

STATEMENT ON corporate governance

The Board of Directors ("Board") of Dijaya Corporation Berhad ("Dijaya" or "Company") is committed to applying the principles and best practices of corporate governance as set out in the Malaysian Code of Corporate Governance ("Code") to ensure high standards of corporate governance is practised throughout the Company and its group of companies ("Group") in the best interest of all shareholders.

This statement sets out the manner in which the Group has applied the principles and complied with the best practices recommended by the Code throughout the year ended 31 December 2004.

A. BOARD OF DIRECTORS

1. Composition and Size of Board

As at the date of this Statement, the Board has eight (8) members, comprising five (5) independent non-executive directors and three (3) non-independent executive directors. The present Board composition of Dijaya is in compliance with the requirement of the Listing Requirements of Bursa Securities whereby at least one-third (1/3) of the Board must be of independent directors.

2. Board Balance and Board Effectiveness

The present Board of Dijaya comprises members from diverse backgrounds such as, business, legal, financial, banking, technical knowledge and public administration. This mix of skills and experience is vital for the successful performance of the Board. A brief profile of each director is presented on pages 4 to 5 of this Annual Report.

The interests of major shareholders and the investment of minority shareholders in the equity interest of the Company are fairly reflected through Board representation.

The Board is principally responsible for, among other things, the review and adoption of the Group's long term strategic plan and direction, monitoring the achievement of business objective, ensuring the existence of proper internal controls and adoption of appropriate risk management systems.

The roles of Chairman and Group Chief Executive Officer ("CEO") are currently assumed by Tan Sri Dato' Tan Chee Sing in recognition of his entrepreneurial leadership and contribution to the Group. He is responsible for the effective running of the Board and; assisted by the Managing Director and the Executive Director, responsible for the effective running of the day-to-day business and implementation of the Board's policies and decisions. The presence of independent non-executive directors which form a majority of the Board, ensures that there is a proper check and balance in the Board, and to provide unbiased and independent views, advice and judgement.

Mr. Michael Lim Hee Kiang is the senior independent non-executive director to whom any concerns of the shareholders, management and others may be conveyed.

3. Board Meetings

The Directors meet on a scheduled basis once every quarter, ie, at least four times a year.

The quarterly Board meetings are scheduled in advance prior to the start of the financial year. All Board meetings are formally structured with pre-set agenda, and Board Papers containing information relevant to the matters to be deliberated upon at the meetings are circulated to the Directors prior to the meetings. The Board's deliberations include the financial performance and results of the Group, its strategic and corporate direction and other matters reserved specially for the Board's decision. Senior Management of the Group and external auditors are also invited to attend Board meetings on specific items on the agenda which require clarification.

STATEMENT ON CORPORATE GOVERNANCE

3. Board Meetings (Cont'd)

For the year 2004, a total of four (4) Board meetings were held. Set out below is the record of attendance of the Board members:-

Directors	Attendance
Tan Sri Dato' Tan Chee Sing	4/4
Poh Pai Kong	4/4
Tong Kien Onn	4/4
Michael Lim Hee Kiang	4/4
Roslan Bin Hj Yahya	3/4
Dato' Ahmad Hassan Bin Osman	4/4
Loh Chen Peng (Appointed w.e.f. 22 March 2004)	3/3
Rohana Binti Tan Sri Mahmood (Appointed w.e.f. 10 November 2004)	N/A
Dato' Dr Thong Kok Cheong (Resigned w.e.f. 16 August 2004)	2/2

In the intervals between Board meetings, for any matters requiring Board's decisions, Board approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then ratified in the next Board meeting.

4. Supply of Information and Access to Advice

Prior to the Board meetings, all directors receive the agenda and a set of Board papers to allow the directors to obtain further explanations and clarifications, where necessary, in order to be properly briefed before the meeting. The Board papers include, among others, the following:-

- (a) Quarterly financial statements;
- (b) Corporate matters;
- (c) Business development;
- (d) Minutes of previous Board Meeting and Audit Committee Meeting; and
- (e) Directors' Circular Resolutions

In addition, the Board has full access to all information within the Company in the furtherance of their duties. They are also entitled to obtain full disclosure from the management and advice or services from the Company Secretary and Senior Management staff. If necessary, the directors are also entitled to seek independent professional advice relating to the affairs of the Group from external consultants at the Company's expense in the discharge of their duties and responsibilities.

