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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Chairman

Ng Chuan Seng @ Ng Teck Huat

#### Managing Director

Ng Swee Kiat

#### Executive Directors

Ng Swee Keong

Ng Ai Cheng

#### Non-Independent Non-Executive Director

Sukhinderjit Singh Muker

#### Independent Non-Executive Directors

Yet Kiong Siang

Ahmad Kamaruzaman Bin Mohamed Baria

### AUDIT COMMITTEE

#### Chairman

Ahmad Kamaruzaman Bin Mohamed Baria

#### Members

Yet Kiong Siang

Ng Swee Kiat

### REMUNERATION COMMITTEE

#### Chairman

Sukhinderjit Singh Muker

#### Members

Ahmad Kamaruzaman Bim Mohamed Baria

Ng Swee Kiat

### NOMINATION COMMITTEE

#### Chairman

Ahmad Kamaruzaman Bin Mohamed Baria

#### Members

Yet Kiong Siang

Sukhinderjit Singh Muker

### COMPANY SECRETARIES

Aaron Kwan Kien Fai (MIA 13376)

Hu Siew Poh (MAICSA 7017313)

### REGISTERED OFFICE

111, Pusat Perniagaan NBC,

Jalan Meru, 41050 Klang,

Selangor Darul Ehsan

Tel No : (603) 33451150

Fax No: (603) 33451151/2

[www.harvestcourt.com](http://www.harvestcourt.com)

### COMPANY NUMBER

36998-T

### AUDITORS

K.C. CHIA & NOOR

### SHARE REGISTRAR

MALAYSIAN SHARE REGISTRATION SERVICES SDN BHD

7<sup>th</sup> Floor, Exchange Square,

Bukit Kewangan,

50200 Kuala Lumpur.

Tel No : (603) 20268099

Fax No: (603) 20263736

### PRINCIPAL BANKERS

Affin Bank Berhad

United Overseas Bank (Malaysia) Bhd.

Public Bank Berhad

### STOCK EXCHANGE LISTING

Second Board of the Kuala Lumpur

Stock Exchange

### KLSE STOCK CODE

9342

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Fourth Annual General Meeting of the Company will be held at the Crystal 2 (1st Floor), Crystal Crown Hotel Harbour View, 217, Persiaran Raja Muda Musa, 42000 Port Klang on Friday, 21st June 2002 at 9.30 a.m. to transact the following business : -

- |   |   |                              |
|---|---|------------------------------|
| 1 | To receive and adopt the Statement of Accounts for the year ended 31st December 2001 together with the Reports of Directors and Auditors thereon.                           | Resolution 1                 |
| 2 | To re-elect the following Director retiring pursuant to Section 129(1) & (6) of the Companies Act, 1965<br><br>Mr Ng Chuan Seng @ Ng Teck Huat                              | Resolution 2                 |
| 3 | To re-elect the following Director retiring pursuant to Paragraph 7.28 of the Kuala Lumpur Stock Exchange Listing Requirements.<br><br>Mr Ng Swee Kiat                      | Resolution 3                 |
| 4 | To re-elect the following Directors retiring pursuant to Article 97 of the Company's Articles of Association : -<br>(i) Mdm Ng Ai Cheng<br>(ii) Mr Sukhinderjit Singh Muker | Resolution 4<br>Resolution 5 |
| 5 | To re-elect the following Director retiring pursuant to Article 103 of the Company's Articles of Association : -<br><br>En Ahmad Kamaruzaman Bin Mohamed Baria              | Resolution 6                 |
| 6 | To approve the payment of Directors' fees for the year ended 31st December 2001.  | Resolution 7                 |
| 7 | To re-appoint Messrs K. C. Chia & Noor as Auditors of the Company and to authorise the Directors to fix their remuneration.   | Resolution 8                 |

### **SPECIAL BUSINESS**

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

#### **ORDINARY RESOLUTION I**

##### **AUTHORITY TO ISSUE SHARES BY THE COMPANY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

- |     |  |              |
|-----|--|--------------|
| 8.1 | “THAT subject to the Companies Act, 1965, and the approval of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares of the Company from time to time upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution shall not exceed 10% of the issued capital for the time being and such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company. | Resolution 9 |
|-----|--|--------------|

#### **ORDINARY RESOLUTION II**

##### **AUTHORITY TO ALLOT SHARES PURSUANT TO THE EMPLOYEES' SHARE OPTION SCHEME**

- |     |  |               |
|-----|--|---------------|
| 8.2 | “THAT pursuant to the Company's Employees Share Option Scheme (the “Scheme”) as approved at the Extraordinary General Meeting of the Company held on 23rd June 2000, the Directors of the Company be and are hereby authorised in accordance with Section 132D of the Companies Act, 1965, to allot and issue shares of the Company from time to time in accordance with the Scheme. | Resolution 10 |
|-----|--|---------------|

## SPECIAL BUSINESS (CONT'D)

### ORDINARY RESOLUTION III

#### PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

- 8.3 "THAT approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to specified recurrent transactions of a revenue or trading nature as set out in Section 2.1 of the Company's Circular to Shareholders dated 30th May 2002 with specified classes of Related Parties which are necessary for the Group's day to day operations in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company and such approval shall continue to be in force until : -
- (a) The conclusion of the first AGM of the Company following the AGM at which the Proposed Renewal of Shareholders' Mandate was passed, at which time the Proposed Renewal of Shareholders' Mandate will lapse, unless by a resolution passed at the AGM, the authority is renewed;
  - (b) The expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act")(but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
  - (c) Revoked or varied by resolution passed by the shareholders in general meeting;
- whichever is the earlier.
- 9 To transact any other business of the Company for which due notice has been given.

Resolution 11

By Order Of The Board

AARON KWAN KIEN FAI  
HU SIEW POH  
SECRETARIES

Klang  
30<sup>th</sup> May 2002

#### Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A member shall not be entitled to appoint a person who is not a member as his proxy unless that person is a qualified legal practitioner or an approved company auditor or a person approved by the Registrar of Companies in a particular case. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. The proxy form must be deposited at the Company's Registered Office at 111, Pusat Perniagaan NBC, Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
4. Explanatory Notes To Special Business
  - 4.1 **Resolution Pursuant to Section 132D of the Companies Act, 1965**  
The Ordinary Resolution proposed under item 8.1, if passed, will empower the Directors to issue and allot shares up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they may deem fit from the date of this Annual General Meeting till the next Annual General Meeting of the Company and also to avoid any delay and costs incurred in convening a general meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.
  - 4.2 **Resolution Pursuant to the Employees' Share Option Scheme**  
The Ordinary Resolution proposed under item 8.2, if passed, will empower the Directors of the Company to issue and allot shares to those employees who have exercised their options under the Employees' Share Option Scheme.
  - 4.3 **Resolution Pursuant to the Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature**  
The Ordinary Resolution proposed under item 8.3, if passed, will empower the Company to conduct recurrent transactions of a revenue or trading nature which are necessary for the Company's and its subsidiaries' day-to-day operations and transacted in the ordinary course of business with the Related Parties. Please refer to Section 2.1 of the Circular to Shareholders dated 30<sup>th</sup> May 2002 for more information.

## **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of Kuala Lumpur Stock Exchange)

**1. Directors who are standing for re-election at the 24th Annual General Meeting of Harvest Court Industries Berhad.**

Mr Ng Chuan Seng @ Ng Teck Huat	(Resolution 2)
Mr Ng Swee Kiat	(Resolution 3)
Mdm Ng Ai Cheng	(Resolution 4)
Mr Sukhinderjit Singh Muker	(Resolution 5)
En Ahmad Kamaruzaman Bin Mohamed Baria	(Resolution 6)

**2. Details of Attendance of Directors At Board Meetings**

There were eight (8) Board meetings held during the financial year ended 31 December 2001. Details of attendance of the Directors are set out in the Directors' Profile appearing on pages 6 to 8 of the Annual Report.

**3. Place, Date and Time of Board Meetings**

All Board meetings during the financial year ended 31 December 2001 were held at Conference Room, 111, Pusat Perniagaan NBC, Jalan Meru, 41050 Klang, Selangor Darul Ehsan. The date and time of the Board meetings held were as follows : -

<u>Date of Meetings</u>	<u>Time</u>
19/02/2001	4.00 p.m.
09/04/2001	1.00 p.m.
28/05/2001	11.30 a.m.
20/08/2001	12.30 a.m.
07/09/2001	4.00 p.m.
26/10/2001	1.00 p.m.
26/11/2001	11.30 a.m.
05/12/2001	4.00 p.m.

**4. Further Details of Directors Who Are Standing For Re-election**

Details of Directors who are standing for re-election are set out on pages 6 to 8 of the Annual Report.

## DIRECTORS' PROFILE

### **Ng Chuan Seng @ Ng Teck Huat - Executive Chairman/Non independent**

Aged 73, Mr Ng, a Malaysian has more than 40 years of experience in the timber trade. He had been a timber logger, sawmiller, jetty operator and a seasoned timber downstream products manufacturer. As Executive Chairman and Advisor to the Group Mr Ng has been a great source of inspiration and invaluable experience to the management team. Mr Ng was appointed to the Board of HARVEST COURT INDUSTRIES BERHAD ("HCIB") on 28 June 1993.

Mr Ng does not hold directorships in any other public companies.

Mr Ng attended all eight Board meetings of HCIB held during the financial year ended 31 December 2001.

Mr Ng has an indirect interest by virtue of his and his wife's interest in Harvest Court Holdings (M) Sdn Bhd, a substantial shareholder of HCIB. He is father to Mr Ng Swee Kiat, Mr Ng Swee Keong and Mdm Ng Ai Cheng. He has no conflict of interest with HCIB and has no convictions for offences within the past ten years.

### **Ng Swee Kiat - Managing Director/Non Independent**

Aged 47, Mr Ng, a Malaysian, obtained a Bachelor Civil Engineering from Monash University, Australia in 1978. Mr Ng has been involved in the timber trade since his graduation day for a total of more than 20 years. Mr Ng plans and charts the expansion programme of the Group, transforming it from a mere sawn timber exporter to a diversified and fully integrated timber manufacturer.

Mr Ng was appointed to the Board of HCIB on 04 July 1980 and appointed as Managing Director of the Group since 1997 and presently is a member of the Audit Committee and Remuneration Committee of HCIB.

Mr Ng does not hold directorships in any other public companies.

Mr Ng attended seven of the eight Board meetings of HCIB held during the financial year ended 31 December 2001.

Mr Ng holds 495,000 shares in HCIB and he also has an indirect interest by virtue of his interest in Harvest Court Holdings (M) Sdn Bhd, a substantial shareholder of HCIB. He is a son to Mr Ng Chuan Seng @ Ng Teck Huat. He is also a sibling to Mr Ng Swee Keong and Mdm Ng Ai Cheng. He has no conflict of interest with HCIB and has no convictions for offences within the past ten years.

