in which case it is charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(c) Inventories

Inventories comprising ground covers, palms, shrubs and trees are valued at the lower of cost (determined on a first-in, first-out basis) and net realisable value. Cost of inventory comprised cost of purchase, and any incidental costs to grow the plants and trees and bringing the inventories to their current location and condition.

Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

(d) Construction contracts

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are probable to be recoverable and contract costs are recognised as expenses.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Company uses the percentage of completion method to determine the appropriate amount of revenue and cost to recognise in a given period, the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to-date, to the estimated total costs for the contract. When it is probable that the total contract costs would exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contracts.

(e) Financial instruments

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

(f) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(g) Payables

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

(h) Equity instruments

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction, net of tax in equity from the proceeds.

Dividends in ordinary shares are recognised in equity in the period in which they are declared.

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(i) **Income tax**

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 4.12.

(j) **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Revenue relating to long term contracts are accounted for under the percentage of completion method; the stage of completion is measured by reference to the actual costs incurred to date to estimate total costs for each contract.

(ii) Revenue relating to the sale of goods is recognised upon the transfer of risks and rewards.

(iii) Revenue from designing services is recognised as and when the services are performed.

(k) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and at banks and fixed deposit with a licensed bank.

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(l) Hire purchase

Fixed assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4.1(b). The corresponding outstanding obligations due under hire purchase after deducting finance charges are included as liabilities in the financial statements.

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance charges are allocated to the income statement over the periods of the respective agreements.

4.2 PLANT AND EQUIPMENT

	Computer and telecommunication equipment RM'000	Furniture, fittings and office equipment RM'000	Electrical installations and renovation RM'000	Motor vehicles RM'000	Machinery RM'000	Total RM'000
Costs						
At 1 January 2003	26	51	25	342	17	461
Additions	8	2	-	178	-	188
Disposal	-	-	-	(115)	-	(115)
At 31 March 2003	34	53	25	405	17	534
Accumulated Depreciation						
At 1 January 2003	21	20	10	259	3	313
Charge for the period	1	1	1	9	-	12
Disposal	-	-	-	(115)	-	(115)
At 31 March 2003	22	21	11	153	3	210
Net Book Value	12	32	14	252	14	324

As at the balance sheet date, the net book value of the motor vehicles held under hire purchase arrangements amounted to RM222,495.

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4.3 TRADE RECEIVABLES

	31.3.2003 RM'000
Trade receivables	1,964
Less: Provision for doubtful debts	(382)
	1,582

The Company's normal trade credit term ranges from 60 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Included in trade receivables is an amount of RM62,830 due from a company in which a director has interest.

4.4 OTHER RECEIVABLES

Included in this balance is an amount of RM9,102 due from a company in which a director of the Company has interest.

4.5 DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	31.3.03 RM'000
Project costs incurred	1,101
Attributable profit	1,080
	2,181
Progress billings	(2,111)
	70
Due from customers on contracts	117
Due to customers on contracts	(47)
	70

4.6 FIXED DEPOSIT WITH A LICENSED BANK

The fixed deposit is pledged to a licensed bank for banking facilities granted to the Company.

The weighted average interest rate during the financial period was 3.20% and the average maturity of deposit as at 31 March 2003 was 30 days.

4.7 TRADE PAYABLES

The normal trade credit term granted to the Company ranges from 60 to 90 days.

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4.8 HIRE PURCHASE PAYABLES

	31.3.2003 RM'000
Future minimum payments:	
Not later than 1 year	59
Later than 1 year and not later than 2 years	42
Later than 2 years and not later than 5 years	122
Later than 5 years	3
	226
Interest in suspense	(34)
Present value of hire purchase liabilities	192
Present value of hire purchase liabilities	
Not later than 1 year	47
Later than 1 year and not later than 2 years	33
Later than 2 years and not later than 5 years	110
Later than 5 years	2
Present value of hire purchase liabilities	192
Analysed as :	
Due within 12 months	47
Due after 12 months	145
	192

The hire purchase liabilities bear interest at rates ranging from 6.5% to 11.1% per annum.

