



Financial Statements

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Directors' Report

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of property development and investment, and investment holding.

The principal activities of the subsidiary and associated companies are:-

- (i) property development and investment;
- (ii) operation of hotels, theme park and related activities;
- (iii) rendering recreational club facilities;
- (iv) operation of travel, tour business and related activities;
- (v) operation of a medical centre; and
- (vi) management and letting of property.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after taxation	135,161	27,505
Minority interests	(13,673)	0
Profit for the year	<u>121,488</u>	<u>27,505</u>

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

In the opinion of the Directors, the results of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Notes 9, 10 and 34 to the financial statements.



Directors' Report *(Cont'd)*

DIVIDENDS

The Company has accrued a 6.6% cumulative dividend (net of tax) amounting to RM7,128,000 in respect of the current financial year for its 6.6% cumulative convertible preference shares.

During the financial year, the following dividends were paid :-

- (a) An amount of RM2,529,000 which was accrued in the previous financial year; and
- (b) An amount of RM4,599,000 in respect of the amount accrued during the current financial year.

On 27 February 2003, the Directors declared an interim dividend in respect of the current financial year ended 31 December 2002, of 1.5% less 28% taxation on 340,199,000 ordinary shares, amounting to RM3,674,000 (1.08 sen net per ordinary share). The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in shareholders' funds as an appropriation of retained profits in the next financial year ending 31 December 2003.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("Scheme") was approved by the shareholders at an Extraordinary General Meeting held on 10 December 1999.

The main features of the Scheme are:-

- (a) Eligible persons are employees of the Group (including full time Executive Directors) who have been confirmed in the employment of the Group for a continuous period of at least one year as at the offer date and falling within any categories of employees as set out in Clause 6 and who are eligible to participate in the Scheme pursuant to Clause 5 of the Bye-Laws. The selection for participation in the Scheme shall be at the absolute discretion of the Option Committee appointed by the Board of Directors.
- (b) The maximum number of new shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme.
- (c) No option shall be granted for less than 1,000 ordinary shares or more than 500,000 ordinary shares to any individual eligible employee.
- (d) The option price shall be the average of the mean market quotation of the shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days immediately preceding the offer date, or at par value of the shares of the Company, whichever is higher.
- (e) The Scheme shall be in force for a period of five years from the offer date, subject to any extension as may be approved by the relevant authorities.
- (f) The options granted may be exercised at any time within a period of five years from the offer date of the options granted based on seniority, performance and length of service and the offer shall be valid for acceptance by an employee for a period of thirty days before the expiry of the options.

Directors' Report (Cont'd)

(g) The options granted may be exercised in the following manner:-

Number of options granted	Percentage of Total Options Exercisable				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 20,000	100%	0	0	0	0
20,000 to less than 100,000	40%*	30%	30%#	0	0
100,000 and above	20%	20%	20%	20%	20%

* 40% or 20,000 options, whichever is higher

30% or the remaining number of options unexercised

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years provided that no options shall be exercised beyond the date of expiry of the Scheme.

The movement in the options to take up unissued new ordinary shares of RM1.00 each during the financial year was as follows :-

	Number of ordinary shares under option
At 1 January 2002	15,393,000
Forfeiture on resignations during the financial year	(2,083,000)
	<hr/>
	13,310,000
Exercised during the financial year	0
	<hr/>
At 31 December 2002	<u>13,310,000</u>

As at the end of the financial year, the unissued shares under option were as follows :-

	Number of ordinary shares of RM1 each	Option price RM
First offer	12,910,000	1.74
Second offer	400,000	2.08
	<hr/>	
	<u>13,310,000</u>	

Directors' Report *(Cont'd)*

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings except for those holders who have options over 200,000 ordinary shares and above, which are as follows:-

No.	Name	Options over ordinary shares
1	Datuk Razman M Hashim	400,000
2	Ngian Siew Siong	350,000
3	Ngeow Voon Yean	300,000
4	Wang Yeong Khang	300,000
5	Ong Ghee Bin	300,000
6	Yong Num Heng, Nelson	250,000
7	Lee Fun Yen, Elizabeth	250,000
8	Ho Hon Sang	250,000
9	Wong Tong Men	200,000

On 3 December 2002, the Company proposed the termination of the existing employees' share option scheme ("Existing ESOS") which is scheduled to expire on 22 December 2004 ("Proposed Termination") and the proposed establishment of a new ESOS ("Proposed New ESOS") to replace the existing ESOS subject to the successful termination of the Existing ESOS. Pursuant to the Proposed Termination, the Company proposes to establish a new ESOS that reflects the Revised Guidelines for the benefit of eligible Executive Directors and employees of the Group and Company based on the prevailing market price of the Company's ordinary shares of RM1 each. The Proposed New ESOS will be implemented after the Proposed Termination. The principal features of the Proposed New ESOS are as follows:

- (i) The total number of new shares to be offered pursuant to the Proposed New ESOS shall not exceed 10% of the issued and paid-up share capital of the Company (or such other higher percentage as may be permitted by the relevant regulatory authorities, from time to time) at the time of the offer of options under the Proposed New ESOS.
- (ii) Only eligible Executive Directors and employees of the Company and Group will be eligible to participate in the Proposed New ESOS.
- (iii) The price payable upon exercise of an option granted under the Proposed New ESOS will be based on the five-day weighted average market price of the Company's shares at the time the offer is granted with a discount of not more than 10% if deemed appropriate or the par value of the Company's shares, whichever is higher.
- (iv) The duration of the Proposed New ESOS will be ten (10) years from the date of its commencement.

The Proposed Termination will not have any financial impact on the Group and the Proposed New ESOS is not expected to have any immediate effect on the earnings of the Group. The Proposals are subject to the approvals of the relevant authorities.

Directors' Report *(Cont'd)*

DIRECTORS

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

Tan Sri Dato' Seri Dr. Cheah Fook Ling
 Datuk Razman M Hashim
 Tan Sri Dato' IR. Talha Bin Haji Mohd Hashim
 Dato' Wong Choon Kee
 Ngian Siew Siong
 Ngeow Voon Yean
 Low Siew Moi
 Teo Tong How
 Tan Siak Tee
 Lim Swe Guan

In accordance with Article 78 of the Company's Articles of Association, Tan Sri Dato' IR. Talha Bin Haji Mohd Hashim, Dato' Wong Choon Kee and Low Siew Moi retire by rotation from the Board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTEREST IN SHARES

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares of the Company, as stated below :

	No. of Ordinary Shares of RM1 each			
	As at 1.1.02	Bought	Sold	As at 31.12.02
Tan Sri Dato' Seri Dr. Cheah Fook Ling	* 138,438,012 10,823,251	6,845,005 –	– –	145,283,017 10,823,251
Tan Sri Dato' IR Talha Bin Haji Mohd Hashim	10,000	–	–	10,000
Datuk Razman M Hashim	30,000	–	–	30,000
Dato' Wong Choon Kee	11,000	20,000	–	31,000
Ngian Siew Siong	10,000	–	–	10,000

* Denotes deemed interest

	Options over Ordinary Shares of RM1 each			
	As at 1.1.02	Granted During the year	Exercised	As at 31.12.02
Datuk Razman M Hashim	400,000	–	–	400,000
Ngian Siew Siong	350,000	–	–	350,000
Ngeow Voon Yean	300,000	–	–	300,000

The options over shares are pursuant to the Company's Employees' Share Option Scheme.

By virtue of his interest in shares of the Company, Tan Sri Dato' Seri Dr. Cheah Fook Ling is also deemed to have an interest in the shares of all other subsidiary companies of the Company to the extent that the Company has an interest.



Directors' Report *(Cont'd)*

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year did there subsist any arrangement to which the Company was a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than as may arise from the share options to be granted pursuant to the ESOS.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest except for Tan Sri Dato' Seri Dr. Cheah Fook Ling and Datuk Razman M Hashim who may be deemed to derive a benefit by virtue of those transactions, products, parts and other properties or any interest in any properties; and/or for the provision of services including but not limited to management and consultancy services, and/or provision of construction contracts, leases and tenancy; and/or the provision of treasury functions, advances and conduct of normal trading and/or other businesses and construction contracts respectively between the Company and its related corporations and corporations in which Tan Sri Dato' Seri Dr. Cheah Fook Ling and Datuk Razman M Hashim are deemed to have an interest.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had 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 provision for doubtful debts of the Group and of the Company inadequate to any substantial extent; and
 - (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 and consolidated financial statements misleading.

Directors' Report *(Cont'd)*

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and 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 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 liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 45 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Significant events subsequent to the balance sheet date are disclosed in Note 46 to the financial statements.

AUDITORS

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

On behalf of the Board,



TAN SRI DATO' SERI DR. CHEAH FOOK LING
DIRECTOR



DATO' WONG CHOON KEE
DIRECTOR

Statement By Directors

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

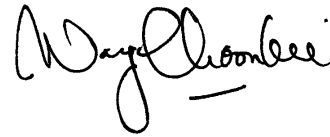
We, TAN SRI DATO' SERI DR. CHEAH FOOK LING and DATO' WONG CHOON KEE, being two of the Directors of SUNWAY CITY BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 55 to 121 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

- (i) the financial position of the Group and of the Company as at 31 December 2002 and of the results of the business of the Group and of the Company for the year then ended; and
- (ii) the cash flows of the Group and of the Company for the year ended 31 December 2002.

On behalf of the Board,



TAN SRI DATO' SERI DR. CHEAH FOOK LING
DIRECTOR



DATO' WONG CHOON KEE
DIRECTOR

Petaling Jaya, Selangor Darul Ehsan
14 April 2003

STATUTORY DECLARATION

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

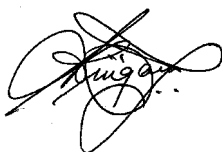
I, WANG YEONG KHANG, being the officer primarily responsible for the financial management of SUNWAY CITY BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 55 to 121 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed WANG YEONG KHANG
at Petaling Jaya in the State of Selangor
Darul Ehsan on 14 April 2003



WANG YEONG KHANG

Before me,



DAVID LINGAM A/L S. SOCKALINGAM
Commissioner for Oaths



Report Of The Auditors To The Members Of Sunway City Berhad

We have audited the financial statements set out on pages 55 to 121. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion :-

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of :-
 - (i) the financial position of the Group and of the Company as at 31 December 2002 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors as indicated in Note 44 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

Yap Seng Chong
2190/12/03 (J)
Partner

Kuala Lumpur, Malaysia
14 April 2003

Balance Sheets

As At 31 December 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000 (As restated)	2002 RM'000	2001 RM'000
PROPERTY, PLANT AND EQUIPMENT	4	398,580	932,703	28,298	48,589
INVESTMENT PROPERTIES	5	309,517	374,528	20,240	20,240
LAND HELD FOR DEVELOPMENT	6	354,381	364,525	4,552	4,566
INVESTMENTS IN SUBSIDIARY COMPANIES	7	0	0	319,679	424,503
AMOUNTS DUE FROM SUBSIDIARY COMPANIES	8	0	0	755,287	514,251
INVESTMENTS IN ASSOCIATED COMPANIES	9	35,460	11,779	16,405	16,405
OTHER NON-CURRENT INVESTMENTS	10	392,840	0	0	0
GOODWILL ON CONSOLIDATION	11	24,300	9,725	0	0
DEFERRED INCOME TAX ASSETS	30	2,889	2,704	0	0
CURRENT ASSETS					
Properties under development	12	250,526	181,685	33,331	17,063
Inventories	13	20,690	22,883	3,282	3,485
Trade receivables	14	61,671	73,783	10,116	23,940
Other receivables	15	23,107	19,850	6,912	7,525
Amounts due from associated companies	16	9,745	4,452	9,759	4,374
Taxation recoverable		4,813	1,751	636	0
Deposits with licensed banks		73,393	50,529	0	0
Cash and bank balances	17	112,858	83,545	13,187	8,408
		556,803	438,478	77,223	64,795
CURRENT LIABILITIES					
Provisions for liabilities	18	931	1,678	0	0
Trade payables	19	88,887	74,109	29,056	23,860
Other payables	20	268,708	237,574	37,572	28,770
Bank borrowings	21	47,447	103,220	21,254	9,813
Hire purchase and lease creditors	22	5,484	5,537	899	1,396
Dividend payable		2,529	2,529	2,529	2,529
Taxation		6,304	12,784	2,659	2,006
		420,290	437,431	93,969	68,374
NET CURRENT ASSETS/ (LIABILITIES)		136,513	1,047	(16,746)	(3,579)
		1,654,480	1,697,011	1,127,715	1,024,975

The annexed notes form an integral part of these financial statements.



Balance Sheets

As At 31 December 2002 (Cont'd)

	Note	Group		Company	
		2002 RM'000	2001 RM'000 (As restated)	2002 RM'000	2001 RM'000
FINANCED BY:					
SHARE CAPITAL	23	448,199	448,199	448,199	448,199
SHARE PREMIUM		110,363	110,363	110,363	110,363
RESERVES	24	160,888	45,045	204,550	184,173
<hr/>					
SHAREHOLDERS' FUNDS		719,450	603,607	763,112	742,735
MINORITY INTERESTS	25	238,494	342,153	0	0
LONG TERM BANK BORROWINGS	26	338,436	549,454	282,267	188,400
LONG TERM LIABILITIES	27	283,647	118,133	29,000	31,897
ADVANCES BY MINORITY SHAREHOLDERS OF SUBSIDIARY COMPANIES	28	47,100	53,287	0	0
AMOUNTS DUE TO SUBSIDIARY COMPANIES	29	0	0	53,330	58,868
HIRE PURCHASE AND LEASE CREDITORS	22	6,144	8,901	6	669
DEFERRED INCOME TAX LIABILITIES	30	21,209	21,476	0	2,406
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		1,654,480	1,697,011	1,127,715	1,024,975

The annexed notes form an integral part of these financial statements.

