

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

20. DEFERRED TAXATION (CONT'D)

Deferred tax assets	Unabsorbed capital allowances RM	Unutilised tax losses RM	Total RM
At 1 January 2003	279,291	119,923	399,214
Transfer (from)/to income statements	(48,802)	62,046	13,244
At 31 December 2003	<u>230,489</u>	<u>181,969</u>	<u>412,458</u>
At 31 December 2003			
Net transfer to income statements			<u>636,698</u>
Net deferred tax liabilities			<u>(2,667,791)</u>

	GROUP	
	2004 RM	2003 RM
Deferred tax assets not accounted for:		
- Unabsorbed tax losses	394,817	942,157
- Unabsorbed capital allowances	<u>76,906</u>	<u>68,041</u>
	<u>471,723</u>	<u>1,010,198</u>
The tax effect on deferred tax assets not accounted for	<u>122,648</u>	<u>282,855</u>

The unabsorbed tax losses and capital allowances are subject to agreement with the tax authority.

21. REVENUE

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Sale of goods	407,260,646	423,076,377	-	-
Rental income	391,450	441,700	-	-
Dividend income from:				
- subsidiary companies	-	-	1,564,417	653,400
- unquoted investments	<u>405,000</u>	<u>270,000</u>	<u>-</u>	<u>-</u>
	<u>408,057,096</u>	<u>423,788,077</u>	<u>1,564,417</u>	<u>653,400</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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22. DISCONTINUED OPERATIONS

A subsidiary company, Discomp Berhad ("Discomp"), had on 31 December 2004 entered into a share sale agreement with Leong Chin Eng, for the disposal of 1,100,000 ordinary shares of RM1.00 each in Optical Disc Technology Sdn Bhd ("ODT"), representing the entire 55% equity interest in ODT held by Discomp, for a total cash consideration of RM1,100,000. The disposal of ODT was completed on 31 December 2004. The results of ODT had previously been reported under the trading and manufacturing of technology related products segment.

- (a) The effects of the disposal of ODT on the financial results of the Group were as follows:

	GROUP	
	2004	2003
	RM	RM
Revenue	1,094,294	2,930,627
Other operating income	24,550	26,228
Purchases of finished goods	15,051	(1,806)
Raw material used	(186,982)	(1,425,480)
Staff costs	(467,795)	(491,727)
Depreciation and amortisation expenses	(2,200,590)	(2,188,477)
Other operating expenses	(748,304)	(952,649)
Loss from operations	(2,469,776)	(2,103,284)
Finance costs	(121,118)	(178,252)
Loss before taxation	(2,590,894)	(2,281,536)
Taxation	772,088	712,027
Net loss for the financial year	(1,818,806)	(1,569,509)

- (b) The effects of the disposal of ODT on the financial position of the Group were as follows:

	GROUP	
	2004	2003
	RM	RM
Property, plant and equipment	2,321,300	4,530,139
Intangible asset	41,008	54,664
Inventories	245,102	132,311
Receivables	1,685,325	4,465,789
Cash and bank balances	66,497	211,741
Payables	(2,327,488)	(4,772,506)
Deferred taxation	(166,597)	(938,185)
Minority interests	(812,567)	(1,604,946)
Net assets	1,052,580	2,079,007

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

22. DISCONTINUED OPERATIONS (CONT'D)

(c) The net cash flow on the disposal of ODT to the Group were as follows:

	GROUP 2004 RM
Net assets disposed	1,052,580
Transfer from capital redemption reserve	(82,500)
Gain on disposal to the Group	129,920
	<hr/>
Total consideration	1,100,000
Cash and bank balances	(66,497)
Proceeds receivable included in other receivables	(1,100,000)
	<hr/>
Cash outflow on disposal net of cash and bank balances	<u>(66,497)</u>

(d) The effects of the disposal of ODT on the cash flows of the Group were as follows:

	GROUP 2004 RM	2003 RM
Cash flows from operating activities	(59,184)	(153,577)
Cash flows from investing activities	22,570	(15,256)
Cash flows from financing activities	69,736	168,833
	<hr/>	<hr/>
Total cash flows	<u>33,122</u>	<u>-</u>