4.9 SHARE CAPITAL

	31.3.2003 RM'000
Authorised	
100,000 ordinary shares of RM1 each	100
Issued and fully paid	
100,000 ordinary shares of RM1 each	100

4.10 RETAINED PROFITS

At the balance sheet date, subject to the approval of the tax authorities, the Company has:

(i) tax exempt income amounting to approximately RM13,800 to frank the payment of tax exempt dividends, and

(ii) sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the abovementioned tax exempt income account to frank the payment of dividends out of its entire retained profits.

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4.11 DEFERRED TAXATION

	31.3.2003 RM'000
At 1 January 2003	45
Recognised in the income statement	49
	94
Presented after appropriate offsetting as follows:	
Deferred tax assets	107
Deferred tax liabilities	(13)
	94

The components and movements of deferred tax liabilities and assets during the period prior to offsetting are as follows:

Deferred tax liabilities	Accelerated capital allowances RM'000
At 1 January 2003	(3)
Recognised in the income statement	(10)
At 31 March 2003	(13)

Deferred tax assets	Trade receivables RM'000
At 1 January 2003	47
Recognised in the income statement	60
At 31 March 2003	107

4.12 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

(a) Change in accounting policy

During the financial period, the Company applied the new MASB Standard – MASB 25: Income Taxes and accordingly changed the relevant accounting policy. The change in accounting policy which resulted in prior year adjustment, is disclosed below:

MASB 25: Income taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Company has commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable

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profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

(b) **Prior year adjustment**

The change in accounting policy has been applied retrospectively and comparatives have been restated. The effects of the change in the abovementioned policy are as follows:

	31.3.2003
Effects on retained profits:	RM'000
At 1 January 2003, as previously stated	618
Effects of adopting MASB 25	45
At 1 January 2003, as restated	663
Effects on profit after taxation:	
Profit after taxation before change in accounting policy	320
Effects of adopting MASB 25	-
Net profit for the period	320

4.13 SIGNIFICANT RELATED PARTY TRANSACTIONS

	31.3.2003
	RM'000
Progress billings to Antap Nusantara Sdn. Bhd., a company in which a director has interest	9

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a negotiated basis.

4.14 FINANCIAL INSTRUMENTS

(a) **Financial risk management objectives and policies**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate, liquidity and credit risks. The Company operates within clearly defined guidelines, and the policy is to not engage in speculative transactions.

(b) **Interest rate risk**

The investment in financial assets are short term in nature and they are not held for speculative purposes but have been mostly placed in short term deposits with licensed banks.

(c) **Liquidity risk**

The Company actively manages its operating cash flows and the availability of funding to ensure all financing, repayment and funding needs are met.

(d) **Credit risk**

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Company management reporting procedures.

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

(e) **Fair values**

The aggregate fair value of financial liability carried on the balance sheet as at 31 March is presented in the following table:

	Carrying amount RM'000	Fair value RM'000
Financial liability		
Hire purchase payables (Note 4.8)	192	165

The fair value has been determined by discounting the relevant cash flows using current incremental borrowing rates for similar types of borrowing as at the balance sheet date.

The carrying amounts of the following financial assets and liabilities approximate their fair values: cash and bank balances, amounts owing to a director, receivables and payables.

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5.0 STATEMENT OF CASH FLOW FOR THE THREE (3) MONTHS PERIOD ENDED 31 MARCH 2003

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	424
Adjustment for:	
Gain on disposal of plant and equipment	(56)
Depreciation	12
Interest expense	7
Operating profit before working capital changes	387
Increase in inventories	(26)
Increase in receivables	(450)
Decrease in due to a director	(2)
Increase in payables	103
Increase in due from customers on contracts	(117)
Increase in due to customers on contracts	47
Cash used in operations	(58)
Interest paid	(7)
Taxation paid	-
Net cash used in operating activities	(65)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of plant and equipment	(48)
Proceeds from sales of plant and equipment	56
Net cash generated from investing activities	8
CASH FLOW FROM FINANCING ACTIVITY	
Repayment of hire purchase payables, representing net cash used in financing activity	(13)
Net decrease in cash and cash equivalents	(70)
Cash and cash equivalents at 1 January	133
Cash and cash equivalents at 31 March	63
Cash and cash equivalents comprise:	
Cash and bank balances	46
Fixed deposit with a licensed bank	17
	63

