



BERHAD

(111365-U)

Annual Report 2003

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CORPORATE MISSION

Our Vision

A responsible corporate leader working for a better tomorrow

Our Commitment

Committed to exceed our customers' expectations

Our Dedication

Dedicated to make it work

Corporate Information

Board Of Directors

Dato' Tan Yik Huay
(Non-Independent Non-Executive Director)
Dato' Lee Ow Kim
(Independent Non-Executive Director)
Ian Ghee Eik Kai
(Independent Non-Executive Director)
Leong Chun Yin
(Executive Director)
Thurairatnam @ Samuel
(Executive Director)

Company Secretaries

Tan Sook Mei (LS 02892)
Ng Lay Leng (MAICSA 7008584)

Registered Office and Business Address

No. 5 Jalan Pelabur 23/1
40300 Shah Alam
Selangor Darul Ehsan
Telephone: 03-5541 0612
Facsimile: 03-5541 0132

Share Registrars

PFA Registration Services Sdn Bhd
1301 Level 13 Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Telephone: 03-7725 4888
Facsimile: 03-7722 2311

Auditors

Tai, Yapp & Co.
Chartered Accountants
No. 3-2 Jalan Indrahana 2
Off Jalan Kuchai Lama
58200 Kuala Lumpur
Telephone: 03-7983 0948
Facsimile: 03-7981 9912

BOARD COMMITTEES

Audit Committee

Dato' Lee Ow Kim (Chairman)
Ian Ghee Eik Kai
Leong Chun Yin

Remuneration Committee

Ian Ghee Eik Kai (Chairman)
Dato' Tan Yik Huay
Dato' Lee Ow Kim
Leong Chun Yin

Nomination Committee

Dato' Tan Yik Huay (Chairman)
Dato' Lee Ow Kim
Ian Ghee Eik Kai

ESOS Committee

Dato' Lee Ow Kim (Chairman)
Leong Chun Yin
Thurairatnam @ Samuel
Ian Ghee Eik Kai

Principal Bankers

Bumiputra-Commerce Bank Bhd
Public Bank Bhd
EON Bank Bhd

Stock Exchange Listing

Kuala Lumpur Stock Exchange (Second Board)
Sector : Trading
Stock Number : 8923
Stock Short Name : TENCO

• Notice Of Annual General Meeting •

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at No. 5, Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 24 September 2003 at 11.00 a.m. to transact the following business:-

1. To receive the Audited Financial Statements for the financial year ended 31 March 2003 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To re-elect Dato' Lee Ow Kim who retires by rotation in accordance with Article 88 of the Company's Articles of Association. **(Resolution 2)**
3. To re-elect Thurairatnam @ Samuel who retires by rotation in accordance with Article 88 of the Company's Articles of Association. **(Resolution 3)**
4. To re-appoint Messrs Tai Yapp & Co. as auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Resolution 4)**

As Special Business:-

To consider and if thought fit, to pass the following, with or without modification, as Ordinary Resolutions of the Company:-

5. **PROPOSED PAYMENT OF DIRECTORS' FEES**
THAT the payment of Directors' Fees of RM30,000-00 in respect of the financial year ended 31 March 2003 be and is hereby approved. **(Resolution 5)**
6. **AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES**
THAT subject always to the Companies Act, 1965 and the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution 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 in force until the conclusion of the next Annual General Meeting of the Company. **(Resolution 6)**
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 1965.

By Order of the Board

TAN SOOK MEI (LS 02892)
NG LAY LENG (MAICSA 7008584)
Company Secretaries

Shah Alam
2 September 2003

• Notice Of Annual General Meeting •

Notes:-

- (i) A member entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then the proxy shall be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia. The provision of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (iii) A member shall be entitled to appoint more than one proxy. A member who appoints two (2) proxies shall specify the proportion of his shareholdings to be represented by each proxy.
- (iv) The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at No. 5 Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the time set for holding this meeting or any adjournment thereof.
- (v) Additional information pursuant to Paragraph 8.28 of the Listing Requirements of the Kuala Lumpur Stock Exchange is set out in the Statement Accompanying Notice of AGM in the 2003 Annual Report.

Explanatory Notes on Special Business:

- (i) Ordinary Resolution proposed under Item 5
This proposed resolution is in accordance with Article 97 of the Company's Articles of Association. This resolution, if passed, will authorise the payment of directors' fees to Directors of the Company for their services as Directors during the financial year ended 31 March 2003.
- (ii) Ordinary Resolution proposed under Item 6
This proposed resolution, if passed, will empower the Directors of the Company, from the date of the forthcoming Annual General Meeting, to issue ordinary shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying Notice Of Annual General Meeting

1. The Nineteenth Annual General Meeting of Tenco Berhad will be held at No. 5, Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 24 September 2003 at 11.00 a.m.
2. The Directors who are standing for re-election at the Nineteenth Annual General Meeting are:-

Dato' Lee Ow Kim
Thurairatnam @ Samuel

Details of the abovenamed Directors who are standing for re-election are set out in the Directors' Profile Section of this Annual Report.

3. A total of six Board meetings were held during the financial year ended 31 March 2003. Details of attendance of Directors holding office during the financial year are as follows:-

DIRECTOR	ATTENDANCE
Dato' Tan Yik Huay	6/6
Dato' Lee Ow Kim	6/6
Leong Chun Yin	6/6
Thurairatnam @ Samuel	6/6
Ian Ghee Eik Kai	6/6

Directors' Profiles

DATO' TAN YIK HUAY

(Non-Independent Non-Executive Director)

Dato' Tan Yik Huay, Malaysian, aged 60, is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 21 June 2000. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee. He is a Fellow of the Chartered Association of Certified Accountants, United Kingdom and a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom ("ICSA"). He is also a member of the Malaysian Institute of Accountants ("MIA"). He joined the textile industry in 1973 as the Finance Manager and later as the Executive Director of Pen Group of Companies, an international integrated textile group. He is currently the Managing Director of Pen Apparel Sdn Bhd, a member company of TAL Group. Currently, he is Deputy President of the Malaysian Textile and Apparel Centre ("MATAC"), of which he is a founder member. Dato' Tan is the Vice President of Malaysian Textile Manufacturer's Association ("MTMA"), a Council Member and Vice Chairman of the Northern Branch of the Federation of Malaysian Manufacturers. He is also currently the Director of a Human Resources Development Bhd and Chairman of the Audit Committee of Jerasia Capital Berhad.

Dato' Tan is the uncle of Leong Chun Yin (Executive Director of the Company) and Leong Pek Wha (major shareholder of the Company). He has no conflict of interest with the Company and has had no convictions for offences within the past ten years.

DATO' LEE OW KIM

(Independent Non-Executive Director)

Dato' Lee Ow Kim, Malaysian, aged 59, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 27 July 2000 and is the Chairman of the Audit Committee and ESOS Committee. Dato' Lee is a member of both the Remuneration Committee and Nomination Committee and is also the Senior Independent Director whom investor concerns may be conveyed. He is a Fellow of the Chartered Association of Certified Accountants, United Kingdom and a Fellow of the Chartered Institute of Management Accountants, United Kingdom and also a member of the Malaysian Institute of Accountants ("MIA"). At present, he is the Executive Director cum General Manager cum Company Secretary of the Pengroup of Companies, an international integrated textile group. Prior to this, he was the Senior Financial Analyst of Esso Malaysia Berhad. Currently, Dato' Lee is the Chairman of the Federation of Malaysian Manufacturers Northern Branch and also serves as council member of the Federation of Malaysian Manufacturers and Penang Human Resource Development Council. He is also the President of the Chartered Institute of Management Accountants Malaysia Division and by virtue of that, he was appointed a council member of the MIA. He is an alternate director in Rosettanet Malaysia Berhad.

Dato' Lee does not have any family relationship with and is not related to any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten years.

IAN GHEE EIK KAI

(Independent Non-Executive Director)

Ian Ghee Eik Kai, Malaysian, aged 37, is an Independent Non-Executive Director of the Company and was appointed to the Board on 6 November 2001. He is the Chairman of the Remuneration Committee and members of the Audit Committee, Nomination Committee and ESOS Committee. He graduated from the University of London with a LLB Degree in 1990. He further pursued and completed his Certificate of Legal Practice in 1992. Mr Ian chambered in Messrs Paul Chong & Kraal and was called to the Malaysian Bar on 17 September 1993. He subsequently worked in Messrs Ng & Ong as a legal assistant from 1993 to 1999. Currently, he is one of the main partners in Messrs Nor Ding & Co. and the managing partner in its Kuala Lumpur Branch. He specialises in civil and corporate litigation, company law, debt collection, industrial disputes, probate matter and conveyancing practice. He does not have any other directorship in other public companies.

Mr Ian does not have any family relationship with and is not related to any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten years.

Directors' Profiles

LEONG CHUN YIN

(Executive Director)

Leong Chun Yin, Malaysian, aged 36, is an Executive Director of the Company. He was appointed to the Board on 16 December 1999. He is a member of the Audit Committee, ESOS Committee and Remuneration Committee of the Company. He holds a Bachelor of Accounting & Finance (Hons) degree from Manchester Polytechnic of United Kingdom. Prior to joining Tenco Group, he was the Executive Director of Ridgemonde Chemicals & Resins Sdn Bhd and Quality Coatings Sdn Bhd (now wholly-owned subsidiaries of Tenco Berhad).

Mr Leong sits on the Board of several private limited companies under Tenco Group, but does not have any other directorship in other public companies. Mr Leong is the nephew of Dato' Tan Yik Huay and brother of Leong Pek Wha, a major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten years.

THURAIRATNAM @ SAMUEL

(Executive Director)

Thurairatnam @ Samuel, Malaysian, aged 57, is an Executive Director of the Company. He was appointed to the Board on 21 June 2000 and is a member of the ESOS Committee. He is a chemist by profession and holds a Bachelor of Science (Hons) degree majoring in Chemistry from the University of Malaya. He started his career with Union Carbide as a Marketing Executive in Penang. In 1991, he left the Union Carbide Group to start his own business.

Mr Samuel sits on the Board of several private limited companies under Tenco Group but does not have any other directorship in other public companies. He does not have any family relationship with and is not related to any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten years.

Corporate Governance Statement

The Board of Directors ("the Board") of Tenco Berhad ("the Company" or "Tenco") recognises that corporate governance is a continuous process and is therefore committed to direct and manage the Company in ensuring that the Group practices good corporate governance in line with the Malaysian Code on Corporate Governance (the "Code") in discharging its responsibilities to enhance shareholder value and to protect the interests of shareholders.