Income Statements

For The Year Ended 31 December 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000 (As restated)	2002 RM'000	2001 RM'000
REVENUE	31	659,428	587,519	103,999	84,250
COST OF SALES		(275,020)	(263,508)	(18,586)	(55,512)
GROSS PROFIT		384,408	324,011	85,413	28,738
OTHER OPERATING INCOME		24,717	22,380	20,934	19,565
DISTRIBUTION COSTS		(25,182)	(22,554)	(1,175)	(859)
ADMINISTRATION EXPENSES		(99,670)	(102,116)	(8,299)	(7,507)
OTHER OPERATING EXPENSES		(141,894)	(128,255)	(21,083)	(11,630)
PROFIT FROM OPERATIONS	32	142,379	93,466	75,790	28,307
FINANCE COSTS	33	(52,391)	(56,998)	(18,947)	(15,625)
SHARE OF PROFIT/(LOSS) FROM ASSOCIATED COMPANIES	9	22,544	(464)	0	0
RESULTS ARISING FROM OTHER INVESTING ACTIVITIES	34	44,012	(1,144)	(17,798)	44
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION		156,544	34,860	39,045	12,726
TAXATION	35	(21,383)	(22,392)	(11,540)	(4,534)
PROFIT AFTER TAXATION		135,161	12,468	27,505	8,192
MINORITY INTERESTS		(13,673)	(6,186)	0	0
PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY		121,488	6,282	27,505	8,192
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic	38	33.62			
- as restated		0	(0.25)		
- as previously reported		0	0.69		
Diluted	38	30.36	0		

The annexed notes form an integral part of these financial statements.

Statements Of Changes In Equity

For The Year Ended 31 December 2002

GROUP

	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Exchange reserve RM'000	Non-distributable Reserve on consolidation RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2001	448,199	110,363	19,481	3,398	0	25,688	607,129
Prior year adjustment	0	0	0	0	0	(6,458)	(6,458)
Restated balance	448,199	110,363	19,481	3,398	0	19,230	600,671
Arising from acquisition of additional interest in subsidiary company	0	0	0	0	386	0	386
Currency translation differences	0	0	0	3,396	0	0	3,396
Transfer to/(from) reserves	0	0	835	(95)	0	(740)	0
Net gains and losses not recognised in the income statements	0	0	835	3,301	0	(740)	3,396
Profit for the year	0	0	0	0	0	6,282	6,282
Dividends paid and accrued	0	0	0	0	0	(7,128)	(7,128)
At 31 December 2001	448,199	110,363	20,316	6,699	386	17,644	603,607
At 1 January 2002	448,199	110,363	20,316	6,699	386	17,644	603,607
Currency translation differences	0	0	0	1,483	0	0	1,483
Transfer to/(from) reserves	0	0	112	0	0	(112)	0
Net gains and losses not recognised in the income statements	0	0	112	1,483	0	(112)	1,483
Profit for the year	0	0	0	0	0	121,488	121,488
Dividends paid and accrued	0	0	0	0	0	(7,128)	(7,128)
At 31 December 2002	448,199	110,363	20,428	8,182	386	131,892	719,450

The annexed notes form an integral part of these financial statements.

Statements Of Changes In Equity

For The Year Ended 31 December 2002 (Cont'd)

COMPANY

	Note	Share capital RM'000	Share premium RM'000	<u>Distributable</u> Retained profit RM'000	Total RM'000
At 1 January 2001		448,199	110,363	183,109	741,671
Profit for the year		0	0	8,192	8,192
Dividends paid and accrued	37	0	0	(7,128)	(7,128)
<hr/>					
At 31 December 2001		448,199	110,363	184,173	742,735
Profit for the year		0	0	27,505	27,505
Dividends paid and accrued	37	0	0	(7,128)	(7,128)
<hr/>					
At 31 December 2002		448,199	110,363	204,550	763,112

The annexed notes form an integral part of these financial statements.



Cash Flow Statements

For The Year Ended 31 December 2002

	Group		Company	
	2002	2001	2002	2001
Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	670,129	567,446	57,567	56,688
Payments to suppliers and contractors	(342,463)	(262,538)	(30,530)	(41,411)
Payment of operating expenses	(220,298)	(173,788)	(23,449)	(13,873)
Interest received from subsidiary companies	0	0	20,184	16,768
Interest received	4,097	4,023	669	216
Dividends received from subsidiary companies	0	0	33,561	4,517
Cash generated from operations	111,465	135,143	58,002	22,905
Taxation paid	(33,126)	(10,968)	(383)	(433)
Net cash generated from operating activities	78,339	124,175	57,619	22,472
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	191,705	272	178	49
Proceeds from disposal of investment properties	74,000	0	0	0
Proceeds from disposal of preference shares in a subsidiary company	108,286	0	120,343	0
Acquisition of property, plant and equipment (a)	(44,195)	(30,805)	(680)	(919)
Addition in investment properties	(105)	(5,281)	0	0
Proceeds from partial disposal of equity interest in a subsidiary company	0	1,260	0	0
Acquisition of subsidiary companies (b)	0	(202)	0	0
Acquisition of additional interest in subsidiary companies	(15,000)	(2,663)	(15,303)	0
Disposal of subsidiary company (c)	0	(133)	0	0
Investment in subsidiary companies	0	0	0	(2,665)
Redemption of preference shares in a subsidiary company	0	0	0	12,116
Repayment to subsidiary companies	0	0	0	(36,736)
Advances (to)/from subsidiary companies	0	0	(240,701)	32,301
Repayment from associated companies	1,939	623	1,863	263
Net cash generated from/(used in) investing activities	316,630	(36,929)	(134,300)	4,409

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

For The Year Ended 31 December 2002 (Cont'd)

	Group		Company	
	2002	2001	2002	2001
Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of term loans	57,010	20,336	49,600	0
Repayment of term loans	(348,454)	(20,262)	0	0
Repayment of revolving credits	(16,500)	(3,000)	(16,500)	(3,000)
Issuance of commercial papers	79,367	0	79,367	0
(Repayment)/drawdown of trade bills	(31,251)	9,841	0	0
Repayments to hire purchase and lease creditors	(4,610)	(3,686)	(1,160)	(1,398)
Interest paid	(37,986)	(39,937)	(15,560)	(13,120)
Repayment to minority shareholders of subsidiary companies	(850)	(5,173)	0	0
Repayment to long term creditors	0	(3,342)	0	(3,342)
Redemption of preference shares held by minority shareholders in a subsidiary company	(1,500)	(11,184)	0	0
Issuance of shares to minority shareholders of a subsidiary company	3,667	0	0	0
Dividends paid				
- preference shareholders	(7,128)	(7,128)	(7,128)	(7,128)
- minority shareholders of subsidiary companies	(26,895)	0	0	0
Net cash (used in)/generated from financing activities	(335,130)	(63,535)	88,619	(27,988)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	59,839	23,711	11,938	(1,107)
EFFECTS OF EXCHANGE RATE CHANGES	687	(255)	0	0
CASH AND CASH EQUIVALENTS AT 1 JANUARY	119,565	96,109	595	1,702
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	(d) 180,091	119,565	12,533	595

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

For The Year Ended 31 December 2002 (Cont'd)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(a) Acquisition of property, plant and equipment				
Acquired by way of:-				
- Cash	44,195	30,805	680	919
- Hire purchase and lease	1,799	2,236	0	237
	45,994	33,041	680	1,156

(b) The effects of subsidiary company acquired in the previous financial year were as follows:

	Group 2001 RM'000
Development expenditure	105
Goodwill	97
Cost of acquisition	202
Less : Cash and cash equivalents of subsidiary companies acquired	0
Net cash outflow on acquisition of subsidiary companies	202

(c) The effects of subsidiary companies disposed in the previous financial year were as follows:

	Group 2001 RM'000
Property, plant and equipment	53
Trade receivables	113
Other receivables, deposits and prepayments	241
Cash and bank balances	262
Trade payables	(198)
Other payables and accruals	(386)
Minority interest	(34)
Reclassification to associated company	(17)
Net assets disposed	34
Less: Cash and cash equivalents of subsidiary company disposed	(262)
Gain on disposal of subsidiary company	95
Net cash outflow on disposal of subsidiary company	(133)

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

For The Year Ended 31 December 2002 (Cont'd)

(d) Cash and cash equivalents

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash and bank balances	112,858	83,545	13,187	8,408
Deposits with licensed banks	73,393	50,529	0	0
Bank overdrafts	(6,160)	(14,509)	(654)	(7,813)
Cash and cash equivalents	180,091	119,565	12,533	595

The annexed notes form an integral part of these financial statements.



Notes To The Financial Statements

31 December 2002

1. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention modified to include the valuation of certain assets as indicated in Note 3(k) and Note 13 to the financial statements. The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

2. CORPORATE INFORMATION

The principal activities of the Company are those of property development and investment, and investment holding.

The principal activities of the subsidiary and associated companies are:-

- (i) property development and investment;
- (ii) operation of hotels, theme park and related activities;
- (iii) rendering recreational club facilities;
- (iv) operation of travel, tour business and related activities;
- (v) operation of a medical centre; and
- (vi) management and letting of property.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia.

The number of employees as at 31 December 2002 for the Group is 3,035 (2001: 3,040) and for the Company is 163 (2001: 175).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 April 2003.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies, using the acquisition method of accounting. Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and reporting policies so as to obtain benefit therefrom.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' assets and liabilities are determined and these values are reflected in the consolidated financial statements. Intra group transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The difference between the consideration paid for shares in a subsidiary company and the fair value of attributable net assets acquired is reflected as goodwill or reserve on consolidation, as appropriate.

Notes To The Financial Statements

31 December 2002 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of Consolidation (Cont'd)

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with reserve on consolidation and any unamortised balance of goodwill.

The financial statements of subsidiary companies are prepared for the same reporting period as the Company. In the preparation of the consolidated financial statements, the financial statements of the subsidiary companies are adjusted for the effects of any material dissimilar accounting policies.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(b) Associated Companies

An associated company is an investee company that is not a subsidiary company and in which the Group has a long term equity interest of between 20% to 50% and where the Group is in a position to exercise significant influence over the financial and operating policies of the investee through Board representation.

The Group equity-accounts for its share of post-acquisition results and reserves of associated companies based on the latest audited or management financial statements of the companies concerned. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

The Group's share of results and reserves of associated companies acquired or disposed of is included in the consolidated financial statements from the date of acquisition and up to the date of disposal.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiary or associated companies at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r). Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investment in associated companies. Goodwill is amortised on a straight-line basis over its estimated useful life of twenty (20) years.

(d) Investments

Investments in subsidiary companies and associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

On disposal of such investments, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.



Notes To The Financial Statements

31 December 2002 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

Freehold land and capital work-in-progress are not depreciated. Leasehold land and buildings are amortised evenly over the lease periods ranging from 66 to 99 years.

Other property, plant and equipment are depreciated over their estimated useful lives on a straight line basis. The principal annual rates used are as follows:-

	%
Buildings	2
Renovations	10
Plant and machinery	5 - 20
Motor vehicles	10 - 20
Equipment, furniture and fittings	5 - 20

Gain and loss on disposal of property, plant and equipment are determined by reference to the difference between the sale proceeds and their carrying amount.

(f) Investment Properties

The Group regards investment properties as land and buildings that are held for their investment potential and rental income.

Investment properties of the Group are treated as long term investments and are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

(g) Hotel Properties

Hotel properties, comprise hotel building and integral plant and machinery, are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r). It is the Group's practice to maintain these properties at a high standard and condition such that the residual values are at least equal to book values and consequently, depreciation would be insignificant. Accordingly, no depreciation is provided on hotel properties with unexpired lease tenure of 50 years or more. The related maintenance expenditure is dealt with in the income statement.

Gain and loss on disposal of hotel properties are determined by reference to the difference between the sale proceeds and their carrying amount.



Notes To The Financial Statements

31 December 2002 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Land Held for Development

Land held for development consists of land held for future development and where no significant development has been undertaken.

Land held for development is stated at cost which includes land cost, incidental costs of acquisition, development expenditure and interest costs to put the land in a condition ready for development less provision for impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

Such assets are transferred to properties under development when significant development work has been undertaken and are expected to be completed within the normal operating cycle.

(i) Properties under Development

Land and development expenditure whereby significant development work has been undertaken and is expected to be completed within the normal operating cycle is classified as properties under development.

Properties under development are stated at cost less provision for impairment losses, and where appropriate, include attributable profit less progress payments received and receivable. Cost includes land cost, development expenditure and interest costs relating to the development and an allocation of common project expenses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

(j) Interest Capitalisation

Interest incurred on borrowings related to property, plant and equipment, investment properties, land held for development and properties under development are capitalised during the period activities to plan, develop and construct the assets are undertaken. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale.

(k) Inventories

Property stocks are stated at the lower of cost and net realisable value. Cost includes the relevant cost of land, development expenditure and related interest costs incurred during the development period.

Trading inventories, food and beverage and consumables are stated at lower of cost and net realisable value after adequate provision for damaged, obsolete and slow moving items. Cost is determined on the weighted average method.

Notes To The Financial Statements

31 December 2002 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Leases and Hire Purchase

(i) Finance Leases

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

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 3(e). The policy for the recognition and measurement of impairment losses is in accordance with Note 3(r).