5. Re-election of Directors/Appointments to the Board

In accordance with the Company's Articles of Association ("Articles"), all directors who are appointed by the Board either to fill a casual vacancy or as an addition to the existing directors are subject to re-election by shareholders at the Annual General Meeting ("AGM") following their appointment. The Articles also provide that at least one-third (1/3) of the remaining directors be subject to re-election by rotation at each AGM including the Group Chief Executive Officer, the Group Managing Director and the Executive Director provided always that all the directors shall retire from their office at least once every three (3) years. All retiring directors are eligible to offer themselves for re-election at the AGM.

6. Directors' Training

All the directors of the Company had duly completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia. Some of the directors have completed the required Continuing Education Programme ("CEP") while others who have yet to accumulate the required points in respect of the CEP have been given until 31 December 2005 to do so.

All directors newly appointed to the Board will be furnished with relevant information of the Group, including familiarisation tours, if necessary.

STATEMENT ON CORPORATE GOVERNANCE

B. BOARD COMMITTEES

The Board has set up various committees to assist in the discharge of its duties. These committees operate within clearly defined terms of reference.

1. Audit Committee

The Audit Committee consists of four (4) directors, three (3) of whom, including the Chairman, are independent non-executive directors, while two of the members are qualified Accountants with more than 20 years of experience in the finance and accounting fields.

The Audit Committee assists and supports the Board's responsibility to oversee the processes for producing financial data, its internal control and the independence of the Group's external and internal auditors. The Audit Committee Report is presented in pages 26 to 27 of this Annual Report.

2. Nomination Committee

The Nomination Committee has been given the responsibility to recommend new appointments to the Board of Dijaya. The Nomination Committee also reviews the effectiveness of the existing Board, the committees of the Board and the contribution of each Director. The Nomination Committee comprises three (3) members, all being independent non-executive directors, are:-

- (a) Michael Lim Hee Kiang (Chairman)
- (b) Roslan Bin Hj Yahya
- (c) Loh Chen Peng

The recommendations of the Nomination Committee are subject to the approval of the Board.

3. Remuneration Committee

The members of the Remuneration Committee, comprising majority of independent non-executive directors, are as follows:-

- (a) Michael Lim Hee Kiang (Chairman)
- (b) Poh Pai Kong
- (c) Loh Chen Peng

Among other duties, the Remuneration Committee is to assist the Board in its responsibilities of assessing the remuneration packages of the directors.

The policy practised on directors' remuneration by the Remuneration Committee is that the level of remuneration should be sufficient to attract, motivate and retain directors of the quality required to manage the business of the Group. As for non-executive directors, the fees should reflect the experience and level of responsibilities undertaken by the non-executive directors concerned. All directors had abstained from discussion and decision on their own remunerations.

4. Option Committee

An Option Committee will be established to administer the new Dijaya Employee Share Option Scheme ("ESOS Scheme") which is subject to the approval of the shareholders of the Company at the forthcoming AGM.

STATEMENT ON CORPORATE GOVERNANCE

C. DIRECTORS' REMUNERATION

For the year under review, Directors' fees recommended by the Board be subject to shareholders' approval at the Company's forthcoming AGM.

Meeting allowances are paid to non-executive directors for each meeting that the non-executive directors attend. The executive directors' remunerations comprise salaries, bonuses and benefits-in-kind.

The aggregate and range of remuneration of the directors for the year ended 31 December 2004, by category and in bands of RM50,000, are shown below:-

Category	Fees	Salaries, allowances and other emoluments	Bonus	Benefits- in-kind	Total
Executive Directors	–	1,789,068	451,738	32,200	2,273,006
Non-Executive Directors	98,300	5,000	–	–	103,300
Total	98,300	1,794,068	451,738	32,200	2,376,306

Bands	No. of Directors	
	Executive Directors	Non-Executive Directors
0 – RM50,000	–	5
RM350,001 – RM400,000	1	–
RM850,001 – RM900,000	1	–
RM950,001 – RM1,000,000	1	–

D. SHAREHOLDERS

1. Dialogue Between the Company and Investors

The Group recognises the importance of transparency and being accountable to its shareholders and investors. As such, the Group ensures timely dissemination of information, through appropriate channels of communications, to shareholders and investors to ensure that they are properly informed of major developments of the Group. Such information is also communicated to them through the Annual Report and the various disclosures and announcements made to Bursa Securities from time to time, including the Quarterly and Annual Results.