6.0 AUDITED FINANCIAL STATEMENTS

No audited financial statements of GGLN have been prepared in respect of any period subsequent to 31 March 2003 as at the date of this report.

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J. INFORMATION ON KPSB

1.0 SUMMARISED RESULTS OF KPSB

We set out below the summarised results of KPSB based on the audited financial statements for the last five (5) financial period/years ended 30 June 1998 to 2002, and nine (9) months financial period ended 31 March 2003, as follows:

	Period from date of incorporation to 30.6.1998	<----Year ended 30 June----			>	9 months to 31.3.2003
		1999	2000	2001	2002	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,887	8,512	10,422	8,375	8,599	9,041
Cost of contracts	(2,712)	(7,284)	(9,666)	(7,507)	(5,461)	(6,563)
Gross profit	175	1,228	756	868	3,138	2,478
Other operating income	1	13	8	10	14	158
Administration expenses	(233)	(339)	(194)	(215)	(242)	(282)
Other operating expenses	(95)	(136)	(153)	(130)	(97)	(156)
Profit from operations	(152)	766	417	533	2,813	2,198
Interest expense	(4)	(9)	(2)	(3)	(3)	(4)
Profit before taxation	(156)	757	415	530	2,810	2,194
Taxation	(7)	(3)	(115)	(152)	(788)	(635)
Net (loss)/profit after taxation	(163)	754	300	378	2,022	1,559
Dividends	-	-	-	-	(1,056)	(626)
(Accumulated loss) / retained profits brought forward	-	(163)	591	891	1,269	2,235
(Accumulated loss)/ retained profits carried forward	(163)	591	891	1,269	2,235	3,168
Weighted average number of ordinary shares in issue	300	300	300	300	300	300
Gross (loss)/earnings per share (RM)	(0.52)	2.52	1.38	1.77	9.36	7.31
Net (loss)/earnings per share (RM)	(0.54)	2.51	1.00	1.26	6.74	5.20
Gross dividend rate (%)	-	-	-	-	488.9	290.0

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Notes:

(1) Revenue increased significantly in 2000 due to the sub-contracts obtained from Formula One and Wisma Putra projects. However, revenue decreased in 2001 and maintained in the year 2002 mainly due to the completion of some of these projects during the year. For the 9 months period ended 31 March 2003, the increase in annualised revenue of RM12.0 million as compared to RM8.6 million in 30 June 2002 was mainly due to the contracts obtained from Cyberjaya Flagship Village project of RM2.8 million and was 80% completed during the period.

(2) The improvement in gross margins in 2001 and 2002 were mainly due to higher margins derived from variation orders of main projects. For the period ended 31 March 2003, the gross margins declined to 27% as compared to 36% in the previous year mainly attributable to the reason that major projects obtained during the period were of a lower gross profit margin, i.e. between 18% to 20%, due to intense competition in this industry.

(3) There was no tax charge for 1999 as the amount payable was waived in accordance with the provisions of Income Tax (Amendment) Act, 1999. Taxation provided for 1998 and 1999 solely related to deferred taxation. The effective tax rate for 2000 was lower than the statutory rate due to the reversal of preceding years' deferred taxation. The effective tax rates in 2001 and 31 March 2003 were higher than the statutory tax rate due to certain expenses being disallowed for taxation purposes. In 30 June 2002, the effective tax rate was approximate to the statutory rate of taxation of 28%.

