

ANNUAL REPORT **2003**







## Concept Rationale

### EMPHASISING THE HUMAN TOUCH

The human touch is always foremost in our hearts at NV Multi Corporation Berhad. Never forgetting that it is people whom we serve, we reach out with a human emphasis that is deeply comforting. This caring attitude is cultivated throughout the Company and has come to represent its personality. It is also a reflection of the respect and affection that the young have for the elderly.

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## 5-Star Nirvana Memorial Centre

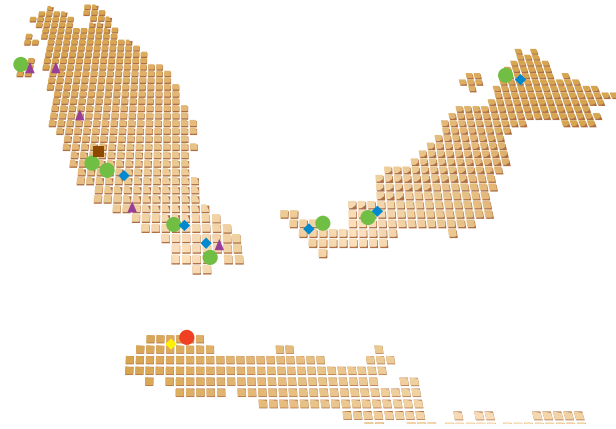
Asia's most modern and exquisitely-appointed bereavement care center. Furnished for the comfort and every need of families in their time of bereavement.

- Grand Lobby
- Individual memorial halls for Buddhists, Taoists and Christians
- Air-conditioned restaurant
- Elegant and exquisite showroom of bereavement care items
- Comfy resting rooms for those attending overnight wake services





# Principal Offices



## CORPORATE OFFICE

Penthouse, Menara AA,  
247 Jalan Tun Razak  
50400 Kuala Lumpur  
Tel No. : 03-2144 6699  
Fax No. : 03-2148 0077  
Website: [www.nvmc.com.my](http://www.nvmc.com.my)

## MALAYSIA

### OFFICE ADDRESSES

**NIRVANA MEMORIAL CENTRE, SUNGAI BESI**  
No 1, Jalan 1/116A  
Off Jalan Sg Besi  
57100 Kuala Lumpur  
Tel No. : 03-7981 8899  
Fax No. : 03-7980 9981 / 7980 9931

**PETALING JAYA OFFICE**  
Jalan 229 Section 51A  
Petaling Jaya,  
46100 Selangor  
Tel No. : 03-7876 0744  
Fax No. : 03-7874 9313

**JOHOR BAHRU OFFICE**  
2nd Floor, Wisma K.K.Kam  
99, Jalan Kemuning  
(Off Jalan Kebun Teh)  
80250 Johor Bahru, Johor  
Tel No. : 07-333 9322  
Fax No. : 07-331 9322

**SEGAMAT OFFICE**  
No. 262, Jalan Syed Abdul Kadir  
Kg. Abdullah,  
85000 Segamat, Johor  
Tel No. : 07-932 2339  
Fax No. : 07-932 2389

**SIBU OFFICE**  
No. 48, Lane 1, Lanang Road  
96000 Sibu, Sarawak  
Tel No. : 084-322 111  
Fax No. : 082-323 111

**KUCHING OFFICE**  
No. 6, Jalan Petanak  
93100 Kuching,  
Sarawak  
Tel No. : 082-242 668  
Fax No. : 082-247 188

**KOTA KINABALU OFFICE**  
Lot 16, Taman Victory  
4th Mile, Jalan Penampang  
88300 Kota Kinabalu, Sabah  
Tel No. : 088-727 666  
Fax No. : 088-729 179

**PENANG OFFICE**  
Ground, 1st & 2nd Floor  
Wisma BDC, 43, Rangoon Road  
10400 Penang  
Tel No. : 04-227 6699  
Fax No. : 04-229 9887

### SITE ADDRESSES

**NIRVANA MEMORIAL PARK, KAJANG**  
Batu 6, Jalan Kachau,  
Semenyih  
43500 Selangor Darul Ehsan  
Tel No. : 03-8723 0598/99  
Fax No. : 03-8723 6589

**NIRVANA MEMORIAL PARK, KULAI**  
Lots 766 & 767  
Jalan Kota Tinggi (5km)  
81900 Kulai, Johor  
Tel No. : 07-662 1188/99  
Fax No. : 07-662 1000

**NIRVANA MEMORIAL PARK, SEGAMAT**  
Lots 3870-3888 C.T. 13662-13680  
Lot 681 C.T. Grant 19351  
Jementah, Segamat,  
Johor

**NIRVANA MEMORIAL PARK, SIBU**  
Sublot 1605, Mile 23  
Jalan Oya  
96000 Sibu  
Sarawak

**NIRVANA MEMORIAL PARK, KUCHING**  
Bau O.T. 3776 & 1856  
Jalan Bau-Kuching  
Senggi-Poak Land District  
Bau, Sarawak  
Tel No. : 082-699 580  
Fax No. : 082-699 581

**NIRVANA MEMORIAL PARK, KOTA KINABALU**  
Mile 15th, Jalan Bukit Giling  
Off Jalan Tuaran District  
Sabah  
Tel No. : 019-861 9081

## INDONESIA

### OFFICE ADDRESS

**JAKARTA OFFICE**  
Pusat Niaga Roxy Mas  
Block D3/34-35  
Jl. K. H. Hasyim Ashari  
Jakarta Pusat 10150  
Tel No. : 006221-633 2227  
Fax No. : 006221-6385 6666

### BEREAVEMENT CARE SALES AND SERVICE CENTRES

**BUTTERWORTH OFFICE**  
103 & 109 Jalan Gan Chai Leng  
Chai Leng Park  
13700 Prai  
Penang  
Tel No. : 04-390 1699  
Fax No. : 04-390 8699

**MELAKA OFFICE**  
3 Jalan Masjid  
75200 Melaka  
Tel No. : 06-288 2223  
Fax No. : 06-288 2224

**PENANG OFFICE**  
No. 96 Cintra Street  
10100 Penang  
Tel No. : 04-261 9699  
Fax No. : 04-261 1070

**IPOH OFFICE**  
288-290 Ground Floor  
Jalan Chung Ah Ming  
31650 Ipoh  
Perak  
Tel No. : 05-321 6577

**JOHOR BAHRU OFFICE**  
No. 33A Jalan Badik  
Taman Sri Tebrau  
80050 Johor Bahru  
Tel No. : 07-332 2399  
Fax No. : 07-332 2399

### SITE ADDRESS

**TAMAN KENANGAN LESTARI, KARAWANG BARAT**  
Desa Margakaya  
Kecamatan Telukjambe  
Kebupaten karawang  
Jakarta

# Corporate Information

## BOARD OF DIRECTORS

Jen (B) Tan Sri Yaacob bin Mat Zain	Chairman
Dato' Dr Kong Hon Kong	Managing Director
Yap Kim Swee	Executive Director
Lee Ah Kong	Executive Director
Chua Chong Kee	Executive Director
Mohamed Taib bin Mahmood	Director

## AUDIT COMMITTEE

Jen (B) Tan Sri Yaacob bin Mat Zain	Chairman
Mohamed Taib bin Mahmood	
Yap Kim Swee (MIA 1508)	

## CORPORATE INFORMATION

### COMPANY SECRETARY

Chen Huey Jiuon (MAICSA 7005590)

### REGISTERED OFFICE & BUSINESS ADDRESS

Penthouse, Menara AA  
247 Jalan Tun Razak  
50400 Kuala Lumpur  
Tel. No. : 03-2144 6699  
Fax No. : 03-2148 0077

### LISTING

Bursa Malaysia Securities Berhad  
Main Board

### WEBSITE

[www.nvmc.com.my](http://www.nvmc.com.my)

### EMAIL ADDRESS

[nvmulti@nvmc.com.my](mailto:nvmulti@nvmc.com.my)

## SHARE REGISTRAR

PFA Registration Services Sdn Bhd  
Level 13, Uptown 1  
No. 1, Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-7725 4888  
Fax : 03-7722 2311

## AUDITORS

HALS & Associates  
Public Accountants  
Suite 1602, 16th Floor  
Wisma Lim Foo Yong  
86, Jalan Raja Chulan  
50200 Kuala Lumpur

## PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad  
DBS Bank Ltd.  
EON Bank Berhad  
RHB Bank Berhad

## Directors' Profile

### JEN (B) TAN SRI YAACOB BIN MAT ZAIN

*Chairman  
(Independent Non-Executive Director)*

Aged 69, Malaysian - Yg Bhg Jen (B) Tan Sri Yaacob bin Mat Zain was re-appointed as Chairman of NV Multi on 28 April 2000. He was previously Chairman of NV Multi during the period from 20 June 1995 to 1 May 1998. He is also the Chairman of Audit, Remuneration and Nomination Committee of the Company.

He obtained his education at the Australian Army General Command and Staff College, the Naval Post Graduate School in Monterey, United States of America, the Royal College of Defence Studies in United Kingdom and Advance Management Programme in Harvard Business School.

He has accumulated 40 years of service in Angkatan Tentera Malaysia before retiring in 1993 as a Panglima Angkatan Tentera Malaysia.

He also holds directorships in several private companies.

His directorships in other public companies are as follows:-

- Chairman and director of Affin Merchant Bank Berhad.
- Chairman and director of Juta Jaya Berhad.
- Chairman and director of Syarikat Permodalan Kebangsaan Berhad.
- Chairman and director of SPK Sentosa Bhd.
- Chairman and director of Mah Sing Group Berhad.
- Chairman and director of FTEC Resources Berhad
- Board member of Rating Agency Malaysia Berhad.

### DATO' DR KONG HON KONG

*Managing Director  
(Non-Independent Executive Director)*

Aged 50, Malaysian - Yg Bhg Dato' Dr Kong Hon Kong was appointed as Director of NV Multi on 15 May 1995 and he was designated as Managing Director on 1 June 2000. He is the founder of the Group. He was conferred a Doctorate of Philosophy (Honoris Causa) in Business Administration from the University of Honolulu on 21 September 1999. He is also a member of the Remuneration and Executive Committee of the Company.

He is the driving force behind the Group's development, growth and expansion. His business acumen, foresight and determination has made the Group the leader in the bereavement care industry in Malaysia.

His other activities in advancing communal interests are as follows:-

- Honorary Advisor of The Federation of Chinese Association Malaysia.
- Honorary Advisor of Young Entrepreneurs' Association of Malaysia
- Honorary Advisor of The Dramatic Art Society.
- Honorary Advisor of Malaysia Xiamen University Faculty of Chinese Medical College.
- Honorary Advisor of Pertubuhan Confucius Chung De
- Honorary Advisor of MCA, Lipis Division.
- Honorary President of Young Malaysian Movement.
- Honorary President of Seri Setia Old Folks Home, Sungei Way, Selangor Darul Ehsan.
- Honorary Chairman of The Federation of Chinese Association Malaysia-Nirvana Scholarship Fund Malaysia.
- Advisor of Sin Chew Foundation.
- Advisor of Persekutuan Xiang Qi Malaysia.
- Deputy President of the Federation of Table Tennis Associations of Malaysia.
- A Director of Chinese Maternity Association.

He also holds directorships in several private companies.

His direct and indirect shareholding are set out on page 79.

## Directors' Profile (Cont'd)

### YAP KIM SWEE

*Executive Director  
(Non-Independent Executive Director)*

Aged 56, Malaysian - Mr. Yap Kim Swee was appointed to the Board of Directors of NV Multi as Executive Director on 2 January 2003. He is also a member of Audit and Executive Committee of the Company.

He is a qualified accountant and a member of the Malaysia Institute of Accountants, a fellow member of the Association of Chartered Certified Accountant, United Kingdom and a member of the Malaysia Institute of Certified Public Accountants. He has more than 30 years experience in public practice and was a partner in an international accounting firm.

He is also a director of Equine Capital Berhad.

### LEE AH KONG

*Executive Director  
(Non-Independent Executive Director)*

Aged 57, Malaysian - Mr. Lee Ah Kong was appointed to the Board of Directors of NV Multi as Executive Director on 18 June 2001. He is also a member of the Executive Committee of the Company.

He qualified as a barrister from Lincoln's Inn, London in 1968 and practiced as an advocate and solicitor from 1969 to 1997 with vast experience in litigation and conveyance.

From 1985 to 1994, he was a director of Nirvana Memorial Park Sdn Bhd which is the subsidiary of the Company. Prior to his appointment, he was the Group Legal Advisor of the Company since 1996.

He also holds directorships in several private companies.

His direct and indirect shareholdings are set out on page 79.

Notes:

1. Save as disclosed above, none of the Directors have:
  - a. any family relationship with any Directors and/or Substantial Shareholders of the Company; and
  - b. any conflict of interest with the Company.
2. None of the Directors have any conviction for offences within the past 10 years.

### CHUA CHONG KEE

*Executive Director  
(Non-Independent Executive Director)*

Aged 47, Malaysian - Mr. Chua Chong Kee, was appointed to the Board of Director of NV Multi as Executive Director on 7 April 1995.

He is a graduate from Universiti Sains Malaysia with an Honours Degree in Bachelor of Science (Computer) in 1986.

He has vast experience in Information Techonology, having worked with few organizations including Dinners Club (M) Sdn Bhd prior to joining NV Multi. Currently, he is also the director in several private companies.

### MOHAMED TAIB BIN MAHMOOD

*Director  
(Independent Non-executive Director)*

Aged 58, Malaysian – Encik Mohamed Taib bin Mahmood was appointed to the Board of Directors of NV Multi as Director on 3 April 2003. He is also a member of Audit, Remuneration and Nomination Committee of the Company.

He obtained his education in Masscom Advance Course, Designing and Staging from Westham College of London in 1972.

From 1977 to 2001, he was a director of a public company and few private companies which include Ayer Molek Berhad, Amtec Solution Sdn Bhd, Federal Development Organization Sdn Bhd, and SMAS group of companies. Prior to that, he was the Head of Design & Staging in the Ministry of Information Broadcasting for 5 years.

He also holds a directorship in a private company.

# Corporate Governance Statement

The Board of Directors of NV Multi Corporation Berhad ("the Company") is pleased to present to the shareholders a report on the manner in which the Company has applied the principles and the extent of compliance with the best of Corporate Governance as contained in the Malaysia Code on Corporate Governance ("the Code") to enhance business prosperity and maximize shareholders' value. The Board has continued to take appropriate steps to further improve the best practices by adhering to the recommendations set out in Parts 1 and 2 of the Code.

## BOARDS OF DIRECTORS

### The Board

The Board is responsible for the overall strategic direction of the Group and retains full and effective control of the Group's operations and affairs so as to ensure that the Group is managed with integrity, transparency and accountability. It reviews and approves key strategies, major investment, major funding decisions, financial performance and oversees the establishment of a risk management and internal control system. In addition, the Board also has in place a capable and experienced management team to oversee the day-to-day operations of the Group.

The Board meets on a scheduled basis at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. During the financial year ended 31 December 2003, five (5) Board meetings were held. Details of attendance at the board meetings held during the financial year under review are as follows:-

<u>Director</u>	<u>Number of meetings attended</u>
Jen (B) Tan Sri Yaacob bin Mat Zain	5/5 (100%)
Dato' Dr Kong Hon Kong	5/5 (100%)
Yap Kim Swee	5/5 (100%)
Lee Ah Kong	5/5 (100%)
Chua Chong Kee	5/5 (100%)
Mohamed Taib Bin Mahmood (appointed on 3 April 2003)	4/5 (100%)
Khairol Nizam Bin Hamran (resigned on 16 September 2003)	4/5 (100%)

The Board delegated certain responsibilities to the Board committees, all of which have written terms of reference to govern their responsibilities and to report and make recommendation to the Board. These sub-committees, namely Audit Committee, Executive Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Tender Committee, are established to assist the Board in managing the Group's businesses.

### Board balance

The Board currently comprises six (6) members, of whom two (2) are independent non-executive Directors, which is according to the one-third requirement for independent Directors to be on the Board. Members of the Board comprise professionals and entrepreneurs with extensive business and management experience and expertise. A brief profile of each Director is presented on pages 6 to 7 of this Annual Report.

The Board is of the opinion that the current size of the Board is appropriate and effective. The Board will continue to review the size of the Board on an ongoing basis.

## Corporate Governance Statement (Cont'd)

### Board balance (Cont'd)

The role of the Chairman, Chief Executive Officer and each member are distinct and separated with responsibilities clearly drawn out to ensure a balance of power and authority.

All the non-executive directors are independent of Management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

Yg Bhg Jen (B) Tan Sri Yaacob bin Mat Zain acts as the senior Independent Non-Executive Director of the Board to whom any concerns may be conveyed.

### Supply of information

The Directors have access to all information within the Group and duty to make further enquiries whenever deemed necessary in furtherance of their duties. All Directors are supplied with information in a timely manner. Prior to the meetings of the Board and the Board Committees, Board papers which include the agenda and reports relevant to the issues of the meeting covering the areas of strategic, financial, operational and regulatory compliance matters, were circulated to all the Directors. This is to ensure sufficient time given to the Directors to obtain further explanations, where necessary, before the meetings.