23. STAFF COSTS

	GROUP 2004 RM	2003 RM	COMPANY 2004 RM	2003 RM
Salaries, wages and bonus	12,541,883	11,153,207	-	-
Defined contribution plans	1,284,132	1,164,419	-	-
Other staff related expenses	1,574,734	1,112,004	104,000	104,000
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>15,400,749</u>	<u>13,429,630</u>	<u>104,000</u>	<u>104,000</u>

Included in staff costs of the Group and of the Company is Directors remuneration as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

24. PROFIT FROM OPERATIONS

Profit from operations is arrived at:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
After charging:				
Directors' remuneration:				
- current year *	1,213,788	1,150,140	104,000	104,000
- over accrued in prior years	-	(28,000)	-	(20,000)
Auditors' remuneration:				
- current year	106,800	102,600	5,500	5,000
- (over)/under accrued in prior year	(4,042)	4,855	-	500
Depreciation	6,351,003	6,184,882	450	450
Amortisation of:				
- goodwill on consolidation	6,923	6,550	-	-
- license fees	13,656	13,656	-	-
Rental of premises	346,162	399,762	-	-
Allowance for doubtful debts	7,254,435	4,463,156	-	-
Bad debts written off	89,096	1,599,477	-	-
Property, plant and equipment written off	56,110	14,400	-	-
Allowance for diminution in value of unquoted investment	28,924	-	-	-
Loss on disposal of investment properties	-	23,590	-	-
Goodwill written off	-	249,643	-	-
Unquoted investment written off	-	167,211	-	-
Dilution arising from change in equity interest in a subsidiary company	-	842,827	-	-
And crediting:				
Rental income from:				
- Directors	-	4,800	-	-
- others	911,340	902,765	-	-
Tax exempt dividend income from a subsidiary company	-	-	1,564,417	653,400
Amortisation of reserve on consolidation	496,156	497,173	-	-
Interest income from:				
- fixed deposit	122,296	163,561	-	-
- others	135,614	216,568	-	-
Allowance for doubtful debts written back	199,458	296,538	-	-
Gain on disposal of property, plant and equipment	446,886	747,036	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

24. PROFIT FROM OPERATIONS (CONT'D)

Profit from operations is arrived at: (cont'd)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Gain on disposal of a subsidiary company	129,920	-	-	-
Gain on disposal of investment properties	48,680	-	-	-
Gain on disposal of quoted shares	2,541	-	-	-
Management fees from subsidiary companies	-	-	232,800	232,800
Gross dividend income from:				
- unquoted investment	407,767	270,000	-	-
- quoted investment	700	-	-	-
	<u>1,089,008</u>	<u>270,000</u>	<u>232,800</u>	<u>232,800</u>

* The aggregate amount of remuneration receivable by Directors of the Company during the financial year were categorised as follows:

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Executive Directors:				
- Salaries and other emoluments	947,668	890,716	-	-
- Fees	24,000	24,000	24,000	24,000
- Defined contributions plans	114,120	107,424	-	-
Non-executive Directors:				
Fees	128,000	128,000	80,000	80,000
	<u>1,213,788</u>	<u>1,150,140</u>	<u>104,000</u>	<u>104,000</u>

25. FINANCE COSTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest expenses on:				
- bills payable	1,026,730	1,368,871	-	-
- bank overdrafts	66,625	104,044	-	-
- term loans	77,990	103,231	-	-
- hire purchase	252,503	189,646	-	-
- others	128	577	-	-
Bank charges	244,870	169,304	603	563
	<u>1,668,846</u>	<u>1,935,673</u>	<u>603</u>	<u>563</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

26. TAXATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Current year	3,546,477	2,334,950	21,600	23,000
(Over)/Under accrued in prior years	(85,426)	78,810	52	(703)
Recovery of tax deducted at source on dividend received and receivable from subsidiary companies and an associated company	(329,084)	(252,000)	-	-
Deferred taxation (Note 20)	(874,266)	(636,698)	-	-
	<u>2,257,701</u>	<u>1,525,062</u>	<u>21,652</u>	<u>22,297</u>
Share in taxation of an associated company	9,702	7,888	-	-
	<u>2,267,403</u>	<u>1,532,950</u>	<u>21,652</u>	<u>22,297</u>