(4) There was no dividend declared or paid during the financial years under review except for 30 June 2002 and 31 March 2003, where KPSB declared and paid the following dividends:

- In respect of financial year ended 30 June 2002:

(a) a tax exempt interim dividend of 208% amounting to RM624,000; and
(b) a final dividend of 200% less 28% tax amounting to RM432,000.

- In respect of financial period ended 31 March 2003, an interim dividend of 290% less 28% tax amounting to RM626,400.

(5) There were no extraordinary or exceptional items in the financial years/period under review.

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2.0 SUMMARISED BALANCE SHEETS OF KPSB

We set out below the summarised balance sheets of KPSB based on the audited financial statements as at 30 June 1998 to 2002 and 31 March 2003, as follows:

	<------As at 30 June------>					31 March
	1998	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSET						
Plant and equipment	183	182	153	129	99	362
CURRENT ASSETS						
Trade receivables	-	-	-	90	16	308
Retention sum	-	-	-	24	7	234
Amount due from related companies	65	545	769	2,406	4,159	3,193
Amount due from customers for projects	-	-	233	268	37	7
Other receivables	3	7	9	2	8	33
Cash and bank balances	254	100	11	28	228	55
Fixed deposits with a licensed bank	-	80	190	300	-	1,400
	322	732	1,212	3,118	4,455	5,230
CURRENT LIABILITIES						
Trade payables	270	-	-	157	86	1,147
Amount due to a related company	-	-	-	-	-	8
Amount due to customers for projects	-	-	-	1,301	1,250	193
Other payables	18	13	14	16	12	146
Hire purchase payables	17	-	8	8	8	42
Taxation	-	-	125	178	653	516
	305	13	147	1,660	2,009	2,052
NET CURRENT ASSETS	17	719	1,065	1,458	2,446	3,178
	200	901	1,218	1,587	2,545	3,540
FINANCED BY:						
Share capital	300	300	300	300	300	300
Retained profits	(163)	591	891	1,269	2,235	3,168
Shareholders' equity	137	891	1,191	1,569	2,535	3,468
Hire purchase payables	56	-	27	18	10	53
Deferred taxation	7	10	-	-	-	19
Non-current liabilities	63	10	27	18	10	72
	200	901	1,218	1,587	2,545	3,540
Net Tangible Assets per ordinary share (RM)	0.46	2.97	3.97	5.23	8.45	11.56

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3.0 STATEMENT OF ASSETS AND LIABILITIES OF KPSB AS AT 31 MARCH 2003

The following statement of assets and liabilities is based on the audited financial statements of KPSB as at 31 March 2003 and should be read in conjunction with the notes thereon:

	Note	RM'000
NON-CURRENT ASSET		
Plant and equipment	4.2	362
CURRENT ASSETS		
Trade receivables	4.3	308
Retention sum		234
Amount due from related companies	4.4	3,193
Amount due from customers for projects	4.5	7
Other receivables		33
Cash and bank balances		55
Fixed deposits with a licensed bank	4.6	1,400
		5,230
CURRENT LIABILITIES		
Trade payables	4.7	1,147
Amount due to a related company	4.8	8
Amount due to customers for projects	4.9	193
Other payables		146
Hire purchase payables	4.10	42
Taxation		516
		2,052
NET CURRENT ASSETS		3,178
		3,540
FINANCED BY:		
Share capital	4.11	300
Retained profits	4.12	3,168
Shareholders' equity		3,468
Hire purchase payables	4.10	53
Deferred taxation	4.13	19
		3,540

Note : Statement of Changes in Equity is not separately presented as there is no major movement in reserves other than those disclosed in this Report.

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4.0 NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

4.1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with the provisions of the Companies Act 1965 and the applicable Approved Accounting Standards in Malaysia.

(b) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The carrying amounts of plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised in the income statement whenever the carrying amount of an item of plant and equipment exceeds its recoverable amount.

Depreciation of plant and equipment is computed on a straight line method at the following rates based on the estimated useful lives of the various assets:

Furniture and fittings	10%
Office equipment	10% - 20%
Motor vehicle	10%
Office renovation	10%

(c) Amount due from customers for projects

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers for projects. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers for projects.