The Group has a website www.dijayacorp.com to enhance shareholders' access to information on the Group.

2. General Meeting

The Company's AGM is the principal forum for dialogue with shareholders. Notice of the AGM and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

Besides the usual agenda for AGM, the Board presents the progress and performance of the business as contained in the Annual Report and encourages shareholders to participate in the question and answer sessions. The directors and senior management are available to respond to shareholders' questions during the Meeting. The external auditors and financial advisers are also present to provide their professional and independent clarification on issues and concern raised by the shareholders.

For re-election of directors, the Board ensures that full information is disclosed through the notice of meetings regarding directors who are retiring and who are willing to serve if re-elected.

Items of special business included in the notice of the meeting will be accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved.

The outcome of all resolutions proposed at the general meeting is announced to Bursa Securities at the end of the meeting day.

STATEMENT ON CORPORATE GOVERNANCE

E. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board is responsible to ensure that the annual financial statement of the Company and the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 1965. The Board also aims to provide and present a balanced and comprehensive meaningful assessment of the Group's financial performance and prospects, primarily through the annual financial statement and quarterly announcement of results to shareholders as well as the Chairman's Statement and review of operations in the annual reports.

The Directors' Responsibility Statement in respect of the audited financial statements is presented on page 23 of the Annual Report.

2. Internal Control

The Board has overall responsibility for maintaining a sound system of internal controls which includes financial controls, operational and compliance controls and risk management to safeguard shareholders' investment and the Company's assets. While acknowledging its responsibility for the system of internal controls the Board is aware that such a system cannot totally eliminate risks and thus can never be an absolute assurance against the Group failing to achieve its objectives.

3. Relationship with Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Report on the Audit Committee set out on pages 26 to 27. The Company has always maintained an appropriate and transparent relationship with the external auditors. The Audit Committee meets up with the external auditors to discuss the annual audited financial statements and their audit findings.

The report by the Audit Committee for the financial year ended 31 December 2004 is set out on pages 26 to 27 of this Annual Report.

F. COMPLIANCE WITH THE CODE

Dijaya was in compliance with the Code during the year under review.

This Statement is made in accordance with a resolution of the Board of Directors dated 16 May 2005.

ADDITIONAL COMPLIANCE INFORMATION AS AT 31 DECEMBER 2004

1. Share Buybacks

During the financial year, the Company did not enter into any share buyback transactions.

2. Options, Warrants or Convertible Securities

During the year under review, none of the option granted under the ESOS Scheme was exercised. The Company has not issued any warrants or convertible securities during the year.

3. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

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

4. Imposition of Sanctions and Penalties

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

STATEMENT ON CORPORATE GOVERNANCE

5. Non-Audit Fees

The amount of non-audit fees paid to the external auditors Messrs Ernst & Young for the year amounted to RM49,200.

6. Profit Estimate, Forecast or Projection

There was no variation between the Group's unaudited results announced earlier and the audited results for the year ended 31 December 2004.

7. Profit Guarantee

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

8. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries that involved directors' or major shareholders' interest, save and except for the following:-

- (i) On 30 March 2004, Bakat Rampai Sdn Bhd, a wholly-owned subsidiary of Dijaya, together with the other shareholders of Berjaya Times Square Sdn Bhd ("BTSSB"), namely YBhg. Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT"), Dato' Robin Tan Yeong Ching, Rayvin Tan Yeong Sheik, Nerine Tan Sheik Ping, JMP Holdings Sdn Bhd and Vecc-Men Holdings Sdn Bhd ("the Vendors") had entered into the share sale agreement with Matrix International Berhad ("MIB") for the disposal of 320,613,490 ordinary shares of RM1.00 each representing the entire equity interest in BTSSB for a consideration of RM993,901,819 to be satisfied by the issuance of 709,929,871 new ordinary shares of RM1.00 each in MIB at an issue price of RM1.40 per share ("SSA").