(ii) Operating Leases

Operating lease payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

(m) Income Tax

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

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

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

Notes To The Financial Statements

31 December 2002 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Provisions for Liabilities

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

(o) Revenue Recognition

(i) Properties under Development

Revenue from sale of properties under development is recognised based on the percentage of completion method, where outcome of the development projects can be reliably estimated. The percentage of completion is determined by reference to the costs incurred to date to the estimated costs where the outcome of the projects can be reliably estimated. Any foreseeable loss on a development project is provided for in full.

Revenue from sale of property stocks is recognised when significant risks and rewards have passed to the purchasers.

(ii) Rental Income

Rental income including those from investment properties, is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(iii) Investment Income

Dividend income from investments in subsidiary and associated companies is recognised when the right to receive the dividend payment is established.

Interest income from short term deposits and advances are recognised on the accrual basis, unless when recoverability is in doubt, in which case, it is recognised on receipt basis.

Interest income on other non-current investments is recognised on receipt basis due to the uncertainty of the amount that may be recovered.

(iv) Sale of Goods, Services and Rights of Enjoyment

Revenue from sale of goods is recognised based on invoiced value of goods sold and revenue from sale of services is recognised when services are performed.

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are sold.

(v) Club Subscription Fees

Club subscription fees are recognised on the accrual basis.



Notes To The Financial Statements

31 December 2002 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Foreign Currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of each transaction or, where settlement had not taken place at 31 December, at rates of exchange ruling at that date or at contracted rates, as applicable. Exchange differences arising on long term inter-company advances that, in substance, form part of an enterprise's net investment in a foreign subsidiary are taken directly to exchange reserve. All other exchange differences arising are dealt with through the income statement.

Assets, liabilities and trading results of foreign subsidiary companies are translated to Ringgit Malaysia at the approximate rates of exchange ruling at the balance sheet date, except for share capital, reserves and goodwill in group companies which are included at historical rates. All exchange differences on translation are taken directly to an exchange reserve account.

The closing rates used in the translation of foreign currency amounts as at balance sheet date are as follows :

	2002 RM	2001 RM
United States Dollar 1.00	3.8250	3.8250
Australian Dollar 1.00	2.1530	1.9650
Hong Kong Dollar 1.00	0.5000	0.5000
Singapore Dollar 1.00	2.1910	2.0710

(q) Preliminary and Pre-Operating Expenses

Preliminary and pre-operating expenses are charged to the income statement in the year in which they are incurred.

(r) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, deferred tax assets and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(s) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, against which the bank overdraft balances, if any, are deducted.



Notes To The Financial Statements

31 December 2002 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Financial Instruments

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

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

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiary companies, associated companies and investment properties are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(ii) Trade Debtors

Trade debtors are recognised and carried at original invoiced amount less an allowance for any irrecoverable amount. An estimation for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(iii) Trade Payables

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

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment, investment properties, land held for development and properties under development are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.



Notes To The Financial Statements

31 December 2002 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Financial Instruments (Cont'd)

(v) Share Capital

Ordinary shares are classified as equity instruments. Preference share capital is classified as an equity instrument if it is non-redeemable and dividends are discretionary at the option of the issuer.

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

Dividends on equity instruments are recognised in equity in the period in which they are declared.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders. The corresponding dividends on those shares are charged as interest expense in the income statement.

Notes To The Financial Statements

31 December 2002 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Hotel properties RM'000	Freehold land RM'000	Long term leasehold land and buildings RM'000	Renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture and fittings RM'000	Capital work-in progress RM'000	Total 2002 RM'000	Total 2001 RM'000
NET BOOK VALUE										
At 1 January 2002	329,622	3,617	192,836	1,026	259,564	1,879	113,879	30,280	932,703	956,405
Exchange adjustments	0	346	2,977	0	3,901	45	0	2	7,271	(1,177)
Additions	111	0	1,064	1,322	8,792	417	6,613	27,675	45,994	33,041
Disposals/write-offs	(300,684)	0	(35,955)	(1,985)	(63,582)	(27)	(62,276)	0	(464,509)	(1,324)
Impairment losses	0	0	(27,591)	0	(45,601)	0	0	0	(73,192)	0
Depreciation	0	0	(3,744)	(167)	(23,953)	(619)	(21,181)	0	(49,664)	(53,477)
Reclassifications/adjustments	(971)	0	2,366	59	1,743	0	(192)	(3,028)	(23)	(765)
At 31 December 2002	28,078	3,963	131,953	255	140,864	1,695	36,843	54,929	398,580	932,703
2002										
Cost	28,078	3,963	174,155	465	264,389	7,054	95,399	54,929	628,432	0
Accumulated impairment losses	0	0	(27,591)	0	(45,601)	0	0	0	(73,192)	0
Accumulated depreciation	0	0	(14,611)	(210)	(77,924)	(5,359)	(58,556)	0	(156,660)	0
Net book value	28,078	3,963	131,953	255	140,864	1,695	36,843	54,929	398,580	0
2001										
Cost	329,622	3,617	207,331	1,140	386,756	6,948	218,984	30,280	0	1,184,678
Accumulated depreciation	0	0	(14,495)	(114)	(127,192)	(5,069)	(105,105)	0	0	(251,975)
Net book value	329,622	3,617	192,836	1,026	259,564	1,879	113,879	30,280	0	932,703

Notes To The Financial Statements

31 December 2002 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

COMPANY

	Long term leasehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture and fittings RM'000	Total 2002 RM'000	Total 2001 RM'000
NET BOOK VALUE						
At 1 January 2002	2,100	44,374	744	1,371	48,589	50,273
Additions	0	60	52	568	680	1,156
Disposals/write-offs	0	(54)	(23)	(92)	(169)	(5)
Impairment losses	0	(17,807)	0	0	(17,807)	0
Depreciation	(49)	(2,483)	(226)	(237)	(2,995)	(2,835)
Reclassification	0	(90)	0	90	0	0
At 31 December 2002	2,051	24,000	547	1,700	28,298	48,589
2002						
Cost	2,799	52,357	2,620	7,018	64,794	0
Accumulated impairment losses	0	(17,807)	0	0	(17,807)	0
Accumulated depreciation	(748)	(10,550)	(2,073)	(5,318)	(18,689)	0
Net book value	2,051	24,000	547	1,700	28,298	0
2001						
Cost	2,798	52,479	2,739	6,430	0	64,446
Accumulated depreciation	(698)	(8,105)	(1,995)	(5,059)	0	(15,857)
Net book value	2,100	44,374	744	1,371	0	48,589

Notes To The Financial Statements

31 December 2002 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Included in capital work-in-progress of the Group is interest capitalised during the year of RM1,280,000 (2001: Nil).

The net book values of property, plant and equipment pledged to financial institutions for bank borrowings granted to the Group and the Company are as follows:

	Group	
	2002 RM'000	2001 RM'000
Freehold land	3,963	3,617
Long term leasehold land and buildings	69,823	169,442
Hotel properties	0	301,573
Plant and machinery	17,606	119,101
Renovation	0	876
Equipment, furniture and fittings	15,085	90,078
Capital work in progress	46	5
Motor vehicles	550	804
	107,073	685,496

Net book values of property, plant and equipment acquired under hire purchase and lease arrangements are as follows:-

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Motor vehicles	628	1,076	421	629
Equipment, furniture and fittings	10,075	14,169	229	202
	10,703	15,245	650	831

5. INVESTMENT PROPERTIES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost:-				
Long term leasehold land and buildings	309,517	374,528	20,240	20,240

Investment properties of the Group and the Company of RM14,960,000 are pledged to banks as collateral for revolving credit facilities granted to the Company. In the previous financial year, investment properties of the Group and the Company of RM81,200,000 and RM14,960,000 respectively were pledged to banks as collateral for a term loan and revolving credit facilities granted to a subsidiary company and the Company respectively.

The Directors are of the view that the fair values of the properties held at the balance sheet date are not significantly different from the carrying amounts shown in the financial statements.



Notes To The Financial Statements

31 December 2002 (Cont'd)

6. LAND HELD FOR DEVELOPMENT

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost:-				
Freehold land	131,300	140,657	0	0
Long term leasehold land	147,305	145,978	2,532	2,544
Development expenditure	76,935	77,890	2,020	2,022
	355,540	364,525	4,552	4,566
Write down in value of development expenditure	(1,159)	0	0	0
	354,381	364,525	4,552	4,566

Freehold land and related development expenditure of certain subsidiary companies costing RM18,227,000 (2001: RM22,812,000) are pledged for revolving credit and trade bill facilities granted to the Company and a subsidiary company.

Long term leasehold land of certain subsidiary companies costing RM80,335,000 are pledged to banks for revolving credit facilities granted to the Company. In the previous financial year, long term leasehold land of certain subsidiary companies costing RM79,169,000 were pledged for revolving credit and term loan facilities granted to the Company and a subsidiary company.

Included in development expenditure of the Group is interest capitalised during the year of RM432,000 (2001: RM440,000).

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2002 RM'000	2001 RM'000
Unquoted shares at cost	326,819	431,643
Accumulated impairment losses	(7,140)	(7,140)
	319,679	424,503

Details of the subsidiary companies are set out in Note 44 to the financial statements.

Sunway Monorail Sdn Bhd was transferred within the Group during the financial year and the transfer has no effect on the Group's results.

The incorporation of Suncity SSC Sdn. Bhd., a wholly owned subsidiary company during the financial year does not have any material effect on the financial position and results of the Group.



Notes To The Financial Statements

31 December 2002 (Cont'd)

8. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2002 RM'000	2001 RM'000
Interest bearing amounts	681,338	458,768
Non interest bearing amounts	122,273	104,992
	803,611	563,760
Provision for doubtful debts	(48,324)	(49,509)
	755,287	514,251

The amounts due from subsidiary companies are unsecured and have no fixed terms of repayment. The interest bearing amounts bear interests at rates ranging from 1% to 7.4% (2001: 1.00% to 6.11%) per annum.

9. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Unquoted shares at cost	22,687	22,687	18,905	18,905
Share of post-acquisition reserves/(losses)	13,505	(1,813)	0	0
	36,192	20,874	18,905	18,905
Accumulated impairment losses	(732)	0	(2,500)	(2,500)
	35,460	20,874	16,405	16,405
Elimination of unrealised profits on				
- sale of land to associated company	0	(7,455)	0	0
- services rendered by the Company	0	(1,640)	0	0
	35,460	11,779	16,405	16,405
Represented by:				
Share of net assets	35,460	20,874		

Details of the associated companies are set out in Note 44 to the financial statements.

Included in the share of results from associated companies during the year is gain on disposal of an associated company's investment property of RM26,267,000 (2001: RM Nil) in connection with the asset-backed securitisation exercise as disclosed in Note 10 to the financial statements.



Notes To The Financial Statements

31 December 2002 (Cont'd)

10. OTHER NON-CURRENT INVESTMENTS

	Group	
	2002	2001
	RM'000	RM'000
Subordinated Class D Notes ("SCDN"), at cost	392,840	0

The above represents investment in SCDN issued by ABS Real Estate Berhad ("AREB"). The principal activities of AREB are those of implementation of securitisation transactions which involve the acquisition of properties and investments, the letting out of properties and the issuance of notes to the investors.

On 30 October 2002, the Group and its associated company, Menara Sunway Sdn. Bhd., completed an asset-backed securitisation exercise ("ABS exercise") involving the disposal of six (6) properties including the plant and equipment together with its lease rights, and redeemable preference shares ("properties and shares") to AREB, a special purpose vehicle, (collectively "asset-backed securitisation"). The sales consideration attributable to the Group arising from the disposal of properties, which was determined by an independent firm of professional valuers, and the shares at cost amounted to RM766.616 million was satisfied by cash consideration of RM373.776 million and issuance of SCDN to the Group by AREB of RM392.84 million. The sales consideration attributable to the associated company amounted to RM125.0 million was satisfied by cash consideration of RM51.637 million and issuance of SCDN to the associated company by AREB of RM73.363 million. The ABS exercise gave rise to the Group and the associated company a gain on disposal before taxation of RM120.357 million and RM53.606 million respectively.

Pursuant to the ABS exercise, AREB has also issued Senior Class A, B, C1 and C2 Notes ("Senior Notes") to investors in the domestic debt capital markets to finance the cash settlement of the abovementioned acquisitions. The Senior Notes will be subject to redemption in part semi-annually, for which the amount will vary, and the balance not redeemed may be redeemed by AREB at its nominal value six (6) years ("legal maturity") from the date of issue of 30 October 2002 together with interest accrued or at the end of year five (5) ("early redemption") due to exercise of purchase options by the Company or entity nominated by the Company.

The SCDN's coupon rate of 20% is due semi-annually and the SCDN together with accrued interest of 20% can only be redeemed after all outstanding principal and interests due to the holders of the Senior Class A, B, C1 and C2 Notes issued by AREB have been fully repaid. In view of the uncertainty of the amount of interest that may be recovered, the interest income on the SCDN is only recognised in the financial statements upon receipt. The SCDN shall be held solely by the Group or its respective nominees and may only be traded or transferred once within the Group or to Sunway Holdings Incorporated Berhad ("Suninc") Group. Suninc Group is deemed related to the Group and the Company by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's mutual interest and common directorship in Suninc and the Company.

The disposal of the properties met the true sale criteria pursuant to the Guidelines on the Offering of Asset-Backed Debt Securities issued by the Securities Commission, and satisfied the criteria for derecognition by applying the principles set out in International Accounting Standard IAS 39 - Financial Instruments: Measurement and Recognition.

