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Notice Of 30th Annual General Meeting

Agenda

Resolution 1

To receive and adopt the Audited Accounts for the year ended 31 December 2003 and the Reports of the Directors and Auditors therein.

Resolution 2

To approve payment of a first and final dividend of 3% per RM1.00 ordinary share less 28% tax in respect of the year ended 31 December 2003.

Resolution 3

To re-elect Datuk Alladin Hashim who retire pursuant to Article 77 of the Company's Articles of Association.

Resolution 4

To re-elect YM Tengku Shamsul Bahrin who retire pursuant to Article 77 of the Company's Articles of Association.

Resolution 5

To re-elect Mr Ooi Soon Kiam who retire pursuant to Article 77 of the Company's Articles of Association.

Resolution 6

To re-elect Mr Gan Eng Hong who retire pursuant to Article 82 of the Company's Articles of Association.

Resolution 7

To approve payment of Directors' fee.

Resolution 8

To re-appoint Messrs. Ernst & Young as auditors and authorise the Directors to fix their remuneration.

**NOTICE IS HEREBY GIVEN THAT
the Thirtieth Annual General Meeting
of the Company will be held at
Nilai Springs Golf & Country Club,
Bandar Baru Nilai, 71800 Nilai,
Negeri Sembilan Darul Khusus,
on Tuesday, 29 June 2004 at 2.30 p.m.
for the following purposes:**



SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

Resolution 9

Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 (See note 2.1)

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that authority shall continue in force until the conclusion of the Next Annual General Meeting of the Company."

Resolution 10

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

The text of the above resolution together with the details of the Proposed Renewal of Shareholders' Mandate are set out in the Circular to Shareholders of PK Resources Berhad dated 28 May 2004.

Resolution 11

Proposed Issue Of Options To Mr Gan Eng Hong (See note 2.2)

"THAT, the Board of Directors of the Company be and is hereby authorised to offer and grant to Mr Gan Eng Hong, being a full-time executive director of the Company, options to subscribe for up to ten per centum (10%) of the new ordinary shares of the Company available under the Employees' Share Option Scheme (ESOS), subject always to any adjustments which may be made in accordance with the By-Laws of the ESOS."

To transact any other ordinary business for which due notice has been given.



Notice Of 30th Annual General Meeting (Contd.)

NOTICE IS ALSO HEREBY GIVEN THAT the First and Final Dividend of 3% per RM1.00 ordinary share less 28% tax for the financial year ended 31 December 2003, if approved by the shareholders in the Annual General Meeting, will be payable on 30 July 2004 to Depositors registered in the Records of Depositors at the close of business on 15 July 2004.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 July 2004 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Paul Yong Pow Choy (MIA 9105)
Michelle Sho Lay Hoon (MAICSA 7048049)
Company Secretaries

Nilai
Negeri Sembilan Darul Khusus
28 May 2004

Notes:

1. Appointment Of Proxy

- (a) A Member of the Company entitled to attend and vote is entitled to appoint one or more proxies to vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149 (1) of the Companies Act, 1965 shall not apply to the Company.
- (b) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (c) The instrument appointing a proxy shall be deposited at the Registered Office at Wisma BBN, PT 7454, Jalan BBN 1/1A, Putra Point Phase 1, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.

2. Explanatory Note On Special Business:

2.1 Authority to Issue Shares Pursuant to Section 132D of Companies Act, 1965

The proposed Resolution 9, if passed, will give the Directors authority to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

2.2 Proposed Issue of Option To Mr Gan Eng Hong

The Proposed Resolution 11, if passed, will allow the Directors to offer and grant to Mr Gan Eng Hong, a full-time director of the Company appointed on 26 August 2003, options to subscribe for new ordinary shares of the Company under the Employees' Shares Option Scheme.

Statement Accompanying Notice Of 30th Annual General Meeting

(Pursuant To Paragraph 8.28(2) Of The Listing Requirements Of The Bursa Malaysia Securities Berhad)



1. Directors who are standing for re-election

- (a) Datuk Alladin Hashim
- (b) YM Tengku Shamsul Bahrin
- (c) Mr Ooi Soon Kiam

2. Details of attendance of Directors at Board meetings

There were six (6) Board meetings held during the financial year ended 31 December 2003. Details of the attendance of the Directors are set out in the Statement on Corporate Governance appearing on pages 16 to 23 of the Annual Report.

3. Date, Time and Venue of the 29th Annual General Meeting of PK Resources Berhad

Date	Time	Venue
26 June 2003	11.30 a.m.	Nilai Springs Golf & Country Club, Bandar Baru Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus

4. Details of Directors seeking for re-election

Details of Directors seeking re-election at the 30th Annual General Meeting are set out in the Directors' Profile on pages 8 to 12 of the Annual Report.