Tan Sri Dato' Tan Chee Sing ("TSDT"), the Chairman/Group Chief Executive Officer and substantial shareholder of Dijaya, which is the holding company of Bakat Rampai Sdn Bhd, is the brother of TSVT, who is the Chairman and controlling shareholder of BTSSB. TSVT is also a major shareholder and Chairman of Berjaya Group Berhad, which is the ultimate holding company of MIB. Additionally, TSDT is the Deputy Chairman of BTSSB, Berjaya Land Berhad, the holding company of MIB, and Berjaya Group Berhad. TSDT is also a shareholder of both Berjaya Land Berhad and Berjaya Group Berhad and is deemed interested in BTSSB via his indirect interest in Bakat Rampai Sdn Bhd.

Golden Diversity Sdn Bhd and Impeccable Ace Sdn Bhd, both are major shareholders of Dijaya controlled by TSDT, are also deemed interested in the aforesaid transaction;

- (ii) On 28 May 2004, Bakat Rampai Sdn Bhd together with the Vendors as mentioned above had entered into the Supplemental SSA with MIB (which is supplemental to the SSA) principally to revise the total sale consideration of RM993,901,819 to be satisfied by the issuance of 709,929,871 new ordinary shares of RM1.00 each in MIB at an issue price of RM1.40 per share to RM784,031,171 to be satisfied by the issuance of 560,022,265 new ordinary shares of RM1.00 each in MIB at an issue price of RM1.40 per share;
- (iii) Letter of mutual agreement dated 30 September 2004 between Bakat Rampai Sdn Bhd, the Vendors and MIB extending the last date to satisfy the conditions precedent as set out in the SSA dated 30 March 2004 as amended by the Supplemental SSA dated 28 May 2004, which is expiring on 30 September 2004, by a further six (6) months to 31 March 2005. The share sale transaction was completed on 31 December 2004; and
- (iv) On 6 April 2005, Tropicana Golf & Country Resort Bhd ("TGCR"), a wholly-owned subsidiary of Dijaya entered into a share sale agreement with Gan Eng Jin and Fang Chen-Yu ("Sellers") for the acquisition of their entire shareholding of 450,000 shares of RM1.00 each in Mawar Hebat Sdn Bhd ("MHSB") representing the remaining 45% equity interest in MHSB for a total cash consideration of RM1,254,324 ("Acquisition"). Pursuant to the said share sale agreement, TGCR was to pay the Sellers their advances of RM6,525,638 due from MHSB on completion. The Acquisition was completed on 27 April 2005 and MHSB became a wholly-owned subsidiary of TGCR.

Gan Eng Jin was a director and major shareholder of MHSB having 35% equity interest in MHSB. He is one of the Sellers of the MHSB shares.

STATEMENT ON CORPORATE GOVERNANCE

9. Revaluation Policy

The Company and the Group do not revalue its land and buildings, save for recognition of impairment losses as required by the relevant accounting standards.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors are required by the Companies Act, 1965 to prepare the financial statements which give a true and fair view of the state of affairs, results and cash flows of the Company and the Group at the financial year end.

In preparing the financial statements, the directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on a going concern basis, and the directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue operations for the foreseeable future.

The directors acknowledge the responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

In addition, the directors are also responsible for taking reasonable steps to safeguard the assets of the Group and to detect and prevent any fraud as well as any other irregularities.

STATEMENT ON internal control

INTRODUCTION

Dijaya Corporation Berhad and its subsidiaries' ("the Group") system of internal controls is designed to improve the Group's operations and risk management functions.

The Board of Directors ("the Board") is committed to maintaining a sound system of internal control and risks management practices to safeguard the Group's assets and shareholders' investments. The Board is pleased to provide the following Statement of Internal Control which outlines the nature and scope of internal controls of the Group during the year pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Securities.

RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a sound system of internal control that covers all aspects of the Group's business including strategic, commercial, operational and financial areas. In recognition of that responsibility, the Board sets policies and seeks regular assurance that the system of internal control is operating effectively. While acknowledging their responsibility for the system of internal control, the directors are aware that a sound system of internal control and risk management can only help to manage but not totally eliminate the risk of failure to achieve business objectives. Accordingly, such a system can only provide reasonable rather than absolute assurance against material misstatements, losses, fraud or breaches of law or regulations. However, the extent of responsibility for internal control does not extend to include that of the Group's associated companies for the purpose of this review.