### **Ng Swee Keong - Executive Director/Non Independent**

Aged 44, Mr Ng, a Malaysian, obtained a Bachelor of Science (Electrical and Electronics Engineering) from the University of Birmingham, United Kingdom in 1982. Mr Ng has been in timber trade for more than 15 years. Beside overseeing the Group's manufacturing activities, he is the prime mover behind the aggressive marketing strategies pursued by the Group. He travels overseas extensively to foster close relationship with buyers, to learn of changes in their countries and to attend seminars and exhibitions on latest technology in timber processing.

Mr Ng was appointed as an Executive Director of HCIB on 25 March 1983.

Mr Ng does not hold directorships in any other public companies.

Mr Ng attended seven of the eight Board meetings of HCIB held during the financial year ended 31 December 2001.

Mr Ng holds 495,000 shares in HCIB and he also has an indirect interest by virtue of his interest in Harvest Court Holdings (M) Sdn Bhd, a substantial shareholder of HCIB. He is a son to Mr Ng Chuan Seng @ Ng Teck Huat. He is also a sibling to Mr Ng Swee Kiat and Mdm Ng Ai Cheng. He has no conflict of interest with HCIB and has no convictions for offences within the past ten years.

**Ng Ai Cheng - Executive Director/Non Independent**

Aged 49, Mdm Ng, a Malaysian, obtained a Bachelor of Computer Science from University of Wellington, New Zealand in 1977. Mdm Ng has established her own business dealing in computers and software products for the past 12 years. She was appointed to the Board of HCIB on 18 December 1993 and currently she is helping the Group to establish a strong presence in the local domestic doors and timber joinery markets.

Mdm Ng does not hold directorships in any other public companies.

Mdm Ng attended seven of the eight Board meetings of HCIB held during the financial year ended 31 December 2001.

Mdm Ng holds 1,000 shares in HCIB. She is a daughter to Mr Ng Chuan Seng @ Ng Teck Huat and is the eldest sister to Mr Ng Swee Kiat and Mr Ng Swee Keong. She has no conflict of interest with HCIB and has no convictions for offences within the past ten years.

**Yet Kiong Siang - Non Executive Director/Independent**

Aged 44, a Malaysian, Mr Yet is a Fellow of the Chartered Association of Certified Accountants, a member of the Malaysian Institute of Accountants and an associate member of the Institute of Internal Auditors Malaysia. He is an auditor by profession. He joined Khoo Teng Keat & Co. as an Audit Trainee in 1983 and progressed rapidly within the firm. Mr Yet is currently the proprietor of Khoo Teng Keat & Co. He has about 20 years of experience in the field of auditing, taxation, management consultancy and corporate advisory services.

Mr Yet was appointed to the Board of HCIB as an Independent non-executive director in 1994. He is presently a member of the Audit Committee and the Nomination Committee of HCIB.

Mr Yet does not hold directorships in any other public companies.

Mr Yet attended all eight of the Board meetings of HCIB held during the financial year ended 31 December 2001.

Mr Yet does not hold any shares in HCIB and its subsidiaries. Mr Yet has no family relationship with other directors or major shareholders of HCIB. He has no conflict of interest with HCIB and has no convictions for offences within the past ten years.

**Sukhinderjit Singh Muker - Non Executive Director/Non Independent**

Aged 55, Mr Muker, a Malaysian, was appointed to the Board of HCIB in 1994. Mr Muker obtained the Bachelor of Laws (Hons) degree from the University of London, England in 1972 and was conferred the degree of an Utter Barrister by the Honourable Society of Grays Inn in 1973. He has been in active practice with the firm of M/S Lovelace & Hastings since being called to the Malaysian Bar in 1974.

Mr Muker is presently the Chairman of the Remuneration Committee and a member of the Nomination Committee of HCIB.

Mr Muker is a director of Southern Acids (M) Berhad and Pahangco Corporation Berhad

Mr Muker attended all eight of the Board meetings of HCIB held during the financial year ended 31 December 2001.

Mr Muker holds 10,000 shares in HCIB. Mr Muker has no family relationship with other directors or major shareholders of HCIB. He has no conflict of interest with HCIB and has no convictions for offences within the past ten years.

## DIRECTORS' PROFILE (CONT'D)

### **Ahmad Kamaruzaman Bin Mohamed Baria - Non Executive/Independent**

Aged 53, Encik Kamaruzaman, a Malaysian, was re-appointed to the Board in 2001. He holds a Bachelor of Science in Forestry from the University of Michigan. He also has a Master of Business Administration degree from the University of Strathclyde, Scotland. Upon graduation he worked for two years as Sawmill Manager for Amanah Saham Pahang Berhad and later promoted to the post of Forest Manager. Encik Kamaruzaman also has five years of experience in the export of timber. Before he was re-appointed to the Board, he was a member of Parliament and Parliament Secretary during 1997 to 1999.

Encik Kamaruzaman is presently the Chairman of the Audit Committee and Nomination Committee of HCIB. He is also a member of the Remuneration Committee of HCIB.

Encik Kamaruzaman does not hold directorships in any other public companies.

Encik Kamaruzaman attended only one of eight Board meetings of HCIB held during the financial year ended 31 December 2001 as he was appointed near the end of the financial year.

Encik Kamaruzaman holds 186,800 shares in HCIB. He has no family relationship with other directors or major shareholders of HCIB. He has no conflict of interest with HCIB and has no convictions for offences within the past ten years.



## EXECUTIVE CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you Harvest Court Industries Berhad's Annual Report and the Financial Statements of the Group and the Company for the financial year ended 31st December 2001.

### Financial Performance

For the financial year under review the Group recorded a revenue of RM33.3 million and a profit before taxation of RM1.05 million as compared to a revenue of RM35.6 million and profit before taxation of RM2.087 million in the previous financial year. The Group's less favourable performance was attributed to a general slow down and intensive competitive positions of the overseas and regional markets.

### Corporate Development

The Company has yet to submit the restructuring proposals which inter alia, involve the acquisition of landed properties and companies with viable businesses and Rights and Warrants Issues as announced on 28 November 2000. These acquisitions if completed successfully, will enable the Company and the Group to further expand its downstream activities in the timber industry and achieve substantial savings in rental of land and buildings in the future which will augur well for the Group in the long-run.

### Operation Overview

Till now, the wood-based operations remains the major contributor of turnover and profit before taxation for the Group. In this respect, the Group is fortunate to be able to capture the export market which continues to expand in the future. Currently the Group is operating almost at its maximum capacity to meet with the expanding overseas demand.

In addition, the Group also strives in every effort to expand its overseas market by adopting aggressive marketing strategies which have been fruitful and encouraging resulting in more new customers from countries such as China, Middle East and Far East.

The Group has also adopted modern ways of doing business in response to the rapid advancement in information technology. One strategy applied in order to be kept abreast of these changes is by the continuous training of staff and investment in new information technology systems to improve productivity, operating efficiency and cost effectiveness.

### Prospects

Despite the impending slowdown of the global economy and domestic demand showing sign of weakening, the Group is confident of its future prospects and expects to be more focused in its business approach by actively striving to improve upon its production efficiency and productivity. Standards and procedures are constantly reviewed to improve the objective of producing high quality products at competitive costs. Barring any unforeseen circumstances, the Group expects to achieve a better results for this current year.

### Appreciation

On behalf of the Board of Directors, I wish to express my appreciation to all the management and staff for their dedication and support in driving our Group forward. I would also like to thank all the Directors for their wise counsel and support during the past year.

Lastly, I would like to extend my warmest gratitude to our shareholders, valued customers, members, bankers, business associates, suppliers and government authorities for their confidence and continuous support to the Group.

IN GOD WE TRUST

Ng Chuan Seng @ Ng Teck Huat  
Executive Chairman

25<sup>th</sup> April 2002

## CORPORATE GOVERNANCE STATEMENT

### COMPANY'S CORPORATE GOVERNANCE INITIATIVE

The Company is committed to good corporate governance in accordance with the Revamped Listing Requirements. The Company provides detailed information to shareholders on various issues on financial performance and the Company's business.

### A. DIRECTORS

#### The Board

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference to assist in the discharge of this responsibility.

The Board comprises seven (7) directors, three (3) of whom are non-executive. The profiles of the members of the Board are provided in the Annual Report.

The Board met eight (8) times during the financial year ended 31 December 2001.

#### Supply of Information

To fulfill the responsibilities set out above, all Directors have access to the advice and services of the Company Secretaries as well as to independent professional advice, including the external auditors.

#### Re-election

In accordance with Article 103 of the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next general meeting immediately after their appointment and KLSE Listing Requirements provides that each Director, including the Managing and/or Executive Directors, must retire from office at least once in three years and can offer himself for re-election. The details of the retiring Directors are set out in the Annual Report.

### B. DIRECTORS' REMUNERATION

#### Procedure

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

#### Disclosure

The aggregate remuneration of Directors for the financial year ended 31 December 2001 are as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	3,600	747,650	751,250
Non-Executive Directors	4,250	-	4,250

The number of Directors whose remuneration fall into the following bands are as follows:-

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	2
50,001 – 100,000	-	-
100,001 – 150,000	1	-
150,001 – 200,000	3	-

#### Establishment of Committee

On 05 December 2001, a nomination committee and a remuneration committee were established.

#### Nomination Committee

Since the date of its establishment, the nomination committee has not convened any meeting

### Nomination Committee (Cont'd)

The composition and category of directors in the nomination committee are as follows : -

Category	No of directors	Percentage
Non-Executive Non-Independent Directors	2	66.67 %
Non-Executive Independent Director	1	33.33 %
Executive Director	0	0.00 %
Total	3	100.00 %

The Nomination Committee's roles include to forward recommendation of candidates to the Board for directorships and seats of Board committees to be filled, assess the effectiveness of the Board and the various committees of the Board as a whole, and contribution of all members of the Board, and review the appropriate Board balance and size of the non-executive participation.

The Board, through the Nomination Committee, reviews annually its required mix of skills, experience and competencies that non-executive directors should contribute to the Board.

### Remuneration Committee

The composition and category of directors in the remuneration committee are as follows : -

Category	No of directors	Percentage
Non-Executive Non-Independent Director	1	33.33 %
Non-Executive Independent Director	1	33.33 %
Executive Director	1	33.34 %
Total	3	100.00 %

The committee had one meeting during the financial year, which was attended by all of the members of the committee.

## **C. ACCOUNTABILITY AND AUDIT**

### **Financial Reporting**

In presenting the annual financial statements and quarterly announcements to shareholders, the aim of the directors is to present a balanced and comprehensible assessment of the Group's position and prospects. The Audit Committee assists the Board to ensure accuracy and adequacy of all annual and quarterly financial reports, audited and unaudited for disclosure. The Statement by the Board pursuant to Paragraph 15.27 (a) of the KLSE Listing Requirements on its responsibilities in preparing the financial statements is set out on page 12 of the Annual Report.