In preparing this report, the Board has considered the manner in which the Company has applied the principles of the Code and the extent to which it has complied with the Best Practices of the Code. The Board is of the opinion that save as set out below, the Group has applied the principles set out in Part 1 of the Code and has complied with the best practices set out in Part 2 of the Code throughout the financial year ended 31 March 2003.

A. DIRECTORS

(i) The Board

The Board of Tenco comprises two executive directors, two independent directors and a non-Independent non-executive director. The profiles of the members of the Board are provided in this Annual Report. The Board is responsible for overseeing the conduct and performance of the Group's businesses and provides oversight for the Group's internal controls.

The Board is of the opinion that the interests of shareholders of the Company are fairly represented through the current composition and its size constitutes an effective Board to the Company. The wide spectrum of knowledge, skills and experience of the Board members gives added strength to the leadership which is necessary for the effective stewardship of the Group.

The Company practices a clear demarcation of responsibilities and a balance of power and authority. The roles of the executive directors are clearly divided and they are responsible for the day-to-day running of the business, implementation of Board policies and making operational decisions.

(ii) Board Balance

All the independent directors are independent of Management and are free from any relationship that could materially interfere with the exercise of their independent judgement. The two independent directors of the Company which forms one third of the Board provides the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group.

Dato' Lee Ow Kim has been appointed as the senior independent non-executive director to whom all concerns regarding the Company may be conveyed.

(iii) Supply of information

The Board meets on a quarterly basis with additional meetings held whenever necessary. During the year under review, the Board met six times and all Directors attended the Board meetings.

All Directors are provided with an agenda and at each Board meeting, the Executive Directors, Finance Manager and/or other relevant Board members will brief on the Group's activities and operations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making. Proceedings of Board meetings are recorded and signed by the Chairman of the meeting.

All Directors whether as a full board or in their individual capacity have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretaries and may seek independent professional opinion and advice, whenever necessary, at the expense of the Group. The appointment and removal of Company Secretaries are matters for the Board as a whole.

In addition, the Board had a verbal understanding of matters reserved to itself for decision, including amongst others, the approval of Group strategy and direction, acquisition and divestment policy, major capital expenditures, significant financial matters and performance of the Group.

(iv) Appointments to the Board

In cognizance of the recommendations of the Code, a Nominating Committee had been established by the Board and comprises three non-executive Directors, two of whom are independent. The members of the Committee are:-

- (a) Dato' Tan Yik Huay - Chairman
- (b) Dato'Lee Ow Kim
- (c) Ian Ghee Eik Kai

The Committee is generally responsible to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director. It would assess the size of the Board and review the mix of skills and experience and other qualities required for the Board to function completely and efficiently. Performance of Directors would be assessed on an on-going basis to examine each individual Director's ability to contribute to the effective decision making of the Board. Upon assessing any proposed new nominees for appointment to the Board, the Committee would make recommendations to the existing Board for the final decision-making.

Decisions on appointments of Directors are made by the Board after considering recommendations by the Nominating Committee.

(v) Directors' Training

The Company does not at present have a formal program for the orientation of newly appointed directors. The Board considers that the activities of the Group at this time are not so complex as to warrant a formal program. However, all members of the Board have attended and completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia (RIIAM). Directors are encouraged to attend further educational programmes and seminars regularly to keep abreast of any new developments in the Listing Requirements, other relevant legislation and regulations and to enhance their skills and knowledge.

(vi) Election/Re-election of Directors

In accordance with the Articles of Association of the Company, at least one third of the Directors shall retire from office at each Annual General Meeting (AGM) and each Director shall stand for re-election at least once every three years. Directors appointed by the Board are subject to election by shareholders at the next AGM held through their appointments.

B. DIRECTORS' REMUNERATION

The Remuneration Committee that had been set up by the Board comprises of three non-executive Directors, two of whom are independent and an Executive Director. The members of this Committee are:-

- (a) Ian Ghee Eik Kai – Chairman
- (b) Dato' Tan Yik Huay
- (c) Dato'Lee Ow Kim
- (d) Leong Chun Yin.

The remuneration of Directors is determined at levels which will enable the Group to attract and retain the Directors needed to run the Group successfully. In the case of Executive Directors, they are to be appropriately rewarded giving due regard to the corporate and individual performance. The level of remuneration of non-Executive Directors reflects their experience and level of responsibility undertaken by them.

The functions of the Committee shall include among others to recommend to the Board the framework of executive remuneration and its cost and the remuneration package for each executive director. The Committee also determines and recommends to the Board on the allowances to the Directors.

The recommendations of the non-Executive Directors' remuneration is a matter for the Board as a whole subject to approval of shareholders at the Annual General Meeting. Directors are not involved in the deliberation and decisions on their respective remuneration packages.

During the financial year, the Remuneration Committee met twice to review and recommend the remuneration and benefits of the Executive Directors.

Corporate Governance Statement

Details of remuneration of Directors of the Company is set out on page 36 of this annual report (Notes to the Financial Statements.) The Board of Tenco is of the view that disclosure of the remuneration bands of the Directors is sufficient and the details of the remuneration of each director are not disclosed for security and confidentiality reasons.

C. SHAREHOLDERS

(i) Dialogue between Company and Investors

The Board acknowledges the importance for shareholders to be informed of all material business and corporate matters affecting the Group. The Group's performance is reported quarterly to the Kuala Lumpur Stock Exchange ("KLSE") and the yearly business review is disclosed in the Annual Report.

Apart from contacts at general meetings, there is no formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that this arrangement has been satisfactory to all parties.

Any queries or concerns with regards to the Group may be conveyed to Dato' Lee Ow Kim being the senior independent director of the Company, at the following contact numbers:-

Telephone number : 03-5541 0612

Facsimile number : 03-5541 0132

(ii) Annual General Meeting

The Company uses the AGM as the primary way of communicating with shareholders. The Annual Report together with the Notice of AGM are sent to shareholders at least 21 days before the date of the meeting. The Executive Directors and Board members as well as the Auditors of the Company are present to respond to all questions raised by the shareholders at the meeting. Status of all resolutions proposed at the AGM is submitted to the KLSE at the end of the meeting day. Any special business included in the notice of general meeting will be accompanied by an explanatory statement of the effects of a proposed resolution.

D. ACCOUNTABILITY AND AUDIT

(i) Financial reporting

The Directors have the responsibility to present a balanced and fair assessment of the Group's position and prospects in the Annual Reports to shareholders and quarterly reports to the KLSE. The Audit Committee assists in reviewing the information for disclosure to ensure accuracy, adequacy and completeness. The Board is also responsible to ensure that the accounting records of the Group are properly kept.

(ii) Internal Control

The Internal Control Statement of the Tenco Group is set out on page 14 of this Annual Report.

(iii) Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report on page 10 of this Annual Report. The Company has always and would continue to maintain a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards.

• Additional Compliance Information •

1. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries had entered into any material contract which involved Directors' and/or major shareholders' interest, either subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

2. SHARE BUY-BACK

During the financial year ended 31 March 2003, the Company does not have a scheme to buy back its own shares.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options were exercised during the financial year ended 31 March 2003. The Company has not issued any warrants or convertible securities in respect of the financial year under review.

4. AMERICAN DEPOSITORY RECEIPT (ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programme in the financial year ended 31 March 2003.

5. IMPOSITION OF SANCTIONS AND PENALTIES

During the financial year under review, there were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, directors or management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies.

6. NON-AUDIT FEES

For the financial year ended 31 March 2003, the Group does not pay any non-audit fees to the external auditors.

7. VARIATION IN RESULTS

There is no significant variance in the Tenco's audited results for the financial year ended 31 March 2003 from the unaudited results as previously announced.

8. REVALUATION POLICY ON LANDED PROPERTY

The Group had not adopted any revaluation policy in relation to its landed properties.

9. PROFIT GUARANTEE

Refer to Note 27 of the financial statements on Page 44 of this Annual Report.

Responsibility Statement By The Board Of Directors

The Directors of the Company are required to ensure that the financial statements for each financial year are properly drawn up in accordance with the provisions of the Companies Act 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 March 2003, the Group has used suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements.

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

Audit Committee Report

for The Financial Year Ended 31st March 2003

MEMBERSHIP

The members of the Audit Committee (the "Committee") for the financial year ended 31 March 2003 comprise:

DATO' LEE OW KIM Independent Non-Executive Director	Chairman
IAN GHEE EIK KAI Independent Non-Executive Director	Member
LEONG CHUN YIN Executive Director	Member

COMPOSITION

- a. The Committee shall be appointed by the Board of Directors from amongst the directors of the Company and shall comprise of not less than three (3) members, a majority of whom shall be independent directors.
- b. At least one member of the Committee must be a member of the Malaysian Institute of Accountants or similar qualification as specified in Part I or Part II of the 1st Schedule of the Accountants Act 1967 with at least three (3) years' working experience.
- c. No alternate director is to be appointed as a member of the Committee.
- d. The members of the Committee shall elect a Chairman from among their numbers who shall be an independent director.
- e. If a member of the 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 (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- f. The term of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

AUTHORITY

- a. The Committee is authorised to investigate any matter within its terms of reference and to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.
- b. The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- c. The Committee shall have unrestricted access to both the internal and external auditors and is able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

FUNCTIONS

The functions of the Committee shall be amongst others:-

- I. To review and report the following to the Board of Directors of the Company:-
 - (a) the audit plan, with the external auditor;
 - (b) the audit report, with the external auditor;
 - (c) the assistance given by the employees of the Company to the external auditor;

Audit Committee Report

for The Financial Year Ended 31st March 2003

- (d) the internal audit function:-
 - (i) 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;
 - (ii) the internal audit programme, processes, the 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;
 - (iii) the evaluation of the system of internal controls, with the external auditors.
 - (e) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards, regulatory and other legal requirements.
 - (f) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (g) any letter of resignation from the external auditors of the Company;
 - (h) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
 - (i) matters arising from the audit with the external auditor including any report or management letter thereon.
- II. To recommend the nomination of a person or persons as external auditors.
- III. To carry out such other functions as may be agreed to by the Audit Committee and Board of Directors.

MEETINGS

- a. Meetings shall be held not less than four (4) times a year. The external auditor may request a meeting by notifying the Secretary if they consider it necessary.
- b. Aquorum shall be two (2) members, majority of whom must be independent directors.
- c. The Finance Manager, the head of Internal Audit and a representative of the external auditor shall normally be entitled to attend any meeting of the Committee. Other Board members and employees may also attend any particular Audit Committee meeting upon the invitation of the Committee.
- d. The Company Secretary shall be the Secretary of the Committee and will prepare and circulate the minutes of the meetings to the Committee members, the rest of the Board of Directors and external auditor.

MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 MARCH 2003

Five (5) Committee meetings were held in the financial year and details of attendance of the Committee members are as follows:-

Member	Attendance
Dato' Lee Ow Kim	5/5
Leong Chun Yin	5/5
Ian Ghee Eik Kai	5/5

By invitation, other Board members, Finance Manager and representatives of the External Auditors were present to brief the Committee on specific issues, with the Company Secretary in attendance.

Audit Committee Report

for The Financial Year Ended 31st March 2003

ACTIVITIES

During the financial year, the Committee carried out its duties as set out in its terms of reference. The Committee reviewed the unaudited quarterly financial statements and audited annual financial statements of the Group to ensure compliance with approved accounting standards and adherence to other regulatory requirements prior to submission to the full Board for consideration and approval.

The Committee also assessed the significant issues set out in the Management Letter arising from the audit of the Group by the External Auditors for the year and seeks clarification and explanations from management of the Company on issues noted in the audit reports.

The proposed audit fees for the External Auditors in respect of their audit of the Group and the Company had been reviewed by the Committee who had also considered the reappointment of the External Auditors for recommendation to the shareholders for approval.

In performing its functions, the Committee reviewed the internal control system of the Group and made recommendations to the Board and Management on improvement of internal controls, procedures and systems and other matters noted by the Committee.

INTERNAL AUDIT

The Company had set up an internal audit department during the year to carry out the internal audit function to review and evaluate the adequacy and effectiveness of the internal control system of the Group. Reports on audit finding together with recommended action plan are presented to the Audit Committee meeting for review and implementation.

Executive Directors' Statement

On behalf of the Board of Directors of Tenco Berhad, we hereby present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31st March 2003.

Financial Performance

The Group registered a turnover of RM59,173,000 for the financial year. The turnover of the Group was maintained compared to that of preceding year despite a highly competitive business environment and sluggish demands.

Group recorded a pre-tax loss of RM4,225,000 (2002:RM2,607,000). This was mainly attributed to the increase in the cost of raw materials and reduction in profit margin.

Business Review

The Group continued to focus on its core activities i.e. the manufacturing and trading of industrial chemicals and related products.

The trading business was highly competitive with total demand shrinking coupled with new and existing players continuing to drive margins down. The manufacturing business was affected by the higher raw material cost due to increase in oil prices as a consequence of the build up to the Iraq war.

Future Prospects

The Group has 2 core business ie. Manufacturing and Trading and will rationalize its operations into Strategic Business Units (SBU), beginning in the new financial year. This will provide the Group with a platform to better focus on our core competencies.

The Group will continue to manage its cost while intensifying its marketing efforts to expand into regional markets. Meanwhile, the Group will continue with its effort to develop new products lines to complement its range of manufacturing and trading products.

Acknowledgement

On behalf of the Board of Directors, we wish to convey our sincere appreciation to the management and staff of the Group for their service and dedication in spite of challenging circumstances.

The Board also expresses its appreciation to the shareholders, customers and suppliers of the Company and the Group for their continued support.

On behalf of the Board of Directors

LEONG CHUN YIN
THURAIRATNAM @ SAMUEL
Executive Directors

Internal Control Statement

INTRODUCTION

The Board of Directors ("the Board") is committed to maintaining a sound system of internal controls and risk management practices to safeguard the Group's assets and shareholders' investments. The Board is pleased to provide the following Statement of Internal Control which outlines the nature and scope of internal controls of the Group during the year pursuant to Paragraph 15.27 (b) of the Listing Requirements of the Kuala Lumpur Stock Exchange ("KLSE").

BOARD RESPONSIBILITY

The Board acknowledges its responsibilities for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. The internal control system cover financial, operational and compliance control. While acknowledging their responsibility for the system of internal control, the Directors are aware that a sound system of internal control is designed to enable the Group to manage the risk of failure to achieve business objectives rather than to eliminate the risk of failure to achieve business objectives. Accordingly, such system can only provide reasonable and not absolute assurance against material misstatement and loss.

KEY ELEMENTS OF INTERNAL CONTROL

The principal features of the Groups' system of internal control can be summarized as follows:

Financial Performance

Quarterly, interim and full year results of the Group's state of affairs are disclosed to the shareholders after review and approval by the Board.

Staffing Policies

Policies and procedures on hiring and training scheme of staff have been established at Group level with individual business units having the flexibility to adapt these policies for their specific needs. Staffs are guided on where and how they can contribute and their knowledge and skill continuously upgraded to enable them to meet the demand of their working environment.

Authorisation Procedures

Clearly defined authorisation procedures and line of accountability, approval and control procedures provide a sound framework of authority and accountability within the organization and facilitate proper decision making at the appropriate level within the organization.

Internal Control

The Group monitors internal control compliance through management review and periodic check by audit personnel. Weaknesses and non compliance are reported to Audit Committee together with recommendation for improvement.

Head of Department Meeting

The Group conducts regular meetings of senior management which comprises the managing director, executive directors and all divisional heads. The meeting will discuss and decide on all operational issues that arises and to inform all divisional heads on implementation of all major policies. The managing director and executive director will also take the opportunity to assess the effectiveness of policies implemented and get feed back on the happening in the environment it operates.

RISK MANAGEMENT FRAMEWORK

The process of identifying, evaluating and managing the key risks within the Group are an integral part of the internal control framework. The Board has reviewed risk management process of certain identified business entities within the Group and acknowledges that effective risk management is an integral part of good business management practice.

The process of risks assessment and management is an ongoing process which is being carried out at each level of operations. This process is monitored by the Board to ensure the adequacy and integrity of the system of internal control.

Management is responsible for the identification, evaluation and mitigation of risks applicable to their areas of business with the assistance of properly designed and implementation of internal control processes. Management reports regularly on their findings to the Audit Committee, who will assess the report on behalf of the Board. Senior management also reports to the Board on significant changes in the business environment, which present new risks to the business entities within the Group.

The Board will continue to pursue its objective of identifying and management of risks associated with the operation of the Group as a way of ensuring the success of the business of the Group.

Group Financial Highlights

GROUP FINANCIAL HIGHLIGHTS for the Year Ended 31st March 2003

Turnover RM59,172,772	Loss Before Tax RM4,224,904	Loss After Tax RM4,370,133	Shareholders' Funds RM8,959,427	Loss Per Share 8.4 sen
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FIVE YEARS' FINANCIAL PERFORMANCE

Turnover

Year	RM
1999	35,099,626
2000	49,724,107
2001	68,429,466
2002	59,142,723
2003	59,172,772

Profit/(Loss) Before Tax

Year	RM
1999	(20,151,705)
2000	1,427,726
2001	(1,230,567)
2002	(2,606,856)
2003	(4,224,904)

Shareholders' Funds/(Deficit)

Year	RM
1999	(30,727,415)
2000	18,519,766
2001	16,661,104
2002	13,309,739
2003	8,959,427

Earnings/(Loss) per share (sen)

Year	SEN
1999	(111.6)
2000	6.8
2001	(3.4)
2002	(6.1)
2003	(8.4)

Directors' Report

The Directors present their report and the audited financial statements of the Group and of the Company for the year ended 31st March 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services whilst the principal activities of the subsidiary companies are disclosed in note 11 to the financial statements.

There have been no significant changes in the nature of these activities during the year.

FINANCIAL RESULTS	Group RM	Company RM
Loss for the year after taxation	4,370,133	480,889

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the financial year ended 31st March 2003.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year apart from options pursuant to Employees' Share Option Scheme.

Under the Company's Employees' Share Option Scheme (ESOS) which became operative on 16th May 2000, options to subscribe for ordinary shares of RM1 each at an option price of RM1.84 were made available to eligible employees and executive directors of the Group.

The main features of the ESOS are :-

- The eligibility for participation in the ESOS is at the discretion of the ESOS Committee. It is open to any eligible employees and executive directors of the Group with at least one (1) year continuous service with the Tenco Group. For an employee of any of the subsidiaries of the Tenco Group, the employee must complete at least one (1) year of continuous service following the date such company is deemed to be a subsidiary of Tenco Group.
- The total number of shares to be offered under the ESOS and options to be offered under any future schemes shall not exceed 10% of the total issued and paid up share capital of the Company at any point in time during the duration of the Scheme.
- No option shall be granted for less than 1,000 shares nor more than 500,000 shares unless so adjusted pursuant to (e) below.
- The option price for each ordinary share of RM1.00 each shall be the average of the mean market quotation of Tenco shares as shown in the Daily Official List of the KLSE for the five (5) market days preceeding the Offer Date.
- The number of outstanding options to subscribe for shares or the option price or both may be adjusted following any issue of additional shares, by way of right or capitalisation of profits or reserves made by the Company while an option remains unexercised.

Directors' Report

- f) Where option exercisable within a particular year is not fully exercised, the percentage unexercised shall be carried forward to the next year and shall not be subject to the maximum percentage for the next year provided that no option shall be carried forward beyond the Option period ending 10th March 2005 subject however to any extension or renewal of the scheme as may be approved by all the relevant parties/authorities in accordance with the Bye-Laws of the scheme.
- g) The ordinary shares issued under the ESOS are in the same class and shall rank pari passu in all respects with the existing ordinary shares of the Company.

The movement in the number of unexercised options to take up new ordinary shares of RM1.00 each of the ESOS are as follows :-

	Number of Share Options
At 1st April 2002	2,281,000
Granted during the year	-
Exercised during the year	-
Lapsed due to resignations	(320,000)

At 31st March 2003	1,961,000
	=====

The options granted do not confer any right to participate in any share issue of any other company.

DIRECTORS

The Directors who served since the date of the last report are:-

LEONG CHUN YIN
 DATO' TAN YIK HUAY
 THURAIRATNAM @ SAMUEL
 DATO' LEE AH CHIEN @ LEE OW KIM
 IAN GHEE EIK KAI

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134, are as follows:-

	----- Ordinary Shares of RM1 each -----			
	As at 1.4.2002	Bought	Sold	As at 31.3.2003
Direct Interest				
THURAIRATNAM @ SAMUEL	10,000	5,000	-	15,000
LEONG CHUN YIN	205,000	-	-	205,000

Indirect Interest held through body Corporate

LEONG CHUN YIN	16,528,000	-	-	16,528,000
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The other Directors did not hold shares in the Company as at the end of the year.

In accordance with Article 88 of the Company's Articles of Association, Dato' Lee Ah Chien @ Lee Ow Kim and Thurairatnam @ Samuel retires by rotation and being eligible, offers themselves for re-election.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than those benefits disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest other than any benefits which may be deemed to have arisen from the transactions entered into by the Company as mentioned in note 30 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the Employees' Share Option Scheme as mentioned above.