Subsequent to the disposals, the Company entered into six (6) operating lease agreements with AREB whereby AREB will grant leases to the Company in respect of properties disposed of by the Group and its associated company for a period of up to thirty-five (35) years, save for certain plant and equipment which will be leased for 10 years. Under the terms of each of the operating lease agreements, the Company has unilateral option to purchase or may nominate another person to purchase these leased properties for a price to be determined by an independent firm of professional valuers at the time of the exercise of the purchase options and the outstanding preference shares at the end of year five (5). If the Company does not exercise the purchase options granted within the option period, AREB may exercise its right to dispose of its interests in the properties and shares in the open market.



Notes To The Financial Statements

31 December 2002 (Cont'd)

10. OTHER NON-CURRENT INVESTMENTS (Cont'd)

Concurrent with the execution of the operating lease agreements, the Company has entered into six (6) sub-lease agreements with its subsidiary and associated companies for a term equal to the term of the operating lease agreements less one day. Rent payments received by the Company in respect of the subleases will be paid into the Sublease Collections Account, a specified account opened by the Company, established for the purpose of receiving these payments. The Sublease Collections Account, as disclosed in Note 17 to the financial statements, of which a charge has been created in favour of the Trustee, will be operated solely by the Trustee, Mayban Trustees Berhad.

Approvals from the Securities Commission and the shareholders of the Company were obtained on 23 September 2002 and 21 October 2002 respectively.

The commitments arising from the redeemable preference shares and operating leases and sub-leases are disclosed in Notes 27 and 42 to the financial statements.

11. GOODWILL ON CONSOLIDATION

	Group	
	2002 RM'000	2001 RM'000
At 1 January	9,725	9,245
Arising from acquisition of subsidiary companies	0	97
Arising from increase in equity interests in subsidiary companies	15,883	1,083
Less : Amortisation/write-off	(1,308)	(700)
At 31 December	24,300	9,725

12. PROPERTIES UNDER DEVELOPMENT

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost:				
Freehold land	175,679	79,936	0	0
Long term leasehold land	134,366	158,325	1,340	79
Development expenditure	660,861	509,487	121,460	88,203
	970,906	747,748	122,800	88,282
Write down in value of development expenditure	(9,830)	0	0	0
	961,076	747,748	122,800	88,282
Attributable profits	276,084	179,205	27,389	14,855
	1,237,160	926,953	150,189	103,137
Transfer to property stocks	0	(9,390)	0	0
Progress billings	(986,634)	(735,878)	(116,858)	(86,074)
	250,526	181,685	33,331	17,063



Notes To The Financial Statements

31 December 2002 (Cont'd)

12. PROPERTIES UNDER DEVELOPMENT (Cont'd)

Included in the Group's development expenditure is interest capitalised during the year of RM389,000 (2001: RM254,000).

Freehold land of certain subsidiary companies costing RM80,859,000 are pledged to banks for loan facilities granted to the Company and a subsidiary company. In the previous financial year, freehold land of RM18,839,000 was pledged to a bank for loan facilities granted to a subsidiary company.

Long term leasehold land of the Group and the Company costing RM25,049,000 (2001: RM26,553,000) and RM4,658,000 (2001: RM4,758,000) respectively are pledged to banks for revolving credit facilities granted to the Company.

13. INVENTORIES

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
At cost:-				
Property stocks	12,817	14,051	3,282	3,485
Trading inventories	4,958	5,056	0	0
Food and beverages	1,063	1,546	0	0
Consumables	1,852	1,906	0	0
	20,690	22,559	3,282	3,485
At net realisable value:-				
Consumables	0	324	0	0
	20,690	22,883	3,282	3,485

14. TRADE RECEIVABLES

Trade receivables	71,738	82,053	12,715	25,790
Less: Provision for doubtful debts	(10,067)	(8,270)	(2,599)	(1,850)
	61,671	73,783	10,116	23,940



Notes To The Financial Statements

31 December 2002 (Cont'd)

14. TRADE RECEIVABLES (Cont'd)

Included in trade receivables are the following amounts owing by related parties:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Sunway Holdings Incorporated Berhad ("Suninc") Group	3,444	2,835	1,534	1,122
Dekon Sdn. Bhd. ("DSB") Group	19	0	0	0

The amounts owing by the related parties are unsecured and interest free except for RM343,000 (2001: Nil) and RM338,000 (2001: Nil) owing by Suninc Group to the Group and the Company respectively which bear interests at 5% per annum. The relationships with the above related parties are as disclosed in Note 40 to the financial statements.

The Group and Company's normal trade credit term ranges from 14 to 120 days and 14 to 30 days respectively. Other credit terms are assessed and approved on a case-by-case basis.

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

15. OTHER RECEIVABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Other receivables	23,294	18,132	9,590	8,948
Deposits	3,874	5,470	1,700	3,222
Prepayments	3,902	3,526	340	350
	31,070	27,128	11,630	12,520
Less: Provision for doubtful debts	(7,963)	(7,278)	(4,718)	(4,995)
	23,107	19,850	6,912	7,525

Included in other receivables of the Group and of the Company are amounts due from member companies of Sunway Holdings Incorporated Berhad ("Suninc") Group of RM3,069,000 (2001: RM3,020,000) and RM2,931,000 (2001: RM3,014,000) respectively which are unsecured and interest free except for RM523,000 (2001: Nil) and RM158,000 (2001: Nil) owing by Suninc Group to the Group and the Company respectively which bear interests at 5% per annum. The relationship with the related party is as disclosed in Note 40 to the financial statements.

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

16. AMOUNTS DUE FROM ASSOCIATED COMPANIES

The amounts due from the associated companies of the Group are stated net of provision for doubtful debts of RM1,864,000 (2001: RM1,848,000). The amounts due from associated companies are unsecured, interest-free and have no fixed terms of repayment.

Notes To The Financial Statements

31 December 2002 (Cont'd)

17. CASH AND BANK BALANCES

Included in cash and bank balances of the Group and of the Company are balances amounting to RM68,059,000 (2001: RM54,160,000) and RM2,450,000 (2001: RM8,164,000) respectively held under the Housing Development Accounts pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

Included in the Group and Company's cash and bank balances is RM8,166,000 (2001: Nil) held in a Sublease Collections Account, of which a charge has been created in favour of the Trustee, pursuant to the asset-backed securitisation exercise as disclosed in Note 10 to the financial statements.

18. PROVISION FOR LIABILITIES

Provision for liabilities is in respect of liquidated ascertained damages as follows:

	Group 2002 RM'000
At 1 January 2002 - current	1,678
Additional provision during the year	452
Utilisation of provision during the year	(764)
Unused amount reversed during the year	(435)
	<hr/>
At 31 December 2002 - current	931

Provision for liquidated ascertained damages is in respect of property development projects undertaken by the Company and certain subsidiary companies. The provision is made for expected liquidated ascertained damages claims based on the sale and purchase agreements.

19. TRADE PAYABLES

Included in trade payables are the following amounts owing to related parties:

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Sunway Holdings Incorporated Berhad ("Suninc") Group	20,018	23,093	12,760	3,060
Dekon Sdn. Bhd. ("DSB") Group	305	0	0	0

The amounts owing to the related parties are unsecured and interest free except for RM12,180,000 (2001: RM18,995,000) and RM10,193,000 (2001: RM1,267,000) owing by the Group and the Company respectively to Suninc Group which bear interest at 8% (2001: 8%) per annum.

The relationships with the above related parties are as disclosed in Note 40 to the financial statements.

The normal trade credit term granted to the Group and the Company ranges from 15 to 90 days and 30 days respectively.

Notes To The Financial Statements

31 December 2002 (Cont'd)

20. OTHER PAYABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Other payables	86,002	59,226	12,699	7,022
Amount due to contractors and consultants	96,719	125,587	19,502	18,789
Preference shares issued by a subsidiary company (Note 27)	32,452	0	0	0
Accruals	36,301	40,890	4,002	1,354
Refundable deposits	17,234	11,871	1,369	1,605
	268,708	237,574	37,572	28,770

Included in amount due to contractors and consultants are the following amounts owing to related parties:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Sunway Holdings Incorporated Berhad ("Suninc") Group	73,452	101,969	9,684	9,662
Dekon Sdn. Bhd. ("DSB") Group	2,139	0	0	0

The amounts owing to related parties are unsecured and interest free except for RM69,243,000 (2001: RM80,682,000) and RMNil (2001: RM302,000) owing by the Group and the Company respectively to Suninc Group which bear interest at 8% (2001: 8%) per annum.

The relationships with the above related parties are as disclosed in Note 40 to the financial statements.

21. BANK BORROWINGS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Bank overdrafts				
- secured	3,596	12,469	654	7,813
- unsecured	2,564	2,040	0	0
Trade bills - secured	4,933	34,798	0	0
Current portion of :-				
- term loans (Note 26)				
- secured	28,462	28,438	18,600	0
- unsecured	5,892	23,475	0	0
- unsecured revolving credits (Note 26)	2,000	2,000	2,000	2,000
	47,447	103,220	21,254	9,813

Notes To The Financial Statements

31 December 2002 (Cont'd)

21. BANK BORROWINGS (Cont'd)

The secured bank borrowings of the Group and the Company are secured by mortgages on land and assets as well as fixed and floating charges on assets of the Company and certain subsidiary companies of RM326,503,000 (2001: RM914,069,000) and RM19,618,000 (2001: RM19,718,000) respectively as disclosed in Notes 4, 5, 6 and 12 to the financial statements.

The bank overdrafts bear interest at rates ranging from 3.50% to 8.40% (2001: 7.90% to 8.80%) per annum.

The trade bills bear interest at rates ranging from 4.33% to 4.92% (2001: 4.82% to 6.38%) per annum.

The revolving credits bear interest at rates ranging from 4.50% to 8.15% (2001: 4.40% to 8.55%) per annum.

22. HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Minimum lease payments:				
Not later than 1 year	6,515	7,457	936	2,035
Later than 1 year but not later than 2 years	4,838	6,222	6	936
Later than 2 years but not later than 5 years	1,902	5,600	0	6
	13,255	19,279	942	2,977
Less: Future finance charges	(1,627)	(4,841)	(37)	(912)
Present value of finance lease liabilities	11,628	14,438	905	2,065
Present value of finance lease liabilities:				
Not later than 1 year	5,484	5,537	899	1,396
Later than 1 year but not later than 2 years	4,396	4,719	6	659
Later than 2 years but not later than 5 years	1,748	4,182	0	10
	11,628	14,438	905	2,065
Analysed as:				
Due within 12 months	5,484	5,537	899	1,396
Due after 12 months	6,144	8,901	6	669
	11,628	14,438	905	2,065

Approximately RM13,096,000 (2001: RM17,996,000) and RM848,000 (2001 : RM2,731,000) of the gross amounts payable to hire purchase and lease creditors of the Group and of the Company are owing to a subsidiary company of Sunway Holdings Incorporated Berhad, Sunway Credit & Leasing Sdn. Bhd. ("SCLSB"). SCLSB is deemed related to the Group and the Company by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's mutual interest and common directorship in both Sunway Holdings Incorporated Berhad and the Company.

The hire purchase and lease liabilities bear interest at rates ranging from 3.50% to 11.50% (2001: 3.50% to 11.50%) per annum.

Notes To The Financial Statements

31 December 2002 (Cont'd)

23. SHARE CAPITAL

	Group/Company		Group/Company	
	2002	2001	2002	2001
	No. of shares	No. of shares	No. of shares	No. of shares
Authorised:				
Ordinary shares of RM1.00 each	800,000	800,000	800,000	800,000
6.6% Cumulative Convertible Preference Shares of RM1.00 each	200,000	200,000	200,000	200,000
	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of RM1.00 each	340,199	340,199	340,199	340,199
6.6% Cumulative Convertible Preference Shares of RM1.00 each	108,000	108,000	108,000	108,000
	448,199	448,199	448,199	448,199

The 6.6% Cumulative Convertible Preference Shares ("CCPS") confer on the holders the right to cumulative preferential dividends of 6.6% (net of tax) which rank in priority to ordinary shares. The shares are convertible into ordinary shares three (3) years after the issue date of 24 February 2000 at a conversion price of RM1.80 per share and shall rank pari-passu in all respects with other ordinary shares in issue on the conversion date.

24. RESERVES

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Non distributable reserves:				
(i) Capital reserve	20,428	20,316	0	0
(ii) Exchange reserve	8,182	6,699	0	0
(iii) Reserve on consolidation	386	386	0	0
Total non-distributable reserves	28,996	27,401	0	0
Distributable reserve :				
Retained profit	131,892	17,644	204,550	184,173
Total reserves	160,888	45,045	204,550	184,173

Capital reserve represents share premium arising from shares issued by a subsidiary company to minority shareholders and the creation of capital redemption reserve by certain subsidiary companies.

The Company has tax exempt income of approximately RM131,981,000 (2001: RM120,430,000) available for distribution as tax exempt dividend and based on estimated tax credits available and the prevailing tax rate applicable to dividends as at 31 December 2002, the entire retained profit of the Company is available for distribution by way of dividends without the Company having to incur additional tax liability.



Notes To The Financial Statements

31 December 2002 (Cont'd)

25. MINORITY INTERESTS

Included in minority interests are the following preference shares issued to minority shareholders of certain subsidiary companies :-

- (a) 5% cumulative redeemable preference shares "A" issued to minority shareholders of Sunway Damansara Sdn. Bhd. amounting to RM45,845,000 (2001: RM45,845,000). These shares confer on the holders the right to cumulative preferential dividends of 5% which rank in priority to ordinary dividends.
- (b) 5% redeemable convertible preference shares issued to minority shareholders of Sunway Tunas Sdn. Bhd. amounting to RM15,000,000 (2001: RM15,000,000) which confer on its holders a cumulative preference dividend of 5% per annum which ranks in priority over ordinary dividends. These shares are redeemable at par or convertible into ordinary shares on the basis of one convertible preference share of RM1 each for one ordinary share of RM1 each at any time after 16 May 1999.
- (c) 5% non-cumulative redeemable preference shares issued to minority shareholders of Sunway Lagoon Sdn. Bhd. amounting to RM588,000 (2001: RM588,000). These shares confer on its holders a fixed non-cumulative preferential dividends of 5% per annum which rank in priority over ordinary dividends. These shares are redeemable at premium at any time.