Corporate Information

Board Of Directors

Tan Sri Dato' Dr Gan Kong Seng **Executive Chairman**
Dato' Gan Kong Hiok **Group Managing Director**
Loke Keng Hung **Executive Director**
YM Tengku Shamsul Bahrin **Executive Director**
Gan Eng Hong **Executive Director**
Datuk Alladin Hashim **Independent Non-Executive Director**
Mohamad Nizam Bin Tun Abdul Razak **Independent Non-Executive Director**
Ooi Soon Kiam **Independent Non-Executive Director**
Ahmad Bin Mohd Ali **Non-Independent Non-Executive Director**

Secretaries

Paul Yong Pow Choy
Michelle Sho Lay Hoon

Registered Office

Wisma BBN, PT 7454, Jalan BBN 1/1A
Putra Point Phase 1, Bandar Baru Nilai
71800 Nilai
Negeri Sembilan Darul Khusus
Tel : 06 - 850 1888
Fax : 06 - 850 1881
E-mail: pkrb@pojaring.my

Solicitors

Raja Eleena Siew Ang & Associates
8, Jalan Delima
Off Jalan Inai
55100 Kuala Lumpur

Lee Hishammuddin
Level 16, Menara Asia Life
No. 189, Jalan Tun Razak
50400 Kuala Lumpur

Auditors

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Bankers

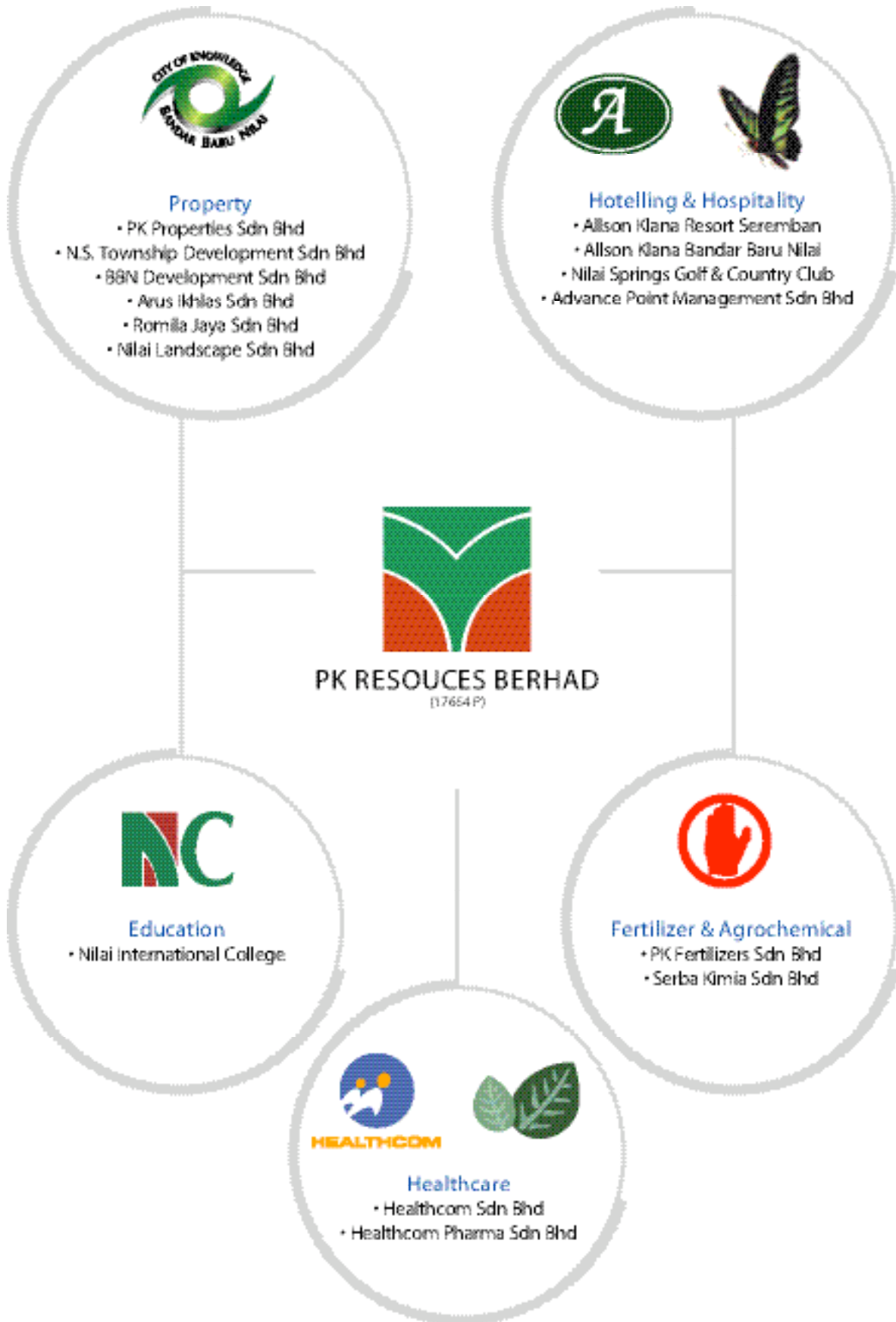
Am Merchant Bank Berhad
Bumiputra-Commerce Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

Registrar

Signet Share Registration Services Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03 - 2721 2222
Fax : 03 - 2721 2530 / 2721 2531

Listing

Bursa Malaysia Securities Berhad
Main Board





Directors' Profile

Tan Sri Dato' Dr Gan Kong Seng

Executive Chairman/Non-Independent Director

Tan Sri Dato' Dr Gan Kong Seng, aged 61, a Malaysian, was appointed to the Board of PK Resources Berhad ("PKRB") on 3 June 1991 and has been the Chairman of the Company since 26 February 1992. He holds a degree in Bachelor of Medicine and Bachelor of Surgery from the University of Malaya. He was conferred an Honorary Doctorate Degree in Philosophy (Education) by Oxford Brookes University, United Kingdom in year 1998.