OTHER STATUTORY INFORMATION

- a) Before the income statement and balance sheet of the Group and of the Company were made out, the Directors took reasonable steps :-
 - i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts;
 - 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) the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and the Company inadequate to any substantial extent;
 - ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in 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 liabilities of any other person; or
 - ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- f) In the opinion of the Directors :-
 - i) no contingent liability or other liabilities 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 their obligations when they fall due;
 - 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.

Directors' Report

AUDITORS

The auditors, Tai, Yapp & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board
in accordance with a
resolution of the Directors

LEONG CHUN YIN

THURAIRATNAM @ SAMUEL

Kuala Lumpur
Dated: 25th July 2003

● Consolidated Income Statement ●

for The Year Ended 31st March 2003

		2003	2002
	Note	RM	RM
Revenue	6	59,172,772	59,142,723
Cost of goods sold		<u>(46,989,241)</u>	<u>(46,533,152)</u>
Gross profit		12,183,531	12,609,571
Other operating income		326,471	274,837
Direct expenses		(861,560)	(1,814,714)
Distribution costs		(596,666)	(478,166)
Administrative expenses		(7,586,581)	(6,194,808)
Other operating expenses		<u>(5,405,078)</u>	<u>(4,701,151)</u>
Loss from operations		(1,939,883)	(304,431)
Finance costs		<u>(2,285,021)</u>	<u>(2,302,425)</u>
Loss before taxation	7	(4,224,904)	(2,606,856)
Taxation	8	(145,229)	(592,110)
Loss after taxation		<u><u>(4,370,133)</u></u>	<u><u>(3,198,966)</u></u>
Loss per ordinary share (sen) - Basic	9	<u><u>(8.4)</u></u>	<u><u>(6.1)</u></u>

The accompanying notes form an integral part of the financial statements.

Income Statement

for The Year Ended 31st March 2003

		2003	2002
	Note	RM	RM
Revenue	6	585,626	1,840,137
Administrative expenses		(444,789)	(381,384)
Other operating expenses		<u>(479,122)</u>	<u>(564,748)</u>
(Loss)/Profit from operations		(338,285)	894,005
Finance costs		<u>(118,825)</u>	<u>(118,830)</u>
(Loss)/Profit before taxation	7	(457,110)	775,175
Taxation	8	(23,779)	(341,000)
(Loss)/Profit after taxation		<u><u>(480,889)</u></u>	<u><u>434,175</u></u>

The accompanying notes form an integral part of the financial statements.

Consolidated Balance Sheet

31st March 2003

		2003	2002
	Note	RM	RM
NON CURRENT ASSETS			
Property, plant and equipment	10	12,130,444	12,062,566
Investments	12	580,650	580,650
Goodwill on consolidation	13	4,740,588	8,085,955
CURRENT ASSETS			
Inventories	14	8,035,177	8,683,287
Trade receivables	15	17,768,933	18,905,761
Other receivables, deposits and prepayment	16	585,944	734,552
Tax recoverable		1,683,158	1,385,926
Fixed deposits with licensed banks	18	3,892,062	4,255,450
Cash and bank balances		4,217,726	3,241,405
		36,183,000	37,206,381
CURRENT LIABILITIES			
Trade payables	19	6,543,832	6,294,473
Bills payable	20	2,372,542	2,661,682
Other payables and accruals	21	9,299,322	9,289,365
Hire purchase payables	22	45,039	41,341
Restructured term loans	23	24,459,688	24,459,688
Taxation		1,629,534	1,475,139
		44,349,957	44,221,688
NET CURRENT LIABILITIES		(8,166,957)	(7,015,307)
		9,284,725	13,713,864
Financed by :-			
SHARE CAPITAL	24	52,200,000	52,200,000
RESERVES	25	(43,240,573)	(38,890,261)
SHAREHOLDERS' FUNDS		8,959,427	13,309,739
NON CURRENT LIABILITIES			
Hire purchase payables	22	52,298	102,125
Deferred taxation	26	273,000	302,000
		325,298	404,125
		9,284,725	13,713,864

The accompanying notes form an integral part of the financial statements.

Balance Sheet

31st March 2003

		2003	2002
	Note	RM	RM
NON CURRENT ASSETS			
Property, plant and equipment	10	6,997	2,550
Investment in subsidiary companies	11	29,399,860	29,399,860
CURRENT ASSETS			
Other receivables, deposits and prepayment		1,000	11,000
Amount owing by subsidiary companies	17	34,290,048	33,890,570
Tax recoverable		1,554,000	1,554,000
Cash and bank balances		59,866	21,167
		35,904,914	35,476,737
CURRENT LIABILITIES			
Other payables and accruals		924,068	723,030
Amount owing to subsidiary companies	17	1,699,590	1,010,894
Restructured term loans	23	1,346,590	1,346,590
Taxation		1,410,779	1,387,000
		5,381,027	4,467,514
NET CURRENT ASSETS		30,523,887	31,009,223
Financed by :-			
SHARE CAPITAL	24	52,200,000	52,200,000
RESERVES	25	7,730,744	8,211,633
SHAREHOLDERS' FUNDS		59,930,744	60,411,633

The accompanying notes form an integral part of the financial statements.

Consolidated Balance Sheet

31st March 2003

Note	Share Capital	Translation Adjustment Account	Reserve on Consolidation	Accumulated Losses	Total
	RM	RM	RM	RM	RM
Balance at 1st April 2001	52,200,000	491,503	522,284	(36,552,683)	16,661,104
Currency translation differences	-	(152,399)	-	-	(152,399)
Net loss not recognised in the income statement	-	(152,399)	-	-	(152,399)
Net loss for the year	-	-	-	(3,198,966)	(3,198,966)
Balance at 31st March 2002	52,200,000	339,104	522,284	(39,751,649)	13,309,739
Currency translation differences	-	19,821	-	-	19,821
Net loss not recognised in the income statement	-	19,821	-	-	19,821
Net loss for the year	-	-	-	(4,370,133)	(4,370,133)
Balance at 31st March 2003	<u>52,200,000</u>	<u>358,925</u>	<u>522,284</u>	<u>(44,121,782)</u>	<u>8,959,427</u>

The accompanying notes form an integral part of the financial statements.

• Statement Of Changes In Equity •

for The Year Ended 31st March 2003

	Share Capital	Unappropriated Profit	Total
	RM	RM	RM
Balance at 1st April 2001	52,200,000	7,777,458	59,977,458
Net profit for the year	-	434,175	434,175
Balance at 31st March 2002	52,200,000	8,211,633	60,411,633
Net loss for the year	-	(480,889)	(480,889)
Balance at 31st March 2003	52,200,000	7,730,744	59,930,744

The accompanying notes form an integral part of the financial statements.

● Consolidated Cash Flow Statement ●

for The Year Ended 31st March 2003

	Note	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(4,224,904)	(2,606,856)
Adjustments for :-			
Property, plant and equipment written off		1,434	-
Amortisation of goodwill on consolidation		790,097	1,043,369
Depreciation and amortisation of property, plant and equipment		1,329,973	1,437,465
(Gain)/Loss on disposal of property, plant and equipment		(62,619)	18,289
Foreign exchange translation		(909)	(140,813)
Unrealised gain on foreign exchange		(7,754)	-
Interest expense		2,284,493	2,301,633
Interest income		(130,638)	(140,292)
General provision for doubtful debts		46,434	10,710
Specific provision for doubtful debts		53,400	68,725
Specific provision for doubtful debts recovered		(9,900)	-
Dividend income		(87,568)	(96,595)
Operating (loss)/profit before working capital changes		(18,461)	1,895,635
Decrease in inventories		648,110	666,420
Decrease/(Increase) in receivables		1,231,647	(1,267,475)
Decrease in payables		(2,183,473)	(649,701)
Cash (absorbed in)/generated from operations		(322,177)	644,879
Interest paid		(130,844)	(147,979)
Interest received		130,638	140,292
Tax paid		(317,066)	(570,623)
Net cash (used in)/provided by operating activities		(639,449)	66,569
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of fixed deposits		-	(128,375)
Withdrawal of fixed deposits		363,388	-
Proceeds from disposal of property, plant and equipment		119,005	45,058
Purchase of property, plant and equipment	(a)	(1,434,941)	(356,546)
Dividend received		59,177	37,418
Net cash used in investing activities		(893,371)	(402,445)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of shortfall of profit guarantee		2,555,270	-
Repayment of hire-purchase payables		(46,129)	(40,602)
Net cash provided by/(used in) financing activities		2,509,141	(40,602)

• Consolidated Cash Flow Statement •

for The Year Ended 31st March 2003

		2003	2002
	Note	RM	RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		976,321	(376,478)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		3,241,405	3,617,883
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(b)	4,217,726	3,241,405

Note :-

a) Property, Plant and Equipment

During the financial year, the Group acquired property, plant and equipment amounting to RM1,434,941 (2002 : RM421,546) out of which Nil (2002 : RM65,000) was financed by means of hire purchase. Cash payments of RM1,434,941 (2002 : RM356,546) were paid for the purchase of the property, plant and equipment.

		2003	2002
		RM	RM
b) Cash and cash equivalents :-			
Cash and bank balances		4,217,726	3,241,405

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

for The Year Ended 31st March 2003

	2003	2002
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(457,110)	775,175
Adjustments for :-		
Depreciation	551	510
Interest income	(118,825)	(120,137)
Interest expenses	118,825	118,830
Dividends income	-	(1,600,000)
	(456,559)	(825,622)
Operating loss before working capital changes	(456,559)	(825,622)
Increase in receivables	(389,478)	(798,325)
Increase in payables	770,910	266,291
	(75,127)	(1,357,656)
Cash absorbed in operations	(75,127)	(1,357,656)
Interest paid	-	(118,830)
Interest received	118,825	120,137
	43,698	(1,356,349)
Net cash provided by/(used in) operating activities	43,698	(1,356,349)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,999)	-
Dividends received	-	1,152,000
Net cash (used in)/provided by investing activities	(4,999)	1,152,000
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	38,699	(204,349)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	21,167	225,516
CASH AND CASH EQUIVALENTS CARRIED FORWARD	59,866	21,167
Note :		
Cash and cash equivalents :-		
Cash and bank balances	59,866	21,167

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements

31st March 2003

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. It is listed on the Second Board of the Kuala Lumpur Stock Exchange.

The Company's registered office and principal place of business are at No. 5, Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programme and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Company does not hold or issue derivative financial instruments for trading purposes.

2.1 Foreign Currency Risk

Foreign exchange risk arises as the Group engages in transactions that are denominated in foreign currencies, mainly Singapore Dollar and Canada Dollar. In addition, the Group is exposed to foreign currency movements on its investments in foreign subsidiary companies. Foreign currency risk is mitigated as most exchange differences arise from translation of monetary items that in substance form part of the Group's net investments in foreign entities. These exchange differences are taken to translation reserve instead of to the income statement.