### **Internal Controls**

The Board acknowledges its overall responsibility for maintaining a system of internal controls, which provides reasonable assessment of effective and efficient operations, internal controls and compliance with laws and regulations. The system provides reasonable but not absolute assurance against material misstatements, losses and fraud.

### **Relationship with Auditors**

The external auditors, Messrs K.C. Chia & Noor has continued to report to members of the Company of their findings which are included as part of the Company's financial reports with respect to each year's audit on statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors highlight to the Audit Committee and the Board of Directors on matters that require the Board's attention.

## **D. COMMUNICATION BETWEEN THE COMPANY AND SHAREHOLDERS AND INVESTORS**

The Group values regular communication with shareholders and investors.

The Company reaches out to its shareholders through the issuance of Annual Reports, Explanatory Circulars and updates on the Company is provided through the quarterly reports and various announcements made throughout the year. Shareholders and Investors could also general information of the Company through the website.

#### **D. COMMUNICATION BETWEEN THE COMPANY AND SHAREHOLDERS AND INVESTORS (CONT'D)**

Currently, the General Meetings are the principal forum for dialogues with the shareholders and investors. At each General Meetings, the Board presents the progress and performance of the Group and/or Corporate Proposals of the Company and shareholders are encouraged to participate in the question and answer session. Informal discussion between the Directors, senior management staff and the shareholders and investors are always active before and after the General Meetings.

#### **E. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS**

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2001, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable accounting standards have been followed and confirm that the financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for taking such steps that are reasonably open to safeguard the assets of the group and to minimise fraud and other irregularities.

## AUDIT COMMITTEE REPORT

### 1. COMPOSITION

- Encik Ahmad Kamaruzaman Bin Mohamed Baria  
- Chairman, Independent Non-Executive Director
- Mr Yet Kiong Siang  
- Independent Non-Executive Director
- Mr Ng Swee Kiat  
- Non-independent Executive Director

### 2. TERMS OF REFERENCE

#### 2.1 Membership

2.1.1 The Board shall appoint the Committee comprising of at least three (3) directors, a majority of whom shall be independent non-executive directors of the Board. At least one member of the audit committee must be : -

- 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 3 years' working experience and; either
  - (i) he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
  - (ii) 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.

2.1.2 The Chairman of the Audit Committee should be an Independent director and be elected amongst the members of the Committee.

#### 2.2 Duties

To review the following and report to the Board : -

- (a) with the external auditors, the audit plan ;
  - (b) with the external auditors, their evaluation of the system of internal controls ;
  - (c) with the external auditors, their audit report ;
  - (d) the assistance given by the employees of the Company to the external auditors ;
  - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its works ;
  - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function ;
  - (g) the quarterly results and year end financial statement prior to the approval by the Board, focussing particularly on : -
    - changes in or implementation of major accounting policy changes significant and unusual events
    - the going concern assumption ; and compliance with accounting standards and other legal requirements
  - (h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.
- 2.2.2 To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal and whether there is reasonable (supported ground) to believe that the Company's external auditors are not suitable for re-appointment ;
- 2.2.3 To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved ;
- 2.2.4 To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss ;
- 2.2.5 To review the external auditor's management letter and management's response ;

- 2.2.6 To do the following where an internal audit functions exists : -
- a. 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 ;
  - b. Review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken in the recommendations of the internal audit function ;
  - c. Review any appraisal or assessment of the performance of members of the internal audit function ;
  - d. Approve any appointment or termination of senior staff members and provide the resigning staff members an opportunity to submit his reasons for resigning.

2.2.7 To consider the major findings of internal investigations and management's response.

2.2.8 To consider other topics as defined by the Board.

### 2.3 Rights and Authority of the Audit Committee

- 2.3.1 The Company must ensure that whenever necessary and reasonable for the performance of its duties, the Audit Committee shall, in accordance with the procedures to be determined by the Board and at the cost of the Company : -
- have authority to investigate any matter within its terms of reference ;
  - have the resource which are required to perform its duties ;
  - have full and unrestricted access to any information pertaining to the Company ;
  - have direct communication channels with the external auditors and person(s) carrying out internal audit function or activity (if any);
  - be able to obtain independent professional or other advice; and
  - be able to convene meetings with the external auditors, excluding the attendance of the executive member of the Committee whenever deemed necessary.

## 3. MEETINGS

- 3.1 The Committee shall convene at least four (4) regular meetings a year and such additional meetings as the Chairman shall determine. The Chairman shall convene a meeting of the Committee, if so requested by any member of the Committee, the Management of the Group, the internal auditors or the external auditors.
- 3.2 The external auditors shall have the rights to appear and be heard at any meetings of the Committee and appear before the Committee upon requested by the Committee.
- 3.3 The Head of Internal Audit and a representative of the external auditors shall attend all meetings of the Committee. Other members of the Board may attend meetings of the Committee upon its invitation.
- 3.4 The quorum for any meeting of the Committee shall be three (3) members present in person, the majority of whom present shall be independent directors.

## 4. ATTENDANCE OF MEETINGS

During the year ended 31 December 2001, the audit committee held seven (7) meetings. The details of attendance of the Audit Committee members are as follows : -

<u>Audit Committee Members</u>	<u>Attendance</u>
En Ahmad Kamaruzaman Bin Mohamed Baria (appointed Chariman on 05/12/01)	1/7
Mr Sukhinderjit Singh Muker (relinquished Chairmanship on 05/12/01)	7/7
Mr Yet Kiong Siang	7/7
Mr Ng Swee Kiat	6/7

**5. SUMMARY ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR**

The activities of the Audit Committee during the financial year ended 31st December 2001 include the following : -

- review the quarterly results and year end financial statement
- review the adequacy of the audit scope and plan of the external auditors
- review reports of the external auditors
- review related party transactions

**6. INTERNAL AUDIT FUNCTION**

The internal audit function is still in the process of being streamlined to assist the Audit Committee in discharging their responsibilities, to review the overall effectiveness of internal control including the adequacy in risk management, internal operational controls, compliance with laws and regulations and management efficiency.

## **DISCLOSURE REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF THE KUALA LUMPUR STOCK EXCHANGE**

### **REMUNERATION OF DIRECTORS**

The details of remuneration of directors are stated in Page 10 of the Annual Report.

### **UTILISATION OF PROCEEDS**

No proceeds were raised by the Company from any corporate exercise during the financial year.

### **SHARE BUY-BACKS**

There were no share buy-backs during the financial year.

### **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**

No options, warrants or convertible securities were issued or exercised during the financial year.

### **AMERICAN DEPOSITORY RECEIPT (ADR)/GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMMES**

The Company did not sponsor any ADR or GDR programmes during the financial year.

### **IMPOSITION OF SANCTIONS/PENALTIES**

There was no public imposition of sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies during the financial year except penalties imposed on the subsidiaries by Inland Revenue Board of RM71,179.00.

### **NON-AUDIT FEES**

There was no payment made to external auditors during the financial year in relation to non-audit fees.

### **PROFIT ESTIMATE, FORECAST OR PROJECTION**

The Company did not release any profit estimate, forecast or projection for the financial year. There is no variance between the results for the financial year and unaudited results previously released by the Company except for the provision of tax which is immaterial.

### **PROFIT GUARANTEE**

The Company did not give any profit guarantee to any parties during the financial year.

### **MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN**

There are no contract relating to material contracts of the Company and subsidiary companies involving Directors and substantial shareholders.

There are no contracts relating to loan entered into by the Company and its subsidiaries which involve the Directors' and major shareholders' interests entered into since the previous financial year ended 31 December 2001.

### **RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE**

Recurrent related party transactions of revenue nature during the year was RM733,184.00. The details of related party transactions are stated in Note 29 to the Accounts.

### **REVALUATION POLICY ON LANDED PROPERTIES**

The Group does not adopt a policy on regular revaluation of its landed properties.



## DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2001.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. It is also involved in provision of marketing and management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 4 to the financial statements.

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

### RESULTS

	Group RM	Company RM
Profit after taxation	922,817	107,570
Minority interests - share of loss in subsidiary	15,276	-
Net profit attributable to shareholders	<u>938,093</u>	<u>107,570</u>

### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

### RESERVES AND PROVISIONS

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

### BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts is required.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts or provided for as doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

### CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other persons; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

Except for as disclosed in Note 28 to the financial statements, no contingent 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 or the Company to meet their obligations when they fall due.

### **CHANGE OF CIRCUMSTANCES**

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 or the Company which would render any amount stated in the financial statements misleading.

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

### **SIGNIFICANT EVENTS**

The significant events during the year are as disclosed in Note 30 to the financial statements.

### **CORPORATE EXERCISE**

On 15 March 2000, the Company obtained the approval from the Securities Commission for the following Corporate Exercise:

- (a) a Private Placement of 1,980,000 new ordinary shares of RM1 each at a price to be determined on a later date;
- (b) allocation for the Employees' Share Option Scheme ("ESOS") for the Directors and eligible Employees involving an issue of up to a maximum of 10% of the issued and paid-up share capital of the Company for a duration of five(5) years; and
- (c) listing and quotation of the new ordinary shares to be issued pursuant to the Private Placement and ESOS on the Kuala Lumpur Stock Exchange.

The proceeds from the Private Placement and ESOS will be utilised to partially repay the Group's existing bank borrowings and for working capital purposes.

The Private Placement was not exercised and lapsed on 15 December 2001.

### **EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

The Harvest Court Industries Berhad Employees' Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 23 June 2000 and became effective on 15 July 2000.

The main features of the ESOS are as follows:

- (a) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.
- (b) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the duration of the ESOS, which shall be in force for a period of five years from 15 July 2000.
- (c) The option price for each share shall be the average of the mean market quotation of the shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the date of offer.
- (d) No offer shall be made for less than 1,000 shares nor more than 350,000 shares to any eligible employee.

### EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

- (e) An option granted under ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five (5) years from the date of the offer or such shorter period as may be specified in such offer.
- (f) The number of shares under option or the option price or both so far as the option remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of a capitalisation or rights issue or a reduction, subdivision or consolidation of the Company's shares made by the Company.
- (g) The shares under option shall remain unissued until the option is exercised and shall on allotment rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the option.

As at 31 December 2001, the movement in the share options, all of which will expire on 14 July 2005 is as follows:

<u>Year of Options Granted</u>	<u>Option Price Per Share</u>	<u>As Granted</u>	<u>As Exercised</u>	<u>Outstanding At 31 December 2001</u>
2000	RM1.50	431,000	20,000	411,000
2001	RM1.50	471,000	-	471,000
				<u>882,000</u>

At the date of this report, the cumulative share options outstanding were not exercised.

### SHARE CAPITAL

The Company did not issue any share during the financial year.