Tan Sri served as a medical doctor with the Ministry of Defence from 1970 to 1973 before entering private medical practices from 1973 to 1982.

In year 1981 to 1982, he was a Senator of Malaysia Senate and in year 1982 to 1985, he was a State Executive Councilor of Negeri Sembilan State Government.

After 1985, he ventured into the world of business of his own until 1991 when he was appointed as a Director of PKRB. He has been serving as an Executive Chairman of PKRB since 1992 and is currently also the Chairman of the Executive Committee and the Option Committee of PKRB.

Tan Sri is the brother of Dato' Gan Kong Hiok, the Managing Director, and father of Mr Gan Eng Hong, an Executive Director. He is deemed a major shareholder of PKRB and its subsidiaries by virtue of his interest in PKRB as disclosed on pages 38 and 39 of the Directors' Report. He has no conflict of interest with PKRB and has no conviction for any offences (other than traffic offences) within the past ten years.

Tan Sri Dato' Dr Gan Kong Seng attended all six Board Meetings of PKRB held during the financial year ended 31 December 2003.

Dato' Gan Kong Hiok

Group Managing Director/Non-Independent Director

Dato' Gan Kong Hiok, aged 53, a Malaysian, was appointed to the Board of PKRB on 3 June 1991. He was the Executive Director of the Company from the date of appointment until 27 April 2001 when he assumed the post of Managing Director. He holds a Bachelor's Degree (Hons) in Chemical Engineering from the University of Aston and a Master of Philosophy from the University of Oxford. He worked as an Investment Manager in the city of London for five years before joining Bumiputra Merchant Bankers Bhd. In 1982, he joined Multi-Purpose Holdings Bhd as their Corporate Planning Manager and in 1984, he was appointed the Group General Manager and Director of Magnum Corporation Bhd.

Dato' Gan is a member of the Executive Committee, Audit Committee, Remuneration Committee and Option Committee.

Dato' Gan is the brother of Tan Sri Dato' Dr Gan Kong Seng, the Chairman, and uncle of Mr Gan Eng Hong, an Executive Director. He is deemed a major shareholder of PKRB and its subsidiaries by virtue of his interest in PKRB as disclosed on pages 38 and 39 of the Directors' Report. He has no conflict of interest with PKRB and has no conviction for offences (other than traffic offences) within the past ten years.

Dato' Gan Kong Hiok attended all five Audit Committee Meetings and all six Board Meetings of PKRB held during the financial year ended 31 December 2003.

Directors' Profile (Contd.)



Loke Keng Hung

Executive Director/Non-Independent Director

Mr Loke Keng Hung, aged 57, a Malaysian, was appointed to the Board of PKRB on 2 February 1996. He joined the Company in October 1984. Prior to his current position, he was initially the Finance and Administration Manager and then the General Manager of the Company till April 2000. Mr Loke Keng Hung holds a Master of Science Degree (Agricultural Economics) and a Bachelor of Science Degree (Tropical Agriculture) from the University of Hawaii. Prior to joining the Company, he was with the Department of Agriculture as an Agriculture Officer (from 1967 to 1974). He was the Assistant Director (Operation Division) of the Farmers Organisation Authority from 1974 to 1976, Senior Manager of National Farmers Association from 1976 to 1982 and Managing Director of Broker Produce (M) Sdn. Bhd. from 1982 to 1984.

Mr Loke is a member of Executive Committee and Option Committee. He has no family relationship with any of the other directors or major shareholders of PKRB. He is deemed a major shareholder of PKRB and its subsidiaries by virtue of his interest in PKRB as disclosed on pages 38 and 39 of the Directors' Report. He has no conflict of interest with PKRB and has no conviction for offences (other than traffic offences) within the past ten years.

Mr Loke Keng Hung attended all six Board Meetings of PKRB held during the financial year ended 31 December 2003.

YM Tengku Shamsul Bahrin

Executive Director/Non-Independent Director

Tengku Shamsul Bahrin, aged 65, a Malaysian, was appointed to the Board of PKRB on 25 May 2001. He holds a Bachelor's Degree in Geography from University Malaya and a Master's Degree in Geography from the University of Sheffield. He started work with the University of Malaya in 1964 and was the Professor in Southeast Asia Geography at University Malaya from 1976 to 1998. From 1978 to 1985, he held the position of Project Director, Land-use Studies, Institute of Advance Studies, University of Malaya. He was a visiting professor at University of Guelph, Canada in 1984. In 1998, he was appointed as a Director of PK Education Sdn Bhd and President to Nilai International College.

Tengku is a member of the Audit Committee. He is also a director of Industronics Bhd.

Tengku has no family relationship with any of the other directors or major shareholders of PKRB and he has no shareholding in PKRB. He has no conflict of interest with PKRB and has no conviction for offences (other than traffic offences) within the past ten years.

Tengku Shamsul Bahrin attended four out of five Audit Committee Meetings and all six Board Meetings of PKRB held during the financial year ended 31 December 2003.



Directors' Profile (Contd.)