In addition to the Board papers, the Board is notified of any corporate announcements released to the public through Bursa Malaysia Securities Berhad and is also kept informed of the requirements and updates issue by the various regulatory authorities.

In the furtherance of their duties, Directors have access to all information within the Group and to the advice and services of the officers of the Company, Company Secretary and can call on or procure all necessary external professional advice at the Company's expense, if necessary according to the procedure set prior to obtaining the said advice.

### Appointment to the Board

The Nomination Committee comprised the following members during the year:-

- Jen (B) Tan Sri Yaacob bin Mat Zain (Chairman, Independent Non-Executive Director)
- Mohamed Taib Bin Mahmood (Independent Non-Executive Director) (appointed on 16 September 2003)
- Dato' Dr Kong Hon Kong (Managing Director, Executive Director)
- Khairul Nizam bin Hamran (Independent Non-Executive Director) (resigned on 16 September 2003)

The Nomination Committee is responsible for making any recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the mix of skills and experience which the Directors brings to the Board.

The Nomination Committee has met twice during the financial year with full attendance.

### Re-Election of Directors

An election of Directors takes place each year, where one-third of the Directors shall retire from office by rotation at every annual general meeting and shall be eligible for re-election in accordance to the provision of Company's Articles of Association. The Directors required to retire are those who have been longest in office since their last election.

## Corporate Governance Statement (Cont'd)

### BOARDS OF DIRECTORS (Cont'd)

#### Directors' Training

There is no formal training programme for Directors. All Directors have, however, attended and successfully completed the Mandatory Accreditation Programme. The Directors will continue to undergo other relevant training programmes and seminars to further enhance their skills and knowledge where relevant.

#### DIRECTORS' REMUNERATION

The Remuneration Committee comprised the following members during the year:-

- Jen (B) Tan Sri Yaacob bin Mat Zain (Chairman, Independent Non-Executive Director)
- Mohamed Taib Bin Mahmood (Independent Non-Executive Director) (appointed on 16 September 2003)
- Khairul Nizam bin Hamran (Independent Non-Executive Director) (resigned on 16 September 2003)

The principal role of Remuneration Committee as set out in its written terms of reference is to review and recommend to the Board an appropriate and competitive framework of remuneration for the Board. The remuneration package comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes bonuses), taking into account amongst other factors, the individual's performance, performance of the Group, the remuneration policies and industry practices.

The Committee met once during the financial year 2003 with full attendance.

The aggregate remuneration of Directors of the Company (inclusive of the Director's Fee paid to a Non-Executive Director who had resigned during the year) for the financial year ended 31 December 2003 categorize into appropriate components are as follows:-

	Salaries	Directors' Fees	Bonuses	Benefit-in kind	Other emoluments/ allowances
	RM	RM	RM	RM	RM
Executive Directors	832,200	153,186	69,350	57,586	36,000
Non-Executive Directors	-	61,867	-	-	-
Total	832,200	215,053	69,350	57,586	36,000

## Corporate Governance Statement (Cont'd)

### DIRECTORS' REMUNERATION (Cont'd)

The number of Directors of the Company (inclusive of the Director's Fee paid to a Non-Executive Director who had resigned during the year) whose total remuneration fall within the following bands for the financial year ended 31 December 2003 are as follows:-

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
50,000 and below		3	3
50,001 – 100,000	1		1
100,001 – 200,000	1		1
200,001 – 250,000	1		1
600,001 – 700,000	1		1
Total	4	3	7

### RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognizes the important of establishing a direct line of communication with its shareholders and investors through timely dissemination of information on the Group's performance and major developments via appropriate channels of communication.

Information is communicated to shareholders through annual reports, circular, quarterly results, press releases, newsletters and any announcements on material corporate exercises.

The Company's Annual General Meeting ("AGM") provides an opportunity for direct interaction with shareholders to raise any questions to the Directors both formally and informally pertaining to the Group's activities.

Notice of AGM together with the Group's annual report is sent to the shareholder on a timely basis. Items of special business included in the notice of the meeting are to be accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved. The AGM is the principal forum for dialogue with shareholders.

Investor Relations activities such as meetings with fund managers and analysts and interviews by the press are attended by the Managing Director and/or key management personnel to explain the Group's strategy, performance and major developments.

The Company maintain a corporate website at [www.nvmc.com.my](http://www.nvmc.com.my), from which the shareholders and investors can access for information.

## Corporate Governance Statement (Cont'd)

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board takes responsibility for presenting a balanced and meaningful assessment of the Group's operations and prospect each time it releases its quarterly and annual financial results.

#### Internal Control

The statement on Internal Control furnished on pages 13 to 14 of this Annual Report provides an overview of the state of controls within the Group.

#### Relationship with external Auditors

An appropriate relationship is maintained with the Group's Auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both External and Internal Auditors.

#### Audit Committee

An Audit Committee report and its terms of reference is set out on pages 15 to 17 of this Annual Report.

### STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Directors are to ensure the financial statements of the Company give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting year and of the results of its operations and cash flows for the year ended on that date.

The Directors are responsible for ensuring that the financial statements of the Company are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provision of the Companies Act, 1965.

In preparing the financial statements, the Directors have:-

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent;
- ensured that proper accounting and other records are kept so as to enable the preparation of the financial statements with reasonable accuracy; and
- prepared financial statements on a going concern basis.

The Directors also have the general responsibilities for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

# Statement of Internal Control

The Board of Directors recognizes the important of maintaining a sound system of internal control of the Group to safeguard the interest of the shareholders and the Group's assets and is pleased to provide the following statement of Internal Control outlines the nature and scope of internal control of the Group during the financial year pursuant to paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad Listing Requirements.

## INTERNAL CONTROL

The Board through its Audit Committee affirms its overall responsibilities for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Such a system however can only provide reasonable but not absolute assurance against material misstatements or loss or fraud as it is designed to manage rather to eliminate the risk of failure to achieve corporate objectives.

The system of internal control covers risk management, financial, operational and compliance controls. The Group has an on-going process of identifying, evaluating, managing and monitoring the significant risks faced by the Group that may affect the achievement of our business objectives.

The Key elements of the Group and Company's internal control systems are described as follows :-

- Clearly defined delegation of responsibilities to the Committees of the Board and to the Management of the operating units.
- Clearly documented internal policies and procedures are set out in the Standard Operating Procedures, Financial Operating Procedures and Quality Management System for the Group and are under constant review to reflect changes in business structures, processes, risks and resolve operational deficiencies.
- The Group has an organizational structure with well defined reporting lines of responsibility and delegation of authority for planning, executing, controlling and monitoring business operations.
- The Board of Directors had established Limit of Authorities that defines the authorization limits in approving various transactions for its Group and business operating units. These limits are subject to regular review and improvement.
- Human resource policies are established to provide support to the Group's vision and mission. These policies provide guidance to staff such as code of conduct and discipline, employee performance, general administration issues and related matters.
- Comprehensive and adequate financial information is provided to the Managements through meetings showing actual results against budget for the month and year to date.
- Reviewed monthly management results, which are measured against budgets and the previous year's result to gauge performance. Any variances are corrected and acted on timely basics.
- Detailed budgeting process established requiring all business operating units to prepare budget annually which are reviewed, discussed and approved at the business operating units, by the Board and the Executive Committee.
- Adequate financial and operational information systems are in place to capture and present timely pertinent internal and external business information.
- Regular Management and business operating units meetings are conducted to review financial performance, business development and deliberate on management and corporate issues.
- To further enhance on the monitoring process, Management, head of sections/sales personnel conduct regular visits to operating units and branches.
- Regular internal audit visits which provide independent assurance on the effectiveness of the Group's system of internal controls and advising management on areas for further improvement.

## Statement of Internal Control (Cont'd)

### RISK MANAGEMENT FRAMEWORK

The Board has acknowledged the main ownership over the effectiveness of the Group's internal control system with the establishment of Risk Management Committee (RMC) in previous years.

RMC comprised of cross functional senior managers and managers from various departments. RMC has met regularly to identify, review control and monitor on the existing and expectant risks that is significant to the business unit during the year. Periodical reports on the status of risks are submitted to the Audit Committee and the Board of Directors.

RMC's other key roles are to assist the Board in overseeing the disciplined and consistent application of integrated enterprise-wide risk management principles and the formulation of key management policies to control the major areas of risk.

Line managers are responsible for effective risk management and each business units/department/section evaluates its documented key risk and controls.

Additional new operating manuals have been developed through the effort of the Risk Management Committee which further enhance to the existing Group standard operating procedures.

The Board believes that the development of the system of internal controls is an ongoing process and has taken steps throughout the year to improve its internal control system and will continue to do so.

There were no material losses incurred during the financial year as a result of some weaknesses in internal control.

### INTERNAL AUDIT

NV Multi Group has an internal audit function whose primarily responsibility is to undertake regular and systematic reviews of the internal control system in order to provide reasonable assurance that the system continues to operate satisfactorily and effectively within the Group. Internal Audit Department reports directly to the Audit Committee.

The activities carried out by internal audit include amongst others, preparation of annual audit plan for Audit Committee's approval, the review of internal controls for effectiveness and efficiency, compliance with established policies and procedures, rules and regulations, reliability and integrity of information and means of safeguarding assets, attendance to yearly stock counts at subsidiaries, conduct feasibility study on one associate entity, and conduct annual internal quality audit within the Group.

Internal audit findings are being discussed at management level with appropriate actions are agreed in response to the internal auditors recommendations. The internal audit reports are submitted to the Audit Committee for their reviews periodically. The status of implementation of the agreed actions is followed up by the internal audit to ensure that satisfactory control is maintained. Any significant risk issues are referred to the Board for consideration.

# Audit Committee

## CHAIRMAN OF AUDIT COMMITTEE:

**JEN (B) TAN SRI YAACOB BIN MAT ZAIN** (Chairman and Independent Non-Executive Director)

## MEMBERS:

**MOHAMED TAIB BIN MAHMOOD** (Independent Non-Executive Director)

**YAP KIM SWEE** (Executive Director) (MIA 1508)

## COMPOSITION

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not fewer than three members of whom a majority shall be Non-Executive Directors. The majority of the Committee members shall be Independent Directors.

The Committee members shall have at least one member of the Audit Committee who:-

- is a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967 or he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

The Committee members shall appoint a Chairman from among themselves who is not an Executive Director or employee of the Company or any related corporation.

## QUORUM

The quorum for any meeting shall consist of two members and all of whom shall be Independent Directors.

## MEETINGS

Meetings shall be held not less than four (4) times a year. Any one of the Audit Committee members may call a meeting or upon request by the external auditors whenever he deems it necessary.

The Executive Directors, the head of finance, the head of internal audit, and a representative of the external auditors may be invited to attend meetings by the Audit Committee.

The Secretary of the Committee shall circulate the minutes of meetings of the Audit Committee to all members of the Committee.

The records of attendance in respect of the Audit Committee meetings for the financial year under review are as follows:-

Name of member	Attendance
Jen (B) Tan Sri Yaacob bin Mat Zain (Chairman)	5/5
Mohamed Taib bin Mahmood (appointed on 3 April 2003)	4/5
Yap Kim Swee	5/5
Khairol Nizam bin Hamran (resigned on 16 September 2003)	4/5

## Audit Committee (Cont'd)

### AUTHORITY

The Committee is authorised by the Board to investigate any activity within its Terms of Reference and to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.

The Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise where appropriate.

### RESPONSIBILITIES AND DUTIES

The duties of the Committee shall be:-

- To consider and review the appointment of the external auditor, audit fees and any question of their resignation or dismissal;
- To discuss with the external auditor before the audit commences with regards to the nature and scope and general extent of the external auditors' audit examination;
- To review the quarterly reports and annual financial statements before submission to the Board, to consider on matters such as:-
  - any changes in accounting policies and practices of major judgmental areas
  - significant adjustments resulting from the audit
  - the going concern assumption
  - compliance with accounting standards
  - compliance with the Bursa Malaysia Securities Berhad and legal requirements
  - any related party transactions that may arise
- To discuss issues and reservations arising from the interim and final audits to keep under review the effectiveness of internal control systems, and in particular review the external auditor's management letter and management's response;
- To review the internal audit programme, consider the major findings of internal audit investigations and management's response, and ensure co-ordination between the internal and external auditors;
- To review the assistance given by the Company's officers to the external auditor; and
- To carry out such other functions as may be agreed to by the Audit Committee and the Board of Directors.

## Audit Committee (Cont'd)

### SUMMARY OF ACTIVITIES

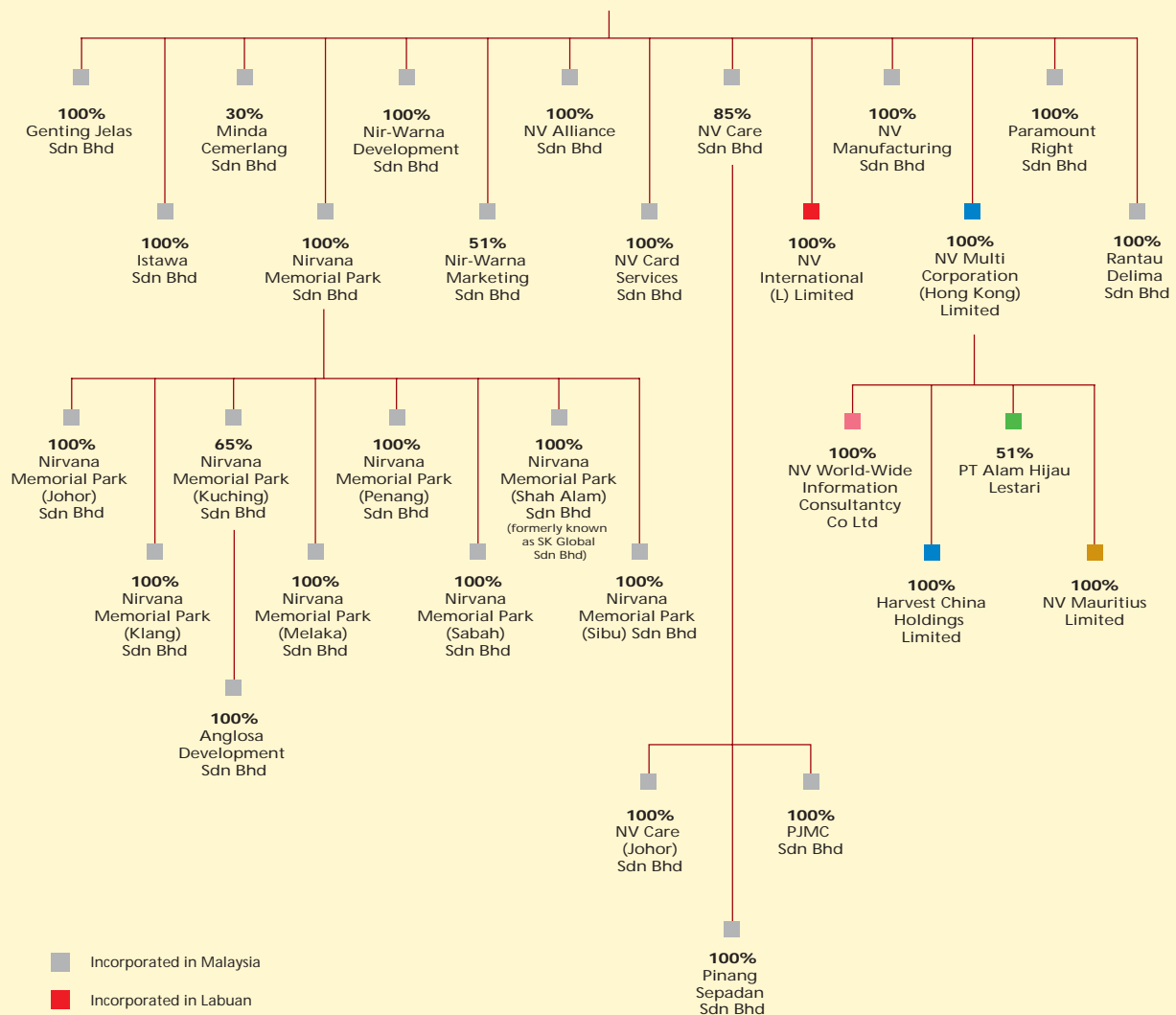
During the year, the following were the activities of the Committee:-

1. Reviewed the unaudited quarterly financial results of the Group and recommend to the Board for approval and adoption prior to announcement to the Bursa Malaysia Securities Berhad.
2. Reviewed the annual audited financial statements for the financial year ended 31 December 2002 for the Group prior to the submission to the Board for their consideration and approval.
3. Reviewed the Company's compliance, in particular the quarterly and year end financial statements with the Listing Requirement of Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysia Accounting Standards Board.
4. Reviewed the external auditors' scope of work and their audit plan.
5. Reviewed with the external auditors' the internal control recommendations in respect of control weaknesses noted in the course of their audit.
6. Reviewed the Internal Audit Department's plan for the financial year and the annual assesment of the Internal audit Department's performance.
7. Reviewed the audit reports presented by Internal Audit Department on findings, recommendations and management's responses thereto and ensure that material findings are adequately addressed by management.
8. Reviewed and assessed the risk management activities of the Group.
9. Reviewed the Group's internal financial control.
10. Reviewed and monitored the effectiveness of the Company's Internal Audit functions.
11. Carried out other responsibilities, functions or assignments as agreed by the Committee and the Board of Directors.