2.2 Liquidity Risk

The liquidity risk of the Group is minimal as it maintains adequate working capital to meet its obligations as and when they fall due.

2.3 Interest Rate Risk

The Group's exposure to interest rate fluctuations are in respect of :

- a) fixed deposits with licensed banks that attracts interest income.
- b) hire purchase obligations of which the interest rate is fixed.
- c) bill payables and restructured term loans of which the interest rates vary with reference to the base lending rates of the bank.

However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group.

2.4 Credit Risk

This involves the risk that counter parties may be unable to meet the terms of their agreements. The Group has no major concentration of credit risk and the Group manages these risks by monitoring credit evaluations and limiting the aggregate exposure to any counter party.

The Group places its cash and fixed deposits with creditworthy financial institutions.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represent the Group's maximum exposure to credit risk.

Notes To The Financial Statements

31st March 2003

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 25th July 2003.

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. This requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and other measurement basis otherwise indicated in the respective accounting policies as set out below.

4.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year.

Under the acquisition method of accounting the results of subsidiary companies acquired or disposed off are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. Inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The difference between the acquisition price and the fair values of the subsidiary companies' net assets acquired is reflected as goodwill or reserve on consolidation. Goodwill on consolidation is stated at cost less accumulated amortisation and impairment losses, if any. It is amortised over a period of ten years from the effective date of acquisition.

4.3 Investment in Subsidiary Companies

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

Investment in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any.

4.4 Investments

Investments in unquoted shares and transferable Club Memberships which are held as long term investments are stated at cost less impairment losses, if any.

4.5 Property, Plant and Equipment

Freehold land is stated at cost less impairment losses, if any and is not depreciated. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost of other property, plant and equipment on a straight-line basis over the estimated useful lives of the assets concerned. The principal annual depreciation rates used for this purpose are as follows :-

	%
Buildings	2
Short term leasehold land	over the remaining lease period
Furniture, fixtures, fittings and office equipment	10 – 20
Plant and equipment	10 – 20
Vehicles	20

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

Notes To The Financial Statements

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4.6 Deferred Taxation

Deferred taxation is provided under the liability method for taxation deferred by capital allowances and other timing differences except where the tax effects of such deferrals are expected to continue in the foreseeable future.

Deferred tax benefits are only recognised where they are expected to realise in the near future.

4.7 Impairment of Assets

The carrying amount of the Group's and Company's assets other than inventories, assets arising from construction contracts, deferred tax asset and financial assets (other than investment in subsidiaries, associates and joint ventures) are reviewed for impairment where there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts and the impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is charged to the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the assets that would have been determined had no impairment loss been recognised. The reversal is recognised in the income statement immediately except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

4.8 Foreign Currencies Conversion

4.8.1 Transactions in Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates ruling at the time of transactions or at contracted rates where applicable. Foreign currency assets and liabilities are converted at the exchange rates ruling at the balance sheet date. All exchange differences are dealt with in the income statement.

4.8.2 Translation of Foreign Currency Financial Statements

Assets and liabilities of foreign subsidiary companies are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date and the results of foreign subsidiary companies are translated at the average rate of exchange for the year. Exchange differences arising from the retranslation of the opening net investments in foreign subsidiary companies and from the translation of the results of those subsidiary companies at the average rate are dealt with through the Translation Adjustment Account.

The exchange rates ruling at balance sheet date used for each unit of foreign currencies to Ringgit Malaysia are as follows :-

	Average Rate		Year End	
	2003	2002	2003	2002
1 United States Dollar	3.80	3.80	3.80	3.80
1 Singapore Dollar	2.10	2.09	2.12	2.06
1 Canadian Dollar	2.54	2.36	2.54	2.38
1 Sterling Pound	6.04	5.41	6.04	5.41

• Notes To The Financial Statements •

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4.9 Inventories

Inventories are stated at the lower of cost and net realisable value after due allowances are made for damaged, obsolete and slow moving items. Cost is principally determined on weighted average basis.

The cost of raw materials includes the original purchase price and the incidental expense incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods include the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

4.10 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and due allowances are made for any debts considered to be doubtful of collection. In addition, a general allowance based on a percentage of annual sales is made to cover possible losses which are not specifically identified.

4.11 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed off in the income statement in the year it is incurred.

However, if future economic benefit from development activities are probable and measurable, the related development cost is capitalised and amortised on a straight line basis over a period not exceeding 5 years.

4.12 Property, Plant and Equipment Under Hire Purchase Arrangements

Property, plant and equipment acquired under hire purchase arrangements are capitalised in the financial statements and are depreciated in accordance with the policy set out on 4.5 above. The corresponding outstanding obligations due under the hire purchase after deducting financial expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statement based on constant periodic rate of interest on the remaining hire-purchase liabilities.

4.13 Revenue Recognition

Revenue of the Group and of the Company are recognised on the following basis :

4.13.1 Revenue from sale of goods are recognised upon the delivery of goods and customer' acceptance.

4.13.2 Revenue from services are recognised upon the services rendered.

4.13.3 Dividend income is recognised when the right to receive payment has been established.

4.13.4 Interest income and management fees are recognised on accrual basis.

4.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances and highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

Notes To The Financial Statements

31st March 2003

4.15 Segment Information

Segment Information is presented in respect of the Group's business and geographical segments. The primary segment information is in respect of business segments as the Group risk and rates of return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance cost and corporate administration expenses.

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

4.16 Provision for Liabilities

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

4.17 Financial Instruments

4.17.1 Financial instruments recognised on the balance sheet

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

The accounting policies for financial instruments are disclosed in the individual policies associated with each item.

4.17.2 Disclosure of fair values

The Group's financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction.

Methodologies

The methodologies and assumptions used in ascertaining the fair values depend on the terms and risk characteristics of the instruments and are briefly set out below:

Amounts owing by/(to) subsidiary companies

It is not practical to estimate the fair values of the above amounts due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

Other financial assets and liabilities

The fair values of the other financial assets and liabilities maturing within 12 months are stated at approximately the carrying value as at the balance sheet date.

• Notes To The Financial Statements •

31st March 2003

5. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services whilst the principal activities of the subsidiary companies are disclosed in note 11 to the financial statements.

6. REVENUE

Group

Revenue represents invoiced value of goods sold less returns, contract manufacturing services rendered and investment income.

Company

Revenue represents management fees received and investment income mainly from subsidiary companies.

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
These represent :				
Sales of goods	58,780,958	59,082,645	-	-
Contract manufacturing services	391,814	58,771	-	-
Management fees	-	-	466,801	120,000
Dividend income	-	-	-	1,600,000
Interest income	-	1,307	118,825	120,137
	59,172,772	59,142,723	585,626	1,840,137

Notes To The Financial Statements

31st March 2003

7. (LOSS)/PROFIT BEFORE TAXATION

This is stated after charging :-	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Directors' fees	30,000	30,000	30,000	30,000
Directors' remuneration	1,149,964	1,050,426	-	-
Directors' benefits in kind	-	73,830	-	-
Auditors' remuneration				
- statutory	69,500	65,280	9,000	9,000
- non statutory	-	6,000	-	-
- overprovision in prior year	-	(1,000)	-	-
- others	-	6,000	-	-
Depreciation of property, plant and equipment	1,207,520	1,315,810	552	510
Amortisation of short term leasehold land	23,638	23,083	-	-
Property, plant and equipment written off	1,434	-	-	-
Amortisation of goodwill on consolidation	790,097	1,043,369	-	-
Interest expense on :				
- Restructured term loans	2,153,649	2,153,654	118,825	118,830
- Hire purchase	13,137	16,822	-	-
- Bills payable	117,707	130,725	-	-
- Others	-	432	-	-
General provision for doubtful debts	46,434	10,710	-	-
Specific provision for doubtful debts				
- trade	53,400	68,725	-	-
Rental of premises	359,628	382,999	-	-
Loss on foreign exchange – realised	58,474	9,735	-	-
Loss on disposal of property, plant and equipment	11,053	22,439	-	-
Bad debts written off	-	195,819	-	-
Research and development expenditure				
- depreciation	98,815	98,572	-	-
- direct attributable costs	153,298	194,582	-	-
Staff costs (excluding directors)	7,595,058	6,168,384	380,657	283,614
And crediting:-				
Provision for specific doubtful debts recovered	9,900	-	-	-
Gross dividend income	87,568	96,595	-	-
Interest income	130,638	140,292	-	-
Gain on disposal of property, plant and equipment	73,672	4,150	-	-
Gain on foreign exchange				
- unrealised	7,754	-	-	-
- realised	9,553	-	-	-
Number of employees as at end of the financial year (excluding directors)	205	195	8	7

• Notes To The Financial Statements •

31st March 2003

The aggregate remuneration of the Directors of the Company categorised into the appropriate components is as follows:-

	Executive Directors RM	Non-Executive Directors RM	Total RM
Directors' Fees *	12,000	18,000	30,000
Salaries and other emoluments	458,540	-	458,540
Bonus	50,000	-	50,000
Total	520,540	18,000	538,540

* To be approved at the forthcoming Annual General Meeting.

The number of Directors whose remuneration during the financial year ended 31st March 2003 fall within the following bands is as follows:-

Range of remuneration RM	Executive Directors	Non-Executive Directors
Below 50,000	-	3
Between 200,001 and 250,000	2	-
Total	2	3

8. TAXATION

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Based on the results for the year :-				
Malaysian Income Tax	326,000	687,000	-	341,000
Deferred taxation	(29,000)	(170,000)	-	-
	<u>297,000</u>	<u>517,000</u>	<u>-</u>	<u>341,000</u>
(Over)/Under-provision in prior years	(151,771)	75,113	23,779	-
	<u>145,229</u>	<u>592,110</u>	<u>23,779</u>	<u>341,000</u>

Effective tax rate

There is no provision for tax in the current year for the Company as it is in a loss position.

The Group's effective tax rate is disproportionate to the accounting results as the tax losses of certain subsidiary companies cannot be set-off against the taxable income of other subsidiary companies.

The Group and the Company have estimated potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items :

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Capital allowances claimed on property, plant and equipment in excess of their depreciation charge	697,600	458,400	1,400	700
Unutilised capital allowances	(504,700)	(357,300)	-	(1,400)
Unabsorbed tax losses	(14,122,800)	(13,371,700)	(53,600)	(163,300)
Other timing differences	(217,800)	(7,700)	-	-
	<u>(14,147,700)</u>	<u>(13,278,300)</u>	<u>(52,200)</u>	<u>(164,000)</u>

• Notes To The Financial Statements •

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Based on the estimated tax credit available, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of approximately RM3,400,000 (2002 : RM3,400,000) out of its entire unappropriated profit as at 31st March 2003 without incurring additional tax liability.