The numerical reconciliation between the average effective tax rate and the applicable tax rate are as follows:

	GROUP		COMPANY	
	2004 %	2003 %	2004 %	2003 %
Income tax using Malaysian statutory income tax rate of 26% (2003: 28%)	26	(28)	28	28
Non-allowable expenses	21	159	1	3
Double deduction	-	-	-	-
Income not subject to tax	(3)	(20)	(28)	(28)
Utilisation of unabsorbed capital allowances and tax losses	(10)	(42)	-	-
Deferred tax assets not recognised	3	3	-	-
Tax losses not available for carry forward	-	1	-	-
Income taxed at 20%	-	1	-	-
Under provision in prior years	(1)	3	-	-
Deferred taxation	(10)	(23)	-	-
	<u>26</u>	<u>54</u>	<u>1</u>	<u>3</u>
Average effective tax rate	<u>26</u>	<u>54</u>	<u>1</u>	<u>3</u>

The statutory income tax rate has been reduced from 28% to 26% as certain subsidiary companies issued and fully paid share capital is less than RM2.5 million and the total chargeable income is less than RM500,000 pursuant to the changes in legislation under Budget 2004.

The Company has estimated tax exempt account amounting to RM1,027,000 available for the distribution of tax exempt dividends.

The Company has estimated tax credit under Section 108 of the Income Tax Act, 1967 amounting to RM666,000 to frank the payment of dividend out of its retained profits as at 31 December 2004. The amount is subject to agreement with the tax authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

27. EARNINGS PER SHARE

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2004	2003
Net profit/(loss) attributable to shareholders (RM)	7,404,143	(694,508)
Weighted average number of ordinary shares	42,688,222	40,994,334
Basic earnings/(loss) per share (sen)	17.34	(1.69)

The fully diluted earnings per share of 17.31 sen is calculated by dividing the Group's net profit for the financial year of RM7,404,143 (2003: RM694,508 - loss) by the weighted average number of ordinary shares of 42,779,805 (2003: 40,994,334). The weighted average numbers of shares is arrived after taking into account the conversion of number of shares under Employees' Share Option Scheme granted to eligible Directors and employees of the Group.

There is no diluted loss per share for the financial year ended 31 December 2003 because the effect on basic loss per share is anti-dilutive.

28. DIVIDEND

	GROUP AND COMPANY			
	2004		2003	
	Gross dividend per share (sen)	Amount of dividend RM	Gross dividend per share (sen)	Amount of dividend RM
First and final tax exempt dividend paid	1.5	635,645	1.5	614,085

The first and final tax exempt dividend paid by the Company in respect of the financial year ended 31 December 2003 and are dealt with in the previous Directors' report amounting to RM635,645. This is an increase of RM18,440 over the amount proposed in the previous financial year due to shares issued pursuant to the Employees' Share Option Scheme and the conversion of warrants by the warrant holders.

The Company proposed a first and final dividend of 5 sen gross per ordinary share, less income tax at 28% amounting to RM1,611,864 in respect of the current financial year. The dividend which is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

29. CASH FLOW STATEMENTS

(a) Adjustment for non-cash items, interests and dividends

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Amortisation of goodwill on consolidation	6,923	6,550	-	-
Amortisation of license fee	13,656	13,656	-	-
Amortisation of reserve on consolidation	(496,156)	(497,173)	-	-
Bad debts written off	89,096	1,599,477	-	-
Depreciation	6,351,003	6,184,882	450	450
Dividend income	(408,467)	(270,000)	(1,564,417)	(653,400)
Gain on disposal of property, plant and equipment	(498,885)	(747,036)	-	-
Goodwill written off	-	249,643	-	-
(Gain)/Loss on disposal of an investment properties	(48,680)	23,590	-	-
Interest income	(257,910)	(380,129)	-	-
Interest expenses	1,423,976	1,766,369	-	-
Share in results of an associated company	15,844	(22,440)	-	-
Allowance for doubtful debts	7,254,435	4,463,156	-	-
Property, plant and equipment written off	56,110	14,400	-	-
Allowance for doubtful debts written back	(199,458)	(296,538)	-	-
Unquoted investment written off	-	167,211	-	-
Settlement of legal suit	-	6,100,000	-	-
Dilution arising from change in equity interest in a subsidiary company	-	842,827	-	-
Allowance for diminution in value of unquoted investment	28,924	-	-	-
Gain on disposal of a subsidiary company	(129,920)	-	-	-
Gain on disposal of quoted shares	(2,541)	-	-	-
	<u>13,197,950</u>	<u>19,218,445</u>	<u>(1,563,967)</u>	<u>(652,950)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