In addition to the abovementioned preference shares, the previous year's financial statements include redeemable preference shares issued to minority shareholders of Sunway Pyramid Sdn. Bhd. amounting to RM111,086,000. These shares conferred on the holders the right on a winding up or other return of capital (other than on the redemption of preference shares) to receive, in priority to the holders of any class of shares in the capital of the subsidiary company, repayment in full of the nominal amount of that preference shares. During the financial year, the rights attached to these shares were amended in accordance with the amended articles of association of the subsidiary company resulting in these shares being classified as long term liability in the current financial year as disclosed in Note 27 to the financial statements.



Notes To The Financial Statements

31 December 2002 (Cont'd)

26. LONG TERM BANK BORROWINGS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revolving credits				
- secured	128,400	186,400	128,400	186,400
- unsecured	45,500	4,000	45,500	4,000
	173,900	190,400	173,900	190,400
Unsecured commercial papers	79,367	0	79,367	0
Term loans - secured				
- Type 1	49,600	0	49,600	0
- Type 2	0	7,000	0	0
- Type 3	0	80,000	0	0
- Type 4	0	207,750	0	0
- Type 5	0	23,094	0	0
- Type 6	37,791	39,585	0	0
- Type 7	10,778	8,710	0	0
Term loans - unsecured (Note b)				
- Type 8	0	19,650	0	0
- Type 9	21,340	25,164	0	0
- Type 10	2,014	2,014	0	0
	121,523	412,967	49,600	0
	374,790	603,367	302,867	190,400
Less: Amounts repayable within 12 months				
- term loans (Note 21)	(34,354)	(51,913)	(18,600)	0
- revolving credits (Note 21)	(2,000)	(2,000)	(2,000)	(2,000)
Amounts repayable after 12 months	338,436	549,454	282,267	188,400

The secured term loans and revolving credits of the Group and of the Company are secured by legal charges on land as well as fixed and floating charges on assets of the Company and certain subsidiary companies amounting to RM275,987,000 (2001: RM823,334,000) and RM19,618,000 (2001: RM19,718,000) respectively as disclosed in Notes 4, 5, 6 and 12 to the financial statements.

The revolving credits bear interest at rates ranging from 4.50% to 8.15% (2001: 4.40% to 8.55%) per annum. Secured revolving credits which are due to be repaid within the next twelve months but are rolled over subsequent to the financial year end are treated as long term bank borrowings. Unsecured revolving credits of RM43,500,000 were repaid subsequent to the financial year end with proceeds from the issuance of a 3-year medium term notes. Accordingly, the unsecured revolving credits are treated as long term borrowings. Details on the terms and availability of the medium term notes are as disclosed in Note 45(a)(ii) to the financial statements.

The unsecured commercial papers bear interest at 4.25% (2001: Nil) per annum and have a maturity period of 3 months. The unsecured commercial papers were rolled over subsequent to the financial year end for the same tenure and the Company intends to roll over the commercial papers over its availability period of seven (7) years, when necessary. Accordingly, the commercial papers are treated as long term bank borrowings. Details on the terms and availability of the commercial papers are as disclosed in Note 45(a)(ii) to the financial statements.



Notes To The Financial Statements

31 December 2002 (Cont'd)

26. LONG TERM BANK BORROWINGS (Cont'd)

The term loans are repayable as follows:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
1 year after balance sheet date	34,354	51,913	18,600	0
More than 1 year but not later than 2 years	48,914	72,863	31,000	0
More than 2 years but not later than 5 years	25,574	104,641	0	0
More than 5 years	12,681	183,550	0	0
	121,523	412,967	49,600	0

Details of the terms of repayment and effective interest rates are as follows:-

Loan	Name of Companies	Effective interest rate	Repayment Terms	Commencement Date
Type 1	Sunway City Berhad	6.81%	2 years	September 2003
Type 2	Sunway Hotel (Penang) Sdn. Bhd.	6.75% - 8.40%	7 years	December 1996
Type 3	Sunway Lagoon Sdn. Bhd.	6.50%	5 years	September 1999
Type 4	Sunway Resort Hotel Sdn. Bhd.	4.75% - 6.25%	10 years	June 2001
Type 5	Sunway Hotel (Seberang Jaya) Sdn. Bhd.	5.40% - 5.65%	7 years	January 2001
Type 6	Sunway Medical Centre Berhad	8.40%	8 years	January 2002
Type 7	Sunway Semenyih Sdn. Bhd.	7.65%	By way of redemption	March 2001
Type 8	Estonia Enterprises Ltd.	7.34% - 7.48%	4 years	March 1999
Type 9	Sunway Hotel Phnom Penh, Ltd.	3.25% - 3.43%	5 years	March 2001
Type 10	Sunway Medical Centre Berhad	5.00% - 8.41%	2 years	December 2003

Certain term loans were fully settled during the financial year.

Notes To The Financial Statements

31 December 2002 (Cont'd)

27. LONG TERM LIABILITIES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Preference shares issued by a subsidiary company				
As at 31 December	227,658	0	0	0
Redeemable within 12 months (Note 20)	(32,452)	0	0	0
Redeemable after 12 months	195,206	0	0	0
Amounts payable to contractors and consultants	72,000	72,000	29,000	29,000
Refundable deposits	7,941	12,633	0	2,897
Other long term liabilities	8,500	33,500	0	0
	283,647	118,133	29,000	31,897

Preference shares issued by a subsidiary company, Sunway Pyramid Sdn. Bhd., comprise 20% Cumulative Redeemable Preference Shares ("CRPS") of RM0.10 each issued to its minority shareholder and ABS Real Estate Berhad in connection with the asset-backed securitisation exercise as disclosed in Note 10 to the financial statements. These shares are to be mandatorily redeemed semi-annually at RM2.79 per share over a period of 7 years commencing April 2003 and bears an effective interest rate of 0.72% (2001: Nil) per annum. The redemption schedule of the CRPS is as follows:

	Group	
	2002 RM'000	2001 RM'000
1 year after balance sheet date	32,452	0
More than 1 year but not later 2 years	32,620	0
More than 2 years but not later 5 years	98,875	0
More than 5 years	63,711	0
	227,658	0

The amounts payable to contractors and consultants are included as long term liabilities as the contractors and consultants have agreed not to demand repayment within the next 12 months. These contractors and consultants are member companies of Sunway Holdings Incorporated Berhad ("Suninc") Group and are deemed related to the Group and the Company by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's mutual interest and common directorship in Suninc and the Company. The balances are unsecured and interest free except for RM72,000,000 (2001: RM72,000,000) and RM25,294,000 (2001: RM29,000,000) owing by the Group and the Company respectively which bear interest at 8% (2001: 8%) per annum.

The refundable deposits are in respect of deposits received by subsidiary companies for tenancy contracts for a tenure of two to three years.

Other long term liabilities represent the balance of the purchase consideration of a piece of freehold land of a subsidiary company due to the vendor. The amount is repayable in 2004 in accordance with the repayment terms of the sale and purchase agreement.



Notes To The Financial Statements

31 December 2002 (Cont'd)

28. ADVANCES BY MINORITY SHAREHOLDERS OF SUBSIDIARY COMPANIES

The advances by minority shareholders of subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

These advances are stated net of the minority shareholders' share of losses in a subsidiary company of RM40,581,000 (2001: RM31,278,000)

29. AMOUNTS DUE TO SUBSIDIARY COMPANIES

The amounts due to subsidiary companies are unsecured, have no fixed terms of repayment and bear interest at rates ranging from 4.2% to 4.68% (2001: 1.00% to 6.11%) per annum except for RM34,365,000 (2001: RM34,405,000) which is interest free.

30. DEFERRED INCOME TAX

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At beginning of year	18,772	15,073	2,406	2,406
(Credited)/charged to income statement (Note 35)	(452)	3,699	(2,406)	0
At end of year	18,320	18,772	0	2,406

Presented after appropriate offsetting as follows:

Deferred income tax assets	2,889	2,704	0	0
Deferred income tax liabilities	(21,209)	(21,476)	0	(2,406)
	(18,320)	(18,772)	0	(2,406)

Deferred income tax assets have been recognised by the Group as they may be used to offset future taxable profits as evidenced by the management's projected business plan.

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

Deferred Income Tax Liabilities of the Group and the Company

	Accelerated Capital Allowances	
	Group RM'000	Company RM'000
At 1 January 2002	22,061	2,406
Credited to income statement	(264)	(2,406)
At 31 December 2002	21,797	0

Notes To The Financial Statements

31 December 2002 (Cont'd)

30. DEFERRED INCOME TAX (Cont'd)

Deferred Income Tax Assets of the Group

	Progress Billings RM'000	Provisions for Liabilities RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Unrealised Profit RM'000	Total RM'000
At 1 January 2002	2,226	218	845	0	3,289
(Charged)/credited to income statement	(116)	(84)	275	113	188
At 31 December 2002	2,110	134	1,120	113	3,477

Deferred income tax assets have not been recognised in respect of the following items:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Deductible temporary differences	3,231	(23,633)	(4,033)	0
Unused tax losses	26,992	23,487	0	0
Unabsorbed capital allowances	51,930	58,265	9,523	0
	82,153	58,119	5,490	0

The deductible temporary differences, unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiary companies and the Company in which those items arose. Deferred income tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group and they have arisen in subsidiary companies that have no profit record.

31. REVENUE

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Sale of properties	321,176	271,542	31,166	65,064
Rental income	81,234	75,271	12,733	4,674
Sale of goods and services	254,345	238,077	0	0
Subscription fees and others	2,673	2,629	167	170
Gross dividends from:				
- subsidiary companies	0	0	50,159	12,701
- associated companies	0	0	9,774	1,641
	659,428	587,519	103,999	84,250



Notes To The Financial Statements

31 December 2002 (Cont'd)

32. PROFIT FROM OPERATIONS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
This is arrived at after charging/(crediting):-				
Amortisation/write-off of goodwill	1,308	700	0	0
Auditors' remuneration - audit				
- Current year	468	467	78	68
- Under/(over) provision in prior year	18	(16)	4	1
Auditors' remuneration - non-audit	163	28	25	0
Bad debts written off	1,155	141	0	0
Depreciation of property, plant and equipment	49,664	53,477	2,995	2,835
Development expenditure written off	16	136	0	0
Directors' emoluments payable to				
- executive Directors of the Company	1,518	1,386	1,518	1,386
- non-executive Directors of the Company	34	15	34	15
Directors' fees payable to non-executive Directors of the Company	72	64	72	64
Inventories written off	28	54	0	0
Operating lease rentals	8,166	0	8,166	0
Provision for doubtful debts	1,275	1,671	322	426
Provision for doubtful debts in respect of amounts due from associated companies	15	658	0	0
Provision for doubtful debts in respect of amounts due from subsidiary companies	0	0	0	18
Provision for slow moving inventories	214	0	0	0
Realised exchange loss	0	102	0	0

Notes To The Financial Statements

31 December 2002 (Cont'd)

32. PROFIT FROM OPERATIONS (Cont'd)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Rental of:				
- land and buildings	2,062	2,604	999	1,106
- equipment, plant and machinery	515	437	75	135
- others	83	202	81	121
Staff costs	107,481	104,272	10,266	8,748
Write down in value of				
- land held for development	1,159	0	0	0
- properties under development	9,830	0	0	0
Interest income				
- from subsidiary companies	0	0	(20,184)	(16,768)
- others	(4,097)	(4,023)	(669)	(216)
Provision for doubtful debts no longer required	(968)	(216)	0	0
Rental income				
- equipment	(1,550)	(1,392)	0	0
- others	(3,326)	(3,473)	0	0
Realised exchange gain	(159)	0	0	0

The estimated monetary value of Executive Directors' benefits-in-kind of the Company is RM120,000 (2001: RM122,000).

33. FINANCE COSTS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Dividend on redeemable preference shares issued by a subsidiary company	368	0	0	0
Interest expense:				
- hire purchase and lease arrangements	4,112	1,858	875	636
- inter-company balances	0	0	1,714	837
- related party balances (Note 40)	14,317	17,061	3,387	2,506
- commercial papers	205	0	205	0
- revolving credits	11,339	11,363	11,339	11,363
- term loans	20,760	26,008	1,037	0
- bank overdrafts	1,290	708	390	283
	52,391	56,998	18,947	15,625

Notes To The Financial Statements

31 December 2002 (Cont'd)

34. RESULTS ARISING FROM OTHER INVESTING ACTIVITIES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Gain on disposal of property, plant and equipment	6,658	161	9	44
Gain on disposal of investment properties	113,912	0	0	0
Property, plant and equipment written off	(2,558)	(1,213)	0	0
Investment properties written off	(76)	(92)	0	0
Impairment losses on				
- property, plant and equipment	(73,192)	0	(17,807)	0
- investment in associated company	(732)	0	0	0
	44,012	(1,144)	(17,798)	44

35. TAXATION

Tax expense for the year				
- current	21,544	19,643	13,898	4,534
- prior year	24	(950)	48	0
	21,568	18,693	13,946	4,534
Real property gains tax	267	0	0	0
Deferred income tax (Note 30):				
- current year relating to origination and reversal of temporary differences	1,721	3,699	(62)	0
- prior year	(2,173)	0	(2,344)	0
	(452)	3,699	(2,406)	0
	21,383	22,392	11,540	4,534

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2001: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. During the year, the Group utilised tax losses brought forward of RM642,000 (2001: Nil) giving rise to a tax savings of approximately RM180,000 (2001: Nil).