Gan Eng Hong

Executive Director/Non-Independent Director

Mr Gan Eng Hong, aged 34, a Malaysian, was appointed to the Board of PKRB on 26 August 2003. He holds a Graduate Diploma in Legal Practice, Bachelor of Laws and Bachelor of Arts (Asian Studies) from the Australian National University. Upon completing his studies in 1995, he was briefly attached with Messrs Crossin Barker Grossin, a legal firm in Canberra, Australia. He is a Barrister of the High Court and federal courts of Australia and a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory. He is also an Advocate & Solicitor of the Malaysian High Court and practised law with Messrs Allen & Gledhill on his return to Malaysia in 1995. In 1997-1999, he worked with KPMG Management Consulting and subsequently KPMG Corporate Services, as a consultant before he joined Nilai International College as Vice-President (Administration) in September 1999.

Mr Gan is the son of Tan Sri Dato' Dr Gan Kong Seng, the Chairman, and nephew of Dato' Gan Kong Hiok, the Group Managing Director. He is deemed a major shareholder of PKRB and its subsidiaries by virtue of his interest in PKRB as disclosed on pages 38 and 39 of the Directors' Report. He has no conflict of interest with PKRB and has no conviction for offences (other than traffic offences) within the past ten years.

Mr Gan Eng Hong attended all three out of three Board Meetings of PKRB held during his tenure as a director in year 2003.

Datuk Alladin Hashim

Senior Independent Non-Executive Director

Datuk Alladin Hashim, aged 65, a Malaysian, was appointed as a Director of PKRB on 6 February 1980. He obtained his Bachelor of Agricultural Science from the University of Malaya and a Master of Science (Agricultural Economics) from the University of Massachusetts, USA. Datuk Alladin began his career in the Federal Land Development Authority (FELDA) in 1964 and was its Director General from 1979 until 1989. He attended the Executive Development Program of the Harvard Business School. He is also a Fellow of the Academy of Sciences Malaysia. He served as the Chairman of the Malaysian Rubber Board (MRB) from 1998 to 2001.

Datuk Alladin is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of PKRB. He sits on the Boards of UAC Berhad, Timberwell Bhd, Kumpulan Guthrie Bhd and Guthrie Ropel Berhad. He is also the Chairman of two Felda joint venture companies, FPM Sdn Bhd and FPG Oleochemicals Sdn Bhd.

Datuk Alladin has no family relationship with any of the other directors or major shareholders of PKRB. His securities holdings were disclosed on pages 38 and 39 of the Directors' Report. He has no conflict of interest with PKRB and has no conviction for offences (other than traffic offences) within the past ten years.

Datuk Alladin Hashim attended four out of five Audit Committee Meetings and five out of six Board Meetings of PKRB held during the financial year ended 31 December 2003.



Directors' Profile (Contd.)

Mohamed Nizam Bin Tun Abdul Razak Independent Non-Executive Director

Encik Mohamed Nizam Bin Tun Abdul Razak, aged 45, a Malaysian, was appointed to the Board of PKRB on 15 July 1997. He is a graduate in Politics, Philosophy and Economics from Oxford University, United Kingdom. He began his career in 1981 when he joined the Corporate Finance Department in Bumiputra Merchant Bankers Berhad. In 1984, he joined GP Securities (now known as PB Securities Sdn. Bhd.) as General Manager. He became the Chief Executive Officer in 1992 and held the position until his retirement in 1998.

Encik Nizam is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of PKRB. He sits on the Boards of Mamee-Double Decker (M) Bhd, Delloyd Ventures Bhd, Dolomite Corporation Bhd, Yeo Hiap Seng (Malaysia) Bhd, Hiap Teck Ventures Bhd and several private companies. He is also a Trustee of several charitable foundations.

Encik Nizam has no family relationship with any of the other directors or major shareholders of PKRB and has no shareholdings in PKRB. He has no conflict of interest with PKRB and has no conviction for offences (other than traffic offences) within the past ten years.

Encik Mohamed Nizam bin Tun Abdul Razak attended all five Audit Committee Meetings and all six Board Meetings of PKRB held during the financial year ended 31 December 2003.

Ooi Soon Kiam Independent Non-Executive Director

Mr Ooi Soon Kiam, aged 60, a Malaysian, was appointed to the Board of PKRB on 22 January 2002. He holds a B.A. (Hons) in Economics from University of Malaya and is a member of the Canadian Institute of Chartered Accountants. He is the Facilitator for Research Institute of Investment Analyst Malaysia (RIIAM). He started work as an Auditor in Price Waterhouse, Vancouver in 1974 until 1976. From 1976 to 1984, he was an Associate Professor lecturing in the University of Malaya before he joined the University Utara Malaysia in 1985 until 1988. In 1989, he was appointed a Technical Director of the Malaysian Institute of Accountants (MIA) and he was also the Financial Controller cum Director in Asia Pacific Capital Corporation Sdn Bhd from 1989 till 1994. He was also the Finance Director of Information Resources Incorporated Sdn Bhd from 1991 to 1994. He was appointed as a Director of Business & Professional Studies, HELP Institute from 1995 to 1996 and then he joined Hong Leong Management School as the General Manager until 1997. He became the Technical Director of Malaysian Accounting Standards Board (MASB) from 1998 until 1999.