### DIRECTORS

The directors who served since the date of the last report are:

Ng Chuan Seng @ Ng Teck Huat

Ng Swee Kiat

Ng Ai Cheng (f)

Ng Swee Keong

Yet Kiong Siang

Sukhinderjit Singh Muker

Ahmad Kamaruzaman Bin Mohamed Baria - appointed on 30.11.2001

In accordance with Section 129(2) of the Companies Act, 1965, Ng Chuan Seng @ Ng Teck Huat retires and being eligible, offers himself for re-election.

In accordance with the Company's Articles of Association, Ng Swee Kiat, Ng Ai Cheng, Sukhinderjit Singh Muker and Ahmad Kamaruzaman Bin Mohamed Baria retire at the forthcoming Annual General Meeting and, being eligible, offers 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 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, other than the share option to be granted pursuant to the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors and related party transactions as disclosed in Notes 20, 21 and 29 respectively to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

### DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			At 31 December 2001
	At 1 January 2001/ date of appointment	Bought	Sold	
NG CHUAN SENG				
@ NG TECK HUAT - direct	-	-	-	-
- indirect	8,164,200	-	-	8,164,200
NG SWEE KIAT - direct	495,000	-	-	495,000
- indirect	8,164,200	-	-	8,164,200
NG AI CHENG	1,000	-	-	1,000
NG SWEE KEONG - direct	495,000	-	-	495,000
- indirect	8,164,200	-	-	8,164,200
YET KIONG SIANG	-	-	-	-
SUKHINDERJIT SINGH MUKER	10,000	-	-	10,000
AHMAD KAMARUZAMAN				
BIN MOHAMED BARIA	186,800	-	-	186,800

	Cumulative Number of Options Outstanding Over Ordinary Shares			31 December 2001
	At 1 January 2001	Granted	Exercised	
NG CHUAN SENG				
@ NG TECK HUAT	30,000	30,000	-	60,000
NG SWEE KIAT	26,000	26,000	-	52,000
NG AI CHENG	26,000	26,000	-	52,000
NG SWEE KEONG	26,000	26,000	-	52,000

By virtue of Section 6(A) of the Companies Act 1965, Ng Chuan Seng @ Ng Teck Huat, Ng Swee Kiat, Ng Ai Cheng and Ng Swee Keong are deemed interested in the shares of all subsidiaries to the extent that the Company has an interest.

### AUDITORS

K. C. Chia & Noor retire and have indicated their willingness to accept re-appointment.

**Signed on behalf of the Board  
 in accordance with a resolution  
 of the directors**

NG SWEE KIAT

NG AI CHENG

22<sup>nd</sup> April 2002  
Kuala Lumpur

## STATEMENT BY DIRECTORS

We, NG SWEE KIAT and NG AI CHENG, being two of the directors of HARVEST COURT INDUSTRIES BERHAD, do hereby state that, in the opinion of the directors, the accompanying balance sheets of the Group and the Company as at 31 December 2001 and the statements of income, changes in equity and cash flows of the Group and the Company for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2001 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of Companies Act 1965 and applicable approved accounting standards in Malaysia.

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

NG SWEE KIAT

22<sup>nd</sup> April 2002  
Kuala Lumpur

NG AI CHENG

## STATUTORY DECLARATION

I, NG SWEE KIAT, the director primarily responsible for the financial management of HARVEST COURT INDUSTRIES BERHAD, do solemnly and sincerely declare that the accompanying balance sheets of the Group and the Company as at 31 December 2001 and the statements of income, changes in equity and cash flows of the Group and the Company for the year then ended, together with the notes thereto, are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the )  
abovenamed NG SWEE KIAT (NRIC NO. )  
550511-10-5653) at Kuala Lumpur in )  
Wilayah Persekutuan on 22<sup>nd</sup> April 2002 )

NG SWEE KIAT

Before me,

D.SELVARAJ (W320)  
Commissioner for Oaths

## AUDITORS' REPORT

### To the Shareholders of HARVEST COURT INDUSTRIES BERHAD

We have audited the financial statements of HARVEST COURT INDUSTRIES BERHAD as at 31 December 2001. 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 Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
  - (i) the state of affairs of the Group and the Company as at 31 December 2001 and of their results and their cash flows for the year then ended; and
  - (ii) the matter required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, as indicated in Note 4 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification in respect of subsidiaries incorporated in Malaysia, and did not include any comment made under subsection (3) of Section 174 of the Act.

K. C. CHIA & NOOR (AF: 0922)  
Chartered Accountants

CHIA KWONG CHOW  
1127/1/04(J)  
Partner of the Firm

Kuala Lumpur  
22<sup>nd</sup> April 2002

## CONSOLIDATED BALANCE SHEET

- 31 DECEMBER 2001

	Note	2001 RM	2000 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	19,075,270	18,824,498
Land held for development	4	19,515,816	18,626,116
Goodwill on consolidation	6	471,966	397,170
		<u>39,063,052</u>	<u>37,847,784</u>
<b>CURRENT ASSETS</b>			
Inventories	7	15,437,168	13,145,022
Trade receivables	8	4,303,043	5,705,933
Other receivables	9	1,260,021	1,102,841
Cash and bank balances	10	570,748	1,155,723
		<u>21,570,980</u>	<u>21,109,519</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	2,756,478	2,216,049
Other payables	12	3,261,283	1,826,100
Hire purchase payables	13	747,899	794,764
Term loans	14	5,325,303	3,534,491
Short term borrowings	15	27,763,850	23,654,895
Taxation		1,934,669	4,105,538
		<u>41,789,482</u>	<u>36,131,837</u>
<b>NET CURRENT LIABILITIES</b>		<u>(20,218,502)</u>	<u>(15,022,318)</u>
		<u>18,844,550</u>	<u>22,825,466</u>
<b>FINANCED BY:</b>			
Share capital	16	19,820,000	19,820,000
Reserves		(9,374,525)	(10,355,792)
		<u>10,445,475</u>	<u>9,464,208</u>
Minority interests		77,573	-
		<u>10,523,048</u>	<u>9,464,208</u>
Other payables	12	9,765	144,765
Hire purchase payables	13	656,005	727,447
Term loans	14	6,675,732	11,939,046
Deferred taxation	17	980,000	550,000
Non-current liabilities		<u>8,321,502</u>	<u>13,361,258</u>
		<u>18,844,550</u>	<u>22,825,466</u>

The accompanying notes are an integral part of this balance sheet.

## CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2001

	<b>Note</b>	<b>2001 RM</b>	<b>2000 RM</b>
Revenue	18	33,308,433	35,608,183
Other operating income	19	118,156	847,651
Changes in inventories of finished goods and work-in-progress		710,377	(305,633)
Raw materials and consumables used		(14,309,270)	(15,990,231)
Purchases of trading inventories		(19,214)	(1,205,058)
Staff costs	20	(5,612,410)	(5,344,707)
Depreciation of property, plant and equipment		(1,750,312)	(1,712,229)
Other operating expenses	21	(8,844,335)	(7,095,924)
Profit from operations		<u>3,601,425</u>	<u>4,802,052</u>
Finance costs	22	(2,550,457)	(2,714,998)
Profit before taxation		1,050,968	2,087,054
Taxation	23	(128,151)	(700,350)
Profit after taxation		<u>922,817</u>	<u>1,386,704</u>
Minority interests - share of loss in subsidiary		15,276	-
Net profit attributable to shareholders		<u><u>938,093</u></u>	<u><u>1,386,704</u></u>
Earnings per share (sen)	24		
- Basic		<u>4.7</u>	<u>7.0</u>

The accompanying notes are an integral part of this statement.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2001

	Non-Distributable			Distributable	Total RM
	Share Capital RM	Share Premium RM	Exchange Translation Reserve RM	Accumulated Losses RM	
At 1 January 2000	19,800,000	-	(26,479)	(11,779,258)	7,994,263
Exercise of employees' share option scheme	20,000	10,000	-	-	30,000
Currency translation differences, representing unrealised gains not recognised in the income statement	-	-	53,241	-	53,241
Net profit for the year	-	-	-	1,386,704	1,386,704
At 31 December 2000	<u>19,820,000</u>	<u>10,000</u>	<u>26,762</u>	<u>(10,392,554)</u>	<u>9,464,208</u>
Currency translation differences, representing unrealised gains not recognised in the income statement	-	-	43,174	-	43,174
Net profit for the year	-	-	-	938,093	938,093
At 31 December 2001	<u><u>19,820,000</u></u>	<u><u>10,000</u></u>	<u><u>69,936</u></u>	<u><u>(9,454,461)</u></u>	<u><u>10,445,475</u></u>

The accompanying notes are an integral part of this statement.

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001 RM	2000 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,066,244	2,087,054
Adjustments for :			
(Gain)/loss on disposal of property, plant and equipment		(12,260)	31,990
Amortisation of goodwill		18,053	18,053
Bad debts written off		67,256	5,962
Depreciation of property, plant and equipment		1,750,312	1,712,229
Interest expenses		2,677,443	2,532,355
Interest income		(36,421)	(38,091)
Loss on disposal of associated company		-	14,285
Minority interests - share of loss in subsidiary		(15,276)	-
Provision for impairment in development expenditure written back		-	(657,921)
Unrealised gain on foreign exchange translations		43,174	53,241
Unrealised loss on foreign exchange		840	48,786
Operating profit before working capital changes		<u>5,559,365</u>	<u>5,807,943</u>
Increase in inventories		(2,292,146)	(2,478,788)
(Increase)/decrease in receivables		(1,535,030)	2,726,947
Increase/(decrease) in payables		<u>8,137,094</u>	<u>(1,639,808)</u>
Cash generated from operations		9,869,283	4,416,294
Interest paid		(2,677,443)	(2,532,355)
Taxes paid		<u>(1,982,143)</u>	<u>(202,172)</u>
Net cash generated from operating activities		<u>5,209,697</u>	<u>1,681,767</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Development expenditure on land held for development		(889,700)	(1,083,195)
Interest received		36,421	38,091
Net proceeds from disposal of associated company		-	30,000
Net proceeds from disposal of property, plant and equipment		3,952,973	157,171
Purchase of property, plant and equipment	25	<u>(5,357,707)</u>	<u>(1,229,526)</u>
Net cash used in investing activities		<u>(2,258,013)</u>	<u>(2,087,459)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of term loans		-	6,258,537
Proceeds from issuance of shares		-	30,000
Proceeds from short term borrowings		-	900,749
Repayment of hire purchase payables		(702,397)	(847,686)
Repayment of short term borrowings		(1,560)	(7,900,000)
Repayment of term loans		<u>(3,472,502)</u>	<u>(2,659,032)</u>
Net cash used in financing activities		<u>(4,176,459)</u>	<u>(4,217,432)</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Net decrease		(1,224,775)	(4,623,124)
At 1 January 2001/2000		<u>(7,706,106)</u>	<u>(3,082,982)</u>
At 31 December 2001/2000	26	<u>(8,930,881)</u>	<u>(7,706,106)</u>

The accompanying notes are an integral part of this statement.