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

Notes To The Financial Statements

31 December 2002 (Cont'd)

35. TAXATION (Cont'd)

	2002 RM'000	2001 RM'000
Group		
Profit before taxation	156,544	34,860
Taxation at Malaysian statutory tax rate of 28% (2001: 28%)	43,832	9,761
Effect of different tax rates in other countries	102	270
Income subject to real property gains tax	(707)	0
Income not subject to tax	(62,477)	(3,339)
Expenses not deductible for tax purposes	15,395	3,560
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(2,855)	(991)
Deferred tax asset not recognised during the year	30,242	10,180
Over provision of deferred tax liability in prior years		
- adjusted in current year	(2,173)	0
- unadjusted in prior year	0	2,900
Provision of income tax in respect of prior years		
- under/(over) provision adjusted for	24	(950)
- over provision not unadjusted for	0	1,001
Tax expense for the year	21,383	22,392
Company		
Profit before taxation	39,045	12,726
Taxation at Malaysian statutory tax rate of 28% (2001: 28%)	10,933	3,563
Income not subject to tax	(3,246)	(600)
Expenses not deductible for tax purposes	659	127
Deferred tax asset not recognised during the year	5,490	0
Under provision of income tax in prior years adjusted in current year	48	0
Over provision of income tax in prior year not adjusted for	0	992
Over provision of deferred tax liability		
- adjusted in current year	(2,344)	0
- unadjusted in prior year	0	452
Tax expense for the year	11,540	4,534



Notes To The Financial Statements

31 December 2002 (Cont'd)

35. TAXATION (Cont'd)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Tax losses	96,401	86,054	0	0
Capital allowances	185,466	200,879	34,009	0
Investment tax allowances	454,669	474,079	0	0
	736,536	761,012	34,009	0

36. PRIOR YEAR ADJUSTMENT

The prior year adjustment represents the effect of the change in accounting policy with respect to early adoption of MASB 25 - Income Taxes. The change in accounting policy has been accounted for retrospectively and comparatives have been restated.

The change in accounting policy resulted in a decrease in the Group's net profit for the year by RM1,168,000 (2001: RM3,190,000). Further details of the effect of the change in accounting policy are as disclosed in Note 49 to the financial statements

37. DIVIDENDS

This represents 6.6% dividend (net of tax of 28%) in respect of the Company's 6.6% cumulative convertible preference shares amounting to RM7,128,000 in respect of the current year of which RM4,599,000 has been paid during the financial year.

On 27 February 2003, the Directors declared an interim dividend in respect of the current financial year ended 31 December 2002, of 1.5% less 28% income tax on 340,199,000 ordinary shares, amounting to RM3,674,000 (1.08 sen net per ordinary share). The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in shareholders' funds as an appropriation of retained profits in the next financial year ending 31 December 2003.

38. EARNINGS PER SHARE

(a) Basic

The calculation of the earnings per share for the Group is based on profit after taxation and minority interests of RM121,488,000 (2001: RM6,282,000) less preference shares dividend of RM7,128,000 (2001: RM7,128,000) and the number of ordinary shares in issue as at 31 December 2002 of 340,199,000 (2001: 340,199,000).

Comparative basic earnings per share has been restated to take into account the effect of the prior year adjustment on net profit for that year as disclosed in Note 36 to the financial statements.

Notes To The Financial Statements

31 December 2002 (Cont'd)

38. EARNINGS PER SHARE (Cont'd)

(b) Diluted

The diluted earnings per share has been calculated by dividing the Group's net profit for the year of RM121,488,000 by the number of ordinary shares that would have been in issue upon conversion of the 6.6% Cumulative Convertible Preference Shares ("CCPS") into ordinary shares, calculated as follows:

	2002
	'000
Number of ordinary shares in issue	340,199
Adjustment for assumed conversion of CCPS	60,000
Adjusted weighted average number of ordinary shares that would have been in issue	400,199

The CCPS are deemed to have been converted into ordinary shares at 1 January 2002. The unissued shares under ESOS are anti-dilutive and have not been taken into account in the calculation of diluted earnings per share.

Comparative diluted earnings per share has not been presented due to the anti-dilutive effect of share options and CCPS.

39. SIGNIFICANT INTER-COMPANY TRANSACTIONS

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Interest receivable from subsidiary companies	0	0	(20,184)	(16,768)
Rent receivable from subsidiary companies	0	0	(8,016)	(1,150)
Rent receivable from associated company	(1,300)	0	(1,300)	0
Interest payable to subsidiary companies	0	0	1,714	837
Rent payable to associated company	699	699	254	254

Notes To The Financial Statements

31 December 2002 (Cont'd)

40. RELATED PARTY TRANSACTIONS

Group			2002	2001
Name of Companies	Nature of Transactions		RM'000	RM'000
(a) Sunway Holdings Incorporated Berhad Group ("Suninc Group")	Construction costs		97,730	78,518
	Interest expense		14,317	17,061
	Management fees		192	385
	Insurance premium		2,847	2,637
	Lease rental		2,241	3,082
	Rental of premises		1,485	1,131
	Purchase of building materials		1	710
	Hiring of machinery		0	14
	Rental income		(1,238)	(1,058)
	Hotel and related services		(1,115)	(1,024)
	Recreational services		(59)	(92)
	Ticketing and tour sales		(599)	(577)
	Medical services		(660)	(584)
	Property management services		(118)	(114)
(b) Buildtrend B.S.G. (M) Sdn. Bhd. Group ("Buildtrend Group")	Construction costs		11	437
(c) Koperasi Tunas Muda Sungai Ara Berhad Group ("KTM Group")	Construction costs		7,973	8,583
	Hotel and related services		0	(4)
(d) Sunway Technology Sdn. Bhd. Group ("STSB Group")	Information systems products and consultancy fees		282	867
	Hotel and related services		(2)	(35)
	Recreational services		(2)	0
	Ticketing and tour sales		(121)	(165)
	Medical services		(40)	(36)
(e) Perbadanan Kemajuan Negeri Selangor Group ("PKNS Group")	Purchase of building materials		9	411
(f) Perusahaan Indah Sdn. Bhd. Group ("PISB Group")	Property management services		(3)	(2)

Notes To The Financial Statements

31 December 2002 (Cont'd)

40. RELATED PARTY TRANSACTIONS (Cont'd)

Group	Name of Companies	Nature of Transactions	2002 RM'000	2001 RM'000
(g)	Sungei Way Enterprise (1988) Sdn. Bhd. ("SWESB")	Construction costs Hiring of machinery Rental income Recreational services Ticketing and tour sales Medical services	4 0 (195) 0 (13) (17)	0 36 (300) (1) (10) (12)
(h)	Adasia (M) Sdn. Bhd. ("Adasia")	Advertising fees Medical services	2,759 (1)	2,105 (3)
(i)	CCM Chemicals Sdn. Bhd. ("CCM")	Purchase of chemicals and related products	537	561
(j)	Infra-Melia Sdn. Bhd. ("IMSB")	Rental income Recreational services Medical services	(98) (18) 0	(129) (40) (2)
(k)	Sunway College Sdn. Bhd. Group ("SCSB Group")	Rental income Recreational services Hotel and related services Ticketing and tour sales Medical services	(10,322) (13) (320) (538) (256)	(10,312) (18) (212) (534) (217)
(l)	Asian Strategy & Leadership Incorporated Sdn. Bhd. ("ASLI")	Conference and seminar Hotel and related services Ticketing and tour sales Medical services	4 0 (68) (2)	0 (133) (12) (8)
(m)	Sunway Hydraulic Industries Sdn. Bhd. ("SHISB")	Hotel and related services Ticketing and tour sales Medical services	0 (16) (3)	(1) (8) (3)
(n)	Dekon Sdn. Bhd. Group ("DSB")	Construction costs Landscaping services Hotel and related services Ticketing and tour sales Medical services	11,746 928 (3) (3) (12)	0 0 0 0 0
(o)	Akitek Akiprima Sdn. Bhd. ("AASB")	Architectural consultant	321	0



Notes To The Financial Statements

31 December 2002 (Cont'd)

40. RELATED PARTY TRANSACTIONS (Cont'd)

The above parties are deemed related to the Group as follows :-

- (a) Suninc Group is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's common directorship and interests in Suninc Group and the Company
- (b) Buildtrend Group is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's deemed interest in Buildtrend Group.
- (c) KTM Group is deemed related to the Group via its substantial shareholding in Sunway Tunas Sdn. Bhd., a 70% owned subsidiary of the Company.
- (d) STSB Group is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's deemed interest in STSB Group.
- (e) PKNS Group is deemed related to the Group via its substantial shareholding in the Company and Sunway Damansara Sdn. Bhd, a 60% owned subsidiary of the Company.
- (f) PISB Group is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling and Puan Sri Datin Seri Susan Cheah Seok Cheng's deemed interests in PISB Group via Sungei Way Corporation Sdn. Bhd. where they have more than 15% shareholdings. Puan Sri Datin Seri Susan Cheah Seok Cheng is the spouse of Tan Sri Dato' Seri Dr. Cheah Fook Ling.
- (g) SWESB is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's deemed interest in SWESB.
- (h) Adasia is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's deemed interest in Adasia.
- (i) CCM is deemed related to the Group by virtue of Dato' Lim Say Chong's and Oh Kim Sun's deemed interests in CCM and direct interests in Sunway Lagoon Sdn. Bhd., a 51% owned subsidiary of the Company.
- (j) IMSB is deemed related to the Group by virtue of Puan Sri Datin Seri Susan Cheah Seok Cheng's and Sarena Cheah Yean Tih's directorships and substantial shareholdings in IMSB. Puan Sri Datin Seri Susan Cheah Seok Cheng and Sarena Cheah Yean Tih are the spouse and child of Tan Sri Dato' Seri Dr. Cheah Fook Ling respectively.
- (k) SCSB Group is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's and Datuk Razman M Hashim's common directorship and deemed interests in SCSB Group via Sunway College Trust and the Company.
- (l) ASLI is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's direct and deemed interests in ASLI.
- (m) SHISB is deemed related to the Group by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's deemed interest in SHISB as well as Datuk Razman M Hashim's common directorship and interest in SHISB and the Company.
- (n) DSB Group is deemed related to the Group by virtue of Datuk Razman M Hashim's deemed interest in DSB.

Notes To The Financial Statements

31 December 2002 (Cont'd)

40. RELATED PARTY TRANSACTIONS (Cont'd)

- (o) AASB is deemed related to the Group by virtue of Cheah Teik Jin's directorship and substantial shareholding in AASB. Cheah Teik Jin is the brother of Puan Sri Datin Seri Susan Cheah Seok Cheng who is the spouse of Tan Sri Dato' Seri Dr. Cheah Fook Ling.

All other significant inter-company transactions have been disclosed under Notes 32, 33 and 39 and cash flow statement of the Company. These transactions were undertaken at mutually agreed terms between the companies in the normal course of business and the terms and conditions are not materially different from that obtainable in transactions with unrelated parties.

41. CAPITAL COMMITMENTS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Capital expenditure				
- contracted but not provided for	95,847	119,738	0	0
- approved but not contracted for	4,392	12,586	0	0
	100,239	132,324	0	0

42. LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Less than one year	47,674	874	46,800	0
Between one and five years	190,695	3,496	187,199	0
	238,369	4,370	233,999	0

The lease arrangements were entered into in connection with the asset-backed securitisation exercise as disclosed in Note 10 to the financial statements.

The leased properties have been subleased by the Company to certain subsidiary companies and an associated company. One of the subsidiary companies in turn subleased the leased property to Sunway College Sdn. Bhd. Group, a related party. The relationship between the Group and the related party is as disclosed in Note 40 to the financial statements. Sublease income of the Group and of the Company of RM10,260,000 and RM46,800,000 respectively are expected to be received during the next financial year.

Notes To The Financial Statements

31 December 2002 (Cont'd)

43. CONTINGENT LIABILITIES

Group

	2002 RM'000	2001 RM'000
Guarantees given to licensed financial institutions for banking facilities granted to subsidiary companies	78,470	389,330

All the above contingent liabilities are unsecured.