# Corporate Structure

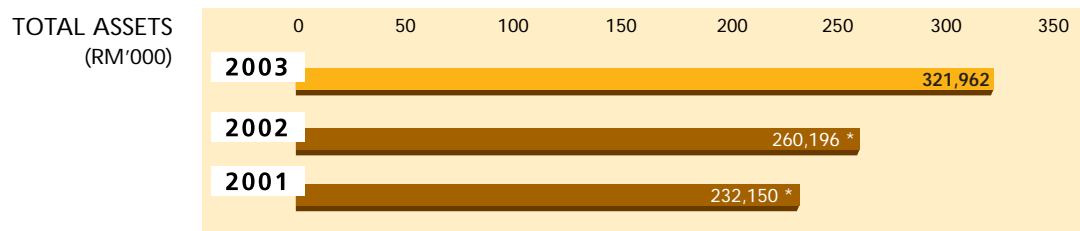
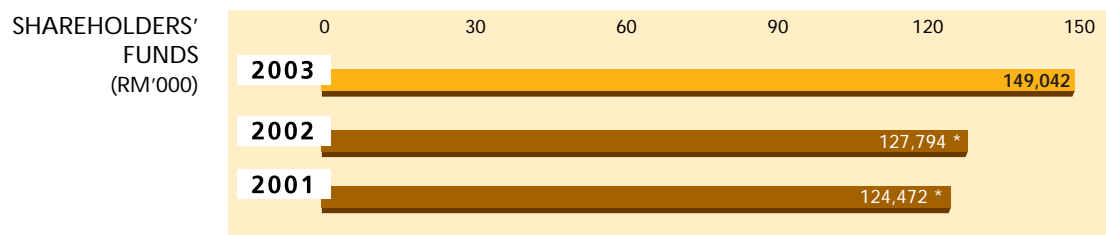
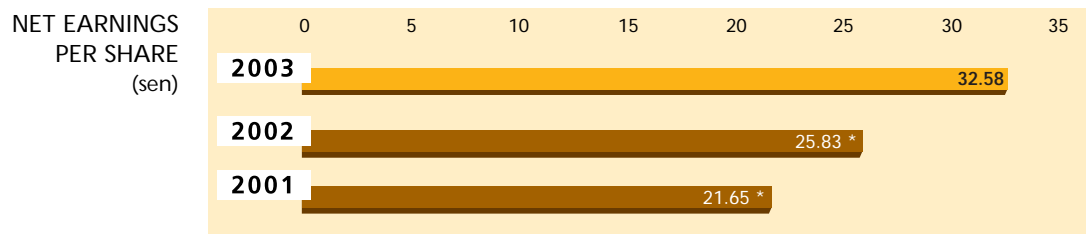
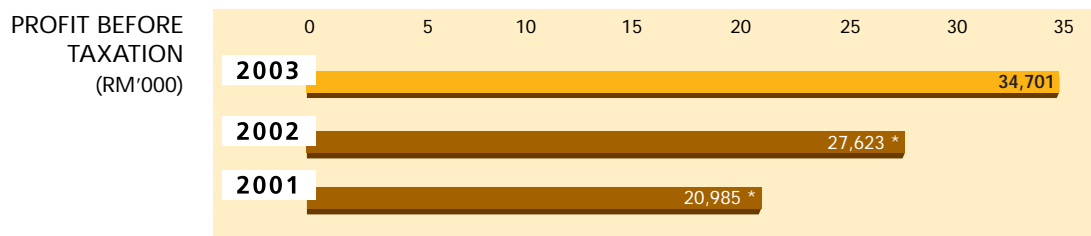
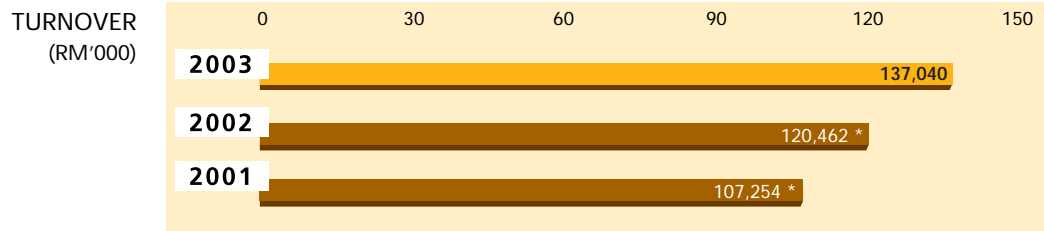


**NV MULTI CORPORATION BERHAD**  
(204888-D)



- Incorporated in Malaysia
- Incorporated in Labuan
- Incorporated in Hong Kong
- Incorporated in Guangzhou, China
- Incorporated in Indonesia
- Incorporated in Mauritius

## 3 Years Group Financial Highlights



\* Pro forma figure has been restated to reflect the change in the method of accounting for pre-need sale of funeral services.

# Chairman's Statement



**Jen (B) Tan Sri Yaacob bin Mat Zain**  
Chairman

Dear Shareholders

On behalf of the Board of Directors of NV Multi Corporation Berhad, it is my pleasure to present to you the Annual Report of NV Multi Corporation Berhad for the financial year ended 31 December 2003.

## FINANCIAL PERFORMANCE

I am pleased to report that the Group achieved another year of profitable growth notwithstanding the market uncertainties posed by the Iraq war and the SARS outbreak in the first half of 2003. The Group's revenue increased by 13.76% to RM137.0 million while net profit increased by 25.96% to RM22.3 million. Earnings per share improved 26.13% from 25.83 sen to 32.58 sen this year. Growth strategies focusing on expansion plans, resilience of our brand name and improved margins through effective cost control measures all contributed towards our overall results in 2003.

## DIVIDEND

For the financial year ended 31 December 2003, NV Multi has paid an interim gross dividend of 7.5 sen per share on 15 January 2004 and a second interim dividend of 7.5% less 28% income tax on 5 May 2004, giving a total gross dividend of 15.0 sen per share.

## CHALLENGES AHEAD

NV Multi Group will continue to maintain its leading position as the largest integrated bereavement care operator in the South East Asia. With our presence in major Chinese populated cities in Malaysia as well as our new subsidiary in Jakarta, Indonesia, we believe our market share would grow further.

The year ahead presents many exciting possibilities for the Group as we enter a new phase of growth. We are confident that our much-awaited Nirvana Memorial Center located along Jalan Sungai Besi, Kuala Lumpur, scheduled to open in the middle of the year will enable the Group to maintain our leading position and enhance our competitive edge with the modern features and facilities that appeal to the taste of urban living. It also addressed the demand of the increasing number of people living in high-rise buildings. Besides, we are in the process of opening memorial centers to be located at Johor Bahru, Johor, Sibul and Kuching, Sarawak, Kota Kinabalu, Sabah. These exclusive memorial centers are expected to come on stream over the next 2 years.

Global and regional developments and the subsequent impact on Malaysia's own economic conditions continue to pose a challenge to the Group's prospects in 2004. We will nevertheless monitor closely these developments, and with the strong foundation that we have created for the business, and our reputation and marketing strategy, system and processes, and the skills and experience of our people, I am confident that we can successfully meet the challenges ahead.

## APPRECIATION

On behalf of the Board, I would like to extend our appreciation to our customers, business associates and shareholders for their support.

I would also want to thank our staff for their dedication, commitment and hard work.

## Operation **Review** of the year 2003

Having experiencing predicament for the past two years, Malaysia's economy is now slowly recovering. Despite the trying operating environment, the Group continued to grow from strength to strength.



**Dato' Dr Kong Hon Kong**  
Managing Director

For the year under review, with the change in the method of accounting where revenue from pre-need sales of funeral contract is deferred until the period in which the funeral is performed and the products and services are delivered, NV Multi Group has registered a 13.76% growth in revenue to RM137.0 million from RM120.5 million last year. Profit before tax increased 25.62% to RM34.7 million from RM27.6 million achieved in the corresponding period last year. Meanwhile, profit after tax amounted to RM22.3 million, a 25.96% improvement from RM17.7 million achieved in the same period last year.

The improved results are attributable to the success of the launching of our new memorial parks in Sibul, Sarawak and Jakarta, Indonesia in July 2003 and September 2003 respectively. Up and above, higher sale of burial plots recorded in our pioneer memorial park in Semenyih, Selangor also contributed to the strong results achieved.

During the year, the Group continued to adopt its growth strategies through geographical expansion and product innovation. On 6 January 2003, NV Multi through its subsidiary, NV Care Sdn Bhd ("NVC") entered into agreement with Lock San Thin Chinese Cemetery Committee for the appointment of NVC as Corporate Manager to develop and reconstruct a funeral parlor on land held in Mukim Pulau, Daerah Johor Bahru measuring approximately 2.5 acres.

The joint venture in Sibul, Sarawak was entered into between Nirvana Memorial Park (Sibul) Sdn Bhd with Bangsa Wangsa Sdn Bhd on 7 April 2003 to jointly develop the land in Pasai-Siong L.D. Sibul measuring 46.1 acres into non-Muslim cemetery. On the same date, Nirvana Memorial Park (Melaka) Sdn Bhd entered into a joint venture with Nilai Garuda Sdn Bhd to jointly develop the land held in Mukim Tanjong Minyak, Melaka Tengah measuring 30.57 acres into non-Muslim cemetery. Sale of burial plots was subsequently launched in the memorial park in Sibul in July 2003. Our scenic and well-planned memorial park concept is well received in Sibul delivering us a record sale of RM9 million in the first three months of launching.

Knowing that product innovation is of imperative importance, we constantly focus on product development to maintain our leading position in the industry. On 27 June 2003, NV Multi entered into a Distribution Agreement with Great Eastern Life Insurance Malaysia Berhad ("GE") to appoint GE as the distributor to solicit and distribute the funeral service packages packaged with GE's investment linked life insurance plan through GE's agency force and distribution channels. We believe the launching of the bereavement care investment-linked life insurance product is the first of its kind in Malaysia and will contribute towards the Group's performance in the medium term.

## Operation Review (Cont'd)



Following the tie-up with GE, the group opened 3 more bereavement care sales and service centers located at Butterworth in Penang, Melaka Town in Melaka and Ipoh in Perak during the year. Together with our sales and service centers located in Petaling Jaya in Selangor, George Town in Penang, Kuching in Sarawak and Johor Bahru in Johor, the Group has now 7 centers located at majority of the Chinese concentrated cities in Malaysia. Our team of professional service consultants and a fleet of motor vehicles are based at these bereavement care sales and service centers to ensure timely delivery of our services as these centers served as the point of contact with customers and bring us closer to our customers. Customers have the convenience to select and view our range of funeral service packages as we have showroom in all the bereavement care sales and service centers. The Group has in its pipeline another 2 bereavement care sales and service centers to be opened in Kedah and Pahang as well as 4 memorial centers in Johor Bahru, Johor, Sibul and Kuching, Sarawak and Kota Kinabalu, Sabah. In addition to the above facilities, our memorial center is equipped with memorial halls, embalming and cosmetology room.

The most exciting development for the Group is our maiden memorial center, Nirvana Memorial Center, which is located along Jalan Sungai Besi that is completed on schedule and will commence operation in the second quarter of 2004. The memorial center, believed to be the largest in Asia, has a 5 Star hotel-like lobby and a modern cafeteria at the ground floor and a state of art show room at the mezzanine floor. The facilities provide our valued customers a convenient one-stop bereavement care shopping needs with the ease of 11 memorial halls completed with family rooms for the bereaved families. We have also relocated our marketing, sales and service office to the building with the aim to provide close and timely valued added services to our customers. The building is also equipped with an embalming and cosmetology room. We believe that the modern concept memorial center attests to the strong appeal of a well designed and managed funeral parlors as a result of the shortage of funeral parlors in the city of Kuala Lumpur.

Following the success of the launching of its memorial park in Sibul, Sarawak, the Group has in September 2003 launched its first overseas operation in Jakarta, Indonesia. The success of the launch is indeed another milestone for the Group after its careful consideration of overseas ventures. The greatest challenge is for the Group to instill the concept of pre-planning to the local community. We believe that with our scenic, well-maintained and guarded memorial park concept, we are able to expand this segment of the market. In the same month, we opened another memorial park in Segamat, Johor. The opening of this memorial park enable us to serve well to our customers in the northern region of Johor after we have made our presence in the southern region in Kulai, Johor.

## Operation Review (Cont'd)

On top of the existing 3 memorial parks in West Malaysia, we have plans to cover other cities such as Klang and Shah Alam in Selangor, Ipoh in Perak and Prai in Penang. We are confident to garner more market share with the presence in these Chinese populated cities given the strong brand name and reputation of the Group.

Being a leader in the bereavement care industry, we are committed to develop and upgrade our product range. This is evidenced with the launch of yet another innovative product "AllianceCare" funeral service packages in October 2003. The product is marketed through Alliance Bank Malaysia Berhad through its branches nationwide. AllianceCare is a specially designed Total Peace of Mind Plan that provides customers investment-linked opportunities, insurance protection coverage plus a comprehensive Bereavement Care package with loyalty rebates.

On 26 January 2004, Nirvana Memorial Park Sdn Bhd, a subsidiary company of NV Multi, has acquired the entire issued and paid-up share capital of Nirvana Memorial Park (Shah Alam) Sdn Bhd ("NIRSA") (formerly known as SK Global Sdn Bhd). NIRSA has entered into a joint venture agreement with its partner for the development of a non-Muslim cemetery from the Majlis Perbandaran Shah Alam.

### CORPORATE DEVELOPMENT

On 17 March 2004, NV Multi entered into Commercial Papers/Medium Term Notes ("CP/MTN") Programme Agreements pertaining to the issuing of CP/MTN up to an aggregate nominal value Ringgit Malaysia One Hundred Million Only (RM100,000,000.00). We are also pleased to report that Rating Agency Malaysia has assigned a long term rating of AA1 and a short term rating of P1 to the CP/MTN Programme. We have on 29 March 2004 and 5 May 2004 issued our first MTN and CP amounting to RM35.0 million and RM5.0 million respectively. The proceeds from the issuance is to repay the Company and its subsidiaries existing bank borrowings and for working capital requirements of the Group. The saving of interest expense is estimated to be approximately RM0.5 million per annum given the relatively lower cost of funding through the exercise as compared to reliance on our conventional bank borrowings.

Apart from the above, the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("Bursa Malaysia") has on 26 March 2004 approved the Proposed Sub-Division and listing and quotation of 17,104,500 new ordinary shares of RM1.00 each to be issued pursuant to the Proposed Bonus Issue and on 8 April 2004, an announcement was made to the Bursa Malaysia that the Securities Commission has approved the sub-division of one (1) ordinary share of NV Multi of RM1.00 each into four (4) new ordinary share of NV Multi of RM0.25 each and the list of and quotation for the new ordinary NV Multi share of RM0.25 each on Bursa Malaysia. We have obtained approval from the shareholders on 14 May 2004 and the shares are expected to be listed in June 2004.

### SHARE BUY-BACK

There was no further buy-back of shares during the year under review. The 1,582,000 ordinary shares purchased in 2002 are subsequently cancelled on 14 April 2004.

The Board of Directors have recommended to the shareholders to approve the renewal of the share buy-back program, details of which have been included in the Circular to shareholders.

## Operation Review (Cont'd)

### FUTURE PROSPECTS

With key indicators pointing a robust growth in the Malaysia economy in the coming years, the Group is well-positioned to benefit from the return of stronger consumer spending power with its wide presence in most of the Chinese concentrated cities in Malaysia with the opening of its proposed memorial park and bereavement care sales and service centers. The Group will keep to its strategy of offering a comprehensive one-stop bereavement care product and services.

We have worked diligently to identify, standardise and implement best practices in all areas of our operations. We are focused on costs and internal controls. Barring any unforeseen circumstances, we look forward to reporting a better result to you next year.

### APPRECIATION

The management team and employees of NV Multi have worked diligently to put our company on a firm footing. I am pleased to report that our operations are more efficient and our strategy is in place. I firmly believe that our success is attributable to the spirit and quality of our people, who believe in our company and are passionate about their work. I am proud of what they have accomplished. More importantly, I am proud of the difference our dedicated team makes to each family we serve every day. This sincere commitment, combined with the quality, personalised products and services the Group offers, is why more families are choosing us for their bereavement care needs.

On behalf of the Board of Directors, I would also like to take this opportunity to express my heartfelt appreciation to our valued customers, shareholders and all our business associates for their steadfast support and unwavering confidence in the Group.





# Financial Statements

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# Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2003.

## PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and provision of management services. The principal activities of the associated and subsidiary companies are set out in Notes 5 and 28.

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

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before taxation	34,701	35,421
Taxation	(11,111)	(9,734)
Profit after taxation	23,590	25,687
Minority interest	(1,302)	-
Net profit attributable to shareholders	22,288	25,687

## DIVIDENDS

Dividends paid and declared by the Company were as follows:-

	RM'000
In respect of the financial year ended 31 December 2003:-	
A first interim dividend of RM0.075 gross per share less income tax of 28%, paid on 15 January 2004.	3,695
A second interim dividend of RM0.075 gross per share less income tax of 28%, to be paid on 5 May 2004.	3,695

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2003.