## BALANCE SHEET

- 31 DECEMBER 2001

	Note	2001 RM	2000 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	281,953	343,109
Subsidiaries	5	54,865,989	33,265,991
		<u>55,147,942</u>	<u>33,609,100</u>
<b>CURRENT ASSETS</b>			
Trade receivables	8	-	2,845,918
Other receivables	9	9,311,393	26,209,553
Cash and bank balances	10	17,673	65,331
		<u>9,329,066</u>	<u>29,120,802</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	11,583,399	11,257,893
Other payables	12	4,379,093	3,783,913
Hire purchase payables	13	284,085	465,570
Term loans	14	4,108,000	1,059,121
Short term borrowings	15	14,647,941	11,727,192
Taxation		830,432	1,525,325
		<u>35,832,950</u>	<u>29,819,014</u>
<b>NET CURRENT LIABILITIES</b>		<u>(26,503,884)</u>	<u>(698,212)</u>
		<u>28,644,058</u>	<u>32,910,888</u>
<b>FINANCED BY:</b>			
Share capital	16	19,820,000	19,820,000
Reserves		2,961,888	2,854,318
		<u>22,781,888</u>	<u>22,674,318</u>
Hire purchase payables	13	3,423	203,898
Term loans	14	5,858,747	10,032,672
Non-current liabilities		<u>5,862,170</u>	<u>10,236,570</u>
		<u>28,644,058</u>	<u>32,910,888</u>

The accompanying notes are an integral part of this balance sheet.

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001 RM	2000 RM
Revenue	18	4,222,373	51,741,417
Other operating income	19	368,098	1,300,954
Purchases of trading inventories		(2,790,004)	(49,176,717)
Staff costs	20	-	(1,317,544)
Depreciation of property, plant and equipment		(61,156)	(66,256)
Other operating expenses	21	(188,299)	(385,045)
Profit from operations		<u>1,551,012</u>	<u>2,096,809</u>
Finance costs	22	(1,603,901)	(1,929,754)
(Loss)/profit before taxation		<u>(52,889)</u>	<u>167,055</u>
Taxation	23	160,459	(634,325)
Net profit/(loss) for the year		<u><u>107,570</u></u>	<u><u>(467,270)</u></u>

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2001

	Share Capital RM	Non- Distributable Share Premium RM	Distributable Retained Profits RM	Total RM
At 1 December 2000	19,800,000	-	3,311,588	23,111,588
Exercise of employees' share option scheme	20,000	10,000	-	30,000
Net loss for the year	-	-	(467,270)	(467,270)
At 31 December 2000	<u>19,820,000</u>	<u>10,000</u>	<u>2,844,318</u>	<u>22,674,318</u>
Net profit for the year	-	-	107,570	107,570
At 31 December 2001	<u><u>19,820,000</u></u>	<u><u>10,000</u></u>	<u><u>2,951,888</u></u>	<u><u>22,781,888</u></u>

The accompanying notes are an integral part of this statement.

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001 RM	2000 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before taxation		(52,889)	167,055
Adjustments for :			
Depreciation of property, plant and equipment		61,156	66,256
Interest expenses		1,573,005	1,786,775
Interest income		(353,098)	(1,300,872)
(Gain)/loss on disposal of property, plant and equipment		(15,000)	4,902
Operating profit before working capital changes		<u>1,213,174</u>	<u>724,116</u>
Decrease in receivables		19,744,078	6,172,558
Increase in payables		<u>2,422,692</u>	<u>2,076,763</u>
Cash generated from operations		23,379,944	8,973,437
Interest paid		(1,573,005)	(1,786,775)
Taxes paid		<u>(605,613)</u>	<u>(48,000)</u>
Net cash generated from operating activities		<u>21,201,326</u>	<u>7,138,662</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		353,098	1,300,872
Investment in subsidiaries		(21,599,998)	6,599,900
Net proceeds from disposal of associated company		-	30,000
Net proceeds from disposal of property, plant and equipment		15,000	19,611
Purchase of property, plant and equipment	25	<u>-</u>	<u>(24,679)</u>
Net cash used in investing activities		<u>(21,231,900)</u>	<u>5,274,096</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Drawdown of term loans		-	5,158,793
Proceeds from issuance of shares		-	30,000
Repayment of hire purchase payables		(381,960)	(585,545)
Repayment of short term borrowings		-	(7,900,000)
Repayment of term loans		<u>(1,125,046)</u>	<u>-</u>
Net cash used in financing activity		<u>(1,507,006)</u>	<u>(3,296,752)</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Net decrease		(1,537,580)	(1,432,186)
At 1 January 2001/2000		<u>(5,132,717)</u>	<u>(3,700,531)</u>
At 31 December 2001/2000	26	<u>(6,670,297)</u>	<u>(5,132,717)</u>

The accompanying notes are an integral part of this statement.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

### 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding. It is also involved in provision of marketing and management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 5. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Kuala Lumpur Stock Exchange. The principal place of business of the Company is located at Lot 450, Jalan Papan, Pandamaran Industrial Area, 42000 Port Klang, Selangor Darul Ehsan.

The number of employees in the Group and the Company at the end of the financial year were 252 (2000: 258) and 4 (2000: 41) respectively.

The financial statements were authorised for issue by the Board of Directors of the Company in accordance with a resolution of the directors on 22 April 2002.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention modified by revaluation of investment in a subsidiary and comply with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

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

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Revaluation of landed properties is made at least once every five years by an independent valuer on an open market value basis where the market conditions indicate that the carrying value of the revalued landed properties materially differ from the market value. Any increase arising from valuation is credited to equity as a revaluation surplus; any decrease is first offset against an increase on earlier valuation in respect of the same property and thereafter charged to the income statement. Upon the disposal of revalued assets, the amounts in revaluation reserve relating to those assets are transferred directly to retained profits.

Freehold land is not depreciated. Leasehold land is depreciated over the respective lease periods between 50 - 52 years.

Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to their residual value over the estimated useful life at the following annual rates:

	%
Buildings	2
Office furniture, fittings and equipment	5 - 10
Plant and machinery	5 - 33.3
Motor vehicles	10 - 20
Renovation	20

**(c) Land Held for Development**

Land held for development consists of land held for future development and where no significant development has been undertaken and are stated at cost. Costs include cost of land and attributable development expenditure. Such assets are transferred to development properties when significant development work has been undertaken and are expected to be completed within the normal operating cycle or when intended for resale as vacant land.

**(d) Basis of Consolidation**

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise controls over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

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

The difference between the cost of an acquisition over 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 reserve arising on consolidation and is amortised or credited to income statement in the following year from the date of acquisition over a period of 25 years. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

**(e) Investments**

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

**(f) Inventories**

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads.

**(g) Trade and Other Receivables**

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

**(h) Hire Purchase**

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in (b) above. The corresponding outstanding obligations due under the hire purchase after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statement over the period of the respective agreements using the sum-of-digit method.

**(i) Borrowings**

Interest incurred on borrowings relating to the construction of property, plant and equipment is capitalised until the assets are ready for their intended use. Borrowing costs relating to development properties are capitalised during the period of active development until they are ready for their intended purpose.

**(j) Deferred Taxation**

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

**(k) Revenue Recognition**

**(i) Sale of goods**

Revenue from sale of goods is recognised net of discounts when transfer of risks and rewards has been completed.

**(ii) Revenue from services**

Revenue from services rendered is recognised net of discounts when the services are performed.

**(iii) Construction contracts**

Revenue from construction contracts is accounted for under the percentage of completion method where the outcome of the contracts can be reliably estimated. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs which approximates the certified works done to date. Where the outcome of the contract can not be reliably estimated, revenue is recognised only to the extent of contract cost incurred and no profit is recognised.

**(l) Currency Conversion and Translation**

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transactions dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rate of exchange ruling at that date. All exchange differences are taken to the income statement.

Financial statements of foreign consolidated subsidiary are translated into Ringgit Malaysia at the year-end exchange rate with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are taken to reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

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

	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
Australian Dollar	1.91	2.09
United States Dollar	3.80	3.80

**(m) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and at bank and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.



### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Buildings	Building-in-progress	Office furniture, fittings, equipment and motor vehicles	Plant and machinery	Renovation	Total
2001	RM	RM	RM	RM	RM	RM	RM
<b>At Cost</b>							
At 1 January 2001	136,700	8,486,905	-	2,680,033	18,430,101	172,688	29,906,427
Additions	-	246,239	148,000	625,322	1,463,913	17,078	2,500,552
Transfers	-	3,434,516	-	-	352,609	-	3,787,125
Disposals	-	(3,434,516)	-	(298,268)	(789,408)	-	(4,522,192)
At 31 December 2001	<u>136,700</u>	<u>8,733,144</u>	<u>148,000</u>	<u>3,007,087</u>	<u>19,457,215</u>	<u>189,766</u>	<u>31,671,912</u>
<b>Accumulated Depreciation</b>							
At 1 January 2001	-	746,940	-	1,176,588	9,055,713	102,688	11,081,929
Additions	-	174,662	-	304,327	1,236,786	34,537	1,750,312
Transfers	-	132,097	-	-	213,783	-	345,880
Disposals	-	(132,097)	-	(167,370)	(282,012)	-	(581,479)
At 31 December 2001	<u>-</u>	<u>921,602</u>	<u>-</u>	<u>1,313,545</u>	<u>10,224,270</u>	<u>137,225</u>	<u>12,596,642</u>
<b>Net Book Value</b>							
At 31 December 2001	<u>136,700</u>	<u>7,811,542</u>	<u>148,000</u>	<u>1,693,542</u>	<u>9,232,945</u>	<u>52,541</u>	<u>19,075,270</u>
At 31 December 2000	<u>136,700</u>	<u>7,739,965</u>	<u>-</u>	<u>1,503,445</u>	<u>9,374,388</u>	<u>70,000</u>	<u>18,824,498</u>
Depreciation charge for 2000	<u>18,903</u>	<u>133,423</u>	<u>-</u>	<u>266,936</u>	<u>1,258,564</u>	<u>34,403</u>	<u>1,712,229</u>

Company	Office furniture, fittings, equipment and motor vehicles
2001	RM
<b>At Cost</b>	
At 1 January 2001	765,472
Disposal	(27,545)
At 31 December 2001	<u>737,927</u>
<b>Accumulated Depreciation</b>	
At 1 January 2001	422,363
Addition	61,156
Disposal	(27,545)
At 31 December 2001	<u>455,974</u>
<b>Net Book Value</b>	
At 31 December 2001	<u>281,953</u>
At 31 December 2000	<u>343,109</u>
Depreciation charge for 2000	<u>66,256</u>

- (a) Property, plant and equipment held under hire purchase arrangements are as follows :

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Net book value</b>				
Plant and machinery	1,772,824	2,165,512	-	-
Motor vehicles	949,260	583,505	23,486	28,183
	<u>2,722,084</u>	<u>2,749,017</u>	<u>23,486</u>	<u>28,183</u>

- (b) Property, plant and equipment pledged to banks for bank borrowings are as follows :

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
<b>Net book value</b>		
Freehold land and buildings	1,716,830	1,750,501
	<u>1,716,830</u>	<u>1,750,501</u>

- (c) Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing RM2,429,705 (2000 : RM1,988,925) and RM133,011 (2000 : RM126,381) respectively.