Mr Ooi is a member of the Audit Committee and Option Committee. He is also a director of Industronics Bhd.

Mr Ooi has no family relationship with any of the other directors or major shareholders of PKRB and he has no shareholdings in PKRB. He has no conflict of interest with PKRB and has no conviction for offences (other than traffic offences) within the past ten years.

Mr Ooi Soon Kiam attended all five Audit Committee Meetings and all six Board Meetings of PKRB held during the financial year ended 31 December 2003.



Directors' Profile (Contd.)

Ahmad Bin Mohd Ali

Non-Independent Non-Executive Director

Encik Ahmad Bin Mohd Ali, aged 54, a Malaysian, was appointed to the Board of PKRB on 25 August 2000. He holds a B.A. (Hons) from University of Malaya. He is currently the Chief Executive Officer of State Development Corporation, Negeri Sembilan (SEDC). He joined SEDC in May 1973 after graduating from the University of Malaya as an Assistant Secretary and Project Officer. He was promoted as Manager of the Housing Division in 1981, the Deputy General Manager in 1993 and the Chief Executive Officer in 2000.

Encik Ahmad is a member of the Nomination Committee. He is also a Director of Road Builder (M) Holdings Bhd.

Encik Ahmad has no family relationship with any of the other directors or major shareholders of PKRB and he has no shareholdings in PKRB. He has no conflict of interest with PKRB and has no conviction for offences (other than traffic offences) within the past ten years.

Encik Ahmad bin Mohd Ali attended all six Board Meetings of PKRB held during the financial year ended 31 December 2003.

Report On Audit Committee



Members of the Audit Committee

Datuk Alladin bin Hashim	(Chairman & Independent Non-Executive Director)
Mohamed Nizam bin Tun Abdul Razak	(Independent Non-Executive Director)
Ooi Soon Kiam	(Independent Non-Executive Director)
YM Tengku Shamsul Bahrin	(Executive Director)
Dato' Gan Kong Hiok	(Group Managing Director)

Members and Meetings

During the financial year, the Committee held five (5) meetings. The membership status and attendance record of each of the members during the year are as follows:

<u>Name</u>	<u>Attendance</u>
Datuk Alladin bin Hashim	4 of 5 meetings
Mohamed Nizam bin Tun Abdul Razak	5 of 5 meetings
Ooi Soon Kiam	5 of 5 meetings
YM Tengku Shamsul Bahrin	4 of 5 meetings
Dato' Gan Kong Hiok	5 of 5 meetings

Terms of Reference of the Audit Committee

Composition

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall not be less than three (3) members, the majority of which shall be independent Directors.

The Board shall at all times ensure that at least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants or fulfils such other requirements as prescribed by the Bursa Malaysia.

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

If the number of members is less than three (3), the Board shall within three months, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The term of office of the Committee members should be reviewed by the Board at least once every three years.

The Audit Committee has no authority to act on behalf of the Board but shall have authority to examine all the issues at hand and report back to the Board with recommendations. The Audit Committee shall be governed by the following terms of reference which has been approved by the Board of Directors and which may be amended by the Board from time to time by resolution.



Report On Audit Committee (Contd.)

Quorum and Committee's procedures

Meetings shall be held not less than three (3) times annually, each meeting planned to coincide with key dates in the Company's financial reporting cycle, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be the Secretary of the Committee.

The Head of Finance and the Head of Internal Audit shall attend all meetings of the Committee. The Chief Executive Officer (CEO) and other officers of the company shall attend by invitation. At least once a year the Committee shall meet with the External Auditors, without the presence of executive board members.

Authority

The Committee is authorised by the Board to investigate any activities within its terms of reference. It is authorised 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 will seek approval from the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience if it considers this necessary.

Responsibilities & Duties

In fulfilling its primary objectives, the Audit Committee shall undertake the following responsibilities and duties:

Risk management and internal control

- Review the adequacy and effectiveness of risk management, internal control and governance systems.
- Review and recommend to the Board of Directors the Statement on Internal Control in relation to internal control and the management of risk included in the annual report.

Financial reporting

- to review the quarterly results and year end financial statements, prior to the approval by the Board of Directors focusing particularly on:
 - i. any change in accounting policies and practices;
 - ii. significant adjustments arising from the audit;
 - iii. the going concern assumption; and
- compliance with accounting standards and other legal requirements



Audit process

- to recommend to the Board the appointment of the external auditors, the audit fee, and any other matters of resignation or dismissal of external auditor.
- to discuss with the external auditors before the audit commences, the nature and scope of the audit.
- to discuss problems and reservations arising from the audit and any matters the external auditors may wish to discuss.
- to review the external auditors' letter to management and management's response.
- to review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
- to review the internal audit programme, the results of the internal audit processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- to review any appraisal or assessment of the performance of the members of the internal audit function.

Other responsibilities and duties

- to review any related party transaction and conflict of interest situation that may arise within the group including any transaction, procedure or course of conduct that raises questions of management integrity;
- to consider other topics, as defined by the Board.