## RESERVES AND PROVISIONS

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

## Directors' Report (Cont'd)

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### OTHER STATUTORY INFORMATION

Before the Income Statements and Balance Sheets of the Group and 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 allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and adequate allowance made for doubtful debts; and
- (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors of the Company are not aware of any circumstances:-

- (i) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

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, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:-

- (i) the results of the operations of the Group and of the Company for the financial year ended 31 December 2003 have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

## Directors' Report (Cont'd)

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### DIRECTORS

The Directors who have held office since the date of the last report are:-

Jen (B) Tan Sri Yaacob bin Mat Zain

Dato' Dr Kong Hon Kong

Lee Ah Kong

Chua Chong Kee

Khairul Nizam bin Hamran (Resigned on: 16.9.2003)

Yap Kim Swee (Appointed on: 2.1.2003)

Mohamed Taib bin Mahmood (Appointed on: 3.4.2003)

Pursuant to Article 78 of the Company's Articles of Association, Lee Ah Kong and Chua Chong Kee retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than Directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

### DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company are as follows:-

#### NUMBER OF ORDINARY SHARES OF RM1.00 EACH

	As at 1.1.03	Bought	Sold	As at 31.12.03
Dato' Dr Kong Hon Kong				
- Direct	504,480	-	3,000	501,480
- Indirect	14,714,107	-	835,600	13,878,507
Lee Ah Kong				
	10,001	100,799	-	110,800

Interest in subsidiary companies:-

By virtue of his interest in the shares of the Company, Dato' Dr Kong Hon Kong is deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

## Directors' Report (Cont'd)

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### SIGNIFICANT EVENTS

- (a) On 6 January 2003, NV Care Sdn Bhd ("NVC") a subsidiary of the Company entered into an agreement with Lock San Thin Chinese Cemetery Committee for the appointment of NVC as Corporate Manager to develop and reconstruct a funeral parlour on land held under Lot 2966, Mukim Pulai, Daerah Johor Bahru into a modern funeral complex comprising memorial halls, columbarium and crematorium with the intention to market such cremation services, memorial hall rental and cinerary niches to members of the Association and the general public.
- (b) On 30 January 2003, the Company acquired 34% equity interest in NVC for a consideration of RM6.52 million. Prior to the acquisition, NVC was a 51% owned subsidiary of the Company.
- (c) On 7 April 2003, Nirvana Memorial Park (Melaka) Sdn Bhd (formerly known as Quality Purpose Sdn Bhd), a wholly-owned subsidiary company, entered into a Joint Venture Agreement with Nilai Garuda Sdn Bhd to jointly develop the land held under Lots 425, 427, 428, 429 and 663, Mukim Tanjong Minyak, Melaka Tengah measuring 30.57 acres into a non-Muslim cemetery.
- On the same date, another wholly-owned subsidiary company, Nirvana Memorial Park (Sibu) Sdn Bhd (formerly known as Nirvana Management Sdn Bhd), entered into a Joint Venture Agreement with Bangsa Wangsa Sdn Bhd to jointly develop the land held under Lots 1130, 1132 and 1605, Pasai-Siong L.D. Sibu measuring 46.10 acres into a non-Muslim cemetery. The subsidiary company has commenced sales since July 2003.
- (d) On 29 April 2003 and 27 June 2003, the Company entered into a Memorandum of Understanding and a Distribution Agreement with Great Eastern Life Assurance (Malaysia) Berhad ("GE"), appointing GE as the distributor for the purpose of selling bereavement care products through the distribution channels of GE.
- (e) On 16 December 2003, NVC entered into a Memorandum of Understanding with Kuala Lumpur Christian Funeral Parlour to jointly develop a piece of land currently used as a car park situated adjacent to the crematorium at Jalan Kuari, Off Jalan Cheras, Kuala Lumpur measuring approximately 1.34 acres, into a modern funeral complex comprising memorial halls, columbarium and cinerary urn niches.

Signed in accordance with a resolution of the Directors:

#### **DATO' DR KONG HON KONG**

Director

#### **YAP KIM SWEE**

Director

KUALA LUMPUR

DATE: 27 April 2004

# Consolidated Balance Sheets

as at 31 December 2003

	Note	2003 RM'000	Pro Forma 2002 RM'000 (restated)	2002 RM'000
PROPERTY PLANT AND EQUIPMENT	4	41,844	27,566	27,566
ASSOCIATED COMPANY	5	157	145	145
LAND HELD FOR DEVELOPMENT		950	950	-
OTHER INVESTMENTS	6	228	228	-
GOODWILL ARISING ON CONSOLIDATION	7	8,814	337	337
DEFERRED TAX ASSETS	8	8,613	8,613	-
DEFERRED ACQUISITION COST		8,543	5,748	-
TRADE RECEIVABLES	9	22,624	27,795	36,491
PRE-NEED FUNERAL CONTRACT RECEIVABLES	10	19,676	19,443	-
<b>CURRENT ASSETS</b>				
Inventory and development expenditure	11	118,399	104,479	105,429
Trade and other receivables	9	66,389	38,627	58,291
Pre-need funeral contract receivables	10	11,628	17,403	-
Amount due from associated company	12	-	27	27
Short term investments	13	450	813	813
Tax recoverable		2,727	2,033	-
Cash and bank balances	14	10,920	5,989	5,989
		210,513	169,371	170,549
<b>CURRENT LIABILITIES</b>				
Trade and other payables	15	56,964	47,019	50,571
Short term borrowings	16	27,498	767	767
Hire purchase and lease creditors	17	540	869	869
Dividends payable		3,695	-	-
Provision for taxation		2,814	3,585	4,772
		91,511	52,240	56,979
<b>NET CURRENT ASSETS</b>		119,002	117,131	113,570
		230,451	207,956	178,109
<b>FINANCED BY:</b>				
SHARE CAPITAL	18	70,000	70,000	70,000
RESERVES	19	79,042	57,794	74,029
<b>SHAREHOLDERS' EQUITY</b>		149,042	127,794	144,029
<b>MINORITY INTEREST</b>		4,352	4,343	11,570
<b>LONG TERM AND DEFERRED LIABILITIES</b>				
Hire purchase and lease creditors	17	758	858	858
Deferred taxation	8	1,905	1,946	1,032
Deferred pre-need funeral contract revenue	20	74,394	73,015	-
Other long term liabilities		-	-	20,620
		230,451	207,956	178,109

The annexed notes form an integral part of these financial statements

# Consolidated Income Statements

for the year ended 31 December 2003

	Note	2003 RM'000	Pro Forma 2002 RM'000 (restated)	2002 RM'000
REVENUE	21	137,040	120,462	145,185
OPERATING PROFIT	21	35,974	27,611	38,808
EXCEPTIONAL ITEM	22	-	481	(306)
FINANCE COST		(1,305)	(548)	(548)
SHARE OF PROFITS OF ASSOCIATED COMPANIES		32	79	79
PROFIT BEFORE TAXATION	23	34,701	27,623	38,033
TAXATION	24	(11,111)	(9,242)	(12,064)
PROFIT AFTER TAXATION		23,590	18,381	25,969
MINORITY SHAREHOLDERS' INTERESTS		(1,302)	(686)	(2,378)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		22,288	17,695	23,591
EARNINGS PER SHARE (SEN)	25	32.58	25.83	34.44
DIVIDENDS PER SHARE (RM)	26	0.075	0.15	0.15

The annexed notes form an integral part of these financial statements

## Consolidated Statements of Changes in Equity

for the year ended 31 December 2003

	Note	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Currency Translation Reserve RM'000	Retained profits RM'000	Treasury Shares RM'000	Total RM'000
At 1 January 2002		70,000	21,603	10,601	-	32,880	-	135,084
Prior years adjustment (for 2000 and 2001)		-	-	-	-	(10,339)	-	(10,339)
		70,000	21,603	10,601	-	22,541	-	124,745
Net profit for the year		-	-	-	-	17,695	-	17,695
Dividends	26	-	-	-	-	(7,389)	-	(7,389)
Repurchase of shares		-	-	-	-	-	(7,257)	(7,257)
At 31 December 2002 (restated)		70,000	21,603	10,601	-	32,847	(7,257)	127,794
Currency translation differences arising in the year		-	-	-	(121)	-	-	(121)
Transfer arising from additional investment in a subsidiary company		-	-	-	-	2,776	-	2,776
Net profit for the year		-	-	-	-	22,288	-	22,288
Dividends	26	-	-	-	-	(3,695)	-	(3,695)
At 31 December 2003		70,000	21,603	10,601	(121)	54,216	(7,257)	149,042

The annexed notes form an integral part of these financial statements

# Consolidated Cash Flow Statements

for the year ended 31 December 2003

	2003 RM'000	Pro Forma 2002 RM'000 (restated)	2002 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Operating profit before taxation	34,701	27,623	38,033
Adjustments for :			
Share of profits of associated companies	(32)	(79)	(79)
Gain on disposal of property, plant and equipment	(121)	(68)	(68)
Depreciation	3,252	3,207	3,207
Amortisation of goodwill	1,039	107	107
Interest expenses	1,115	293	293
Interest income	(1,484)	(379)	(379)
(Gain)/Loss on disposal of interest in a subsidiary company	-	(481)	306
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>38,470</b>	<b>30,223</b>	<b>41,420</b>
Decrease in property development expenditure	-	1,987	1,987
Increase in inventories and development expenditure	(13,920)	(7,622)	(7,622)
Increase in trade and other receivables	(19,131)	(33,015)	(38,981)
Increase/(Decrease) in trade and other payables	11,802	4,647	(584)
<b>CASH GENERATED FROM/(USED IN) OPERATIONS</b>	<b>17,221</b>	<b>(3,780)</b>	<b>(3,780)</b>
Interest income	1,484	379	379
Interest paid	(1,115)	(293)	(293)
Tax paid	(13,076)	(17,236)	(17,236)
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>4,514</b>	<b>(20,930)</b>	<b>(20,930)</b>

The annexed notes form an integral part of these financial statements

## Consolidated Cash Flow Statements (Cont'd)

for the year ended 31 December 2003

	Note	2003 RM'000	Pro Forma 2002 RM'000 (restated)	2002 RM'000
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment		454	73	73
Proceeds from disposal of subsidiary companies		-	250	250
Proceeds from disposal of associated company		-	113	113
Purchase of property, plant and equipment		(17,637)	(2,037)	(2,037)
Additional investment in a subsidiary company		(6,520)	-	-
Fixed deposit pledged to licensed banks		-	(35)	(35)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(23,703)</b>	<b>(1,636)</b>	<b>(1,636)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Treasury shares		-	(7,257)	(7,257)
Repayment of hire purchase and lease creditors		(654)	(649)	(649)
Amount due from associated companies		27	93	93
Amount due to associated companies		-	(329)	(329)
Dividends paid to shareholders		-	(12,429)	(12,429)
Dividends paid to minority interest		(2,350)	(589)	(589)
Draw down of short term borrowing		26,450	767	767
Dividend received from associated company		-	56	56
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>23,473</b>	<b>(20,337)</b>	<b>(20,337)</b>
Net increase/(decrease) in cash and cash equivalents		4,284	(42,903)	(42,903)
Effects of exchange rate changes		2	-	-
Cash and cash equivalents at beginning of the year		6,606	49,509	49,509
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	27	<b>10,892</b>	<b>6,606</b>	<b>6,606</b>

The annexed notes form an integral part of these financial statements

# Balance Sheets

as at 31 December 2003

	Note	2003 RM'000	2002 RM'000
PROPERTY, PLANT AND EQUIPMENT	4	3	7
SUBSIDIARY COMPANIES	28	55,505	51,431
ASSOCIATED COMPANY	5	92	92
OTHER INVESTMENTS	6	228	228
CURRENT ASSETS			
Trade and other receivables	9	353	310
Amount due from subsidiary companies	29	92,954	53,332
Tax recoverable		1,233	1,286
Cash and bank balances	14	110	67
		94,650	54,995
CURRENT LIABILITIES			
Trade and other payables	15	367	179
Short term borrowings	16	17,724	-
Amount due to subsidiary companies	29	159	33
Dividends payable		3,695	-
		21,945	212
NET CURRENT ASSETS		72,705	54,783
		128,533	106,541
FINANCED BY:			
SHARE CAPITAL	18	70,000	70,000
RESERVES	19	58,533	36,541
SHAREHOLDERS' EQUITY		128,533	106,541

The annexed notes form an integral part of these financial statements

# Income Statements

for the year ended 31 December 2003

	Note	Company	
		2003 RM'000	2002 RM'000
REVENUE	21	36,866	694
OPERATING PROFIT	21	35,638	598
FINANCE COST		(217)	(50)
PROFIT BEFORE TAXATION	23	35,421	548
TAXATION	24	(9,734)	(221)
PROFIT AFTER TAXATION ATTRIBUTABLE TO SHAREHOLDERS		25,687	327
DIVIDENDS PER SHARE (RM)	26	0.075	0.15

The annexed notes form an integral part of these financial statements

# Statements of Changes in Equity

for the year ended 31 December 2003

	Note	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000	Total RM'000
At 1 January 2002		70,000	21,603	10,603	18,609	-	120,815
Transfer on reduction of investment in a subsidiary company		-	-	45	-	-	45
Profit for the year		-	-	-	327	-	327
Transfer of revaluation of investment in a subsidiary company		-	-	(613)	613	-	-
Dividends	26	-	-	-	(7,389)	-	(7,389)
Repurchase of shares		-	-	-	-	(7,257)	(7,257)
At 31 December 2002		70,000	21,603	10,035	12,160	(7,257)	106,541
Profit for the year		-	-	-	25,687	-	25,687
Transfer on revaluation of investment in a subsidiary company		-	-	(2,445)	2,445	-	-
Dividends	26	-	-	-	(3,695)	-	(3,695)
At 31 December 2003		70,000	21,603	7,590	36,597	(7,257)	128,533

The annexed notes form an integral part of these financial statements

# Cash Flow Statements

for the year ended 31 December 2003

	Note	Company	
		2003 RM'000	2002 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Operating profit before taxation		35,421	548
Adjustments for :			
Depreciation		5	37
Dividend income		(34,567)	-
Interest expenses		173	-
Interest income		(460)	(281)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>572</b>	<b>304</b>
(Increase)/Decrease in trade and other receivables		(43)	338
Increase/(Decrease) in trade and other payables		188	(78)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>717</b>	<b>564</b>
Interest income		460	281
Interest paid		(173)	-
Tax paid		(2)	(70)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>1,002</b>	<b>775</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net dividends received		27,334	6,524
Proceeds from disposal of a subsidiary company		-	250
Purchase of property, plant and equipment		(1)	-
Additional investment in a subsidiary company		(6,520)	-
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		<b>20,813</b>	<b>6,774</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Treasury shares		-	(7,257)
Proceeds of short term borrowings		17,724	-
Amount due from subsidiary companies		(39,622)	(14,639)
Amount due from associated companies		-	120
Amount due to subsidiary companies		126	33
Dividends paid to shareholders		-	(12,429)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(21,772)</b>	<b>(34,172)</b>
Net increase/(decrease) in cash and cash equivalents		43	(26,623)
Cash and cash equivalents at beginning of the year		67	26,690
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>27</b>	<b>110</b>	<b>67</b>

The annexed notes form an integral part of these financial statements

# Notes to the Financial Statements

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The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements unless otherwise indicated.

## 1. GENERAL

The financial statements of the Group and the Company are expressed in Ringgit Malaysia.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad). The registered office of the Company is located at Penthouse, Menara AA, No. 247, Jalan Tun Razak, 50400 Kuala Lumpur.

## 2. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements of the Group and the Company were authorised for issue by the Directors on 27 April 2004.

## 3. ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified by the revaluation of investments in certain subsidiary and associated companies (unless otherwise indicated in the accounting policies below) and comply with the provision of the Companies Act, 1965 and applicable approved accounting standard in Malaysia.

During the financial year ended 31 December 2003, the following new applicable approved MASB Standards are adopted by the Group and by the Company:

MASB 25 Income Taxes

MASB 27 Borrowing Costs

MASB 32 Property Development Activities

Apart from the new policies and extended disclosures required by these standards, there is no effect on these financial statements.

During the current financial year, the Group has changed its method of accounting for pre-need sales of funeral services. The method of accounting for the Group's pre-need sales for funeral services activities was affected as follows:

Revenue from pre-need sales of funeral contract is deferred until the period in which the funeral is performed and the products and services are delivered. On the balance sheet, the full contract amount is included in deferred pre-need funeral contract revenue (liability). The corresponding receivable due from the customer is reflected as pre-need funeral contract receivables, and the corresponding cash received from the customer is reflected part in pre-need funeral contract receivables (for the portion placed in trust, for the purpose of defraying the future cost of delivering the funeral products and services, as determined by an independent actuarial consultant) and part in cash (for the portion the Group retains).