29. CASH FLOW STATEMENTS (CONT'D)

(b) Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM13,126,931 (2003: RM8,775,708) of which RM2,126,053 (2003: RM3,150,099) was acquired by means of hire purchase and RM95,718 (2003: RM1,434,764) was acquired by means of contra against trade receivables balances. Cash payments of RM10,905,160 (2003: RM4,190,845) were made to purchase property, plant and equipment.

(c) Purchase of investment properties

During the financial year, the Group acquired investment properties by means of contra against trade receivables' amounting to RM384,000 (2003: RM174,810).

(d) Purchase of investments

During the financial year, the Group acquired investments with an aggregate cost of RM61,363 (2003: RM533,486) of which RM40,000 (2003: RM533,486) was acquired by means of contra against trade receivables. Cash payments of RM21,363 (2003: nil) was made to purchase investments.

(e) Proceeds from disposal of investment properties

During the financial year, the Group disposed its investment properties with total consideration of RM1,606,382 of which RM123,600 was disposed by means of contra against trade payables. Total cash received for the disposals was RM1,482,782.

(f) Cash and cash equivalents at end of the financial year

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed deposits with licensed banks	1,834,000	4,439,351	-	-
Cash and bank balances	13,431,866	12,542,042	6,818	77,042
Bank overdrafts	(608,951)	(1,216,525)	-	-
	<u>14,656,915</u>	<u>15,764,868</u>	<u>6,818</u>	<u>77,042</u>

30. ACQUISITION OF SUBSIDIARY COMPANIES

During the financial year, the Group has completed the following acquisitions:

- (i) on 6 February 2004, entered into a shareholders agreement with Direct Communications Holding Sdn Bhd to subscribe for 51,000 new ordinary shares of RM1.00 each in Pineapple Computer Utara Sdn Bhd at par for a cash consideration of RM51,000 to be entirely satisfied from internally generated funds; and
- (ii) on 8 December 2004, acquired 2 ordinary shares of RM1.00 each in Trident Point Sdn Bhd ("TPSB") from Thye Wei Teong and Chen Thiam Kwee @ Tan Thiam Kwee, representing the entire interest of TPSB for a cash consideration of RM2 to be satisfied entirely from internally generated funds.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

30. ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)

- (a) Details of net assets acquired at the date of acquisition are as follows:

	Group 2004 RM
Property, plant and equipment	(13,386)
Inventories	(109,393)
Receivables	(17,873)
Cash and bank balances	(9,392)
Payables	62,543
Minority interests	40,571
Net assets acquired	(46,930)
Goodwill	(4,072)
Purchase consideration	(51,002)
Cash and bank balances acquired	9,392
Net cash outflow from acquisition of subsidiary companies	(41,610)

- (b) The effect of the acquisition of subsidiary companies on the financial results of the Group during the financial year are as follows:

	Group 2004 RM
Revenue	437,614
Other operating income	4,580
Changes in inventories	(19,382)
Purchases of merchandise	(320,233)
Staff costs	(58,058)
Depreciation	(2,062)
Other operating expenses	(95,815)
Loss from operations	(53,356)
Finance costs	(84)
Loss before taxation	(53,440)
Taxation	-
Net loss for the financial year	(53,440)

- (c) The effect of the acquisition of subsidiary companies on the financial position of the Group at the end of the financial year are as follows:

	Group 2004 RM
Goodwill	3,922
Property, plant and equipment	8,982
Inventories	85,505
Receivables	66,216
Cash and bank balances	37,471
Payables	(160,180)
Minority interests	(7,188)
Increase in Group's net assets	34,728

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

31. RELATED PARTY TRANSACTIONS

Related parties and relationship

The related parties of the Group and of the Company comprise the following:

- related companies being subsidiary companies of Chuan Huat Resources Berhad.
- other related parties being an associated company of the Chuan Huat Resources Berhad Group of companies and companies in which Directors of the Company and Directors of subsidiary companies have an interest.