9. LOSS PER ORDINARY SHARE

Basic loss per ordinary share :-

The basic loss per ordinary share for the financial year has been calculated based on the consolidated loss after tax divided by the weighted average number of ordinary shares in issue during the financial year.

	2003 RM	2002 RM
Consolidated loss after tax	<u>(4,370,133)</u>	<u>(3,198,966)</u>
Weighted average number of ordinary shares in issue	<u>52,200,000</u>	<u>52,200,000</u>
Basic loss per ordinary share (sen)	<u>(8.4)</u>	<u>(6.1)</u>

The fully diluted earnings per ordinary share for the financial years 2003 and 2002 are not disclosed as the effect of the assumption that the share options be exercised at the beginning of the financial year would result in an anti-dilution on the loss per ordinary share.

10. PROPERTY, PLANT AND EQUIPMENT

Group	As at 1.4.2002 RM	Translation Adjustments RM	Additions RM	(Disposals) RM	As at 31.3.2003 RM
Cost					
Freehold land	750,942	11,041	-	-	761,983
Freehold building	1,886,734	5,225	-	-	1,891,959
Long term leasehold building	564,605	-	-	-	564,605
Short term leasehold land	686,115	-	-	-	686,115
Short term leasehold building	5,469,625	-	-	-	5,469,625
Furniture, fixtures, fittings and office equipment	3,506,035	5,990	1,036,476	(130,416)	4,418,085
Plant and equipment	11,201,429	6,123	315,869	(143,328)	11,380,093
Vehicles	1,544,239	-	82,596	(253,369)	1,373,466
	<u>25,609,724</u>	<u>28,379</u>	<u>1,434,941</u>	<u>(527,113)</u>	<u>26,545,931</u>

Notes To The Financial Statements

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Accumulated Depreciation	As at 1.4.2002 RM	Translation Adjustments RM	Depreciation Charge RM	(Disposals) RM	As at 31.3.2003 RM
Freehold land	-	-	-	-	-
Freehold building	213,066	1,214	38,331	-	252,611
Long term leasehold building	32,772	-	11,561	-	44,333
Short term leasehold land	268,219	-	23,638	-	291,857
Short term leasehold building	1,154,190	-	109,392	-	1,263,582
Furniture, fixtures, fittings and office equipment	1,890,384	4,776	373,588	(84,542)	2,184,206
Plant and equipment	8,673,513	1,659	689,342	(131,384)	9,233,130
Vehicles	1,315,014	-	84,121	(253,367)	1,145,768
	<u>13,547,158</u>	<u>7,649</u>	<u>1,329,973</u>	<u>(469,293)</u>	<u>14,415,487</u>

	Net Book Value		Depreciation Charge	
	2003 RM	2002 RM	2003 RM	2002 RM
Freehold land	761,983	750,942	-	-
Freehold building	1,639,348	1,673,668	38,331	38,535
Long term leasehold building	520,272	531,833	11,561	11,693
Short term leasehold land	394,258	417,896	23,638	23,083
Short term leasehold building	4,206,043	4,315,435	109,392	110,671
Furniture, fixtures, fittings and office equipment	2,233,879	1,615,651	373,588	336,172
Plant and equipment	2,146,963	2,527,916	689,342	880,592
Vehicles	227,698	229,225	84,121	36,719
	<u>12,130,444</u>	<u>12,062,566</u>	<u>1,329,973</u>	<u>1,437,465</u>

The title deed to a freehold land and building purchased by a subsidiary company for RM1.2 million has yet to be registered in the name of the subsidiary company as there is a lien holder's caveat and a private caveat subsisting over the property which the vendor is obligated to remove before the transfer can be effected. Meanwhile, the subsidiary company has lodged a private caveat over the property.

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The Company is liaising with the relevant authority for the issuance of the title deeds to the short term and long term leasehold land and buildings of certain subsidiary companies.

The cost and net book values of the landed properties of the Group which have been pledged to the financial institutions under the restructured term loans as mentioned in note 23 below are as follows :

	Cost		Net Book Value	
	2003 RM	2002 RM	2003 RM	2002 RM
Long term leasehold building	564,605	564,605	520,272	531,833
Freehold land and building	864,684	864,684	761,115	776,277
Short term leasehold land	686,115	686,115	394,258	417,896
Short term leasehold building	5,469,625	5,469,625	4,206,041	4,315,433
	<u>7,585,029</u>	<u>7,585,029</u>	<u>5,881,686</u>	<u>6,041,439</u>

Included in the above property, plant and equipment of the Group are assets under hire purchase arrangements with cost and net book values totalling RM232,815 (2002 : RM357,437) and RM139,581 (2002 : RM208,006) respectively.

Company	As at 1.4.2002 RM	Additions/ (Disposals) RM	As at 31.3.2003 RM
Cost			
Office equipment	<u>5,100</u>	<u>4,999</u>	<u>10,099</u>
Accumulated Depreciation			
Office equipment	<u>2,550</u>	<u>552</u>	<u>3,102</u>
	Net Book Value	Depreciation Charge	
	2003 RM	2002 RM	2003 RM
Office equipment	<u>6,997</u>	<u>2,550</u>	<u>552</u>
			<u>510</u>

11. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2003 RM	2002 RM
Unquoted shares, at cost	32,130,002	32,130,002
Less :		
Dividends out of pre-acquisition reserves	(1,730,141)	(1,730,141)
Provision for impairment in value	(1,000,001)	(1,000,001)
	<u>29,399,860</u>	<u>29,399,860</u>

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The subsidiary companies are :-

Name Direct Subsidiary	Place of Incorporation	Effective Interest		Principal activities
		2003 %	2002 %	
Westech Sdn Bhd	Malaysia	100	100	Sales and marketing of industrial gases, industrial chemicals, industrial adhesives, equipment, building products, consumer products and aerosol products.
Tenco Industries Sdn Bhd	Malaysia	100	100	Manufacturing of Industrial chemicals, consumer products and aerosol products.
Wilron Products Sdn Bhd	Malaysia	100	100	Manufacturing of industrial adhesives.
Ferndale Direct Sdn Bhd (Formerly known as Tenco Development Sdn Bhd)	Malaysia	100	100	Sales and marketing of industrial gases, industrial chemicals, industrial adhesives, equipment, building products, consumer products and aerosol products.
Tenco Construction Sdn Bhd	Malaysia	100	100	Inactive
*Tenco Westech Industries Pte Ltd	Republic of Singapore	100	100	Sales and marketing of industrial chemicals, industrial adhesives, equipment, building products and aerosol products.
Ridgemonde Chemicals & Resins Sdn Bhd	Malaysia	100	100	Polymerization of synthetic latex for the paint, adhesive, wood and textile industries.
Quality Coatings Sdn Bhd	Malaysia	100	100	Manufacturing of decorative paints and industrial chemicals
Subsidiary company held through Westech Sdn Bhd				
Tenco Management Sdn Bhd	Malaysia	100	100	Inactive
Subsidiary company held through Tenco Westech Industries Pte. Ltd.				
*Tenco Westech Industries Incorporated	Canada	100	100	Import and export of industrial products of related and other companies

* Audited by other firms of chartered accountants.

• Notes To The Financial Statements •

31st March 2003

12. INVESTMENTS

	Group	
	2003 RM	2002 RM
Outside Malaysia		
Unquoted shares, at cost	439,650	439,650
In Malaysia		
Transferable club memberships, at cost	141,000	141,000
	580,650	580,650
 Transferable club memberships, at market value	141,000	141,000

13. GOODWILL ON CONSOLIDATION

	Group	
	2003 RM	2002 RM
Cost		
As at 1st April	10,433,693	10,433,693
Less : Reduction in goodwill on consolidation *	(2,555,270)	-
As at 31st March	7,878,423	10,433,693
Accumulated amortisation		
At 1st April	(2,347,738)	(1,304,369)
Amortisation for the year	(790,097)	(1,043,369)
At 31st March	(3,137,835)	(2,347,738)
	4,740,588	8,085,955

* During the financial year, the Group received an amount of RM2,555,270 which was in respect of the compensation for the shortfall in the profit guarantee as mentioned in note 27 below. The amount received has been accounted for in the consolidated financial statements as a reduction in the goodwill on consolidation with the consequential effect on its amortisation charge for the year.

14. INVENTORIES

	Group	
At cost :	2003 RM	2002 RM
This represents :		
Raw materials	2,703,635	2,570,013
Finished goods	4,843,241	5,550,620
Work in progress	246,000	291,946
Packing materials	242,301	270,708
	8,035,177	8,683,287

Notes To The Financial Statements

31st March 2003

15. TRADE RECEIVABLES

	Group	
	2003 RM	2002 RM
Total amount outstanding	51,095,112	52,142,006
Less :		
Provision for doubtful debts	(33,326,179)	(33,236,245)
	17,768,933	18,905,761

The credit terms of trade receivables range from 30 to 60 days. Other credit terms are assessed and approved on a case by case basis.

The foreign currencies exposures of trade receivables of the Group are as follows :-

	2003 RM	2002 RM
Ringgit Malaysia	17,427,662	18,467,109
US Dollar	196,633	250,970
Singapore Dollar	144,638	187,682
	17,768,933	18,905,761

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	Group	
	2003 RM	2002 RM
Other receivables	103,367	6,879
Deposits	230,793	176,171
Prepayment	164,216	492,325
Dividend receivable	87,568	59,177
	585,944	734,552

17. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

	Group	
	2003 RM	2002 RM
Amount owing by subsidiary companies	34,294,387	33,894,909
Less :		
Provision for doubtful debts	(4,339)	(4,339)
	34,290,048	33,890,570

The amount owing by/(to) subsidiary companies is unsecured, interest-free and has no fixed terms of repayment except for an amount of RM1,335,112 (2002 : RM1,335,168) owing by subsidiary companies which bear weighted average interest rate at 8.9% (2002 : 8.9%) per annum.

18. FIXED DEPOSITS WITH LICENSED BANKS

Group

Included in the fixed deposits are RM3,710,276 (2002 : RM3,973,423) which have been pledged to the financial institutions for banking facilities granted to the Group as mentioned in note 20 below.

19. TRADE PAYABLES

Group

The credit terms of trade payables range from 30 to 60 days.

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20. BILLS PAYABLE

Group

This trade line facilities granted by the financial institutions to the subsidiary companies are secured against the Group's fixed deposits as mentioned in note 18 above.

They bear weighted average interest rate at 7.9% (2002 : 8.5%) per annum.