Summary of activities during the financial year

For the financial year, the main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plan for the year.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval.
- In respect of the quarterly and year end financial statements, reviewed the Company's compliance with the Listing Requirements of the Bursa Malaysia, MASB and other relevant legal and regulatory requirements. These were discussed in the presence of the external auditors together with their report, comments and advice;
- Reviewed the internal audit department's resource requirements, programmes and plans for the financial year under review.
- Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's response. Discussed with management actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- Reviewed the effectiveness of the risk management system and the risk assessment reports.
- Reviewed the related party transactions entered into by the Group.

Internal Audit Functions

In the discharge of its duties, the Audit Committee is supported by the Internal Audit Department. The internal audit function is independent of operational activities.

During the financial year, the system of internal control of the Group was reviewed to obtain assurance on its compliance and effectiveness. In addition, follow up audits were carried out to ensure that corrective actions on internal audit reports are being implemented.

Reports/Minutes

Detailed audit reports by Internal Audit are circulated to all members of the Audit Committee and the relevant Directors. Minutes of the meeting of the Audit Committee are circulated to all members of the Board, and significant issues are discussed at Board Meetings.



Statement On Corporate Governance

The Board of PK Resources Berhad ("PKR") is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the financial performance of the Company.

The Board of Directors is pleased to report to the shareholders on how the Group has applied the principles of the Code and the extent of compliance with the best practices of good governance pursuant to recommendations of the Malaysian Code on Corporate Governance.

The Board of Directors

The Board of Directors has the overall responsibility for the performance of the Group by maintaining full effective control over strategic, financial, operational, compliance and governance issues. The following are specific areas of responsibilities of the Board:

- Strategic planning of the Group
- Overseeing the conduct and management of the Company's business
- Identification of risks and ensuring appropriate systems of risk management
- Internal control system
- Investor relations programme and shareholder communications policy
- Succession planning for senior management

Board Balance

The Board currently has nine (9) members, comprising five (5) Executive Directors and four (4) Non-Executive Directors. Three (3) of the Non-Executive Directors are Independent. The Board composition is in compliance with the Bursa Malaysia Listing Requirements as well as the Code which requires a minimum of 1/3 of the Board to be Independent Directors.

The Board is currently made up of professionals with skills and experiences in various fields including medicine, engineering, agriculture, education, business, finance and law. With their intimate knowledge of the Group's business, the Executive Directors take on the primary responsibilities for the conduct of the Group's business operations.

The profile of each Director is included in this Annual Report.

The roles of the Chairman and Group Chief Executive Officer are combined. He has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions.

The three Independent Directors who are individuals of caliber, credibility and have the necessary skills and experiences bring independent judgment to bear on the issues of strategy, performance, resources and standards of conduct.

On the recommendation of Nomination Committee, the Board has reaffirmed Datuk Alladin Hashim to continue to be the Senior Independent Non-Executive Director of the Board to whom shareholders' concerns may be conveyed.

The Board meets at least five times a year, with additional meetings convened as and when necessary.

Statement On Corporate Governance (Contd.)



During the financial year ended 31 December 2003, six (6) Board Meetings were held. The attendance record of each Director during the financial year or from the date of appointment is as follows:

	Total number of meetings held	Number of meetings attended
Executive Directors		
Tan Sri Dato' Dr Gan Kong Seng	6	6
Dato' Gan Kong Hiok	6	6
Mr Loke Keng Hung	6	6
YM Tengku Shamsul Bahrin	6	6
Gan Eng Hong (appointed w.e.f.26.8.2003)	3	3
Non-Executive Directors		
Datuk Alladin Hashim	6	5
Encik Ahmad Bin Mohd Ali	6	6
Encik Mohamed Nizam Bin Tun Abdul Razak	6	6
Mr Ooi Soon Kiam	6	6

Supply of Information

All Directors are provided with an agenda and a set of Board papers one week prior to Board Meetings to enable them to obtain further explanations, where necessary, and in order to be briefed properly before the meeting. The Board papers includes, amongst others, the following details:

- Quarterly financial results
- Performance report of the Group
- Business plans and budgets
- Major operational and financial matters
- Risk assessment of the Group
- Updates on statutory regulations and requirements affecting the Company

In addition, there is a schedule of matter reserved specifically for the Board's decision, including the approval of business plans and budgets, material acquisitions and disposals of assets, financial results, dividend recommendations and board appointments.

The Board Policy Manual has been drawn up with the aim to assist Board Members in discharging their duties and responsibilities.

Directors have full access to all information within the Company whether as a board member or in their individual capacity. Where necessary the Directors may obtain independent professional advice in furtherance of their duties, at the Company's expense.

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties.



Statement On Corporate Governance (Contd.)

Appointments to the Board

The Nomination Committee is responsible for making recommendation for appointments to the Board. Any new nomination received is put to the Board for assessment and endorsement.

The Board has the services of the Company Secretaries who ensure that all appointments are properly made, all necessary information is obtained from the directors, both for the Company's records and for the purposes of meeting statutory requirements as well as obligations arising from the Listing Requirements or other regulatory requirements.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed to the Board are subject to re-election by shareholders at the next Annual General Meeting after their appointment. The Articles also provides that at least one-third of the Board, including the Managing Director, be subject to re-election at regular intervals and at least once every three years.

Board Committees

The following Board Committees have been established to assist the Board in the execution of its responsibilities:

(a) Executive Committee

The Executive Committee is responsible for implementing the decisions and policies by the Board as well as the coordination of activities necessary to ensure the successful implementation of the Group's business plan.