The significant related party transactions are as follows:

(a) Sale of goods

	2004 RM	GROUP 2003 RM
Other related parties		
- Ahmad Zaki Sdn Bhd	13,306,555	4,072,650
- Basic Electronic (S) Pte Ltd	377,220	1,259,208
	<u>13,683,775</u>	<u>5,331,858</u>

(b) Purchase of goods

	2004 RM	GROUP 2003 RM
Other related parties		
- Basic Electronic (S) Pte Ltd	183,750	296,548
- Basic Electronic (M) Sdn Bhd	87,714	86,696
	<u>271,464</u>	<u>383,244</u>

(c) Others

	2004 RM	COMPANY 2003 RM
Dividend income received from a subsidiary Companies		
- Chuan Huat Hardware (Sdn) Berhad	831,600	653,400
- Chuan Huat Hardware Holdings Sdn Bhd	732,817	-
Management fees received from subsidiary companies:		
- Chuan Huat Hardware (Sdn) Berhad	116,400	116,400
- Chuan Huat Hardware Holdings Sdn Bhd	<u>116,400</u>	<u>116,400</u>

Ahmad Zaki Sdn Bhd and AZSB Industrial Marketing Sdn Bhd are companies in which, Dato' Haji Wan Zaki Bin Haji Wan Muda, a Director of the Company, has a substantial financial interest.

Mr. Au Weng Keong, a Director of former subsidiary company, Optical Disc Technology Sdn Bhd, has a substantial financial interest in Basic Electronic (S) Pte Ltd and Basic Electronic (M) Sdn Bhd.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

31. RELATED PARTY TRANSACTIONS (CONT'D)

In the opinion of the Directors, the above related party transactions have been entered into in the normal course of business and have been established under terms that are no more favourable than those arranged with independent third parties.

The amounts due from subsidiary companies which arose mainly from inter-company advances and payments made on behalf are unsecured, interest free and have no fixed repayment terms.

32. CAPITAL COMMITMENTS

The Group has commitments as follows:

	GROUP	
	2004	2003
	RM	RM
Capital expenditure approved and contracted for	<u>2,328,360</u>	<u>3,612,782</u>

33. CONTINGENT LIABILITIES

	COMPANY	
	2004	2003
	RM	RM
Unsecured:		
Guarantees in respect of banking facilities granted to subsidiary companies	<u>145,503,904</u>	<u>129,428,000</u>
Corporate guarantees given to suppliers for supply of goods to subsidiary companies	<u>7,100,000</u>	<u>6,600,000</u>

34. SEGMENTAL ANALYSIS - GROUP

The Group is organised into two major business segments:

- (i) Hardware and building materials - Trading in steel and all types of building materials.
- (ii) Technology related products - Manufacturing of computer diskettes, magnetic media products and ink cartridges and retailing in computers and related accessories.

Other business segments comprise investment holding and trading in properties.

No segment information by geographical area has been presented as the Group operates predominantly in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

34. SEGMENT ANALYSIS - GROUP

2004

BUSINESS SEGMENTS

	Trading in hardware and building materials RM	Technology related products		<u>Discontinued operations</u> Technology related product		Investment holdings RM	Trading in properties RM	Eliminations RM	Consolidated RM
		Trading RM	Manufacturing RM	Trading RM	Manufacturing RM				
REVENUE									
External sales	378,493,867	21,965,013	5,901,196	229,206	570,004	796,450	101,360		408,057,096
Inter-segment sales	53,138,224	-	21,948	-	-	2,528,017	-	(55,688,189)	-
	431,632,091	21,965,013	5,923,144	229,206	570,004	3,324,467	101,360	(55,688,189)	408,057,096
RESULTS									
Segment results	11,507,121	2,063,471	(1,563,102)	359,811	(2,932,599)	454,415	42,475		9,931,592
Interest expenses									(1,423,976)
Interest income									257,910
Share in result of an associated company	(15,844)								(15,844)
Taxation									(2,267,403)
Net profit for the financial year									6,482,279