21. OTHER PAYABLES AND ACCRUALS

Group

	2003 RM	2002 RM
Payables and accruals	4,640,293	3,927,682
Accrued restructured term loan interest	4,307,303	2,153,654
Company in which one of the director has substantial interest	351,726	3,208,029
	<u>9,299,322</u>	<u>9,289,365</u>

This amount is unsecured, interest free and has no fixed terms of repayment.

22. HIRE PURCHASE PAYABLES

Group

	2003 RM	2002 RM
Total principal outstanding	97,337	143,466
Less : Repayable after the next 12 months shown under non current liabilities	(52,298)	(102,125)
Repayable within the next 12 months	<u>45,039</u>	<u>41,341</u>
Represented by :		
Minimum hire purchase payments :		
- Within 1 year	52,092	57,736
- After 1 year but not more than 5 years	67,900	119,992
	<u>119,992</u>	<u>177,728</u>
Less: Future interest charges	(22,655)	(34,262)
Present value of hire purchase liabilities	<u>97,337</u>	<u>143,466</u>

23. RESTRUCTURED TERM LOANS

	Cost		Net Book Value	
	2003 RM	2002 RM	2003 RM	2002 RM
Total principal outstanding	<u>24,459,688</u>	<u>24,459,688</u>	<u>1,346,590</u>	<u>1,346,590</u>
Repayment due :-				
Within one year	<u>24,459,688</u>	<u>24,459,688</u>	<u>1,346,590</u>	<u>1,346,590</u>

This represents outstanding bills payable, bank overdrafts and short term loans under the restructuring schemes which are to be settled on a staggered basis over a period of six years commencing from the financial year ended 31st March 2000.

The above restructured term loans are secured by legal charges over the landed properties of certain subsidiary companies of the Group as mentioned in note 10 above and they bear weighted average interest rate at 7.9% (2002 : 8.5%) per annum.

The Group and the Company had defaulted on the quarterly interest and principal repayment due since 30th June 2001. Legal proceedings were brought by Malaysia Trustee Bhd and a licensed bank to obtain order for sale against those landed properties of the Group as mentioned in note 31 below.

Notes To The Financial Statements

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24. SHARE CAPITAL

	Group and Company	
	2003 RM	2002 RM
Ordinary shares of RM1 each		
Authorised	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid	<u>52,200,000</u>	<u>52,200,000</u>

25. RESERVES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Non-Distributable				
Translation Adjustment Account	358,925	339,104	-	-
Reserve on consolidation	522,284	522,284	-	-
	881,209	861,388	-	-
Distributable				
(Accumulated losses)/ Unappropriated profit	(44,121,782)	(39,751,649)	7,730,744	8,211,633
	<u>(43,240,573)</u>	<u>(38,890,261)</u>	<u>7,730,744</u>	<u>8,211,633</u>

26. DEFERRED TAXATION

	Group	
	2003 RM	2002 RM
As at 1st April	302,000	472,000
Transferred to Income Statement	(29,000)	(170,000)
As at 31st March	<u>273,000</u>	<u>302,000</u>

This represents timing differences arising from capital allowances claimed on property, plant and equipment in excess of their depreciation charge.

27. PROFIT GUARANTEE

On the acquisition of Ridgemonde Chemicals & Resins Sdn Bhd ("Ridgemonde") and Quality Coatings Sdn Bhd ("Quality") on 27th January 1999, the vendors of Ridgemonde and Quality have warranted and guaranteed that for the next three (3) financial years ending 31st March 2000 to 31st March 2002, the two companies would achieve in aggregate a total net profit before tax of not less than RM4,590,000 and RM4,650,000 respectively.

However, Ridgemonde and Quality did not achieve the guaranteed amount for the above three (3) financial years resulting in an accumulated shortfall in the profit guarantee by RM155,435 and RM2,399,835 respectively.

The shortfall by Quality was settled by the vendors in full during the financial year in accordance with the terms of the Sale and Purchase Agreement. Except for an amount of RM12,186 due from two vendors of Ridgemonde, the balance of the shortfall by Ridgemonde have been settled by the other vendors. The total shortfall was accounted for in the consolidated financial statements as a reduction in the goodwill on consolidation with the consequential effect on its amortisation charge for the year as mentioned in note 13 above.

28. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business and geographical segments.

Inter segment pricing is determined on arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Notes To The Financial Statements

31st March 2003

By Business Segment

The Group's operations comprise the following main business segments :

Manufacturing	Manufacture and process chemicals, adhesive and related products
Trading	Sales of chemicals, adhesives, building materials, equipment and consumer products
Investment holding	Investment holding and provision of management services

2003	Manufacturing	Trading	Investment holding	Elimination	Consolidation
Revenue	RM	RM	RM	RM	RM
External sales	26,640,818	32,531,954	-	-	59,172,772
Inter-segment sales	11,896,268	1,351,431	585,627	(13,833,326)	-
Total	<u>38,537,086</u>	<u>33,883,385</u>	<u>585,627</u>	<u>(13,833,326)</u>	<u>59,172,772</u>
Results					
Segment results (external)	222,568	(915,244)	(338,285)	(908,922)	(1,939,883)
Finance cost					(2,285,021)
Loss before taxation					(4,224,904)
Tax expense					<u>(145,229)</u>
Net loss for the year					<u>(4,370,133)</u>

Other Information	Manufacturing	Trading	Investment holding	Elimination	Consolidation
	RM	RM	RM	RM	RM
Segment assets	72,855,592	26,671,623	70,052,359	(115,944,891)	<u>53,634,683</u>
Segment liabilities	58,400,135	75,450,393	5,381,027	(94,556,300)	<u>44,675,255</u>
Capital expenditure	649,760	780,182	4,999		1,434,941
Depreciation	994,230	335,191	552		1,329,973
Amortisation of goodwill					790,097
Non-cash expenses other than depreciation and amortisation					2,086,373

By Business Segment

2002	Manufacturing	Trading	Investment holding	Elimination	Consolidation
Revenue	RM	RM	RM	RM	RM
External sales	25,662,076	33,479,340	1,307	-	59,142,723
Inter-segment sales	11,782,013	25,154	1,838,830	(13,645,997)	-
Total	<u>37,444,089</u>	<u>33,504,494</u>	<u>1,840,137</u>	<u>(13,645,997)</u>	<u>59,142,723</u>
Results					
Segment results (external)	1,589,355	(25,591)	894,005	(2,762,200)	(304,431)
Finance cost					(2,302,425)
Loss before taxation					(2,606,856)
Tax expense					<u>(592,110)</u>
Net loss for the year					<u>(3,198,966)</u>

Notes To The Financial Statements

31st March 2003

2002	Manufacturing	Trading	Investment holding	Elimination	Consolidation
Other Information	RM	RM	RM	RM	RM
Segment assets	67,906,395	24,582,984	72,517,102	(107,070,929)	<u>57,935,552</u>
Segment liabilities	55,627,341	70,548,486	4,467,514	(86,017,529)	<u>44,625,812</u>
Capital expenditure	114,664	306,882	-	-	421,546
Depreciation					1,437,465
Amortisation of goodwill					1,043,369
Non-cash expenses other than depreciation and amortisation					2,021,657

By Geographical Segment

The Group operates mainly in Malaysia and has sales offices in Singapore and Canada. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditures are based on the geographical location of assets.

	Revenue		Total Assets		Capital Expenditure	
	2003 RM	2002 RM	2003 RM	2002 RM	2003 RM	2002 RM
Malaysia	58,153,197	58,167,567	51,899,620	56,245,430	1,357,372	377,668
Singapore	315,165	281,832	290,715	153,224	31,635	-
Canada	704,410	693,324	1,444,348	1,536,898	45,934	43,878
	<u>59,172,772</u>	<u>59,142,723</u>	<u>53,634,683</u>	<u>57,935,552</u>	<u>1,434,941</u>	<u>421,546</u>

29. FINANCIAL INSTRUMENTS

a) Credit Risk

As at 31st March 2003, the Group has trade receivables of RM8,206,706 which have been outstanding for more than 60 days. Other than as mentioned above, the Group has no significant exposure of credit risk.

The Group has no significant concentration of credit risk and places its cash with creditworthy financial institutions.

b) Fair Values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at 31st March 2003 approximate their fair values on the balance sheet of the Group and of the Company except as set out below :-

• Notes To The Financial Statements •

31st March 2003

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets				
Unquoted shares	439,650	*	-	-
Amount due from subsidiaries	-	-	34,290,048	#
Financial Liabilities				
Amount due to subsidiaries	#	#	1,699,590	#
	439,650		35,989,638	

* a reasonable estimate of fair value could not be made without incurring excessive costs. However, the Company believes that the carrying amounts recorded at the balance sheet date reflect the corresponding fair values.

It is not practical to estimate the fair values of the above amounts due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

30. SIGNIFICANT RELATED PARTY DISCLOSURES

a) Identities of related parties

Controlling related party relationships are as follows :-

- (i) Its subsidiary companies as disclosed in note 11 above.
- (ii) Substantial shareholder of the Company : Pristine Way Sdn Bhd (Company No. 339335 V)
- (iii) Firm in which a director has an interest : Nor Ding & Co.

b) Transactions

	Company	
	2003 RM	2002 RM
Subsidiary Companies		
Management fees receivable	466,801	120,000
Gross dividend income	-	1,600,000
Firm in which a Director, Ian Ghee Eik Kai has an interest		
Nor Ding & Co.		
Professional fee paid	27,200	-

The above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

c) Balances in respect of non trade transaction

	Group	
	2003 RM	2002 RM
With a company in which Leong Chun Yin is a Director and has substantial interest :		
Pristine Way Sdn Bhd (Company No.339335 V)		
Amount owing to	351,726	3,208,029

Notes To The Financial Statements

31st March 2003

31. CONTINGENT LIABILITIES

	Company	
	2003 RM	2002 RM
a) Unsecured :		
(i) Corporate guarantees given to financial institutions for credit facilities granted to subsidiary companies	27,420,401	25,266,752
(ii) Corporate guarantees given to financial institutions for hire purchase facilities granted to subsidiary companies	97,337	143,466

b) Pending Litigations

- (i) A claim was made, by a customer against a subsidiary company for the recovery of the sum of RM579,513.60 together with interest and costs for the breach of contract by subsidiary company in completing a purchase transaction of a boat. The subsidiary company has also filed a counter claim for refund of the deposit of RM108,900 and damages.

The High Court has allowed the plaintiff application for summary judgment on 26th April 2001. The Notice of Appeal against the summary judgment was adjourned to 10th November 2003.