## Notes to the Financial Statements (Cont'd)

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### 3. ACCOUNTING POLICIES (CONT'D)

The costs to acquire the sales, primarily commissions incurred are reflected on the balance sheet as deferred acquisition cost (assets) and are charged to expense as the funeral services are performed and products are delivered. Indirect costs of marketing pre-need funeral contract revenue are expensed in the period in which they are incurred. Previously, these were recognised at the time the contract was executed and a significant deposit of the invoice value was received.

As the customer makes payments on the pre-need funeral contract, the portion of pre-need funeral contract receivables representing the receivable due from the customer declines, and the portion representing the receivable from the trust increases. Realised and unrealised earnings on the amounts held in trust represent a debit to pre-need funeral contract receivables and a credit to deferred pre-need funeral contract revenue and are not recognised as revenue until delivery of the products and service.

When the funeral product and service is delivered, the Group recognises as revenue the full contract amount plus finance charges (previously, finance charges were recognised on time proportion basis) and all trust earnings associated with that contract, with a corresponding reduction recorded to deferred pre-need funeral contract revenue. The Group debits cash with the amount removed from trust that is attributable to the contract (consisting of the customer's payments and related realised earnings, all of which is withdrawn at that time) and records a corresponding reduction in pre-need funeral contract receivables. Associated deferred acquisition costs are expensed, and the actual expenses incurred in delivering the products and services are recognised.

The change in revenue recognition policy has provided a fairer presentation of the financial statements.

For pre-need sales of interment rights (cemetery property such as burial plots and urn compartments), there is no change in accounting where revenue are recognised on accrual basis, provided the contract was signed with customer, a significant deposit of the invoice value is received, and the products are ready for delivery to the buyer.

#### (b) Basis of Consolidation

##### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies. Subsidiaries 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 operating policies so as to obtain benefits therefrom.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investment.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

## Notes to the Financial Statements (Cont'd)

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### 3. ACCOUNTING POLICIES (CONT'D)

#### (b) Basis of Consolidation (Cont'd)

##### (i) Subsidiaries (cont'd)

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflected external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

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 any unamortised balance of goodwill and the exchange differences which were not previously recognised in the consolidated income statement.

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

##### (ii) Associates

Associates are those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on audited financial statements of the associated companies. Under the equity method of accounting, the Group's share of profits less losses of associates during the year companies is included in the consolidated income statements. 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 as well as goodwill on acquisition.

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.

#### (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 a subsidiary and associate at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investments in associates.

Goodwill is amortised on a straight-line basis over a period ranging from 1 to 10 years.

#### (d) Investments

Investment in subsidiary companies and associated companies are stated at revalued amount less impairment losses.

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such decline is recognised as an expense in the period in which the decline is identified.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

## Notes to the Financial Statements (Cont'd)

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### 3. ACCOUNTING POLICIES (CONT'D)

#### (e) Deferred Acquisition Cost

The costs of acquiring contracts for pre-need funeral and construction of tomb are deferred until the revenue are recognised.

#### (f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

##### Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment on a straight line basis over the estimated useful lives as follows:-

Long leasehold land	80 years
Short leasehold land	49 years
Furniture and fittings	5 to 10 years
Office equipment, computer systems & equipment	2 to 10 years
Motor vehicles	5 to 10 years
Plant and machinery	5 to 10 years
Office renovation	5 to 10 years

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item, if any, is taken directly to retained profits.

#### (g) Land Held for Development

Land held for development is classified as non-current asset where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. The land held for development is stated at cost less any accumulated impairment losses.

#### (h) Sinking Fund

A sinking fund is established for the purpose of defraying the future cost of pre-need funeral contracts of the Group. The amount to be set aside out of collections to meet these future costs is determined by an independent Actuarial Consultant.

The monies in the fund are managed by a trustee. The amount to be paid to the trustee is included under sinking fund reserve in the accounts.

## Notes to the Financial Statements (Cont'd)

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### 3. ACCOUNTING POLICIES (CONT'D)

#### (i) Development Properties

Land and development expenditure are classified as development properties when significant development work has been undertaken and is expected to be completed within the normal operating cycle. Development properties are stated at cost plus attributable profits less foreseeable losses and progress billings. Cost includes cost of land, all direct building costs, and other related development expenditure, including interest expenses incurred during the period of the active development.

#### (j) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

#### (k) Valuation of Inventory and Development Expenditure

- (i) Inventory are stated at lower of cost and net realisable value. In general, cost is determined on a first-in, first-out basis and includes all costs in bringing the inventory to their present location and condition. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for the cost of realisation and where appropriate, the cost of conversion from their existing state to a finished condition.
- (ii) Land stocks held for interment purposes are stated at the lower of cost and net realisable value. Land costs consist of cost of the land plus incidental expenses incurred in bringing the land to the present condition.
- (iii) Development expenditure is stated at cost and consists of all direct construction costs and appropriate development overheads.

#### (l) Borrowing and Borrowing Costs

Borrowing costs incurred on capital work-in-progress, property, plant and equipment under development are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the assets for its intended use. The capitalisation of borrowing costs cease when substantially all the activities necessary to prepare the assets ready for its intended use. Borrowing cost incurred on borrowings for working capital are charged to income statements as expense when incurred.

## Notes to the Financial Statements (Cont'd)

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### 3. ACCOUNTING POLICIES (CONT'D)

#### (m) Trade and Other Receivables

Trade receivables are carried at anticipated realisable value. Bad debts are written off when identified. A specific allowance was made for any debt considered to be doubtful of collection based on a review of all outstanding amounts as at the balance sheet date.

#### (n) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and at bank, deposits with licensed financial institutions, bank overdraft and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts, if any.

#### (o) Payable and Provisions for Liabilities

Payables and provisions for liabilities are stated at cost which is the consideration to be paid in the future for goods and services received.

Provisions for liabilities are recognised when the Group has a present legal and constructive obligation as a result of a past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when 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.

#### (p) Leased and Hire Purchase Assets

The cost of the property, plant and equipment acquired under finance lease and hire purchase arrangements which in substance transfer the risk and benefits of ownership of the property, plant and equipment to the Group are capitalised.

Property, plant and equipment are recorded at the lower of the minimum lease and hire purchase payments or the fair value of the lease and hire purchase assets at the beginning of the respective lease and hire purchase terms less accumulated depreciation. Property, plant and equipment acquired under such arrangement are depreciated over the useful lives of equivalent owned assets.

Outstanding obligation due under finance lease and hire purchase arrangements after deducting finance expenses are included as liabilities in the financial statement. Finance charges on finance lease and hire purchase are allocated to income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of the financial year.

Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to income statement on a straight line basis over the lease term.

#### (q) Shares Bought Back

Shares bought back held as treasury shares are accounted for on the cost method and presented as a deduction from equity. Should such shares be cancelled, their nominal amounts will be eliminated, and the differences between their cost and nominal amounts will be taken to reserves as appropriate.

## Notes to the Financial Statements (Cont'd)

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### 3. ACCOUNTING POLICIES (CONT'D)

#### (r) Income Taxes

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

#### (s) Revenue Recognition

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

- (i) Contract revenue on construction are recognised on the percentage of completion method as described in Note 3 (j).
- (ii) Revenue from sale of development properties is accounted for by the stage of completion method. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.
- (iii) Sales of burial and urn compartments are recognised on accrual basis, provided the contract was signed with the customer, a significant deposit of the invoice value is received, and the product are ready for delivery to the buyer.
- (iv) Sales of funeral packages is recognised when the funeral is performed and the products and services are delivered as described in Note 3 (a).
- (v) Dividend income is recognised when the right to receive payment is established.
- (vi) Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

#### (t) Foreign Currencies

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximately those ruling at that date. Foreign exchange differences arising on translation are dealt with in the income statement. Foreign non-monetary assets and liabilities which are stated at historical cost, are translated to Ringgit Malaysia at rates of exchange approximately those ruling at that date.

## Notes to the Financial Statements (Cont'd)

### 3. ACCOUNTING POLICIES (CONT'D)

#### (t) Foreign Currencies (Cont'd)

##### (ii) Financial statements of foreign operations

The Group's foreign operations are not considered to be an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Ringgit Malaysia at exchange rates ruling at balance sheet date. Foreign exchange differences arising on translation are taken to reserve.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date used are as follows:-

	2003 RM	2002 RM
1 US Dollar	3.8000	3.8000
1 Hong Kong Dollar	0.4892	0.4873
1 Indonesia Rupiah	0.0004	-

#### (u) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets other than inventories, assets arising from construction contracts, deferred tax assets and financial assets (other than investments in subsidiaries and associates), to determine whether there is any indication of impairment. If 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.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

#### (v) Financial Instruments

- (i) Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.
- (ii) Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables and payable. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.
- (iii) Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, gains and losses relating to a financial instruments classified as liability are reported as expense or income. Distribution to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and Company has a legally enforceable right to set off the recognised amount and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## Notes to the Financial Statements (Cont'd)

**4. PROPERTY, PLANT AND EQUIPMENT**

The details of property, plant and equipment are as follows:-

**Group 2003****At cost**

	At 1 January RM'000	Additions RM'000	Disposals/ Written off RM'000	Reclassified RM'000	At 31 December RM'000
Freehold land & building	-	1,374	-	-	1,374
Long leasehold building	979	2,069	-	-	3,048
Short leasehold land	1,525	757	-	-	2,282
Building in progress	11,394	11,004	-	-	22,398
Condominium	322	-	(322)	-	-
Furniture & fittings	2,254	487	(2)	11	2,750
Office equipment, computer systems & equipment	6,254	1,152	(5)	(51)	7,350
Motor vehicles	12,350	597	(1,234)	-	11,713
Plant and machinery	518	129	(7)	-	640
Office renovation	3,036	273	-	40	3,349
Cabin	17	20	-	-	37
<b>Total</b>	<b>38,649</b>	<b>17,862</b>	<b>(1,570)</b>	<b>-</b>	<b>54,941</b>

**Group 2003****Accumulated Depreciation**

	At 1 January RM'000	Charge for the year RM'000	Disposals/ Written off RM'000	Reclassified RM'000	Exchange Difference RM'000	At 31 December RM'000	Net Book Value at 31 December RM'000
Freehold land & building	-	41	-	-	(1)	40	1,334
Long leasehold building	62	12	-	-	-	74	2,974
Short leasehold land	156	31	-	-	-	187	2,095
Building in progress	-	-	-	-	-	-	22,398
Condominium	30	3	(33)	-	-	-	-
Furniture & fittings	819	293	-	1	-	1,113	1,637
Office equipment, computer systems & equipment	3,113	877	(2)	(8)	-	3,980	3,370
Motor vehicles	5,465	1,505	(1,197)	-	-	5,773	5,940
Plant and machinery	333	69	(5)	-	-	397	243
Office renovation	1,102	418	-	7	-	1,527	1,822
Cabin	3	3	-	-	-	6	31
<b>Total</b>	<b>11,083</b>	<b>3,252</b>	<b>(1,237)</b>	<b>-</b>	<b>(1)</b>	<b>13,097</b>	<b>41,844</b>

## Notes to the Financial Statements (Cont'd)

### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Group 2002

#### At cost

	At 1 January RM'000	Additions RM'000	Disposals/ Written off RM'000	At 31 December RM'000
Long leasehold building	979	-	-	979
Short leasehold land	1,525	-	-	1,525
Building in progress	10,929	465	-	11,394
Condominium	322	-	-	322
Furniture & fittings	1,874	380	-	2,254
Office equipment, computer systems & equipment	5,438	829	(13)	6,254
Motor vehicles	11,816	725	(191)	12,350
Plant and machinery	476	48	(6)	518
Office renovation	2,872	164	-	3,036
Cabin	10	7	-	17
<b>Total</b>	<b>36,241</b>	<b>2,618</b>	<b>(210)</b>	<b>38,649</b>

#### Accumulated Depreciation

	At 1 January RM'000	Charge for the year RM'000	Disposals/ Written off RM'000	At 31 December RM'000	Net Book Value at 31 December RM'000
Long leasehold building	50	12	-	62	917
Short leasehold land	125	31	-	156	1,369
Building in progress	-	-	-	-	11,394
Condominium	27	3	-	30	292
Furniture & fittings	558	261	-	819	1,435
Office equipment, computer systems & equipment	2,228	893	(8)	3,113	3,141
Motor vehicles	4,114	1,542	(191)	5,465	6,885
Plant and machinery	271	67	(5)	333	185
Office renovation	706	396	-	1,102	1,934
Cabin	1	2	-	3	14
<b>Total</b>	<b>8,080</b>	<b>3,207</b>	<b>(204)</b>	<b>11,083</b>	<b>27,566</b>

## Notes to the Financial Statements (Cont'd)

## 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

## Company 2003

## At cost

	At 1 January RM'000	Additions RM'000	At 31 December RM'000
Office equipment, computer systems & equipment	140	1	141
Motor vehicles	5	-	5
<b>Total</b>	<b>145</b>	<b>1</b>	<b>146</b>

## Accumulated Depreciation

	At 1 January RM'000	Charge for the year RM'000	At 31 December RM'000	Net Book Value at 31 December RM'000
Office equipment, computer systems & equipment	135	4	139	2
Motor vehicles	3	1	4	1
<b>Total</b>	<b>138</b>	<b>5</b>	<b>143</b>	<b>3</b>

## Company 2002

## At cost

	At 1 January RM'000	Additions RM'000	At 31 December RM'000
Office equipment, computer systems & equipment	140	-	140
Motor vehicles	5	-	5
<b>Total</b>	<b>145</b>	<b>-</b>	<b>145</b>

## Accumulated Depreciation

	At 1 January RM'000	Charge for the year RM'000	At 31 December RM'000	Net Book Value at 31 December RM'000
Office equipment, computer systems & equipment	100	35	135	5
Motor vehicles	1	2	3	2
<b>Total</b>	<b>101</b>	<b>37</b>	<b>138</b>	<b>7</b>

## Notes to the Financial Statements (Cont'd)

### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Group

The net book value of plant and equipment acquired under hire purchase and finance lease arrangements amounted to RM1,810,190 (2002: RM2,316,606) and RM Nil (2002: RM48,700) respectively.

### 5. ASSOCIATED COMPANY

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unquoted shares	30	30	30	30
Surplus arising on revaluation of investments	-	-	62	62
Unquoted shares at valuation	30	30	92	92
Share of post acquisition reserve	127	115	-	-
	157	145	92	92

The investment in associated company was revalued by the Directors on 19 June 2000 based on the audited net tangible asset values as at 31 December 1999 in conjunction with the listing of the Company on the Main Board of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad). The revaluation surplus of RM105,313 was credited to revaluation reserve.

The Group's investment in the associated company is analysed as follows:-

	Group	
	2003 RM'000	2002 RM'000
Share of net tangible assets	157	145

Details of the associated company which is incorporated in Malaysia are as follows:-

Name	Principal Activities	<--Effective Interest-->	
		2003 %	2002 %
<b>Associated company of the Company</b>			
Minda Cemerlang Sdn Bhd	Trading and processing of granite and marble	30	30

### 6. OTHER INVESTMENTS

	Group/Company Pro Forma	
	2003 RM'000	2002 RM'000 (restated)
Club memberships at cost	228	228
Club memberships at market value	366	366

## Notes to the Financial Statements (Cont'd)

## 7. GOODWILL ARISING ON CONSOLIDATION

	Group RM'000
Net book value	
At 1 January 2002	423
Amortisation charge	(58)
Disposal of interest in a subsidiary	(28)
At 1 January 2003	337
Additions	9,614
Amortisation charge	(1,137)
At 31 December 2003	8,814
At 31 December 2003	
Cost	10,194
Accumulated amortisation	(1,380)
Net book value	8,814
At 1 January 2003	
Cost	579
Accumulated amortisation	(242)
Net book value	337

## 8. DEFERRED TAXATION

	Group Pro Forma	
	2003 RM'000	2002 RM'000 (restated)
At 1 January	(6,667)	863
Recognised in the income statement	(41)	1,083
Charged to equity	-	(5,791)
Tax losses	-	(2,822)
	-	(8,613)
At 31 December	(6,708)	(6,667)
The amount, determined after appropriate offsetting are as follows:		
Deferred tax assets	(8,613)	(8,613)
Deferred tax liabilities	1,905	1,946
	(6,708)	(6,667)

## Notes to the Financial Statements (Cont'd)

### 8. DEFERRED TAXATION (CONT'D)

Deferred tax liabilities of the Group

	Accelerated capital allowance RM'000	Cemetery property RM'000	Total RM'000
At 1 January	1,032	914	1,946
Recognised in income statement	6	(47)	(41)
At 31 December	1,038	867	1,905

The deferred tax assets have been recognised due to the change in the method of accounting for recognising sales of pre-need funeral contracts, where profits are deferred until the period in which the funerals are performed and the product and services are delivered as explained in Note 3(a).