#### 4. LAND HELD FOR DEVELOPMENT

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
At cost :		
Freehold land	5,574,500	5,574,500
Long leasehold land	5,380,110	5,380,110
Development expenditure	12,827,683	11,937,983
	<u>23,782,293</u>	<u>22,892,593</u>
Provision for impairment in value	(4,266,477)	(4,266,477)
	<u>19,515,816</u>	<u>18,626,116</u>

The freehold and long leasehold land of the Group in the aggregate cost of RM6,633,000 (2000 : RM6,633,000) have been pledged to banks as part of the securities for banking facilities extended to the Company and its subsidiaries.

Included in development expenditure of the Group is interest expense of RM509,210 (2000 : RM975,634) capitalised during the financial year.

#### 5. SUBSIDIARIES

	<b>Company</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
Unquoted Shares		
- At cost	46,780,000	25,180,002
- At 1993 valuation	15,085,989	15,085,989
Provision for diminution in value	(7,000,000)	(7,000,000)
	<u>8,085,989</u>	<u>8,085,989</u>
	<u>54,865,989</u>	<u>33,265,991</u>

Details of the subsidiaries are as follows :-

Name of Company	Effective	Interest	Principal Activities
	2001	2000	
	%	%	
<b>Incorporated in Malaysia :</b>			
Harvest Court (M) Sdn. Bhd.	100	100	Sawmilling and marketing of sawn timber.
Harvest Court Marketing Sdn. Bhd.	100	100	Marketing of timber doors and other related products.
Harvest Lumber Sdn. Bhd.	100	100	Manufacturing and marketing of timber doors and other related products.
Harvest Court Corporation Sdn. Bhd.	100	100	Manufacturing and marketing of timber doors and other related products.
Harvest Exporter Sdn. Bhd.	100	100	Sawn timber export and related products.
Quantum Pro Sdn. Bhd.	100	100	Timber kiln drying.
Harvest Court Properties Sdn. Bhd.	100	100	Property development.
Harvest Rimba Sdn. Bhd.	98.8	70	Operation and management of jetty business
Harvest Court Management Sdn. Bhd.	100	100	Investment holdings.
Harvest Court Development Sdn. Bhd.	100	100	Construction.
Harvest Nation Sdn. Bhd.	100	100	Dormant.
<b>Incorporated in Australia :</b>			
Subsidiary of Harvest Court Management Sdn. Bhd.			
Harvest Timber Products (Australia) Pty. Ltd. *	100	100	Marketing of wood-based products.

\* Audited by firm of auditors other than K. C. Chia & Noor.

## 6. GOODWILL ON CONSOLIDATION

	Group	
	2001 RM	2000 RM
At 1 January 2001/2000	451,329	451,329
Arising from acquisition of additional shares in subsidiary	92,849	-
	544,178	451,329
Less: Accumulated amortisation	(72,212)	(54,159)
At 31 December 2001/2000	471,966	397,170
Current year's amortisation	18,053	18,053

## 7. INVENTORIES

	Group	
	2001 RM	2000 RM
<b>At cost:</b>		
Raw materials	8,087,359	6,505,590
Work-in-progress	2,729,535	2,456,108
Finished goods	4,620,274	4,183,324
	<u>15,437,168</u>	<u>13,145,022</u>
Directors' estimate of net realisable value	<u>16,510,279</u>	<u>14,722,670</u>

## 8. TRADE RECEIVABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade receivables	4,278,043	4,555,807	-	2,484,385
Due from subsidiaries	-	-	-	361,533
Due from director related company in which certain directors, Ng Chuan Seng @ Ng Teck Huat, Ng Swee Kiat, Ng Ai Cheng and Ng Swee Keong have substantial interest	25,000	1,150,126	-	-
	<u>4,303,043</u>	<u>5,705,933</u>	<u>-</u>	<u>2,845,918</u>

The amounts due from subsidiaries and director related companies are unsecured, interest free and have no fixed terms of repayment.

## 9. OTHER RECEIVABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Other receivables, deposits and prepayments	1,260,021	1,102,841	339,371	340,319
Due from subsidiaries	-	-	8,972,022	25,869,234
	<u>1,260,021</u>	<u>1,102,841</u>	<u>9,311,393</u>	<u>26,209,553</u>

The weighted average interest rate during the financial year for amounts due from subsidiaries is as follows:

	Group		Company	
	2001 %	2000 %	2001 %	2000 %
Due from subsidiaries	-	-	8.4	8.4

Other than interest charge, the amounts due from subsidiaries are unsecured and have no fixed terms of repayment.

## 10. CASH AND BANK BALANCES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash on hand and at banks	93,337	148,417	17,673	65,331
Deposits with licensed bank	477,411	1,007,306	-	-
	<u>570,748</u>	<u>1,155,723</u>	<u>17,673</u>	<u>65,331</u>

Deposits with licensed bank in the aggregate amount of RM477,411 (2000 : RM461,523) have been pledged to a bank as part of the securities for banking facilities extended to the Company.

The weighted average interest rate during the financial year and the average maturity of deposits as at 31 December 2001 were as follows:

	Weighted Average Interest Rate %	Average Maturity Days
Deposits with licensed bank	3.2	30

## 11. TRADE PAYABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade payables	2,756,478	2,216,049	-	1,326,362
Due to subsidiaries	-	-	11,583,399	9,931,531
	<u>2,756,478</u>	<u>2,216,049</u>	<u>11,583,399</u>	<u>11,257,893</u>

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

## 12. OTHER PAYABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Other payables and accruals	3,271,048	1,970,865	1,103,817	1,098,572
Due to subsidiaries	-	-	3,275,276	2,685,341
	<u>3,271,048</u>	<u>1,970,865</u>	<u>4,379,093</u>	<u>3,783,913</u>
Due within 12 months	<u>(3,261,283)</u>	<u>(1,826,100)</u>	<u>(4,379,093)</u>	<u>(3,783,913)</u>
Due after 12 months	<u>9,765</u>	<u>144,765</u>	<u>-</u>	<u>-</u>

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

### 13. HIRE PURCHASE PAYABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Future minimum amount repayable:				
Within 1 year	786,860	997,176	305,335	588,038
Between 1 and 5 years	811,605	807,813	2,623	218,604
After 5 years	61,406	43,502	-	-
	<u>1,659,871</u>	<u>1,848,491</u>	<u>307,958</u>	<u>806,642</u>
Less: finance charges	<u>(255,967)</u>	<u>(326,280)</u>	<u>(20,450)</u>	<u>(137,174)</u>
	<u>1,403,904</u>	<u>1,522,211</u>	<u>287,508</u>	<u>669,468</u>
Representing hire purchase liabilities:				
Due within 12 months	747,899	794,764	284,085	465,570
Due after 12 months	656,005	727,447	3,423	203,898
	<u>1,403,904</u>	<u>1,522,211</u>	<u>287,508</u>	<u>669,468</u>

The weighted average interest rate during the financial year for hire purchase payables is as follows:

	Group		Company	
	2001 %	2000 %	2001 %	2000 %
Hire purchase payables	6.3	6.3	6.3	6.3

### 14. TERM LOANS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Secured:				
Term loan repayable by 10 installments commencing June, 2002	5,000,000	5,000,000	5,000,000	5,000,000
Term loan repayable by 96 installments commencing March, 2001	783,747	908,793	783,747	908,793
Term loan repayable by 48 installments commencing December, 2000	868,874	1,084,261	-	-
Term loan repayable by 6 installments commencing December, 2000	818,750	2,874,583	-	-
Term loan repayable by 16 installments commencing May, 2000	4,183,000	5,183,000	4,183,000	5,183,000
Term loan repayable by 72 installments commencing January, 1998	346,664	422,900	-	-
	<u>12,001,035</u>	<u>15,473,537</u>	<u>9,966,747</u>	<u>11,091,793</u>
Due within 12 months	<u>(5,325,303)</u>	<u>(3,534,491)</u>	<u>(4,108,000)</u>	<u>(1,059,121)</u>
Due after 12 months	<u>6,675,732</u>	<u>11,939,046</u>	<u>5,858,747</u>	<u>10,032,672</u>

Details of the term loans outstanding are as follows:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Future minimum amount repayable:				
Within 1 year	5,325,303	3,534,491	4,108,000	1,059,121
Between 1 and 5 years	6,539,985	11,325,858	5,723,000	9,419,484
After 5 years	135,747	613,188	135,747	613,188
	<u>12,001,035</u>	<u>15,473,537</u>	<u>9,966,747</u>	<u>11,091,793</u>

#### Group

Term loans are secured by legal charges over the landed properties in the aggregate cost of RM7,799,813 (2000 : RM7,799,813) and negative pledges over other assets of certain subsidiaries and corporate guarantees executed by the Company.

#### Company

Term loans are secured by legal charges over the certain subsidiaries' landed properties in the aggregate cost of RM6,633,000 (2000 : RM6,633,000) and negative pledges over the assets of the Company.

The weighted average interest rate during the financial year for term loans is as follows:

	Group		Company	
	2001 %	2000 %	2001 %	2000 %
Term loans	9.2	11.1	9.2	11.1

## 15. SHORT TERM BORROWINGS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Secured:				
Bank overdrafts	8,965,579	8,356,439	6,687,970	5,198,048
Bankers' acceptances	8,774,000	7,871,000	3,801,000	3,888,000
Bills payable	1,761,250	1,934,369	-	850,007
Export credit refinancing	4,158,971	1,791,137	4,158,971	1,791,137
Revolving credits	900,000	900,000	-	-
	<u>24,559,800</u>	<u>20,852,945</u>	<u>14,647,941</u>	<u>11,727,192</u>
Unsecured:				
Bank overdrafts	536,050	505,390	-	-
Bankers' acceptances	1,368,000	995,000	-	-
Revolving credits	1,300,000	1,301,560	-	-
	<u>27,763,850</u>	<u>23,654,895</u>	<u>14,647,941</u>	<u>11,727,192</u>

**Group**

Short term borrowings are secured by landed properties in the aggregate cost of RM7,286,468 (2000 : RM7,286,468) and negative pledges over other assets of certain subsidiaries and corporate guarantees executed by the Company.

**Company**

Short term borrowings are secured by legal charges over certain subsidiaries' landed properties in the aggregate cost of RM6,633,000 (2000 : RM6,633,000) and negative pledges over the assets of the Company.