- (ii) A claim was made, by the supplier against a subsidiary company for a sum of RM416,617.69 together with interest in respect of costs for goods sold and delivered to the subsidiary company. On 7th November 2001, the High Court allowed application to strike out the amended Suit filed by the Plaintiff dated 22nd February 2001. However, the plaintiff has appealed to the Court of Appeal and the case is still pending.
- (iii) A claim was made in the High Court by a supplier against a subsidiary company for a sum of RM926,270.48 in respect of goods sold and delivered. The subsidiary company disputed the amount claimed and the case is pending for hearing.
- (iv) Three legal proceedings were brought by Malaysia Trustee Bhd to obtain an order for sale against three pieces of landed properties of the subsidiary company. The subsidiary company has instructed its solicitors to oppose the aforesaid order for sale. The proceeding against three pieces of the said properties were adjourned to a later date.
- (v) A claim was made in the High Court by a financial institution against a subsidiary company for RM3,892,217.84. The subsidiary company has disputed the alleged claim.
- (vi) Further claims were made in the High Court by the above financial institution against two subsidiary companies of Tenco Berhad for RM640,277.31 and RM627,644.17 respectively. The subsidiary companies had also disputed the alleged claims.

No provision has been made in respect of the above pending litigations as the directors are of the opinion that the Group's chances of success in respect of the appeals and counter claim are good.

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified due to the term loan interest which was not paid but was wrongly accounted as paid in previous year.

	Group	
	As restated RM	As Previously Reported RM
CASH FLOW STATEMENT		
Cash Flows From Operating Activities		
(Decrease)/Increase in payables	(649,701)	1,503,953
Interest paid	(147,979)	(2,301,633)

Statement By Directors

STATEMENT BY DIRECTORS

We, LEONG CHUN YIN and THURAIRATNAM @ SAMUEL, being two of the Directors of TENCO BERHAD, do hereby state on behalf of the Directors that, in our opinion, the financial statements set out on pages 20 to 48 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31ST MARCH, 2003 and of their results, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors.

LEONG CHUN YIN

THURAIRATNAM @ SAMUEL

Kuala Lumpur
Dated 25th July 2003

STATUTORY DECLARATION

I, TAN KEE WOON, the officer primarily responsible for the accounting records and financial management of TENCO BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 20 to 48 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 above named TAN KEE WOON at Kuala Lumpur
in the Federal Territory on this 25th day of July 2003

TAN KEE WOON (MIA 20601)

Before me,

Chan Leong Choi
No.W309

Pesuruhjaya Sumpah
Malaysia

Report Of The Auditors To the members of Tenco Berhad

We have audited the financial statements of Tenco Berhad of the Group and of the Company set out on pages 20 to 48. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing. 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 financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :-

- a) the financial statements which have been prepared under the historical cost convention, are 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 matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company ; and
 - (ii) the financial position of the Group and of the Company at 31st March, 2003, and of their results, changes in equity and cash flows of the Group and of the Company for the year ended on that date;

and

- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors and are indicated in Note 11 to the financial statements.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification or any adverse comment made under Section 174(3) of the Act.

TAI, YAPP & CO
AF: 0205
Chartered Accountants

YAPP HOCK HOE
No: 723/3/04 (J/PH)
Partner

Kuala Lumpur
Dated: 25th July 2003

Analysis Of Shareholdings

ANALYSIS OF SHAREHOLDINGS AS AT 5 AUGUST 2003

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid-up Capital	:	RM52,200,000.00
Class of securities	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote per ordinary share held

ANALYSIS OF SHAREHOLDINGS

Category	Number of Shareholders		Number of Shares Held	
		%		%
1 - 99	12	0.27	912	0.00
100 - 1,000	2,134	47.61	1,862,480	3.57
1,001-10,000	1,987	44.33	7,307,000	14.00
10,001-100,000	292	6.51	7,893,368	15.12
100,001 to less than 5% of issued shares	54	1.21	19,628,240	37.60
5% and above of issued shares	3	0.07	15,508,000	29.71
Total	4,482	100.00	52,200,000	100.00

SUBSTANTIAL SHAREHOLDERS

(per Register of Substantial Shareholders)

Name	No. of ordinary shares of RM1.00 each held			
	Direct	%	Indirect	%
Leong Chun Yin	205,000	0.39	16,528,000 ¹	31.67
Trendy Approach Sdn Bhd	10,000,000	19.16	-	-
Ramli Bin Zainuddin	470,000	0.90	10,000,000 ²	19.16
Pristine Way Sdn Bhd	6,528,000	12.51	-	-
Leong Pek Wha	-	-	6,528,000 ³	12.51

Notes:-

¹ By virtue of his deemed interest through Trendy Approach Sdn Bhd and Pristine Way Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965.

² By virtue of his deemed interest through Trendy Approach Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965.

³ By virtue of her deemed interest through Pristine Way Sdn Bhd, in accordance with Section 6A of the Companies Act, 1965.

DIRECTORS' SHAREHOLDINGS

(per Register of Directors' Shareholdings)

Name	No. of ordinary shares of RM1.00 each held			
	Direct	%	Indirect	%
Leong Chun Yin	205,000	0.39	16,528,000	31.67
Thuraiatnam @ Samuel	11,000	0.02	-	-
Dato' Tan Yik Huay	-	-	-	-
Dato' Lee Ow Kim	-	-	-	-
Ian Ghee Eik Kai	-	-	-	-

Analysis Of Shareholdings

30 LARGEST SHAREHOLDERS

(per Record of Depositors)

	Name	No. of Shares Held	%
1.	Amsec Nominees (Tempatan) Sdn Bhd <i>Qualifier: Lee Perara & Tan for Trendy Approach Sdn Bhd</i>	5,580,000	10.69
2.	Amsec Nominees (Tempatan) Sdn Bhd <i>Qualifier: Lee Perara & Tan for Pristine Way Sdn Bhd</i>	5,508,000	10.55
3.	Trendy Approach Sdn Bhd	4,420,000	8.47
4.	Said Bin Ahmad	2,486,000	4.76
5.	Amsec Nominees (Tempatan) Sdn Bhd <i>Qualifier: Arab-Malaysian Credit Berhad for Mohd Ali B K.M.A. Bawal</i>	1,036,500	1.99
6.	Pristine Way Sdn Bhd	1,020,000	1.95
7.	ESGI Sdn Bhd	1,002,000	1.92
8.	Ang Gok	711,000	1.36
9.	Syarifah Asiah Binti Syed Aziz Baftim	701,700	1.34
10.	Fan Wai Fong	640,000	1.23
11.	Leung Yoke Lin @ Leong Chong Lin	604,000	1.16
12.	Gerald Glesphy A/L G.M. Perara	493,000	0.94
13.	Kwan Swee Keong	477,360	0.91
14.	Ramli Bin Zainuddin	470,000	0.90
15.	Tan Seng Kee	464,000	0.89
16.	Amsec Nominees (Tempatan) Sdn Bhd <i>Qualifier: Wilken Industries Sdn Bhd (GZ0112)</i>	431,000	0.83
17.	Tang Soon Chye	360,000	0.69
18.	Fan Cheong Choy	341,000	0.65
19.	Chong Chi Bin	325,000	0.62
20.	Kwan Swee Keong	309,240	0.59
21.	A.A. Assets Nominees (Tempatan) Sdn Bhd <i>Qualifier: KKC for Chan Ching</i>	308,000	0.59
22.	Yap Gaik Choo	304,000	0.58
23.	Wong Set Lin	300,000	0.57
24.	Gan Hock Leong	300,000	0.57
25.	Chew Leong Chai	300,000	0.57
26.	Cheong Hae Lee @ Chong Hae Lee	300,000	0.57
27.	Chow Woon Peng	256,640	0.49
28.	Lim Soo Gaik	253,000	0.48
29.	Yap Chee Sang	250,000	0.48
30.	Yong Koon Siew	244,000	0.47
		30,195,440	57.85

Particulars Of Properties

PROPERTIES OF THE GROUPAs At 31st March 2003

Location	Description & Usage	Age of Building	Land Area/ Built Up	Tenure	Net Book Value (RM)	Acquisition Date
Westech Sdn Bhd No.8, Jalan Riang 22/3, Taman Gembira 81200 Tampoi Johor Bahru	Office/ Store	11 Years	1,560 sq ft	Freehold	244,440	18-11-95
Plot No. 2, Phase 3B Terrace Factory Taman Nagasari, Prai Pulau Pinang	Factory/ Office	6 Years	4,263 sq ft	Freehold	508,219	30-12-96
No. 18, Sandy Bay Paradise Hotel, Penang	Hotel Suite	8 Years	1,200 sq ft	Leasehold expiring 30 years and 2 successive terms of 30 years	511,751	27-10-97
HS (D0 6706 PT 85) Bandar Kawasan Bandar XXXI, Daerah Melaka Tengah, Negeri Melaka	4-storey Shop House	7 years	2,848 sq ft	Freehold	1,097,672	27-10-97
Tenco Industries Sdn Bhd 5, Jalan Pelabur 23/1, Section 23, 40300 Shah Alam, Selangor Darul Ehsan	Factory/ Office	11 years	149,149/ 54,319sq ft	Leasehold expiring 30 years ending 20 Oct 2019	4,589,212.95	26-10-89
Tenco Westech Inc # 348-13988 Cambie Road, Richmond, B.C., Canada	Office	10 years	2,116 sq ft	Freehold	632,059	5-12-95

Form Of Proxy

No. of shares held

I/We, _____ NRIC/Company No. _____
 (PLEASE USE BLOCK LETTERS)

of _____
 (FULLADDRESS)

being (a) member(s) of TENCO BERHAD hereby appoint _____
 of _____

or failing whom, _____ of _____
 or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at No. 5 Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan on Wednesday, 24 September 2003 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

RESOLUTIONS	SUBJECT	*FOR	*AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2003 and Reports of the Directors and Auditors thereon.		
2.	To re-elect Dato' Lee Ow Kim as Director.		
3.	To re-elect Thurairatnam @ Samuel as Director.		
4.	To re-appoint Messrs Tai Yapp & Co. as auditors of the Company.		
	Special Business – Ordinary Resolutions		
5.	To approve the payment of Directors' fees.		
6.	To approve the authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

*Please indicate with an "X" in the appropriate spaces how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Dated this day of 2003

 Signature

Notes:-

- (i) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, then the proxy shall be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia. The provision of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (iii) A member shall be entitled to appoint more than one proxy. A member who appoints two (2) proxies shall specify the proportion of his shareholdings to be represented by each proxy.
- (iv) The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at No. 5 Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan, not less than 48 hours before the time set for holding this meeting or any adjournment thereof.

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TENCO BERHAD (111366-U)

No. 5, Jalan Pelabur 23/1, 40300 Shah Alam, Selangor Darul Ehsan. Tel: (603) 5541 061 2