(d) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred taxation is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(e) Finance lease and hire purchase

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incident to ownership.

Assets acquired by way of hire purchase or finance leases are stated at any amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable plant and equipment described in Note 4.1(b).

(f) Financial instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. The particular recognition method adopted for financial instruments recognised in the balance sheet is disclosed in the individual accounting policies associated with each item.

(g) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(h) Payables

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

(i) Equity instruments

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction, net of tax in equity from the proceeds.

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Dividends in ordinary shares are recognised in equity in the period in which they are declared.

(j) **Revenue recognition**

Revenue from projects is taken up in the financial statements on percentage of completion method. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of contracts can be reliably estimated. Where the outcome of a contract cannot be reliably estimated, revenue is recognised to the extent of costs incurred that are recoverable. Foreseeable losses, if any, are provided in full as and when anticipated.

Interest income from deposits is recognised on an accrual basis.

Management fee is recognised when the services are rendered.

(k) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at banks, and short-term, highly-liquid investments with maturities of three months or less from the date of acquisition and are readily convertible into cash with insignificant risk of changes in value.

4.2 PLANT AND EQUIPMENT

Cost	**Furniture and fittings RM'000**	**Office equipment RM'000**	**Motor vehicles RM'000**	**Office renovation RM'000**	**Total RM'000**
At 1 July 2002	23	48	186	18	275
Addition	15	57	176	75	323
Disposal	-	(1)	(85)	-	(86)
At 31 March 2003	38	104	277	93	512
Accumulated Depreciation					
At 1 July 2002	16	34	112	14	176
Charge for the year	2	5	18	2	27
Disposal	-	(1)	(52)	-	(53)
At 31 March 2003	18	38	78	16	150
Net Book Value	20	66	199	77	362

Included in plant and equipment of the Company is motor vehicles with net book value of RM192,064 held under hire purchase.

4.3 TRADE RECEIVABLES

The Company's normal trade credit terms ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

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4.4 AMOUNT DUE FROM RELATED COMPANIES

	31.3.03 RM'000
Amount due from ultimate holding company	1
Amount due from holding company	3,192
	3,193

The ultimate holding company is PJI Holdings Berhad, a company listed on the Main Board of Kuala Lumpur Stock Exchange.

The holding company is P.J. Indah Sdn. Bhd., a company incorporated in Malaysia.

The amount due from holding companies are unsecured, interest-free and without fixed terms of repayment.

Included in the amount is retention sum amounting to RM253,857.

4.5 AMOUNT DUE FROM CUSTOMERS FOR PROJECTS

	31.3.03 RM'000
Project costs incurred	963
Attributable profit	213
	1,176
Progress billings	(1,169)
	7

4.6 FIXED DEPOSITS WITH A LICENSED BANK

The weighted average interest rate during the financial year ranges from 2.82% to 3.20% and the average maturities of deposit as at 31 March 2003 was 30 days.

4.7 TRADE PAYABLES

Included in the trade payables is an amount of RM51,396, which relates to retention sum.

The normal trade credit term granted to the Company ranges from 60 to 90 days.

4.8 AMOUNT DUE TO A RELATED COMPANY

Related company refers to a company within the group of PJI Holdings Berhad.

The amount due to a related company is unsecured, interest-free and without fixed terms of repayment.

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4.9 AMOUNT DUE TO CUSTOMERS FOR PROJECTS

	31.3.03 RM'000
Project costs incurred	1,903
Attributable profit	250
	2,153
Progress billings	(2,346)
	(193)

4.10 HIRE PURCHASE PAYABLES

	31.3.03 RM'000
Future minimum payments:	
Payable within one year	48
Payable between two to five years	61
	109
Less: Finance charges	(14)
Outstanding principal amount due	95
Representing hire purchase payables	
Within one year (included in current liabilities)	42
Between two to five years	53
	95

The hire purchase bore interest during the year of 4.0% to 6.9% per annum.