The weighted average interest rates during the financial year for short term borrowings are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Bank overdrafts	9.3	8.9	9.3	8.9
Bankers' acceptances	5.5	5.5	5.5	5.5
Bills payable	10.0	10.0	-	10.0
Export credit refinancing	3.5	3.5	3.5	3.5
Revolving credits	7.0	7.0	-	-

**16. SHARE CAPITAL**

<b>Group and Company</b>	<b>Number of Ordinary Shares of RM1 Each</b>		<b>Amount</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
			<b>RM</b>	<b>RM</b>
Authorised :				
At 1 January 2001/2000 and 31 December 2001/2000	<u>25,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid :				
At 1 January 2001/2000	19,820,000	19,800,000	19,820,000	19,800,000
Exercise of employees' share option scheme	.	20,000	-	20,000
At 31 December 2001/2000	<u>19,820,000</u>	<u>19,820,000</u>	<u>19,820,000</u>	<u>19,820,000</u>



### EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Harvest Court Industries Berhad Employees' Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 23 June 2000 and became effective on 15 July 2000.

The main features of the ESOS are as follows:

- (a) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.
- (b) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the duration of the ESOS, which shall be in force for a period of five years from 15 July 2000.
- (c) The option price for each share shall be the average of the mean market quotation of the shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the date of offer.
- (d) No offer shall be made for less than 1,000 shares nor more than 350,000 shares to any eligible employee.
- (e) An option granted under ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five (5) years from the date of the offer or such shorter period as may be specified in such offer.
- (f) The number of shares under option or the option price or both so far as the option remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of a capitalisation or rights issue or a reduction, subdivision or consolidation of the Company's shares made by the Company.
- (g) The shares under option shall remain unissued until the option is exercised and shall on allotment rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the option.

As at 31 December 2001, the movement in the share options, all of which will expire on 14 July 2005 is as follows:

<u>Year of Options Granted</u>	<u>Option Price Per Share</u>	<u>As Granted</u>	<u>As Exercised</u>	<u>Outstanding At 31 December 2001</u>
2000	RM1.50	431,000	20,000	411,000
2001	RM1.50	471,000	-	471,000
				882,000

## 17. DEFERRED TAXATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
At 1 January 2001/2000	550,000	652,500	-	80,000
Transfer from/(to) income statement	<u>430,000</u>	<u>(102,500)</u>	<u>-</u>	<u>(80,000)</u>
At 31 December 2001/2000	<u><u>980,000</u></u>	<u><u>550,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Deferred taxation is mainly in respect of timing differences between book depreciation and corresponding capital allowances. The deferred taxation benefit not accounted for in the financial statements is in respect of the following:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Capital allowances in excess/(shortfall) of depreciation	757,511	449,151	214,803	95,467
Unabsorbed tax losses	(1,218,912)	(987,325)	(54,339)	-
Unutilised capital allowances	(687,352)	(1,371,842)	(61,078)	(1,011,485)
Others	<u>(234,719)</u>	<u>(234,719)</u>	<u>(234,719)</u>	<u>(234,719)</u>
	<u><u>(1,383,472)</u></u>	<u><u>(2,144,735)</u></u>	<u><u>(135,333)</u></u>	<u><u>(1,150,737)</u></u>

## 18. REVENUE

Revenue consist of the following:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Contract income	367,057	142,934	-	-
Management fees from subsidiaries	-	-	264,000	246,000
Marketing fees from subsidiaries	-	-	1,042,819	-
Management fees from director related company in which certain directors, Ng Chuan Seng @ Ng Teck Huat, Ng Swee Kiat, Ng Ai Cheng and Ng Swee Keong have substantial interest	60,000	20,000	-	-
Sales of goods	<u>32,881,376</u>	<u>35,445,249</u>	<u>2,915,554</u>	<u>51,495,417</u>
	<u><u>33,308,433</u></u>	<u><u>35,608,183</u></u>	<u><u>4,222,373</u></u>	<u><u>51,741,417</u></u>

## 19. OTHER OPERATING INCOME

Included in other operating income are:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Fixed deposits interest	36,421	38,091	-	-
Gain on disposal of property, plant and equipment	12,260	-	15,000	-
Interest income from subsidiaries	-	-	353,098	1,300,872
Provision for impairment in development expenditure written back	-	657,921	-	-
Rental income	96,168	67,168	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 20. STAFF COSTS

Included in staff costs is:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Directors' emoluments	699,600	650,400	-	388,800
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 21. OTHER OPERATING EXPENSES

Other operating expenses are after charging:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Amortisation of goodwill on consolidation	18,053	18,053	-	-
Auditors' remuneration	64,200	68,400	20,000	20,000
Bad debts written off	67,256	5,962	-	-
Directors' fees	7,850	35,900	4,250	35,900
Loss on disposal of subsidiary	-	14,285	-	-
Loss on disposal of property, plant and equipment	-	31,990	-	4,902
Loss on foreign exchange				
- realised	134,270	132,115	-	-
- unrealised	840	48,786	-	-
Rental of premises paid to director related company in which certain directors, Ng Chuan Seng @ Ng Teck Huat, Ng Swee Kiat, Ng Ai Cheng and Ng Swee Keong have substantial interest	360,000	432,180	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Not included in the income statement:				
Directors' benefits-in-kind	48,050	48,050	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 22. FINANCE COSTS

Included in finance costs are:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Interest expense on				
- bank overdrafts	811,926	727,702	535,232	465,192
- bankers' acceptances	339,769	272,007	136,022	162,379
- bills payable	115,862	99,661	12,851	98,793
- export credit refinancing	96,422	30,246	96,422	30,246
- hire purchase	140,171	201,218	2,720	5,509
- revolving credits	860,783	996,888	719,143	908,418
- term loans	94,299	139,696	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 23. TAXATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Current year's provision				
- Malaysian income tax	73,400	248,500	52,800	216,000
Taxation (over)/under provided in prior years	(375,249)	554,350	(213,259)	498,325
	<u>(301,849)</u>	<u>802,850</u>	<u>(160,459)</u>	<u>714,325</u>
Deferred taxation	430,000	(102,500)	-	(80,000)
	<u>128,151</u>	<u>700,350</u>	<u>(160,459)</u>	<u>634,325</u>

### Group

The effective rate of taxation of the Group is lower than the statutory rate of taxation principally due to the utilisation of unabsorbed tax losses and unutilised capital allowances brought forward for certain subsidiaries.

### Company

The effective rate of taxation of the Company is lower than the statutory rate of taxation principally due to the utilisation of unabsorbed tax losses and unutilised capital allowances brought forward. The tax charge for the Company is in respect of interest income.

Tax savings for the Company arising as a result of the utilisation of unabsorbed tax losses and unutilised capital allowances brought forward amounts to RM1,078,000 (2000 : RM495,000). As at 31 December 2001, the Company has unabsorbed tax losses and unutilised capital allowances of approximately RM54,000 (2000 : RM484,000) and nil (2000 : RM666,000) respectively which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

As at 31 December 2001, the Company has tax exempt reserve available for distribution of approximately RM5,632,000 (2000 : RM5,632,000) to frank the payment of tax exempt dividends and sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits.

## 24. EARNINGS PER SHARE

The basic earnings per share is calculated as follows:

	Group	
	2001 RM	2000 RM
Net profit for the year	938,093	1,386,704
Weighted average number of shares	19,820,000	19,806,667
Earnings per share (sen)		
- Basic *	4.7	7.0

\*As the effects arising from the assumed conversion of private placement and share options outstanding on the basic earnings per share are anti-dilutive, the diluted earnings per share for the current and preceding years have not been presented.

## 25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Purchase of property, plant and equipment	5,941,797	1,957,526	-	24,679
Financed by hire purchase arrangements	(854,090)	(728,000)	-	-
Cash payments on purchase of property, plant and equipment	<u>5,357,707</u>	<u>1,229,526</u>	<u>-</u>	<u>24,679</u>

## 26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash and bank balances	570,748	1,155,723	17,673	65,331
Bank overdrafts	(9,501,629)	(8,861,829)	(6,687,970)	(5,198,048)
	<u>(8,930,881)</u>	<u>(7,706,106)</u>	<u>(6,670,297)</u>	<u>(5,132,717)</u>

## 27. CAPITAL COMMITMENTS

	Group	
	2001 RM	2000 RM
Capital expenditure:		
Approved and contracted for	<u>800,000</u>	<u>800,000</u>

## 28. CONTINGENT LIABILITIES AND OBLIGATIONS

As at the balance sheet date, the contingent liabilities and obligations are in respect of:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>(a) Guarantees</b>				
Unsecured:				
Corporate guarantees given to:				
(i) banks in respect of banking facilities granted to subsidiaries	-	-	19,629,022	18,126,378
(ii) banks in respect of banking facilities granted to the then subsidiary *	1,100,000	1,400,000	1,100,000	1,400,000
(iii) a third party in respect of services rendered to subsidiaries	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>

\* Subsequent to the financial year end, the corporate guarantees given to banks in respect of banking facilities granted to the then subsidiary amounting to RM1,100,000 (2000 : RM1,400,000) are to be discharged and assumed by third parties in their personal capacities.

### (b) Litigation

#### Group

- (i) Legal suit filed by Kilang Papan Galas Setia (Kelantan) Sdn. Bhd. against the Company for the alleged sum of RM428,827 in respect of the disputed sawn timber sold and delivered to the Company.
- (ii) Legal suit filed by France Interdoor Massivholturen GmbH against a subsidiary, Harvest Court (M) Sdn. Bhd. ("HCM") for the alleged sum of RM3.77 million pertaining to the dispute in the garden gates that manufactured and supplied by HCM were not in accordance with their specifications.

Having regard to legal advice received and in all circumstances, the directors are of the opinion that these claims are unlikely to succeed and will not give rise to liabilities that would have material effects on the Group's financial position. Accordingly, no provisions have been made relating to these claims in the income statement.