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

	Group	
	2003 RM'000	2002 RM'000
Unabsorbed capital allowances	17	17
Unabsorbed tax losses	4	1
	21	18

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

### 9. TRADE AND OTHER RECEIVABLES

	Group Pro Forma		Company	
	2003 RM'000	2002 RM'000 (restated)	2003 RM'000	2002 RM'000
Trade receivables	77,572	60,700	-	-
Less: Allowances for doubtful debts	(30)	(29)	-	-
	77,542	60,671	-	-
Less: Amount due after 12 months	(22,624)	(27,795)	-	-
	54,918	32,876	-	-
Other receivables, deposits and prepayment	11,054	5,334	353	310
Stakeholders' fund	417	417	-	-
	66,389	38,627	353	310

## Notes to the Financial Statements (Cont'd)

**9. TRADE AND OTHER RECEIVABLES (CONT'D)**

	Group		Company	
	2003 RM'000	Pro Forma 2002 RM'000 (restated)	2003 RM'000	2002 RM'000
Trade receivables fall due:-				
within next 12 months	54,918	32,876	-	-
after 12 months	22,624	27,795	-	-
	77,542	60,671	-	-

The Group's normal trade credit terms ranges from 1 to 36 months. Other credit terms are assessed and approved on a case to case basis.

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

**10. PRE-NEED FUNERAL CONTRACT RECEIVABLES**

	2003 RM'000	Group Pro Forma 2002 RM'000 (restated)
Pre-need funeral contract receivables	14,193	26,099
Sinking fund	17,111	10,747
	31,304	36,846
Less: Amount due after 12 months	(19,676)	(19,443)
	11,628	17,403
Pre-need funeral contract receivables fall due:-		
within next 12 months	11,628	17,403
after 12 months	2,565	8,696
	14,193	26,099

The Group's normal trade credit ranges from 1 to 36 months. Other credit terms are assessed and approved on a case to case basis.

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

## Notes to the Financial Statements (Cont'd)

### 11. INVENTORY AND DEVELOPMENT EXPENDITURE

	Group	
	2003 RM'000	Pro Forma 2002 RM'000 (restated)
Inventory, at cost:-		
Plants and trees	-	98
Raw materials	756	678
Work in progress	3,917	6,074
Finished product	1,300	563
Funeral stocks	81	-
Land held for development	40,881	36,583
	46,935	43,996
Development expenditure	71,464	60,483
	118,399	104,479

### 12. AMOUNT DUE FROM ASSOCIATED COMPANY

	Group	
	2003 RM'000	2002 RM'000
Amount due from an associated company	-	27

The amount due from associated company represents non trade advances and is unsecured, interest free with no fixed terms of repayment.

### 13. SHORT TERM INVESTMENTS

	Group	
	2003 RM'000	2002 RM'000
Short term deposits with licensed banks	450	813
The currency exposure profile of short term investments is as follows:		
- Ringgit Malaysia	205	273
- US Dollar	245	540
	450	813

## Notes to the Financial Statements (Cont'd)

**13. SHORT TERM INVESTMENTS (CONT'D)****Group**

Short term deposits amounting to RM155,703 (2002: RM195,604) have been pledged as security for banking facilities granted to subsidiary companies.

The above deposits carry interest at approximately 4.00% p.a. with maturities ranging from 15 days to 209 days.

**14. CASH AND BANK BALANCES**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash and bank balances	10,920	5,989	110	67

The currency exposure profile of cash and bank balances is as follows:

	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
- Ringgit Malaysia	10,689	5,917	110	67
- US Dollar	9	72	-	-
- Rupiah	159	-	-	-
- Others	63	-	-	-
	10,920	5,989	110	67

Included in the Group bank balances is an amount of RM9,852 (2002: RM859,162) maintained pursuant to the requirement of the Housing Developers (Housing Development Account) Regulations, 1991.

**15. TRADE AND OTHER PAYABLES**

	Group		Company	
	2003 RM'000	Pro Forma 2002 RM'000 (restated)	2003 RM'000	2002 RM'000
Trade payables	15,334	14,247	-	-
Other payables and accruals	14,410	11,327	367	179
Incentives payable to agents	17,416	12,596	-	-
Consideration for purchase of land	5,250	-	-	-
Sinking fund reserve	4,554	8,292	-	-
Progress billing	-	557	-	-
	56,964	47,019	367	179

The normal trade credit terms granted to the Group range from 30 to 90 days.

The amount of RM4,554,000 in the sinking fund reserve is subsequently paid to the trustee in the following year.

## Notes to the Financial Statements (Cont'd)

### 16. SHORT TERM BORROWINGS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revolving credit	18,493	767	9,000	-
Bank overdraft	281	-	-	-
Term loan	8,724	-	8,724	-
	27,498	767	17,724	-

The currency exposure profile of short term borrowings is as follows:

- Ringgit Malaysia	21,005	-	17,724	-
- US Dollar	6,493	767	-	-
	27,498	767	17,724	-

The revolving credit granted to subsidiary companies were guaranteed by the Company. The revolving credit bears interest ranging from 2.63% - 5.75% (2002: 3.00% - 3.375%) per annum.

The term loan facility was granted as a bridging loan pending completion of the proposed Commercial Paper/Medium Term Notes program. Refer to Note 38 (ii). The term loan facility bears interest at 4.96% (2002: Nil) per annum.

### 17. HIRE PURCHASE AND LEASE CREDITORS

	Group	
	2003 RM'000	2002 RM'000
<b>Minimum lease payments:</b>		
Not later than 1 year	682	738
Later than 1 year and not later than 2 years	506	643
Later than 2 years and not later than 5 years	422	805
	1,610	2,186
Less: Future finance charges	(312)	(459)
Present value of finance lease liabilities	1,298	1,727
<b>Present value of finance lease liabilities:</b>		
Not later than 1 year	540	591
Later than 1 year and not later than 2 years	410	516
Later than 2 years and not later than 5 years	348	620
	1,298	1,727

## Notes to the Financial Statements (Cont'd)

**17. HIRE PURCHASE AND LEASE CREDITORS (CONT'D)**

	Group	
	2003 RM'000	2002 RM'000
Analysed as:		
Repayable within next 12 months		
- Hire purchase creditors	540	856
- Lease creditors	-	13
	540	869
Repayable after 12 months		
- Hire purchase creditors	758	858
	1,298	1,727

The hire purchase and lease liabilities bear interest ranging from 3.35% to 7.90% (2002: 4.10% to 7.90%) per annum.

**18. SHARE CAPITAL**

	Group/Company	
	2003 RM'000	2002 RM'000
<b>a) Authorised:</b>		
Ordinary shares of RM1 each	100,000	100,000
<b>b) Issued and fully paid:</b>		
Ordinary shares of RM1 each	70,000	70,000

In 2002, the Company bought back 1,582,000 shares of RM1.00 each amounting to approximately RM7,257,407 at an average price of RM4.59 per share, from the open market with internally generated funds. These shares are being held as treasury shares. Accordingly, the number of outstanding shares in issue and fully paid-up as at 31 December 2002 is 68,418,000 shares.

On 14 April 2004, the Company cancelled the entire 1,582,000 treasury shares. Consequently, the issued and paid-up capital of the Company becomes RM68,418,000 divided into 68,418,000 ordinary shares of RM1.00 each.

## Notes to the Financial Statements (Cont'd)

### 19. RESERVES

	Group		Company	
	2003 RM'000	Pro Forma 2002 RM'000 (restated)	2003 RM'000	2002 RM'000
<b>Non-Distributable:</b>				
Share premium	21,603	21,603	21,603	21,603
Revaluation Reserve	10,601	10,601	7,590	10,035
Treasury Shares (Note 18)	(7,257)	(7,257)	(7,257)	(7,257)
Currency translation reserve	(121)	-	-	-
	24,826	24,947	21,936	24,381
<b>Distributable:</b>				
Retained profits	54,216	32,847	36,597	12,160
	79,042	57,794	58,533	36,541

### 20. DEFERRED PRE-NEED FUNERAL CONTRACT REVENUE

Deferred pre-need funeral contract revenue consists of:

	Group	
	2003 RM'000	2002 RM'000
Deferred pre-need funeral contract revenue	72,486	72,917
Realised and unrealised gain in sinking fund	1,908	98
	74,394	73,015

### 21. OPERATING PROFIT

	Group		Company	
	2003 RM'000	Pro Forma 2002 RM'000 (restated)	2003 RM'000	2002 RM'000
Revenue:				
Dividend income from subsidiary companies	-	-	34,567	694
Management fees	-	-	2,299	-
Bereavement care	136,483	119,178	-	-
Housing development (Note 30)	557	1,284	-	-
	137,040	120,462	36,866	694
Cost of sales	(47,078)	(33,968)	-	-
Gross profit	89,962	86,494	36,866	694
Other operating income	3,100	1,891	539	281
SELLING AND DISTRIBUTION EXPENSES	(24,989)	(26,628)	-	-

## Notes to the Financial Statements (Cont'd)

## 21. OPERATING PROFIT (CONT'D)

	Group Pro Forma		Company	
	2003 RM'000	2002 RM'000 (restated)	2003 RM'000	2002 RM'000
ADMINISTRATIVE EXPENSES				
- amortisation of goodwill	(1,039)	(107)	-	-
- depreciation	(3,252)	(3,207)	(5)	(37)
- staff cost	(15,768)	(15,783)	(1,187)	(134)
- other expenses	(12,040)	(15,049)	(575)	(206)
	(32,099)	(34,146)	(1,767)	(377)
Operating profit	35,974	27,611	35,638	598

## 22. EXCEPTIONAL ITEM

	Group Pro Forma	
	2003 RM'000	2002 RM'000 (restated)
Gain on disposal of interest in a subsidiary company	-	481

## 23. PROFIT BEFORE TAXATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Profit before taxation is arrived at after charging:-				
Audit fees	102	83	12	13
Bad debts written off	-	9	-	-
Directors' fee	215	48	62	48
Directors' emoluments	995	1,101	995	76
Interest expenses	1,115	293	173	-
Land rental	5	-	-	-
Loss on disposal of property, plant and equipment	42	4	-	-
Rental of premises	1,381	1,674	1	-
Rental of equipments	4	-	-	-
Preliminary expenses written off	-	11	-	-
and crediting:-				
Dividend income	-	-	34,567	-
Gain on disposals of property, plant and equipment	163	72	-	-
Interest income	1,484	379	460	281
Rental income	70	94	-	-

The estimated monetary value of benefits provided to Directors of the Company during the financial year amounted to RM57,586 (2002 : RM67,986).

## Notes to the Financial Statements (Cont'd)

### 24. TAXATION

	Group Pro Forma		Company	
	2003 RM'000	2002 RM'000 (restated)	2003 RM'000	2002 RM'000
Malaysia - current	9,894	11,003	9,820	221
- prior year	179	(42)	(86)	-
Overseas - current	1,059	-	-	-
Deferred tax (Note 8)	(41)	1,083	-	-
Transferred to deferred tax asset	-	(2,822)	-	-
Share of taxation of associated companies	20	20	-	-
	11,111	9,242	9,734	221

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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 are as follows:

	Group Pro Forma	
	2003 RM'000	2002 RM'000 (restated)
Profit before taxation	34,669	27,544
Taxation at Malaysian statutory tax rate of 28%	9,707	7,712
Effect of tax savings for the first RM100,000 taxable income of subsidiary companies	(56)	-
Effect of different tax rate in other countries	71	-
Expenses not deductible for tax purposes	1,377	1,600
Income not subject to tax	(52)	(54)
Utilisation of previously unabsorbed capital allowances	(139)	-
Utilisation of previously unabsorbed tax losses	(1)	-
Deferred tax asset not recognised	5	5
Under/(over) provision in prior year	179	(42)
Share of tax in associated company	20	21
Tax expense for the year	11,111	9,242

## Notes to the Financial Statements (Cont'd)

## 24. TAXATION (CONT'D)

	Company	
	2003 RM'000	2002 RM'000
Profit before taxation	35,421	548
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	9,918	153
Expenses not deductible for tax purposes	41	68
Overprovision in prior year	(86)	-
Utilisation of previously unabsorbed capital allowances brought forward	(139)	-
Tax expenses for the year	9,734	221

**Group**

The effective tax rate of the Group for the current financial year is higher than the statutory tax rate due principally to certain expenses are not deductible for tax purposes.

Subject to the approval from the tax authorities, the Group has unabsorbed capital allowances of approximately RM59,200 (2002: RM527,000) and unabsorbed losses of approximately RM13,000 (2002: Nil) for utilisation against future taxable income and available tax exempt income for the the payment of future tax exempt dividends of approximately RM1,875,300 (2002: RM2,495,800).

**Company**

Subject to the approval from the tax authorities, the Company has unabsorbed capital allowances of Nil (2002: RM495,000) for utilisation against future taxable income and available tax exempt income for the the payment of future tax exempt dividends of approximately RM53,000 (2002: Nil).

## 25. EARNINGS PER SHARE

	Group Pro Forma	
	2003	2002 (restated)
Net profit for the year (RM'000)	22,288	17,695
Weighted average no. of share in issue ('000)	68,418	68,502
Basic earnings per share (sen)	32.58	25.83
Weighted average no. of shares in issue after bonus and share split ('000)	342,090	342,510
Pro forma earnings per share	6.52	5.17

For the pro forma earnings per share calculation, the weighted number of ordinary shares in issue is adjusted to assume approval is obtained from the shareholders of the Company in an Extraordinary General Meeting to be held on 14 May 2004, for the proposed bonus issue of 1 new ordinary shares each for every four existing ordinary share held, proposed sub-division of one existing ordinary share into four new ordinary shares of RM0.25 each, and proposed amendments to the Memorandum and Articles of Association of the Company as disclosed in Note 38(i).

## Notes to the Financial Statements (Cont'd)

### 26. DIVIDENDS

	Group/Company	
	2003 RM'000	2002 RM'000
First interim dividend of RM0.075 gross per share less income tax of 28% (2002: RM0.10 per share)	3,695	4,926
Special dividend of RM 0.075 gross per share less income tax of 28%(2002: RM0.05 per share)	-	2,463
	3,695	7,389

A second interim dividend in respect of the financial year ended 31 December 2003 of RM0.075 gross per share less tax of 28% amounting to RM3,694,572 will be paid on 5 May 2004.

The financial statements do not reflect this interim dividend which will be accounted for in the financial year ending 31 December 2004.

### 27. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash and bank balances	10,920	5,989	110	67
Short term deposits with licensed banks	253	617	-	-
Bank overdraft (Note 16)	(281)	-	-	-
	10,892	6,606	110	67

### 28. SUBSIDIARY COMPANIES

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares	11,495	4,975
Net surplus arising on revaluation of investments	47,069	47,069
Less: Dividends paid by a subsidiary company out of retained profits at valuation dated 19 June 2000	(3,059)	(613)
	55,505	51,431

The investment in subsidiary companies was revalued by the Directors on 19 June 2000 based on the audited net tangible asset values as at 31 December 1999 in conjunction with the listing of the Company on the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad). The revaluation surplus of RM47,069,019 was credited to revaluation reserve.

## Notes to the Financial Statements (Cont'd)

### 28. SUBSIDIARY COMPANIES (CONT'D)

Details of subsidiary companies, incorporated in Malaysia, unless otherwise stated, are as follows:-

#### Subsidiaries of the Company:

Name	Principal Activities	<--Effective Interest-->	
		2003 %	2002 %
Genting Jelas Sdn Bhd	Property development	100	100
Istawa Sdn Bhd	Dormant	100	100
Nirvana Memorial Park Sdn Bhd	Development of rest park, construction and sales of tombs	100	100
Nir-Warna Development Sdn Bhd	Dormant	100	100
Nir-Warna Marketing Sdn Bhd	Dormant	51	51
NV Alliance Sdn Bhd	Marketing agent of burial plots, urn compartments and pre-need funeral packages	100	100
NV Card Services Sdn Bhd	Dormant	100	100
NV Care Sdn Bhd	Sales of funeral packages	85	51
NV Manufacturing Sdn Bhd	Dormant	100	100
Rantau Delima Sdn Bhd	Dormant	100	100
Paramount Right Sdn Bhd	Dormant	100	100
Nirvana Memorial Park (Melaka) Sdn Bhd (formerly known as Quality Purpose Sdn Bhd)	Dormant	100	100
Details of subsidiary company, incorporated in Labuan are as follows:-			
NV International (L) Limited	Dormant	100	100
Details of subsidiary company, incorporated in Hong Kong are as follows:-			
NV Multi Corporation (Hong Kong) Limited	Dormant	100	100

## Notes to the Financial Statements (Cont'd)

### 28. SUBSIDIARY COMPANIES (CONT'D)

#### Subsidiaries of Nirvana Memorial Park Sdn Bhd:

Name	Principal Activities	<--Effective Interest-->	
		2003 %	2002 %
Nirvana Memorial Park (Johor) Sdn Bhd	Development of rest park, construction and sales of tombs	100	100
Nirvana Memorial Park (Kuching) Sdn Bhd	Development of rest park, construction and sales of tombs and sales of funeral packages	65	65
Nirvana Memorial Park (Penang) Sdn Bhd	Dormant	100	100
Nirvana Memorial Park (Sabah) Sdn Bhd	Development of rest park, construction and sales of tombs	100	100
Nirvana Memorial Park (Klang) Sdn Bhd	Dormant	100	100
Nirvana Memorial Park (Sibu) Sdn Bhd (formerly known as Nirvana Management Sdn Bhd)	Development of rest park, construction and sales of tombs	100	100

#### Subsidiary of Nirvana Memorial Park (Kuching) Sdn Bhd:

Name	Principal Activities	<--Effective Interest-->	
		2003 %	2002 %
Anglosa Development Sdn Bhd	Dormant	100	100

#### Subsidiaries of NV Care Sdn Bhd:

Name	Principal Activities	<--Effective Interest-->	
		2003 %	2002 %
NV Care (Johor) Sdn Bhd	Dormant	100	100
Pinang Sepadan Sdn Bhd	Dormant	100	100
PJMC Sdn Bhd	Dormant	100	100

## Notes to the Financial Statements (Cont'd)

**28. SUBSIDIARY COMPANIES (CONT'D)****Subsidiaries of NV Multi Corporation (Hong Kong) Limited:**

Name	Principal Activities	<--Effective Interest-->	
		2003 %	2002 %
NV World-Wide Information Consultancy Co. Ltd. (Incorporated in The People's Republic of China)	Dormant	100	100
Harvest China Holdings Limited (Incorporated in Hong Kong)	Dormant	100	-
PT Alam Hijau Lestari (Incorporated in Indonesia)	Development of rest park, construction and sales of tombs	51	-
NV Mauritius Limited (Incorporated in Republic of Mauritius)	Provision of management services and trademark licensing	100	-

All the subsidiary companies except NV International (L) Limited, PT Alam Hijau Lestari and NV Multi Corporation (Hong Kong) Limited and its subsidiaries, are audited by HALS & Associates.