The members of the Executive Committee are as follows:

Tan Sri Dato' Dr Gan Kong Seng (Executive Chairman)
Dato' Gan Kong Hiok (Managing Director)
Mr Loke Keng Hung (Executive Director)

(b) Audit Committee

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling their responsibilities relating to the accounting and reporting practices of the holding company and each of its subsidiaries. Further details on the terms and reference of the Audit Committee are set out in pages 13 to 15.

The composition of Audit Committee meets the Bursa Malaysia Listing Requirements of a majority of Independent Directors and a member of the Malaysian Institute of Accountants.

The members of the audit Committee are as follows:

Datuk Alladin Hashim (Chairman/Independent Director)
Dato' Gan Kong Hiok (Managing Director)
Encik Mohamed Nizam Bin Tun Abdul Razak (Independent Director)
YM Tengku Shamsul Bahrin (Executive Director)
Mr Ooi Soon Kiam (Independent Director)



(c) Nomination Committee

The Nomination Committee comprises exclusively of non-executive directors, a majority of whom are independent, with the responsibility for proposing new nominees to the Board as well as assessing Directors performance on an on-going basis. The actual decision as to who shall be nominated is the responsibility of the full Board.

The Board through the Nomination Committee reviews annually its required mix of skills and experiences and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

The Committee also recommends a process to assess the effectiveness of the Board as a whole and the Committees of the Board and the contribution of each individual Director.

They will ensure that new members to the Board are provided appropriate orientation and education programme. All Directors are attending the Directors Continuing Education Programme after having first attended the Mandatory Accreditation Programme.

The members of the Nomination Committee are as follows:

Datuk Alladin Hashim (Chairman/Independent Director)
Encik Mohamed Nizam Bin Tun Abdul Razak (Independent Director)
Encik Ahmad Bin Mohd Ali (Non-Executive Director)

(d) Remuneration Committee

The Remuneration Committee comprising of two (2) Non-Executive Directors and one (1) Executive Director is responsible for recommending to the Board the remuneration of the Executive Directors. Executive Directors play no part in decisions on their own remuneration.

The members of the Remuneration Committee are as follows:

Encik Mohamed Nizam Bin Tun Abdul Razak (Chairman/Independent Director)
Datuk Alladin Hashim (Independent Director)
Dato' Gan Kong Hiok (Managing Director)

(e) Option Committee

The Option Committee is responsible for administering the Employees' Share Option Scheme in accordance with the By-Laws.

The members of the Option Committee are as follows:

Tan Sri Dato' Dr Gan Kong Seng
Dato' Gan Kong Hiok
Mr Loke Keng Hung
Mr Ooi Soon Kiam



Statement On Corporate Governance (Contd.)

Directors' Remuneration

The remuneration of Executive Directors, based on the recommendations of the Remuneration Committee, takes into account the individual responsibility, contributions and performance. The level of remuneration for the Non-executive Directors reflects the experience and level of responsibilities undertaken by the particular Non-executive Director concerned.

The fees of Directors, including non-executive directors, are endorsed by the Board for approval by the shareholders of the Company at Annual General Meeting.

The details of the remuneration of Directors of the Company comprising of remuneration received from the Company and subsidiary companies during the financial year ended 31 December 2003 are as follows:

1. Aggregate remuneration of Directors categorised into appropriate components:

In RM'000	Executive Directors	Non-Executive Directors
Fees	92,340	109,000
Salaries	1,586,400	0
Bonus	344,200	0
Benefit-in-kind	65,100	0
Others	310,160	84,000
TOTAL	2,398,200	193,000

2. Number of Directors whose remuneration fall into the following bands:

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
50,000 and below	-	3
50,001 – 100,000	-	1
100,001 – 500,000	3	-
500,001 – 1,000,000	2	-



Relationship with Shareholders and Investors

Investor Relations & Shareholder Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. In addition to various announcements made from time to time during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations. Summaries of the financial results are advertised in a national newspaper.

At each Annual General Meeting, the Board presents the progress and performance of the business. The Annual General Meeting is the principal forum for dialogue with the shareholders and the Board encourages shareholders participation. It has always been the practice for the Chairman to provide ample time for participation at the Annual General Meeting.

Accountability and Audit

(a) Financial reporting

In its financial reporting to shareholders and other interested parties by means of annual financial statements and quarterly results announcements, the Board aims to present a balanced and understandable assessment of the Group's financial position and prospects.

(b) Internal Control

The information on the Group's internal controls is presented in the Statement on Internal Control.

(c) Relationship with Auditors

The Company, through the Audit Committee, has established a transparent relationship with the auditors in seeking professional advice and ensuring compliance with the accounting standards of Malaysia.

An Audit Committee Report and the terms of reference are set out on pages 13 to 15.



Statement On Corporate Governance (Contd.)

Additional Compliance Information

To comply with the Bursa Malaysia Listing Requirements, the following additional information is provided:

(i) Share buybacks

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

(ii) Options, warrants or convertible securities

The Company has obtained approval from the Securities Commission to implement an Employees' Shares Option Scheme which was first implemented on 1 March 2004.

None of the 2,348,650 outstanding Warrant A 1995/2005 was exercised during the financial year.