44. SUBSIDIARY AND ASSOCIATED COMPANIES

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			2002	2001
(a) Subsidiaries of Sunway City Berhad				
Bintutara Sdn. Bhd.	Malaysia	Property development and investment holding	100	100
Sunway Kinrara Sdn. Bhd.	Malaysia	Property development	100	100
Sunway Hotel (Penang) Sdn. Bhd.	Malaysia	Hotel business	100	100
Syarikat Shoib Properties Sdn. Bhd.	Malaysia	Property development and investment holding	100	100
Sunway City (Penang) Sdn. Bhd.	Malaysia	Property development and investment holding	75	75
Sunway Pyramid Sdn. Bhd.	Malaysia	Shopping mall operator	52	52
Sunway Lagoon Sdn. Bhd.	Malaysia	Theme park operator	51	51
Sunway Resort Hotel Sdn. Bhd.	Malaysia	Hotel business	100	58

Notes To The Financial Statements

31 December 2002 (Cont'd)

44. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			2002	2001
(a) Subsidiaries of Sunway City Berhad (Cont'd)				
Sunway Lagoon Club Berhad	Malaysia	Recreational club facilities	83.6	83.6
Sunway Travel Sdn. Bhd.	Malaysia	Travel and tour agent	87	87
Sunway City (Ipoh) Sdn. Bhd.	Malaysia	Property development and investment holding	65	65
Sunway Damansara Sdn. Bhd.	Malaysia	Property development and investment holding	60	60
* Allson International Holdings Limited	British Virgin Islands	Hotel management	100	70
Ekuiti Meranti (M) Sdn. Bhd.	Malaysia	Investment holding	100	100
Sunway Monorail Sdn. Bhd.	Malaysia	Monorail operator	100	0
Grandeal Trading Co. Sdn. Bhd.	Malaysia	Dormant	100	100
Pembinaan Objektif (M) Sdn. Bhd.	Malaysia	Investment holding	100	100
Konsep Objektif (M) Sdn. Bhd.	Malaysia	Investment holding	70	70
Suncity SSC Sdn. Bhd.	Malaysia	Provision of shared services	100	0
Sunway City (Cambodia) Sdn. Bhd.	Malaysia	Investment holding	76	76
Sunway Semenyih Sdn. Bhd.	Malaysia	Property development	70	70

Notes To The Financial Statements

31 December 2002 (Cont'd)

44. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			2002	2001
(a) Subsidiaries of Sunway City Berhad (Cont'd)				
Sunway Tunas Sdn. Bhd.	Malaysia	Property development	70	70
TAH Properties Sdn. Bhd.	Malaysia	Dormant	70	70
Sunway Medical Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Area Star Sdn. Bhd.	Malaysia	Dormant	100	100
Falcrest Sdn. Bhd.	Malaysia	Dormant	70	70
# Sunway City (S'pore) Pte. Ltd.	Singapore	Promotion and marketing services	100	100
Sunway Resort Hotel Land Sdn. Bhd.	Malaysia	Dormant	100	100
Stellar Destiny Sdn. Bhd.	Malaysia	Management and letting of property	100	100
Strategic Domain Sdn. Bhd.	Malaysia	Dormant	100	100
Sun Event Management Sdn. Bhd.	Malaysia	Dormant	100	100
Emerald Tycoon Sdn. Bhd.	Malaysia	Investment holding	100	100
(b) Subsidiaries of Sunway City (Penang) Sdn. Bhd.				
Fame Parade Sdn. Bhd.	Malaysia	Dormant	100	100
Era Primision Sdn. Bhd.	Malaysia	Dormant	100	100
Commercial Parade Sdn. Bhd.	Malaysia	Dormant	100	100
Sunway Hotel (Seberang Jaya) Sdn. Bhd.	Malaysia	Hotel business	100	100
Lancar Gemilang Sdn. Bhd.	Malaysia	Dormant	100	100

Notes To The Financial Statements

31 December 2002 (Cont'd)

44. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			2002	2001
(b) Subsidiaries of Sunway City (Penang) Sdn. Bhd. (Cont'd)				
Prime Delight Sdn. Bhd.	Malaysia	Dormant	100	100
Sejati Pesona Sdn. Bhd.	Malaysia	Dormant	100	100
Associated Circle Sdn. Bhd.	Malaysia	Dormant	100	100
Alliance Parade Sdn. Bhd.	Malaysia	Dormant	100	100
(c) Subsidiary of Konsep Objektif (M) Sdn. Bhd.				
# Sunway Hotel Phnom Penh, Ltd.	Cambodia	Hotel business	75	75
(d) Subsidiary of Sunway Pyramid Sdn. Bhd.				
Sunway Parking Management Sdn. Bhd.	Malaysia	Car park operator	100	100
(e) Subsidiary of Syarikat Shoib Properties Sdn. Bhd.				
Pena Enterprise Sdn. Bhd.	Malaysia	Property development	100	100
(f) Subsidiaries of Sunway Lagoon Sdn. Bhd.				
Sunway Arena Entertainment Sdn. Bhd.	Malaysia	Dormant	55	55
Eastern Glory Enterprises Ltd.	British Virgin	Investment holding Islands	60	60
Sunway Monorail Sdn. Bhd.	Malaysia	Monorail operator	0	100
Commercial Highlight Sdn. Bhd.	Malaysia	Dormant	55	55
Sunway Townhouse Sdn. Bhd.	Malaysia	Property development	100	100

Notes To The Financial Statements

31 December 2002 (Cont'd)

44. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			2002	2001
(f) Subsidiaries of Sunway Lagoon Sdn. Bhd. (Cont'd)				
Digital Splendour Sdn. Bhd.	Malaysia	Dormant	100	100
Esteem Crest Sdn. Bhd.	Malaysia	Dormant	100	100
Lambang Mujur Sdn. Bhd.	Malaysia	Dormant	100	100
Lavender Acres Sdn. Bhd.	Malaysia	Dormant	100	100
Lestari Ganda Sdn. Bhd.	Malaysia	Dormant	100	100
Logic Square Sdn. Bhd.	Malaysia	Dormant	100	100
Perpetual Summer Sdn. Bhd.	Malaysia	Dormant	100	100
Platinum Success Sdn. Bhd.	Malaysia	Dormant	100	100
Splendid Crest Sdn. Bhd.	Malaysia	Dormant	100	100
Zenith Gateway Sdn. Bhd.	Malaysia	Dormant	100	100
(g) Subsidiaries of Allson International Holdings Limited				
* Allson International Hotels & Resorts (H.K.) Limited	Hong Kong	Hotel management	99.9	99.9
* Allson International Hotels & Resorts (B.V.I.) Limited	British Virgin	Hotel management	100	100
* Allson International Management Limited	British Virgin Islands	Hotel management	100	100
(h) Subsidiaries of Emerald Tycoon Sdn. Bhd.				
Sunway Rahman Putra Sdn. Bhd.	Malaysia	Property development	100	100
Sunway D'Mont Kiara Sdn. Bhd.	Malaysia	Property development	70	70

Notes To The Financial Statements

31 December 2002 (Cont'd)

44. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			2002	2001
(i) Subsidiaries of Sunway Medical Holdings Sdn. Bhd.				
Sunway Medical Centre Berhad	Malaysia	Operator of a medical centre	60.8	58
Sunway Gamma Knife Centre (Malaysia) Sdn. Bhd.	Malaysia	Dormant	100	100
(j) Subsidiary of Sunway City (Cambodia) Sdn. Bhd.				
Sunway City Cambodia Limited	Cambodia	Dormant	80	80
(k) Subsidiaries of Sunway City (Ipoh) Sdn. Bhd.				
Kinta Sunway Resort Sdn. Bhd.	Malaysia	Dormant	100	100
Sunway Realty (Penang) Sdn. Bhd.	Malaysia	Dormant	100	100
Sunway Lagoon Water Park Sdn. Bhd.	Malaysia	Dormant	100	100
Lagoon Fantasy Sdn. Bhd.	Malaysia	Dormant	100	100
Semangat Kancil (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Ganda Antik Sdn. Bhd.	Malaysia	Dormant	100	100
Bandar Sunway (Melaka) Sdn. Bhd.	Malaysia	Dormant	100	100
Permata Aktiviti (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Lagoon Café Sdn. Bhd.	Malaysia	Dormant	100	100
Objektif Ekuiti (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Peluang Klasik (M) Sdn. Bhd.	Malaysia	Dormant	100	100

Notes To The Financial Statements

31 December 2002 (Cont'd)

44. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			2002	2001
(l) Subsidiaries of Sunway Damansara Sdn. Bhd.				
Imbasan Intisari Sdn. Bhd.	Malaysia	Dormant	100	100
Tidal Elegance Sdn. Bhd.	Malaysia	Dormant	100	100
Park Symphony Sdn. Bhd.	Malaysia	Dormant	100	100
Pan Unicreation Sdn. Bhd.	Malaysia	Dormant	100	100
Winning Excellence Sdn. Bhd.	Malaysia	Dormant	100	100
Laudable Generations Sdn. Bhd.	Malaysia	Dormant	100	100
Contemporary Deal Sdn. Bhd.	Malaysia	Dormant	100	100
Contemporary Factor Sdn. Bhd.	Malaysia	Dormant	100	100
Petikan Tropika Sdn. Bhd.	Malaysia	Dormant	100	100
Cahaya Jejaka Sdn. Bhd.	Malaysia	Dormant	100	100
Seruan Istilah Sdn. Bhd.	Malaysia	Dormant	100	100
Sumber Dorongan Sdn. Bhd.	Malaysia	Dormant	100	100
Anggaran Salju Sdn. Bhd.	Malaysia	Dormant	100	100
Bisikan Seni Sdn. Bhd.	Malaysia	Dormant	100	100
Emerald Freight Sdn. Bhd.	Malaysia	Dormant	100	100
Sunway Monterez Sdn. Bhd.	Malaysia	Property development	99.9	99.9
(m) Subsidiaries of Eastern Glory Enterprises Limited				
Estonia Enterprises Limited	British Virgin Islands	Investment holding	100	100
* Hartford Lane Pty. Limited	Australia	Trustee	100	100

Notes To The Financial Statements

31 December 2002 (Cont'd)

44. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			2002	2001
(n) Subsidiaries of Estonia Enterprises Limited				
* International Theme Park Pty. Ltd.	Australia	Theme park operator	100	100
* Sunway Australia Unit Trust	Australia	Unit trust	100	100
(o) Subsidiary of International Theme Park Pty. Ltd.				
* Sydney Theme Park Pty. Ltd.	Australia	Theme park licence holder	100	100
(p) Associated company of Sunway Damansara Sdn. Bhd.				
Sunway D'Mont Kiara Sdn. Bhd.	Malaysia	Property development	30	30
(q) Associated company of Sunway Travel Sdn. Bhd.				
# OSC First Holidays Co. Ltd. of Vietnam	Socialist Republic	Tour and tour agent	20	20
# Subsidiary and associated companies not audited by Ernst & Young				
* Subsidiary company audited by another member firm of Ernst & Young Global				
(r) Associated companies of Sunway City Berhad				
# Menara Sunway Sdn. Bhd.	Malaysia	Management and letting of property	49	49
Sistem Penyuraian Trafik Kotaraya Sdn. Bhd.	Malaysia	Dormant	50	50
Aktif-Sunway Sdn. Bhd.	Malaysia	Retailer	20	20

Notes To The Financial Statements

31 December 2002 (Cont'd)

44. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Details of the subsidiary and associated companies are listed below:-

Name of Companies	Country of Incorporation	Principal Activities	Equity Interest Held	
			2002	2001
(s) Associated companies of Sunway Lagoon Sdn. Bhd.				
Sunway Sayang Restaurant Sdn. Bhd.	Malaysia	Dormant	50	50
Shochiku Sunway Lagoon Sdn. Bhd.	Malaysia	Dormant	50	50
# Pyramid Bowl Sdn. Bhd.	Malaysia	Bowling alley operator	40	40
(t) Associated company of Pembinaan Objektif (M) Sdn. Bhd.				
# Sunway City Harare (Private) Ltd.	Zimbabwe	Property development	3	49
# Associated company not audited by Ernst & Young.				

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Completed Events

(i) Asset-backed Securitisation Exercise

On 30 October 2002, the Group and its associated company, Menara Sunway Sdn. Bhd., completed the disposal of six (6) properties including the plant and machinery together with its lease rights, and redeemable preference shares ("properties and shares") to ABS Real Estate Berhad ("AREB"), a special purpose vehicle, and taking of operating leases by the Company from AREB and granting of subleases by the Company to the relevant subsidiary companies and an associated company under an asset-backed securitisation exercise ("ABS exercise").

Details of the transactions are as disclosed in Note 10 to the financial statements.



Notes To The Financial Statements

31 December 2002 (Cont'd)

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

(a) Completed Events (Cont'd)

(ii) CP/MTN Programme

On 4 December 2002, the Company entered into a RM250 million Commercial Papers ("CPs") / Medium Term Notes Programme ("MTNs") (collectively, the "Notes"). The tenure of the Notes Programme will be for a period of seven (7) years from the date of the first issuance of the Notes. The Company may issue CPs with tenors of one (1), two (2), three (3), six (6), nine (9) months or such other period not exceeding three hundred and sixty five (365) days and MTNs with tenors of between twelve (12) months and eighty four (84) months provided that such Notes shall not mature beyond the tenure of the Notes Programme. The Notes may be issued at par or at a discount to or premium over par. In the case of where MTNs are issued on an interest-bearing basis, such MTNs will have attached to them the Coupons. The Coupons are payable monthly, quarterly, semi-annually or annually in arrears. The Coupons may (but need not) be detached and traded independently of the MTNs.

The Notes and the Coupons constitutes direct, unconditional, unsecured and unsubordinated obligations of the Company. The Notes will rank at least equally and rateably on all respects to all other unsecured and unsubordinated obligations of the Company except liabilities which are preferred by mandatory provisions of law.

A Note and a Coupon which is redeemed and paid in full shall be cancelled and may not be reissued or resold.

The issue of the Notes was approved by the Securities Commission on 18 July 2002.

As at 31 December 2002, the Group and the Company has in issue commercial papers with nominal value of approximately RM80,000,000. Subsequent to the financial year end, the Group and the Company further issued 3-year medium term notes at a nominal value of RM100 million.