OTHER INFORMATION

Segment assets	180,613,426	11,904,318	15,996,077	-	-	28,721,861	5,447,137		242,682,819
Investment in an associated company	2,506,876								2,506,876
Total segment assets									245,189,695
Total segment liabilities	134,874,742	1,355,945	2,066,077	-	-	2,402,219	23,870		140,722,853
Capital expenditure	10,619,924	261,368	123,468	3,180	1,250	2,501,741	-		13,510,931
Depreciation	2,475,418	308,772	821,548	9,791	2,177,143	533,638	-		6,326,310
Non-cash expenses other than depreciation	6,944,915	124,586	70,835	124,714	13,656	170,438	-		7,449,144

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

34. SEGMENT ANALYSIS - GROUP (CONT'D)

		Consolidated RM
Reconciliation:		
(i) Segment assets:		
Property, plant and equipment		55,610,653
Investment properties		6,068,466
Associated company		2,506,876
Investments		3,559,551
Intangible assets		108,429
Current assets		178,366,201
Less: Tax recoverable		1,030,481
		<u>245,189,695</u>
(ii) Segment liabilities:		
Current liabilities		132,884,842
Hire purchase liabilities		2,975,815
Deferred tax liabilities		1,626,928
Term loans		4,975,469
Less: Tax liabilities and deferred tax liabilities		1,740,201
		<u>140,722,853</u>
(iii) Capital expenditure:		
At cost		
Property, plant and equipment		13,126,931
Investment properties		384,000
		<u>13,510,931</u>

2003

BUSINESS SEGMENTS

	Trading in hardware and building materials RM	Technology related products Trading RM	Manufacturing RM	Discontinued operations Technology related product Trading RM	Manufacturing RM	Investment holdings RM	Trading in properties RM	Eliminations RM	Consolidated RM
REVENUE									
External sales	390,078,884	18,143,819	12,209,616	342,608	2,301,450	638,700	73,000		423,788,077
Inter-segment sales	42,248,340	10,395,355	3,167,795	286,569	586,317	1,617,000	-	(58,301,376)	-
	<u>432,327,224</u>	<u>28,539,174</u>	<u>15,377,411</u>	<u>629,177</u>	<u>2,887,767</u>	<u>2,255,700</u>	<u>73,000</u>	<u>(58,301,376)</u>	<u>423,788,077</u>
RESULTS									
Segment results	6,614,334	976,447	360,967	358,548	(2,638,389)	(991,115)	(38,330)		4,642,462
Interest expenses									(1,766,369)
Interest income									380,129
Settlement of legal suit									(6,100,000)
Share in result of an associated company	22,440								22,440
Taxation									(1,532,950)
Net loss for the financial year									<u>(4,354,288)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

34. SEGMENT ANALYSIS - GROUP (CONT'D)

2003 (cont'd)

BUSINESS SEGMENTS

	Trading in hardware and building materials RM	Technology related products Trading RM	Manufacturing RM	Discontinued operations Technology related product Trading RM	Manufacturing RM	Investment holdings RM	Trading in properties RM	Eliminations RM	Consolidated RM
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OTHER INFORMATION

Segment assets	168,004,673	13,799,571	15,862,445	637,600	8,731,307	26,054,746	4,222,017		237,312,359
Investment in an associated company	2,532,422	-	-	-	-	-	-	-	2,532,422

Total segment assets									239,844,781
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Total segment liabilities	129,985,710	7,574,470	3,834,749	25,468	285,634	755,188	76,307		142,537,526
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Capital expenditure	6,670,613	594,243	730,684	-	441,900	513,078	-		8,950,518
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Depreciation	1,998,686	255,491	1,222,553	11,122	2,163,699	533,331	-		6,184,882
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Non-cash expenses other than depreciation	5,819,025	74,798	242,945	172,946	-	1,070,796	-		7,380,510
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Reconciliation:

(i)	Segment assets:	
	Property, plant and equipment	54,136,786
	Investment properties	6,896,234
	Associated company	2,532,422
	Investments	4,201,497
	Intangible assets	165,944
	Current assets	172,968,737
	Less: Tax recoverable	1,056,839
		<u>239,844,781</u>
(ii)	Segment liabilities:	
	Current liabilities	139,138,455
	Hire purchase liabilities	2,818,377
	Deferred tax liabilities	2,667,791
	Term loans	711,126
	Less: Tax liabilities and deferred tax liabilities	2,798,223
		<u>142,537,526</u>
(iii)	Capital expenditure:	
	At cost	
	Property, plant and equipment	8,775,708
	Investment properties	174,810
		<u>8,950,518</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

35. CORPORATE INFORMATION

- (a) The Company is a public limited liability company incorporated and domiciled in Malaysia, and listed on the Second Board of Bursa Malaysia.
- (b) The registered office and principal place of business of the Company are both located at Wisma Lim Kim Chuan, Lot 50A, Section 92A, 3½ Miles, Off Jalan Sungei Besi, 57100 Kuala Lumpur.
- (c) The principal activity of the Company is investment holding.
- (d) Number of employees

	GROUP		COMPANY	
	2004	2003	2004	2003
Total number of employees, including Directors, employed by the Group and the Company as at end of the financial year	530	539	7	7

- (e) The financial statements were authorised for issued by the Board of Directors in accordance with a resolution of the directors on 27 April 2005.

36. FINANCIAL INSTRUMENTS

Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guideline that are approved by the Board and the Group's policy is not to engage in speculative transactions. The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities where the currency denomination differs from the local currency, Ringgit Malaysia (RM). Exposures to foreign currency risks are monitored on an ongoing basis and the Group does not hedge its foreign currency risk.

(b) Interest rate risk

The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The information on maturity dates and interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Credit risk

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit risk (cont'd)

Generally, the Group does not require collateral in respect of its financial assets. The Group is not exposed to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial assets.

(d) Market risk

The Group's principal exposure to market risk arises mainly from the changes in equity prices. The Group manages disposal of its investments to optimise returns on realisation.

(e) Liquidity and Cash Flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

In addition, the Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings. Short-term flexibility is achieved through credit facilities and short-term borrowings.

Fair values

The carrying amounts of financial assets and liabilities of the Group and Company as at 31 December 2004 approximated their fair values except as set out belows:

	Carrying Amount RM	GROUP Fair Value RM
2004		
Financial assets:		
Marketable securities	125,489	86,702
Other investments	3,434,062	*
2003		
Financial assets:		
Marketable securities	604,586	306,595
Other investments	3,596,911	*

* It is not practical to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable values.

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

i. Deposits, cash and bank balances

The carrying amounts of deposits, cash and bank balances approximate fair values due to the relatively short term maturity of these instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2004

36. FINANCIAL INSTRUMENTS (CONT'D)

Fair values (cont'd)

ii. Marketable securities

The fair values of publicly traded instruments are estimated based on the quoted market prices.

The Directors are of the opinion that the excess carrying amount of the quoted investments over their fair value at the balance sheet date is temporary in nature as the market price of these quoted investments subsequent to the financial year increased significantly.

iii. Trade and other receivables and payables

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

iv. Borrowings

The carrying amount of short term borrowings approximates fair value because of the short maturity period. The fair value of long term borrowings is estimated based on the current rates available for borrowings with the same maturity profile.

v. Amount due from subsidiary companies

The carrying amount of the amount due from subsidiary companies is a reasonable estimate of its fair value because of its short maturity.

37. COMPARATIVE FIGURES

The comparative figures for staff costs has been changed due to the inclusion of Directors' remuneration which was previously included in operating expenses.

	GROUP		COMPANY	
	As restated 2004 RM	As previously reported 2003 RM	As restated 2004 RM	As previously reported 2003 RM
Income statements				
Staff costs	(13,429,630)	(11,176,024)	(84,000)	-
Other operating expenses	<u>(16,833,524)</u>	<u>(19,087,130)</u>	<u>(141,061)</u>	<u>(225,061)</u>