None of the 36,645,850 outstanding Warrant B 2000/2005 was exercised during the financial year.

The Company did not issue any convertible securities.

(iii) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

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

(iv) Imposition of sanctions/penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

(v) Non-audit fees

Other than the following, there were no non-audit fees paid to the external auditors for the financial year:

<u>Auditors</u>	<u>Services</u>	<u>Amount Paid</u>
Ernst & Young	Professional services in connection with the renewal of prospectus in a subsidiary company.	RM19,755.00
	Tax Fees	RM136,430.00

(vi) Profit guarantee

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



(vii) Material contracts

Save as disclosed below, there were no other material contracts entered into by the Company and its subsidiary companies which involved Directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2003 or entered into since the end of the previous financial year.

- (a) On 13 August 1998, PK Resources Berhad ("PKR") entered into a Sales and Purchase Agreement with Akarmas Sdn Bhd to purchase 350,000 ordinary shares in Arus Ikhlas Sdn Bhd at a total cash consideration of RM144,291,276.00. A balance sum of RM39,802,710.89 is still to be paid to Akarmas Sdn Bhd.

Akarmas Sdn Bhd is a major shareholder of PK Resources Berhad which holds 5.57% of the issued share capital of PKR.

- (b) On 21 February 1995, Arus Ikhlas Sdn Bhd, a subsidiary of the Company, entered into a Sales and Purchase Agreement with Pristine Acres Sdn Bhd to dispose several pieces and parcels of vacant land at a total cash consideration of RM7,442,191.87. As of the end of the financial year 2003, a balance sum of RM6,556,467.00 is still outstanding.

Pristine Acres Sdn Bhd is a major shareholder of PK Resources Berhad which holds 6.01% of the issued share capital of PKR.

- (c) On 21 February 1995, Arus Ikhlas Sdn Bhd, a subsidiary of the Company, entered into a Sales and Purchase Agreement with Ragan Jaya Sdn Bhd to dispose several pieces and parcels of vacant land at a total cash consideration of RM4,498,399.44. As of the end of the financial year 2003, a balance sum of RM2,938,958.00 is still outstanding.

Ragan Jaya Sdn Bhd is a major shareholder of PK Resources Berhad which holds 22.83% of the issued share capital of PKR.

(viii) Profit estimate, forecast, projection or unaudited results announced

The Company did not make or release any profit estimate, forecast or projections for the financial year.

(ix) Revaluation policy

The Company does not have a revaluation policy on landed properties.

(x) Recurrent related party transactions of a revenue nature

Recurrent related party transactions of a revenue nature of PK Resources Group for the financial year ended 31 December 2003 were disclosed in Note 28 of the audited financial statement.



Statement Of Directors' Responsibility

In Relation To Preparation Of The Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the Company and the Group's state of affairs. Following discussions with the external auditors, the Directors consider that the Company uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards which they consider applicable have been followed during the preparation of the financial statements.

The Directors are responsible for ensuring that the Company keeps the accounting records and are disclosed with reasonable accuracy which enables them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have the general responsibility for taking such steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.

Statement On Internal Control



The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholder's investments and Group assets. The Board of Directors recognises the importance of sound internal control to good corporate governance and is taking appropriate initiatives to further strengthen the transparency, accountability and efficiency of operations.

Board Responsibility

The Board of Directors affirms its responsibility for the Group's approach to assessing risk and the systems of internal control, and for reviewing its effectiveness, adequacy and integrity. It should be noted, however, that such systems are designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal controls covers, inter alia, financial, operational and compliance controls and risk management procedures.

The systems of internal control

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues. It has delegated to executive management the implementation of the systems of internal control within an established framework.

The key features of this framework are:

- i. an organisational structure with formally defined lines of responsibility
- ii. clearly defined authorisation limits at appropriate levels
- iii. yearly budgets approved at operating unit level and ultimately by the Board
- iv. budget variances requiring appropriate management follow-up and action
- v. quarterly meeting for Audit Committee and Board of Directors held to discuss on internal audit reports and periodic financial statements
- vi. setting up formalised standard operating manuals
- vii. independent internal audit function

Risk Management Framework

The Group has in place an on going process for identifying, evaluating and managing significant risks faced by the Group. As an integral part of planning and review, management from each business area identify their risks, the probability of those risks occurring, the impact if they do occur and the actions being taken to manage those risks to the desired level.



Statement On Internal Control (Contd.)

Risk Management Framework (Contd.)

This process has been in place throughout the year and up to the date of approval of the annual report and financial statements. Internal audit independently reviews the risk identification procedures and control processes implemented by the Management and report to the Audit Committee.

Internal audit also reviews the internal controls in the key activities of the Group's businesses based on a detailed annual internal audit plan presented to the Audit Committee for approval.

Assurance Mechanism

The Board, through the Audit Committee examines the effectiveness of the Group's system of internal control. The activities undertaken by the Audit Committee in this respect include:

- i. assessment of risk by reviewing evidence of risk assessment activity
- ii. agreeing the scope of the internal audit programme and reviewing its findings
- iii. reviews of the interim and annual financial statements
- iv. review of the scope of the external audit and the external auditors' plans

Associates

The scope of this statement does not extend to the associates, as their internal control is not within the Group's framework.