(b) Event Pending Completion

Proposed New ESOS

On 3 December 2002, the Company proposed the termination of the existing employees' share option scheme ("Existing ESOS") which is scheduled to expire on 22 December 2004 ("Proposed Termination") and the proposed establishment of a new ESOS ("Proposed New ESOS") to replace the existing ESOS subject to the successful termination of the Existing ESOS. Pursuant to the Proposed Termination, the Company proposes to establish a new ESOS that reflects the Revised Guidelines for the benefit of eligible Executive Directors and employees of the Group and Company based on the prevailing market price of the Company's ordinary shares of RM1 each. The Proposed New ESOS will be implemented after the Proposed Termination. The principal features of the Proposed New ESOS are as follows:

- (i) The total number of new shares to be offered pursuant to the Proposed New ESOS shall not exceed 10% of the issued and paid-up share capital of the Company (or such other higher percentage as may be permitted by the relevant regulatory authorities, from time to time) at the time of the offer of options under the Proposed New ESOS.
- (ii) Only eligible Executive Directors and employees of the Company and Group will be eligible to participate in the Proposed New ESOS.

Notes To The Financial Statements

31 December 2002 (Cont'd)

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

(b) Event Pending Completion (Cont'd)

Proposed New ESOS (Cont'd)

- (iii) The price payable upon exercise of an option granted under the Proposed New ESOS will be based on the five-day weighted average market price of the Company's shares at the time the offer is granted with a discount of not more than 10% if deemed appropriate or the par value of the Company's shares, whichever is higher.
- (iv) The duration of the Proposed New ESOS will be ten (10) years from the date of its commencement.

The Proposed Termination will not have any financial impact on the Group and the Proposed New ESOS is not expected to have any immediate effect on the earnings of the Group. The Proposals are subject to the approvals of the relevant authorities.

46. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) Completed Event

Conversion of 108 million 6.6% Cumulative Convertible Preference Shares into 60 million new ordinary shares of RM1 each

On 24 February 2003, the Company increased its issued and paid-up ordinary share capital from RM340,199,000 to RM400,199,000 by way of the issuance of 60 million new ordinary shares of RM1 each to the Government of Singapore Investment Corporation Pte Ltd pursuant to the conversion of 108 million 6.6% Cumulative Convertible Preference Shares into new ordinary shares of RM1 each at a conversion price of RM1.80.

The diluted earnings per share of the Group taking into account the conversion of preference shares is equivalent to the diluted earnings per share as disclosed in Note 38(b) to the financial statements.

(b) Event Pending Completion

Proposed acquisition of additional equity interest in Menara Sunway Sdn Bhd

On 28 January 2003, the Company entered into a conditional sale and purchase agreement with Sunway Holdings Incorporated Berhad ("Suninc"), a related party by virtue of Tan Sri Dato' Seri Dr. Cheah Fook Ling's common directorship and interests in Suninc and the Company, for the proposed acquisition of 17,075,100 ordinary shares of RM1 each representing the remaining 51% equity interest, for which the Company have not already owned, in Menara Sunway Sdn Bhd from Suninc for a cash consideration of RM27,216,000, subject to adjustments. The proposed acquisition has been approved by the Foreign Investment Committee on 24 March 2003 and is subject to shareholders' approval.

Notes To The Financial Statements

31 December 2002 (Cont'd)

47. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts. The Group had no substantial long-term interest-bearing assets as at 31 December 2002 except for the Other Non-Current Investments which bear interest at a fixed rate. The investments in other financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits and in current accounts. The deposits with licensed banks as at 31 December 2002, which comprise deposits on call, bear interests at 2.71% to 4% per annum.

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against interest rate hikes.

The information on effective interest rates of financial liabilities are disclosed in their respective notes in the financial statements.

The carrying amounts of financial instruments as at 31 December 2002 exposed to interest rate risks are analysed as follows:

	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
Group				
Financial Assets				
Other non-current investments	392,840	0	0	392,840
Deposits with licensed banks	73,393	73,393	0	0
Cash and bank balances	112,858	112,858	0	0
Financial Liabilities				
Trade payables	12,180	12,180	0	0
Amounts due to contractors and consultants	141,243	69,243	72,000	0
Preference shares issued by a subsidiary company	227,658	32,452	131,495	63,711
Overdrafts	6,160	6,160	0	0
Commercial papers	79,367	79,367	0	0
Trade bills	4,933	4,933	0	0
Revolving credits	173,900	173,900	0	0
Term loans	121,523	121,523	0	0



Notes To The Financial Statements

31 December 2002 (Cont'd)

47. FINANCIAL INSTRUMENTS (Cont'd)

(b) Interest Rate Risk (Cont'd)

	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
Company				
Financial Assets				
Cash and bank balances	13,187	13,187	0	0
Financial Liabilities				
Trade payables	10,193	10,193	0	0
Amounts due to contractors and consultants	25,294	0	25,294	0
Overdraft	654	654	0	0
Commercial papers	79,367	79,367	0	0
Revolving credits	173,900	173,900	0	0
Term loans	49,600	49,600	0	0

(c) Foreign Exchange Risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign exchange risks arising from countries in which certain foreign subsidiary companies operate. The currencies giving rise to this risk are primarily Australian Dollar and United States Dollar.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Notes To The Financial Statements

31 December 2002 (Cont'd)

47. FINANCIAL INSTRUMENTS (Cont'd)

(e) Credit Risk

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

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

(f) Fair Values

The aggregate fair values of financial assets and financial liabilities carried on the balance sheet of the Group as at 31 December 2002 are as follows:

	Group Carrying Amount RM'000	Fair Value RM'000
Financial Assets		
Other Non-Current Investments - Subordinated Class D Notes	392,840	392,840
Financial Liabilities		
Refundable deposits - long term portion	7,941	6,640
Other long term liabilities	8,500	7,657

The fair value of the Subordinated Class D Notes has been determined by the fair value of the assets held by ABS Real Estate Berhad less the principal amount of the Senior Notes in connection with the ABS exercise as disclosed in Note 10 to the financial statements.

The fair values of refundable deposits and other long term liabilities are estimated using discounted cash flow analysis based on current incremental lending rates offered to the Group.

The carrying value of the Group and Company's borrowings, all of which are variable rate borrowings, is considered to be a reasonable estimate of the fair value as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.



Notes To The Financial Statements

31 December 2002 (Cont'd)

47. FINANCIAL INSTRUMENTS (Cont'd)

(f) Fair Values (Cont'd)

It is not practicable to determine the fair values of:

- (i) amounts due to/from subsidiary and associated companies, advances from minority shareholders and amount due to contractors due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group and the Company do 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.
- (ii) preference shares issued by a subsidiary company because of lack of available market information in respect of similar financing arrangement and the inability to estimate fair value without incurring excessive costs.

The fair values of all other financial assets and liabilities of the Group and the Company as at 31 December 2002 are not materially different from their carrying values.

48. SEGMENT INFORMATION

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(a) Business Segment

The Group is organised on a worldwide basis into five major business segments:

- (i) Property development - the development of residential and commercial properties;
- (ii) Property investment - management and operation of shopping mall and letting of property;
- (iii) Leisure - operation of themeparks and rendering recreational club facilities and travel agent;
- (iv) Hospitality - management and operations of hotels; and
- (v) Healthcare - management and operation of a medical centre.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Notes To The Financial Statements

31 December 2002 (Cont'd)

48. SEGMENT INFORMATION (Cont'd)

(a) Business Segment (Cont'd)

	Property Development		Property Investment		Leisure		Hospitality		Healthcare		Eliminations		Consolidated	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue														
External sales	321,667	272,163	81,402	75,438	111,789	109,770	99,270	93,524	45,300	36,624	0	0	659,428	587,519
Inter-segment sales	502	623	8,407	1,437	0	0	2,461	2,316	109	95	(11,479)	(4,471)	0	0
Total revenue	322,169	272,786	89,809	76,875	111,789	109,770	101,731	95,840	45,409	36,719	(11,479)	(4,471)	659,428	587,519
Results														
Operating segment results	102,001	60,860	41,461	39,597	(12,466)	(11,100)	14,275	5,264	(1,159)	(315)	(1,733)	(840)	142,379	93,466
Finance costs													(52,391)	(56,998)
Share of results of associated companies	(1)	0	23,576	(116)	(1,031)	(348)	0	0	0	0	0	0	22,544	(464)
Results arising from other investing activities	48	45	95,992	(44)	(34,570)	(1,175)	(17,458)	30	0	0	0	0	44,012	(1,144)
Taxation													(21,383)	(22,392)
Profit after taxation													135,161	12,468
Minority interests													(13,673)	(6,186)
Net profit for the year													121,488	6,282

Notes To The Financial Statements

31 December 2002 (Cont'd)

48. SEGMENT INFORMATION (Cont'd)

(a) Business Segment (Cont'd)

	Property Development		Property Investment		Leisure		Hospitality		Healthcare		Eliminations		Consolidated	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS AND LIABILITIES														
Segment assets	751,122	697,289	724,305	661,488	154,050	247,691	380,014	493,516	77,824	78,737	(55,707)	(60,513)	2,031,608	2,118,208
Investment in associated company	475	476	33,499	8,076	1,486	3,227	0	0	0	0	0	0	35,460	11,779
Unallocated corporate assets													7,702	4,455
Consolidated total assets													<u>2,074,770</u>	<u>2,134,442</u>
Segment liabilities	198,455	166,147	80,701	87,637	59,972	95,241	54,324	67,913	37,812	11,722	(124,872)	(140,141)	306,392	288,519
Unallocated corporate liabilities													810,434	900,163
Consolidated total liabilities													<u>1,116,826</u>	<u>1,188,682</u>
OTHER INFORMATION														
Capital expenditure	3,200	1,561	8,677	19,408	8,873	2,985	22,549	6,538	2,800	7,830			46,099	38,322
Amortisation/write off of goodwill	0	92	456	456	0	0	753	0	99	152			1,308	700
Depreciation	496	273	12,752	13,635	16,794	17,819	12,564	15,093	7,058	6,657			49,664	53,477
Impairment losses	0	0	17,807	0	56,117	0	0	0	0	0			73,924	0
Non-cash expenses other than impairment and impairment losses	11,332	563	326	3	954	2,452	1,734	352	1,013	379			15,359	3,749

Notes To The Financial Statements

31 December 2002 (Cont'd)

48. SEGMENT INFORMATION (Cont'd)

(b) Geographical Segments:

Revenue is attributed to geographic areas based on the location of the assets producing the revenue:

	Malaysia		Asia (excluding Malaysia)		Australia		Consolidated	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Total revenue from external customers	545,287	517,856	11,076	10,711	103,065	58,952	659,428	587,519
Operating segment results	113,858	105,741	145	1,263	28,376	(13,538)	142,379	93,466
Segment assets	1,878,272	1,970,992	45,135	46,694	108,201	100,522	2,031,608	2,118,208
Capital expenditure	44,485	37,105	957	60	657	1,157	46,099	38,322

Notes To The Financial Statements

31 December 2002 (Cont'd)

49. COMPARATIVES

	Note	Group As restated RM'000	Group As previously reported RM'000	Company As restated RM'000	Company As previously reported RM'000
Balance Sheets					
Property, plant and equipment	(a)	932,703	945,296	48,589	48,589
Land held for development	(a)	364,525	347,950	4,566	0
Deferred income tax asset	(b)	2,704	2,387	0	0
Properties under development	(a)	181,685	185,667	17,063	21,629
Other receivables	(c)	19,850	25,619	7,525	11,541
Taxation recoverable	(c)	1,751	0	0	0
Provision for liabilities	(c)	1,678	0	0	0
Trade payables	(c)	74,109	75,787	23,860	23,860
Taxation	(c)	12,784	16,800	2,006	6,022
Reserves	(b)	45,045	54,694	184,173	184,173
Minority interests	(b)	342,153	351,252	0	0
Deferred tax liability	(b)	21,476	2,411	2,406	2,406
Income Statements					
Other operating income	(c)	22,380	22,543	19,565	19,609
Administration expenses	(c)	(102,116)	(103,329)	(7,507)	(7,507)
Profit from operations	(c)	93,466	92,322	28,307	28,351
Results arising from other investing activities	(c)	(1,144)	0	44	0
Taxation	(b)	(22,392)	(16,306)	(4,534)	(4,534)
Minority interests	(b)	(6,186)	(9,081)	0	0
Basic earnings/(loss) per ordinary share (sen)	(b)	(0.25)	0.69	0	0
Statements of Changes in Equity					
Retained profit					
- as at 1 January 2001	(b)	19,230	25,688	183,109	183,109
- as at 31 December 2001	(b)	17,644	27,293	184,173	184,173

Notes To The Financial Statements

31 December 2002 (Cont'd)

49. COMPARATIVES (Cont')

	Note	Group As restated RM'000	As previously reported RM'000	Company As restated RM'000	As previously reported RM'000
Notes to the Balance Sheets					
Property, plant and equipment	(a)				
- Freehold land		3,617	13,460	0	0
- Capital work-in progress		30,280	33,030	0	0
Land held for development	(a)				
- Freehold land		140,657	124,374	0	0
- Long term leasehold land		145,978	144,466	2,544	0
- Development expenditure		77,890	79,110	2,022	0
Properties under development	(a)				
- Freehold land		79,936	78,859	0	0
- Long term leasehold land		158,325	132,934	79	72
- Development expenditure		509,487	539,937	88,203	92,776
Other receivables	(c)	18,132	19,883	8,948	8,948

The above comparative figures were restated to:-

- reflect the appropriate classification between property, plant and equipment, land held for development and properties under development in accordance with the Group and Company's accounting policy.
- reflect the change in accounting policy as explained in Note 36 to the financial statements.
- conform with current year's presentation.

The presentation and classification of items in the Segment Information (Note 48) of the previous financial year have been changed to comply with the requirements of MASB 22, Segment Reporting.

Comparatives are not disclosed for certain information relating to provision for liabilities and financial instruments as permitted by MASB 20 - Provisions, Contingent Liabilities and Contingent Assets and MASB 24 - Financial Instruments: Disclosure and Presentation respectively upon first application.