## 29. SIGNIFICANT RELATED PARTY TRANSACTIONS

### (a) Transactions With Director Related Companies

Transactions entered into with the following companies in which certain directors, Ng Chuan Seng @ Ng Teck Huat, Ng Swee Kiat, Ng Ai Cheng and Ng Swee Keong have substantial interest:-

	Group	
	2001 RM	2000 RM
Contract income received from Double Bay Sdn. Bhd.	269,557	-
Contract income received from Ng Teck Huat & Sons Sdn. Bhd.	25,000	-
Management fees received from Port Klang Jetty Sdn. Bhd.	60,000	20,000
Purchases from RGT Enterprise Sdn Bhd	(18,627)	-
Rental of premises paid to Port Klang Jetty Sdn. Bhd.	(360,000)	(432,180)
	<u>                    </u>	<u>                    </u>

### (b) Transactions With Subsidiaries

	Company	
	2001 RM	2000 RM
Sales	2,915,554	51,495,417
Purchases	2,790,004	49,176,717
Management fees received	264,000	246,000
Marketing fees received	1,042,819	-
Interest income received	353,098	1,300,872
	<u>                    </u>	<u>                    </u>

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

## 30. SIGNIFICANT EVENTS

- a) On 17 August 2001, the Company subscribed for additional 4,500,000 ordinary shares of RM1 each at par in 100% equity subsidiary, Harvest Court Properties Sdn. Bhd..
- b) On 17 August 2001, the Company subscribed for additional 1,199,998 ordinary shares of RM1 each at par in 100% equity subsidiary, Harvest Nation Sdn. Bhd..
- c) On 17 August 2001, the Company subscribed for additional 2,400,000 ordinary shares of RM1 each at par in 100% equity subsidiary, Quantum Pro Sdn. Bhd..
- d) On 24 September 2001, the Company subscribed for additional 2,000,000 ordinary shares of RM1 each at par in 100% equity subsidiary, Harvest Court Development Sdn. Bhd..
- e) On 8 October 2001, the Company subscribed for additional 1,900,000 ordinary shares of RM1 each at par in 100% equity subsidiary, Harvest Court Management Sdn. Bhd..
- f) On 12 November 2001, the Company subscribed for additional 9,600,000 ordinary shares of RM1 each at par to increase its equity interest from 70% to 98.8% in Harvest Rimba Sdn. Bhd..

### 31. SEGMENTAL INFORMATION

#### (a) Business Segment

The Group is operating under 4 major business segments:

- (i) Timber product manufacturing - kiln drying, sawmilling, manufacturing of timber doors and related products.
- (ii) Construction - contractors in construction works and related maintenance services.
- (iii) Property development - development of residential and commercial properties and project management.
- (iv) Investment holding and others - investment in shares and securities and the provision of marketing and management services.

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

#### (b) Segmental Reporting

##### Analysis by Geographical Location

	Revenue		Profit/(loss) before taxation		Total assets employed	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Malaysia	28,231	28,801	1,269	2,430	58,071	56,225
Australia	5,077	6,807	(218)	(343)	2,563	2,732
	<u>33,308</u>	<u>35,608</u>	<u>1,051</u>	<u>2,087</u>	<u>60,634</u>	<u>58,957</u>

##### Analysis by Activity

	Revenue		Profit/(loss) before taxation		Total assets employed	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Timber product manufacturing	32,881	35,445	1,124	2,346	39,550	37,608
Construction	367	143	(23)	(182)	389	1,284
Property development	-	-	-	-	19,526	18,638
Investment holding and others	60	20	(50)	(77)	1,169	1,427
	<u>33,308</u>	<u>35,608</u>	<u>1,051</u>	<u>2,087</u>	<u>60,634</u>	<u>58,957</u>

### 32. COMPARATIVE FIGURES

Certain comparative figures, where appropriate, have been reclassified to conform with current year's presentation.



## ANALYSIS OF SHAREHOLDINGS

AS AT 02 MAY 2002

Authorised Capital	: RM25,000,000.00
Issued and fully paid-up capital	: RM19,820,000.00
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share
Number of Shareholders	: 2,612

## DISTRIBUTION OF SHAREHOLDINGS

AS AT 02 MAY 2002

Size of Shareholdings	No. of shareholders	No of ordinary shares	%
LESS THAN 1,000	0	0	0.00
1,000 TO 10,000	2,522	5,227,000	26.37
10,001 TO 100,000	80	1,815,000	9.16
100,001 TO LESS THAN 5% OF ISSUED SHARES	8	3,043,800	15.36
5% AND ABOVE OF ISSUED SHARES	2	9,734,200	49.11
<b>Total</b>	<b><u>2,612</u></b>	<b><u>19,820,000</u></b>	<b><u>100.00</u></b>

**DIRECTORS' SHAREHOLDINGS  
AS AT 02 MAY 2002**

<b>NO</b>	<b>NAMES</b>	<b>NO. OF SHARES HELD</b>	<b>%</b>
1	NG CHUAN SENG @ NG TECK HUAT	-	-
2	NG SWEE KIAT	495,000	2.50
3	NG SWEE KEONG	495,000	2.50
4	NG AI CHENG	1,000	0.01
5	YET KIONG SIANG	-	-
6	SUKHINDERJIT SINGH MUKER	10,000	0.05
7	AHMAD KAMARUZAMAN BIN MOHAMED BARIA	186,800	0.94

**LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)  
AS AT 02 MAY 2002**

<b>NO</b>	<b>NAMES</b>	<b>SHAREHOLDINGS</b>	<b>%</b>
1	HARVEST COURT HOLDINGS (M) SDN BHD	8,164,200	41.19
2	TEH THOMAS KOK MENG	1,570,000	7.92

**LIST OF TOP THIRTY (30) SHAREHOLDERS  
AS AT 02 MAY 2002**

<b>NO.</b>	<b>NAMES</b>	<b>NO. OF SHARES HELD</b>	<b>%</b>
1	HARVEST COURT HOLDINGS (M) SDN BHD	8,164,200	41.19
2	TEH THOMAS KOK MENG	1,570,000	7.92
3	ARAB-MALAYSIAN NOMINES (TEMPATAN) SDN BHD <ARAB-MALAYSIAN FINANCE BHD FOR MADAM WONG WEI SHAN (7/545-2)>	783,000	3.95
4	TAN CHING CHING	750,000	3.78
5	NG SWEE KEONG	495,000	2.50
6	NG SWEE KIAT	495,000	2.50
7	TAN HAN CHUAN	209,000	1.05
8	AHMAD KAMARUZAMAN BIN MOHAMED BARIA	186,800	0.94
9	YANG SIN TZONG	129,000	0.65
10	HONG LEONG FINANCE BERHAD <PLEDGED SECURITIES ACCOUNT FOR LAI VOON HUEY>	125,000	0.63
11	SYED ABDULLAH BIN SYED OMAR	65,000	0.33
12	AFFIN-UOB NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR TAN TING HUAT>	63,000	0.32
13	M I T NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR CHAN CHEE MAY>	60,000	0.30
14	LEAU KIM PUN @ LIAU KIM PUN	59,000	0.30
15	POO CHOO @ ONG POO CHOI	55,000	0.28
16	TEE KIAM HENG	52,000	0.26
17	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR AA ANTHONY & CO SDN BHD (2555PENG)>	50,000	0.25
18	TENAGA KAWALAN SEJATI SDN BHD	44,000	0.22
19	CHEAH SWEE KEONG	40,000	0.20
20	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR SEE SIAW HUA (REM 132)>	37,000	0.19
21	LEE TECK ONG @ LEE KOK CHEE	35,000	0.18
22	TING CHOO TEE	33,000	0.17

**LIST OF TOP THIRTY (30) SHAREHOLDERS (CONT'D)**  
**AS AT 02 MAY 2002**

<b>NO.</b>	<b>NAMES</b>	<b>NO. OF SHARES HELD</b>	<b>%</b>
23	KENANGA NOMINEES (TEMPATAN) SDN BHD <PLEGDED SECURITIES ACCOUNT FOR LI CHENG THONG @ LEE CHEN THUNG>	32,000	0.16
24	LIM CHOON TIEW	30,000	0.15
25	HEE BIH YEE	29,000	0.15
26	TEH CHEE CH NG	29,000	0.15
27	TEH TIAM SIEW	28,000	0.14
28	OSK NOMINEES (TEMPATAN) SDN BERHAD <PLEGDED SECURITIES ACCOUNT FOR LAI SOO CHENG>	27,000	0.14
29	THEO KIT NAI	26,000	0.13
30	TAN KOK KEE	25,000	0.12
	<b>Total</b>	<b>13,726,000</b>	<b>69.25</b>

## GROUP'S PROPERTIES

AS AT 31 DECEMBER 2001

Location	Description	Tenure	Area sq. m.	Approximate Age (Years)	Net book value of the buildings/ properties	Date of acquisition	Existing Use
1. Unit B -11-1 Megan Phileo Promenade Section 43 Town of Kuala Lumpur	- Office lots	Freehold	210	5	588,121.22	1997	Tenanted
2. Lot 450,451 & 452, Jalan Papan Pandamaran Industrial Area 42000 Port Klang Selangor Darul Ehsan	- Main office - 4 factory buildings - 6 storage yards - 1 packing area - Boiler houses & workshop	* Rented	36,000	12 } } } } 5 }	2,997,681.16	1990	Factory and Office
3. Mukim of Kuala Linggi District of Alor Gajah State of Melaka	- Land held for development	Leasehold 99 years (Pending issuance of title)	141,640	-	11,608,554.44	1995	Vacant
4. Geran Mukim No. GM 1320 Lot No 5902 Tempat Telok Gadong Mukim Kelang, Selangor	- Land held for development purposes	Freehold	1,686	- } } } } }	7,907,261.73	1996	Vacant
5. Geran No 24162 Lot No 5993 Mukim Kelang Daerah Kelang, Selangor Darul Ehsan	- Land held for development purposes	Freehold	8,671	- } } }			
6. H.S. (D) 36100 P.T.20852 Mukim Kapar 111, Pusat Perniagaan NBC, Jalan Meru, 41050 Klang Selangor Darul Ehsan	- 4 storey office buildings	Freehold	650.32	6	1,128,708.84	1996	Office
7 Lot 10568, Jalan Papan Pandamaran Industrial Area 42000 Port Klang	Warehouse -KD Plant	* Rented	4,181	3	3,233,728.82	1999	KD Chambers

\* The buildings are erected on lands belonging to a director related company.



## PROXY FORM

No of Shares Held	
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I/We \_\_\_\_\_ NRIC No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Harvest Court Industries Berhad do hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him the Chairman of the Meeting as my/our proxy to attend and vote for me/us on me/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at Crystal 2 (1<sup>st</sup> Floor), Crystal Crown Hotel Harbour View, 217, Persiaran Raja Muda Musa, 42000 Port Klang on 21<sup>st</sup> June 2002 at 9.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the space provided below how you wish your votes to be casted on the resolutions specified in the Notice of Meeting. If you do not do so, the Proxy will vote or abstain from voting at his discretion).

	For	Against		For	Against
Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	<input type="checkbox"/>	<input type="checkbox"/>			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002

\_\_\_\_\_  
Signature of Shareholder(s)

**Notes :**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A member shall not be entitled to appoint a person who is not a member as his proxy unless that person is a qualified legal practitioner or an approved company auditor or a person approved by the Registrar of Companies in a particular case. Where a member appoints two or more proxies, the appointment shall be invalid unless he specified the proportion of his holdings to be represented by each proxy.
2. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney, and in the case of corporation, executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. The proxy form must be deposited at the Company's Registered Office at 111, Pusat Pemiagaan NBC, Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

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Affix  
stamp  
here

The Secretary  
**HARVEST COURT INDUSTRIES BERHAD** (36998-T)  
111, Pusat Perniagaan NBC,  
Jalan, 41050 Klang,  
Selangor Darul Ehsan

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