4.11 SHARE CAPITAL

	31.3.03 RM'000
Authorised:	
500,000 ordinary shares of RM1 each	500
Issued and fully paid:	
300,000 ordinary shares of RM1 each	300

4.12 RETAINED PROFITS

The Company has tax exempt profits available for distribution of approximately RM700, subject to agreement with the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance in the tax exempt income account to frank the payment of dividends amounting to RM1,917,000 out of its retained profits as at 31 March 2003. If the balance of the retained profits were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM486,100.

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4.13 DEFERRED TAXATION

	31.3.03 RM'000
Transferred from income statement	19

4.14 SIGNIFICANT RELATED PARTY TRANSACTIONS

	31.3.03 RM'000
Contract income receivable from P.J.Indah Sdn. Bhd. ("PJI"), its immediate holding company	6,039
Management fee receivable from PJI	102
Rental paid to PJI Holdings Berhad, its ultimate holding company	(13)
Renovation works performed by PJI Resources Sdn. Bhd., its related company	(8)
Dividend paid to PJI	626

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on a negotiated basis.

4.15 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Company operates within clearly defined guidelines that are approved by the Board, and the policy is to not engage in speculative transactions.

(b) Interest rate risk

The investments in financial assets are short term in nature and they are not held for speculative purposes but have been mostly placed in short term deposits with a licensed bank.

(c) Liquidity risk

The Company actively manages its operating cash flows and the availability of funding to ensure all financing, repayment and funding needs are met.

(d) Credit risk

The management has in place a credit risk policy to monitor and minimise the exposure of default. Trade receivables are monitored on an ongoing basis

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At balance sheet date, there were no significant concentration of credit risk. The maximum exposure to credit risk for the Company was represented by the carrying amount of each financial asset.

(e) **Fair values**

The aggregate fair value of financial liability carried on the balance sheet as at 31 March 2003 is presented in the following table:

	Carrying amount RM'000	Fair value RM'000
Financial liability		
Hire purchase payables	95	99

The fair value has been determined by discounting the relevant cash flows using current incremental borrowing rates for similar types of borrowing as at the balance sheet date.

The carrying amounts of the following financial assets and liabilities approximate their fair values: cash and bank balances, fixed deposits with a licensed bank, amounts due from customers for contracts, receivables and payables.

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5.0 STATEMENT OF CASH FLOW FOR THE NINE (9) MONTHS PERIOD ENDED 31 MARCH 2003

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	2,194
Adjustment for:	
Depreciation of plant and equipment	27
Interest expense	4
Gain on disposal of plant and equipment	(7)
Interest income	(27)
Operating profit before working capital changes	2,191
Increase in receivables	(544)
Decrease in amount due from customers for project works	30
Decrease in inter-company balances	974
Increase in payables	1,195
Decrease in amount due to customers for project works	(1,057)
Cash generated from operations	2,789
Tax paid	(753)
Dividend paid	(626)
Net cash generated from operating activities	1,410
CASH FLOW FROM INVESTING ACTIVITIES	
Proceeds form disposal of plant and equipment	40
Purchase of plant and equipment	(223)
Fixed deposits interest received	27
Net cash used in investing activities	(156)
CASH FLOW FROM FINANCING ACTIVITIES	
Payment of hire purchase interest	(4)
Repayment of hire purchase creditor	(23)
Net cash used in financing activities	(27)
Net increase in cash and cash equivalents	1,227
Cash and cash equivalents at 1 July 2002	228
Cash and cash equivalents at 31 March 2003	1,455
Cash and cash equivalents comprise:	
Cash and bank balances	55
Fixed deposits with a licensed bank	1,400
	1,455

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6.0 AUDITED FINANCIAL STATEMENTS

No audited financial statements of KPSB have been prepared in respect of any period subsequent to 31 March 2003 as at the date of this report.

Yours faithfully,

Ernst & Young
ERNST & YOUNG
No. AF 0039
Chartered Accountants

Habibah Abdul
HABIBAH ABDUL
No. 1210/05/04(J)
Partner of the Firm