The financial statements of NV World-Wide Information Consultancy Co. Ltd., a wholly-owned subsidiary of NV Multi Corporation (Hong Kong) Limited was not consolidated in the Group's financial statements as the controlling interest was temporary.

**Acquisition**

- (i) On 24 June 2003, NV Multi Corporation (Hong Kong) Limited, a subsidiary of the Company, has paid RM1,180,163 in cash to subscribe for 51% equity interest in PT Alam Hijau Lestari.
- (ii) On 10 December 2003, NV Multi Corporation (Hong Kong) Limited, a subsidiary of the Company, has acquired 1 ordinary share of USD1.00 each representing 100% equity interest in NV Mauritius Limited ("NVML") for USD1.00. NVML is a company newly incorporated in the Republic of Mauritius under Section 24 of the Companies Act, 2001.

**29. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES**

	Company	
	2003 RM'000	2002 RM'000
Amount due from subsidiary companies	92,954	53,332
Amount due to subsidiary companies	(159)	(33)
	92,795	53,299

The amounts due from/(to) subsidiary companies are unsecured, interest free with no fixed terms of repayment except for an amount of RM18,662,000 due from a subsidiary on which interest is charged at 8.25% to 8.65% per annum.

## Notes to the Financial Statements (Cont'd)

### 30. PROPERTY DEVELOPMENT EXPENDITURE

	Group	
	2003 RM'000	2002 RM'000
Development expenditure – at cost	5,490	5,246
Proportion of estimated profit on properties sold	1,908	1,595
	7,398	6,841
Less: Progress billings	(7,398)	(6,841)
	-	-

### 31. SEGMENTAL REPORTING

There is no business segment analysis as the Group primarily engages in the bereavement care business.

	Revenue RM'000	Carrying amount of segment assets RM'000	Addition to non-current segment assets RM'000
Malaysia	128,184	310,215	16,112
Indonesia	8,856	11,747	1,750
	137,040	321,962	17,862

### 32. FINANCIAL INSTRUMENTS

The Group is exposed to financial risks arising from its business activities and manages this through established risk management processes, proper monitoring and reporting to the management.

#### (i) Interest Rate Risk

As the Group's operating cash flows are substantially independent of changes in market interest rates, the Group does not use derivative financial instrument to hedge its risk. Interest rate exposure arises from the Group's borrowings and deposits is managed through the use of fixed and floating rate debt.

#### (ii) Foreign Exchange Risk

The Group incurs foreign currency risk on borrowings that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily US dollars. Foreign exchange exposure in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

## Notes to the Financial Statements (Cont'd)

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### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (iii) Credit Risk

The Group has no significant concentrations of credit risk. Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Trade receivables are monitored on an ongoing basis through Group management reporting procedures.

The Group and the Company has no significant concentration of credit risk with any single counterparty. In respect of investment in cash and deposits, the policy is to transact with financial institutions that are assessed for acceptable creditworthiness. The maximum exposure to credit risks are represented by the carrying amount of each financial assets.

#### (iv) Market Risk

In connection with the Group's prearranged funeral operations, the cost of providing funeral packages in the future are deposited with the Trustee independent of the Group's finances, as presented in note 10. The risk is minimized through stringent cost control by the group, regular valuation by an independent Actuarial Consultant, and established investment policy by the Trustee.

#### (v) Liquidity Risk

It is the Group's policy to maintain flexibility in funding by keeping committed credit line available to ensure its ability to service obligation in the future by way of ongoing monitoring and forecasting of cash requirements.

#### (vi) Fair Value of Financial Instruments

The carrying amounts of the financial instruments are stated approximately at fair values, unless otherwise indicated in the respective notes to the financial statements.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

##### (a) Cash and Bank Balances and Short Term Investments

The carrying amount of cash and bank balances and short term investments approximates fair value due to the relatively short term maturity of these instruments.

##### (b) Trade and Other Receivables and Payables

The historical cost carrying amount of receivables and payables subject to normal trade credit terms approximate fair value. The carrying amounts of other receivables and payables are reasonable estimates of fair value because of their short maturity.

##### (c) Provisions

The carrying amount of provisions approximate at their fair value.

## Notes to the Financial Statements (Cont'd)

### 33. CONTINGENT LIABILITIES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Damages claimed by third parties as a result of earthworks carried out and pending court decision*	2,623	2,623	-	-
Corporate guarantee for financing facilities granted to subsidiary companies	-	-	1,298	1,727
Corporate guarantee for banking facilities granted to subsidiary companies**	-	-	33,300	35,700
Corporate guarantee for end-financing facilities granted to purchasers, for which no loss is expected	6,500	15,869	6,500	15,869

\* The Directors are of the opinion that the above claims are without merit.

\*\* As at 31 December, banking facilities that has been drawn down is RM9,824,000 (2002: RM867,000).

The above contingent liabilities are not secured against any of the Group's and Company's assets.

### 34. COMMITMENT

	Group	
	2003 RM'000	2002 RM'000
Authorised capital commitments:		
Contracted		
- construction in progress	2,821	13,161
- purchase of property, plant and equipment	1,534	1,780
- construction of a funeral complex	2,500	2,500
	6,855	17,441
Not contracted		
Investments in new ventures	3,780	5,840

## Notes to the Financial Statements (Cont'd)

### 35. EMPLOYEES

The number of employees at the end of the financial year is:-

	Group		Company	
	2003 No.	2002 No.	2003 No.	2002 No.
Employees	296	291	5	-

### 36. RELATED PARTY DISCLOSURES

#### Significant related party transactions

Transactions with associated companies:-

	2003 RM'000	2002 RM'000
Minda Cemerlang Sdn Bhd:-		
Purchase of granite	2,493	2,315
Rental income	30	30

The transactions have been entered into the normal course of business and have been established under negotiated terms.

#### Related party balances

The related party balances as at the balance sheet date are disclosed in the financial statements.

### 37. COMPARATIVE FIGURES

The comparative figures stated are in respect of the year ended 31 December 2002.

The presentation of the financial statements for the current financial year has been made in accordance with the requirements of Malaysian Accounting Standards Board (MASB).

Other than information presented in the financial statements, the following comparative figures in the balance sheet and income statements of the Group have been restated to reflect the change in the method of accounting for pre-need sales of funeral service, the reclassification stated in Notes 6, 8, 9, 10, 11, 15, 19, 21, 22, 24, 25 to the financial statements, and to conform with current year's presentations.

## Notes to the Financial Statements (Cont'd)

### 37. COMPARATIVE FIGURES (CONT'D)

#### BALANCE SHEET:-

	Group/Company	
	As restated RM'000	As previously reported RM'000
<b>Other investments</b>		
Club memberships at cost	228	-
Club memberships at market value	366	-

#### Deferred tax liabilities of the Group

	Accelerated capital allowance RM'000	Cemetery property RM'000	Total RM'000
<b>As previously reported</b>			
At 1 January 2002	863	-	863
Recognised in income statement	169	-	169
At 31 December 2002	1,032	-	1,032
<b>As restated</b>			
At 1 January 2002	863	-	863
Recognised in income statement	169	914	1,083
At 31 December 2002	1,032	914	1,946

#### Deferred tax assets of the Group

	Tax losses RM'000	Total RM'000
<b>As previously reported</b>		
At 1 January 2002	-	-
Recognised in income statement	-	-
At 31 December 2002	-	-

## Notes to the Financial Statements (Cont'd)

## 37. COMPARATIVE FIGURES (CONT'D)

## BALANCE SHEET:-

	Tax losses RM'000	Total RM'000
<b>As restated</b>		
At 1 January 2002	-	-
Changes to equity	5,791	5,791
Tax losses	2,822	2,822
At 31 December 2002	8,613	8,613

	Group As restated RM'000	As previously reported RM'000
<b>Trade and other receivables</b>		
Trade receivables	60,700	86,799
Less: Allowances for doubtful debts	(29)	(29)
	60,671	86,770
Less: Amount due after 12 months	(27,795)	(36,491)
	32,876	50,279
Other receivables, deposits and prepayment	5,334	6,048
Stakeholders' fund	417	417
Tax recoverable	-	1,547
	38,627	58,291
<b>Trade receivables fall due:-</b>		
within next 12 months	32,876	50,279
after 12 months	27,795	36,491
	60,671	86,770
<b>Pre-need funeral contract receivables</b>		
Pre-need funeral contract receivables	26,099	-
Sinking fund	10,747	-
	36,846	-
Less: Amount due after 12 months	(19,443)	-
	17,403	-

## Notes to the Financial Statements (Cont'd)

### 37. COMPARATIVE FIGURES (CONT'D)

#### BALANCE SHEET:-

	Group As restated RM'000	As previously reported RM'000
Pre-need funeral contract receivables fall due:-		
within next 12 months	17,403	-
after 12 months	8,696	-
	26,099	-
<b>Inventory and development expenditure</b>		
Inventory, at cost:-		
Plants and trees	98	98
Raw materials	678	678
Work in progress	6,074	6,074
Finished product	563	563
Land held for development	36,583	36,583
	43,996	43,996
Development expenditure	60,483	61,433
	104,479	105,429
<b>Trade and other payables</b>		
Trade payables	14,247	14,247
Other payables and accruals	11,327	11,132
Incentive payable to agents	12,596	16,141
Sinking fund reserve	8,292	8,292
Amount due to Directors	-	202
Progress billing	557	557
	47,019	50,571
<b>Reserves</b>		
Non Distributable:		
Share premium	21,603	21,603
Revaluation Reserve	10,601	10,601
Treasury Shares	(7,257)	(7,257)
	24,947	24,947
Distributable:		
Retained profits	32,847	49,082
	57,794	74,029

## Notes to the Financial Statements (Cont'd)

## 37. COMPARATIVE FIGURES (CONT'D)

## INCOME STATEMENTS:-

	Group	
	As restated RM'000	As previously reported RM'000
<b>Revenue</b>		
Bereavement care	119,178	143,901
Housing development	1,284	1,284
	120,462	145,185
Cost of sales	(33,968)	(42,319)
Gross profit	86,494	102,866
Other operating income	1,891	1,891
SELLING AND DISTRIBUTION EXPENSES	(26,628)	(29,691)
ADMINISTRATIVE EXPENSES		
- amortisation of goodwill	(107)	(107)
- depreciation	(3,207)	(3,207)
- staff cost	(15,783)	(15,783)
- other expenses	(15,049)	(17,161)
	(34,146)	(36,258)
Operating profit	27,611	38,808
<b>Taxation</b>		
Malaysia - current	11,003	11,917
- prior year	(42)	(42)
Deferred tax (note 8)	1,083	169
Transferred to deferred tax asset	(2,822)	-
Share of taxation of associated companies	20	20
	9,242	12,064
<b>Profit before taxation</b>		
Profit before taxation	27,544	37,954
Taxation at Malaysian statutory tax rate of 28%	7,712	10,627
Expenses not deductible for tax purposes	1,600	1,507
Income not subject to tax	(54)	(54)
Deferred tax asset not recognised	5	5
Over provision in prior year	(42)	(42)
Share of tax in associated company	21	21
Tax expense for the year	9,242	12,064

## Notes to the Financial Statements (Cont'd)

### 37. COMPARATIVE FIGURES (CONT'D)

#### INCOME STATEMENTS:-

	Group As restated RM'000	As previously reported RM'000
<b>Earnings per share</b>		
Net profit for the year (RM'000)	17,695	23,591
Weighted average no. of share in issue ('000)	68,502	68,502
Basic earnings per share (sen)	25.83	34.44
Weighted average no. of shares in issue after bonus and share split ('000)	342,510	-
Proforma earnings per share	5.17	-

### 38. SUBSEQUENT EVENTS

- (i) On 20 February 2004, the Company announced its intention to implement the following:
- a bonus issue of 17,104,500 new ordinary shares of RM1.00 each in NV Multi ("NV Multi Share") to be credited as fully paid on the basis of one (1) new NV Multi Share for every four (4) existing NV Multi Shares held at a date to be determined later ("Proposed Bonus Issue");
  - a sub-division of one (1) existing NV Multi Shares into four (4) new ordinary shares of RM0.25 each ("Proposed Sub-Division of Shares"); and
  - amendments to the Memorandum and Articles of Association of NV Multi to accommodate the Proposed Sub-Division of Shares ("Proposed Amendments").

On 26 March 2004, the approval-in-principle was obtained from Bursa Malaysia Securities Berhad ("Bursa Malaysia") (formerly known as Malaysia Securities Exchange Berhad) for the Proposed Sub-Division and listing and quotation of 17,104,500 new Bonus Shares; and

On 8 April 2004, the Securities Commission ("SC") has approved the following and is subject to and conditional upon the Company adhering to the requirements of the SC's Policies and Guidelines on issue/Offer of Securities in relation to the above proposals:-

- the Proposed Sub-Division of Shares; and
- the listing of and quotation for the entire new shares of RM0.25 each on Bursa Malaysia upon completion of the Proposed Bonus Issue and Proposed Sub-Division of Shares.

The Proposed Bonus Issue, Proposed Sub-Division of Shares and Proposed Amendments are subject to the approval of the shareholders' at the Company's forthcoming Extraordinary General Meeting to be convened on 14 May 2004.

- (ii) On 18 March 2004, the Company entered into Commercial Papers/Medium Term Notes Programme Agreements pertaining to the issuance of CP/MTN up to an aggregate nominal value of RM 100 million. Subsequently, the Company had on 29 March 2004 issued RM35 million of MTN via private placement.
- (iii) On 13 April 2004, the Company announced its proposal to seek a fresh mandate from its shareholders at the forthcoming Annual General Meeting ("AGM") to purchase up to ten percent (10%) of its issued and paid-up share capital in accordance with the provisions of Section 67A of the Companies Act, 1965, the Articles of Association of the Company and Bursa Malaysia's Listing Requirements ("Proposed Share Buy-Back").

The Proposed Share Buy-Back is subject to and conditional upon approval being obtained from the shareholders of the Company at the forthcoming AGM to be convened.

## Statement by Directors

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We, **DATO' DR KONG HON KONG** and **YAP KIM SWEE**, being two of the Directors of **NV MULTI CORPORATION BERHAD**, do hereby state that in our opinion, the financial statements set out on pages 30 to 74 are drawn up in accordance with applicable approved Accounting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2003 and of the results of their operations and of the cash flows of the Group and Company for the year ended on that date.

On behalf of the Board

**DATO' DR KONG HON KONG**  
Director

**YAP KIM SWEE**  
Director

KUALA LUMPUR  
DATE: 27 April 2004

## Statutory Declaration

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I, **YAP KIM SWEE**, being the Director primarily responsible for the accounting records and financial management of **NV MULTI CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 30 to 74 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in Wilayah Persekutuan on 27 April 2004

Before me:-

**YAP KIM SWEE**  
Director

**HAJI BAHARUDIN BIN ABU BAKAR (W331)**  
**COMMISSIONER FOR OATHS**

# Auditors' Report to the Member of NV Multi Corporation Berhad

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We have audited the financial statements set out on pages 30 to 74. 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 approved Auditing Standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with applicable approved Accounting Standards and the provisions of the Companies Act, 1965, as amended so as to give a true and fair view of :-
  - (i) the state of affairs of the Group and the Company as at 31 December 2003 and of the results of their operations and of the cash flows of the Group and Company for the year ended on that date, and
  - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements.
- (b) the accounting and other records and the registers required by the Act to be kept by the Group and the Company have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements of subsidiary companies, of which we have not acted as auditors as disclosed in Note 28 to the financial statements, which have been included in the consolidated financial statements.

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

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

**HALS & ASSOCIATES**  
**A.F. 0755**  
**CHARTERED ACCOUNTANTS (M)**

**Subramaniam Sankar**  
**BiL 925/02/06 (J/PH)**  
**Partner**

KUALA LUMPUR  
DATE: 27 April 2004

# Analysis of Shareholdings

as at 30 April 2004

Authorised Share Capital : 100,000,000 Ordinary Shares of RM1.00 each  
 Issued and fully Paid-up Share : 68,418,000 Ordinary Shares of RM1.00 each

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
less than 100 shares	42	1.78	140	0.00
100 - 1,000 shares	1,182	50.13	1,140,300	1.67
1,001 - 10,000 shares	944	40.03	3,804,109	5.56
10,001 - 100,000 shares	147	6.23	4,046,301	5.91
100,001 to less than 5% of issued shares	39	1.66	34,789,784	50.85
5% and above of issued shares	4	0.17	24,637,366	36.01
Total	2,358	100.00	68,418,000	100.00

## TOP THIRTY SHAREHOLDERS

Name of Shareholders	No. of Shares Held	Percentage of Shares (%)
1 Mayang Teratai Sdn Bhd	12,864,859	18.80
2 Anugaris Sdn Bhd	4,078,507	5.96
3 EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Mayang Teratai Sdn Bhd (CSC)	3,894,000	5.69
4 Southern Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mayang Teratai Sdn Bhd	3,800,000	5.55
5 EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Anugaris Sdn Bhd (CSC)	3,100,000	4.53
6 Malaysia Nonimees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	2,742,400	4.01
7 Universal Trustee (Malaysia) Berhad - SBB Emerging Companies Growth Fund	2,572,300	3.76
8 AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mayang Teratai Sdn Bhd	2,570,690	3.76
9 Southern Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Anugaris Sdn Bhd	2,400,000	3.51

## Analysis of Shareholdings as at 30 April 2004 (Cont'd)

### TOP THIRTY SHAREHOLDERS

	Name of Shareholders	No. of Shares Held	Percentage of Shares (%)
10	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Anugaris Sdn Bhd	2,300,000	3.36
11	Ke-Zan Nominees (Tempatan) Sdn Bhd - Kim Eng Securities Pte. Ltd. for Tang Yin Seng	2,000,000	2.92
12	Ilusi Satria Sdn Bhd	1,645,066	2.40
13	Tan Kean Huat	1,505,900	2.20
14	Manjit Singh A/L Harban Singh	1,474,400	2.15
15	Leong Lai Shen	1,300,000	1.90
16	HSBC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koon Yew Yin	1,242,600	1.82
17	UOBM Nominees (Asing) Sdn Bhd - Banque De Luxembourg for Pam (L) Equities Asian Growth	1,163,300	1.70
18	Lucky Adventure Sdn Bhd	1,069,900	1.56
19	Amanah Raya Berhad - SBB Double Growth Fund	1,060,000	1.55
20	Botly Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Kit Pheng	592,000	0.87
21	Hong Hock Ming	510,000	0.75
22	Dato' Dr Kong Hon Kong	501,480	0.73
23	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pheim Asset Management Sdn Bhd for Employees Provident Fund	500,000	0.73
24	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pheim Asset Management Sdn Bhd for Employees Provident Fund (029)	500,000	0.73
25	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	489,900	0.72
26	Mono Parade Sdn Bhd	408,148	0.60
27	Lee Hong Eng	380,000	0.56
28	Bolty Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koon Yew Yin	370,200	0.54
29	Esteem Interest Sdn Bhd	359,000	0.52
30	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	250,000	0.37
	<b>Total</b>	<b>57,644,650</b>	<b>84.25</b>

## Analysis of Shareholdings as at 30 April 2004 (Cont'd)

### SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE) AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2004

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	(%)	No. of Shares	(%)
Mayang Teratai Sdn Bhd	23,129,549	33.81	-	-
Dato' Dr. Leong Hoy Kum	-	-	23,129,549 *	33.81
Anugaris Sdn Bhd	11,878,507	17.36	-	-
Dato' Dr Kong Hon Kong	501,480	0.73	11,878,507 #	17.36
Datin Lau Ah Lan	-	-	11,878,507 @	17.36

\* Deemed interest under Section 6(4) of the Companies Act, 1965 through Mayang Teratai Sdn. Bhd.

# Deemed interest under Section 6(4) of the Companies Act, 1965 through Anugaris Sdn. Bhd.

@ Deemed interest under Section 6(5) of the Companies Act, 1965 through Anugaris Sdn. Bhd.

### DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	Percentage of Shares (%)	No. of Shares	Percentage of Shares (%)
Jen (B) Tan Sri Yaacob bin Mat Zain	-	-	-	-
Dato' Dr Kong Hon Kong	501,480	0.73	11,878,507*	17.36
Yap Kim Swee	-	-	-	-
Lee Ah Kong	110,800	0.16	-	-
Chua Chong Kee	-	-	-	-
Mohamed Taib bin Mahmood	-	-	-	-

\* Deemed interest through Anugaris Sdn Bhd

## List of Properties

as at 31 December 2003

Registered owner	Description	Location	Existing use	Tenure	Approximate age of building years	Gross land area	Built-up area	Net book value as at 31 December 2003 (RM)
Anglosa Development Sdn Bhd	Commercial Land	Lot 657 Block 226 Kuching North Land District 4 1/2 Mile, Penrissen Road Kuching	Vacant	99-year leasehold expiring on 31.12.2038	NA	1.00 acre	NA	1,020,117
Nirvana Memorial Park Sdn Bhd	4 storey office building	Country Lease 215337465 District of Penampang, Sabah bearing address:- Lot 16, Taman Victory, 4th Mile, Jalan Penampang, Kota Kinabalu, Sabah	Office	99-year leasehold expiring on 01.01.2081	20	1,500 sq. ft.	8,947 sq. ft.	903,927
	Cemetery Land	Lots 1261, 1263-1266, 1357-1359, 1362, 1365-1367, 1684-1686, PT1169-1171 Mukim of Ulu Semenyih, District of Ulu Langat, Selangor Darul Ehsan	Burial plots and urn compartments	Freehold	NA	119.75 acres	NA	2,195,494
	Cemetery Land	Lots 896, 1170 & 1298 Mukim of Ulu Semenyih, District of Ulu Langat, Selangor Darul Ehsan	Vacant	Freehold	NA	53.94 acres	NA	4,963,072
	Agriculture Land	Lots 588, 868, 1171 & 1439 Mukim of Ulu Semenyih, District of Ulu Langat, Selangor Darul Ehsan	Vacant	Freehold	NA	169.39 acres	NA	13,758,099
Nirvana Memorial Park (Johor) Sdn Bhd	Cemetery Land	EMR 281 Lot 772, EMR 227 Lot 768, GM 83 Lot 769 & EMR 279 Lot 770, Mukim of Senai Kulai District of Johor Bahru Johor	Burial plots and urn compartments	Freehold	NA	31.25 acres	NA	3,230,250

NA - Not Applicable

## List of Properties as at 31 December 2003 (Cont'd)

Registered owner	Description	Location	Existing use	Tenure	Approximate age of building years	Gross land area	Built-up area	Net book value as at 31 December 2003 (RM)
Nirvana Memorial Park (Kuching) Sdn Bhd	Cemetery Land	Land Bau, Occupation Ticket No. 1856 of 1928 Senggi Poak Land District Sarawak	Burial plots	99 years leasehold expiring on 2027	NA	17.50 acres	NA	836,365
	Cemetery Land	Land Bau, Occupation Ticket Lot 431, Block 9, Senggi Poak Land District Sarawak	Burial plots	99 years leasehold expiring on 31.12.2040	NA	32.46 acres	NA	1,370,232
	Cemetery Land	113 & 114 Block 9 Senggi Poak Land District Sarawak	Burial plots	99 years leasehold expiring on 31.12.2040	NA	4.46 acres	NA	331,928
	Agriculture Land	Bau Occupation Ticket 3213 Ta Poh Shak, Bau, Kuching	Vacant	99 years leasehold expiring on 31.12.2036	NA	6.00 acres	NA	489,600
Nirvana Memorial Park (Sabah) Sdn Bhd	Cemetery Land	Country Lease No. 139535 Mukim of Talipok District of Tuaran Kota Kinabalu, Sabah	Burial plots	99 years leasehold expiring on 24.1.2025	NA	44.41 acres	NA	3,943,393
	Agriculture Land	CL 15386339 Kampung Nunton, District of Kota Kinabalu, Sabah	Vacant	99 years leasehold expiring on 31.12.2075	NA	7.49 acres	NA	2,069,115
Nirvana Memorial Park (Sibu) Sdn Bhd	Agriculture Land	Lot 1501 Block 11, Seduan Land District Ulu Seduan, Sibu	Vacant	60 years leasehold expiring on 24.1.2010	NA	1,0563 hectares	NA	756,900
Pinang Sepadan Sdn Bhd	Industrial Land	HS(D) No. 32717 PT No. 487 Mukim of Petaling, District of Wilayah Persekutuan	Parlour	66 years leasehold expiring on 26.08.2046	NA	35,470 sq. ft.	NA	24,524,475
PT Alam Hijau Lestari	4 storey Office Building	Pusat Niaga Roxy Mas Block D3/34-35 Jl. K. H. Hasyim Ashari Jakarta Pusat 10150	Office	leasehold expiring on 2005 subject to further renewal for another 30 years.	11	1,614 sq. ft.	7,400 sq. ft.	1,333,951

NA - Not Applicable

# Notice of Annual General Meeting

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**NOTICE IS HEREBY GIVEN** that the Thirteenth Annual General Meeting of the Company will be held at Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Monday, 28 June 2004 at 11.00 a.m. to transact the following businesses:-

## AGENDA

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### As Ordinary Business

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- |   |              |
|---|--------------|
| 1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2003 and the Reports of the Directors and Auditors thereon.   | Resolution 1 |
| 2. To approve the payment of Directors' fees for the year ended 31 December 2003.   | Resolution 2 |
| 3. To re-elect the following Directors, who shall retire by rotation pursuant to Article 78 of the Company's Articles of Association.   |              |
| a. Mr. Lee Ah Kong.   | Resolution 3 |
| b. Mr. Chua Chong Kee   | Resolution 4 |
| 4. To appoint Messrs Deloitte KassimChan of Level 19, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan as Auditors of the Company in place of the retiring Auditors, Messrs HALS & Associates, and to hold office until the conclusion of the next Annual General Meeting and that the Directors of the Company are authorised to determine their remuneration. (Notice of Nomination of Messrs Deloitte KassimChan dated 23 April 2003 is attached as Annexure A of this Annual Report). | Resolution 5 |

### As Special Business

To consider and if thought fit, pass the following resolutions as Ordinary Resolutions:-

- |  |              |
|--|--------------|
| 5. Authority to Directors to issue shares pursuant to Section 132D, Companies Act, 1965  |              |
| " THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors, may, in their absolute discretion, deem fit, provided that the aggregate numbers of shares to be issued does not exceed 10% of the total issued and paid up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the approval of the relevant government and/or regulatory authorities." | Resolution 6 |

## Notice of Annual General Meeting (Cont'd)

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### 6. Proposed Renewal of Shareholders' Mandate for Share Buy-Back

" THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) (" Bursa Malaysia") and the approvals of all relevant authorities, the Company be and is hereby authorised to the fullest extent permitted by law, to buy back and/or hold such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through the Bursa Malaysia upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company (" the Proposed Share Buy-Back) provided that:-

- a. The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on the Bursa Malaysia provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sales of shares on the market of the Bursa Malaysia or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandate for share buy back which was obtained at the Annual General Meeting held on 26 June 2003, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total issued and paid up share capital of the Company for the time being quoted on the Bursa Malaysia;
- b. The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of retained profits and the share premium account of the Company based on its latest audited financial statements of RM36,597,141 and RM21,603,211 respectively as at 31 December 2003; and
- c. The shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with in all or any of the following manner (as selected by the Company):
  - i. the shares so purchased may be cancelled; and/or
  - ii. the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of the Bursa Malaysia and/or subsequently cancelled; and/or
  - iii. part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

## Notice of Annual General Meeting (Cont'd)

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AND THAT such authority shall commence upon passing of this ordinary resolution, until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting after the date on which the authority conferred by the resolution is required by law to be held, unless earlier revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is earlier, but so as not to prejudice the completion of a purchase made before such expiry date and in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by the Bursa Malaysia and/or any other relevant authority.

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities.”

Resolution 7

### By Order of the Board

Chen Huey Jiu  
Secretary

Kuala Lumpur  
4 June 2004

#### Notes-

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies; and in the case of corporation, a duly authorised representative to attend and vote in his stead.
  2. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
  3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
  4. The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Penthouse, Menara AA, 247 Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
5. **Explanatory notes on Special Business:-**
    - 5.1 The Proposed Resolution 6, if passed, will give the Directors of the Company, the authority to issue and allot ordinary shares from the unissued capital of the Company up to an amount not exceeding 10% of the Company's total issued and paid up share capital for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the next Annual General Meeting of the Company.
    - 5.2 The Proposed Resolution 7, if passed, will empower the Directors to exercise the power of the Company to purchase its own shares by utilising its financial resources not immediately required. The Proposed Share Buy-Back may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Share Buy Back are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2003 Annual Report.

# Statement Accompanying Notice of Annual General Meeting

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## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENT OF THE BURSA MALAYSIA SECURITIES BERHAD

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### 1. Directors who are standing for Re-election at the forthcoming Thirteenth Annual General Meeting of the Company

<u>Name</u>	<u>Retire pursuant to the Company's Article of Association</u>
Lee Ah Kong	Article 78
Chua Chong Kee	Article 78

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### 2. Details of Directors who are standing for election

Details of Directors who are standing for election are set out in the Directors' Profile appearing on page 7 of the Annual Report

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### 3. Details of attendance of Directors at Board Meetings

Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2003 are set out in Corporate Governance appearing on page 8 of this Annual Report.

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### 4. Details of place, date and time of the forthcoming Thirteenth Annual General Meeting

Place : Kuala Lumpur Golf & Country Club, Kuala Lumpur  
Date : Monday, 28 June 2004  
Time : 11.00 a.m.

# Notice of Nomination of Auditors

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Annexture A

Dato' Dr. Kong Hon Kong  
c/o Penthouse, Menara AA  
247 Jalan Tun Razak  
50400 Kuala Lumpur

23 April 2004

The Board of Directors  
**NV MULTI CORPORATION BERHAD**  
(Company No. 204888-D)  
Penthouse, Menara AA  
247 Jalan Tun Razak  
50400 Kuala Lumpur

Dear Sirs,

## **NOTICE OF NOMINATION OF AUDITORS**

I, being a shareholder of your company, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of my intention to nominate Messrs Deloitte KassimChan for appointment as Auditors of your company in place of the retiring Auditors, Messrs HALS & Associates and of my intention to move the following motion to be passed as an Ordinary Resolution at your forthcoming Annual General Meeting:-

" THAT Messrs Deloitte KassimChan of Level 19, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs HALS & Associates, to hold office until the conclusion of the next Annual General Meeting and that the Directors of the Company are authorised to determine their remuneration."

Yours faithfully

signed

**DATO' DR KONG HON KONG**

# Form of Proxy



I/We \_\_\_\_\_  
 (Name in full and NRIC No./Company No.)  
 of \_\_\_\_\_  
 (Address)  
 being a member of the abovenamed Company hereby appoint \_\_\_\_\_  
 (Name in full and NRIC No.)  
 of \_\_\_\_\_  
 (Address)  
 or failing whom, \_\_\_\_\_  
 (Name in full and NRIC No.)  
 of \_\_\_\_\_  
 (Address)

or failing whom, the Chairman of the meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Monday, 28 June 2004 at 11.00 a.m. or at any adjournment thereof, in the manner as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Receive and adopt the Audited Financial Statements for the year ended 31 December 2003 and the Reports of the Directors and Auditors thereon.		
2.	Approval of payment of Directors' fees for the year ended 31 December 2003.		
3.	Re-election of Mr. Lee Ah Kong, as Director who retires by rotation pursuant to Article 78 of the Company's Articles of Association.		
4.	Re-election of Mr. Chua Chong Kee, as Director who retires by rotation pursuant to Article 78 of the Company's Articles of Association.		
5.	To appoint Messrs Deloitte KassimChan of Level 19, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan as Auditors of the Company in place of the retiring Auditors, Messrs HALS & Associates, and to hold office until the conclusion of the next Annual General Meeting and that the Directors of the Company are authorised to determine their remuneration. (Notice of Nomination of Messrs Deloitte KassimChan dated 23 April 2004 is attached as Annexure A of this Annual Report).		
	<b>Special Business</b>		
6.	Authority to Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Proposed renewal of Shareholders' Mandate for Share Buy-Back.		

(Please indicate with an "X" in the appropriate space how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.)

No. of Shares held

\_\_\_\_\_  
 Signature of Shareholder(s)/Common Seal

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2004

**NOTES:-**

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies; and in case of corporation, a duly authorised representative to attend and vote in his stead.
2. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Penthouse, Menara AA, 247 Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

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stamp



The Company Secretary

NV MULTI CORPORATION BERHAD (204888-D)  
Penthouse, Menara AA  
247 Jalan Tun Razak  
50400 Kuala Lumpur

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