PRINCIPAL FEATURES AND KEY PROCESSES OF THE GROUP'S SYSTEM OF INTERNAL CONTROL

The principal features of the Group's system of internal control can be summarised as follows:-

- **Authorisation procedures**

The Group has a clearly-defined authorisation procedure and a clear line of accountability, with strict authorisation, approval and control procedures which provide a sound framework of authority and accountability within the organisation and which facilitate proper corporate decision-making at the appropriate level in the organisation's hierarchy. Responsibility levels are communicated throughout the Group which set out, amongst others, authorisation levels, segregation of duties and other control procedures

- **Authority levels**

The Group has designated authority levels for major project tenders, capital expenditures, assets and other significant transactions. Such limits are subject to periodic reviews as to their implementation and continuing suitability.

- **Staffing policies**

Guiding policies and procedures on hiring and retention of staff have been established at Group level with individual business units having the flexibility to adapt these policies for their specific needs. High recruitment standards which identify talented individuals who possess qualities that fit the Group's culture of excellence ensure the integrity and competence of staff. Successful recruits are guided on where and how they can contribute productively.

Employees' knowledge, skills and abilities are being continually enhanced to enable them to operate and monitor the systems of internal control effectively.

- **Financial Performance**

Quarterly, interim and full year results and analyses of the Group's state of affairs are disclosed to the shareholders after review and approval by the Board.

A computerised financial reporting system captures all financial transactions that are then collated into regular management financial statements. The Group's management team communicates regularly to monitor the financial performance of business units.

- **Internal Compliance**

The Group monitors compliance with its internal controls through management reviews and internal audit reports that are reviewed by key personnel. Regular updates of internal policies and procedures are undertaken to reflect changing risks or resolve operating deficiencies. Internal audit visits are systematically arranged over specific periods to monitor and scrutinize compliance with procedures and assess the integrity of financial information provided.

STATEMENT ON INTERNAL CONTROL

The key processes that the Board has established to review the adequacy and integrity of the system of internal control are as follows:-

- **Internal Audit Function**

The Group's internal audit function undertakes reviews of internal control in all key activities of the Group. The internal auditors will monitor and report on the financial and operational controls implemented by the management and report to the Audit Committee, which in turn will review the effectiveness of the system of internal controls in operation and report their conclusions to the Board. The internal auditors advise management on areas for improvement and subsequently review the extent to which its recommendations have been implemented.

During the year under review, the internal auditors conducted various audit assignments covering operational and compliance controls. The system of internal control will continue to be reviewed, enhanced or updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal auditors. The Board is of the opinion that the current system of internal control in place throughout the Group is sufficient to safeguard the Group's interests.

- **Senior Management Meetings**

The Group conducts regular meetings of senior management which comprises the Chairman/Group Chief Executive Officer, the Group Managing Director, Executive Director and all divisional heads. The purpose of these meetings is to share information, monitor the progress of various business units, and to deliberate and decide upon operational matters. The meetings help to remove barriers of bureaucracy and assist in ensuring more direct and effective implementation of all major and important decisions.

- **Reality Assessments**

The Group Managing Director and Executive Director carry out reality assessments by visiting the operating units and communicating with various levels of staff to gauge the effectiveness of strategies implemented.

RISK MANAGEMENT

The process of identifying and managing the key risks within the Group are an integral part of the internal control environment. The processes within the Group are continuously reviewed and improved upon.

In dealing with its stewardship responsibilities, the Board recognises that effective risk management is an integral part of good business management practice. The Board acknowledges that all areas of the Group's business activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which allows the management to manage the risks within defined parameters and standards.

Identifying, evaluating and managing the significant risks faced by the Group is an ongoing process which is undertaken at each level of operation. This process is monitored by the Board to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, policies and procedures.

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

Management reports regularly on their review and management of risks to the Audit Committee, whose main role is to assess, on behalf of the Board, the key risks inherent in the business and the system of controls necessary to manage such risks and to present their findings to the Board. Internal audit independently reviews the risk identification procedures and control processes implemented by management and reports to the Audit Committee on a quarterly basis.

The Group Managing Director also reports to the Board on significant changes in the business and the external environment which may result in significant risks. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the internal auditors.

The Board will pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by the business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed.

CONCLUSION

The Board is satisfied that, during the year under review, the system of internal control being instituted throughout the Group is sound and effective. Notwithstanding this, reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the systems of internal control, so as to safeguard the Group's assets and shareholders' investments.

REPORT OF audit committee

for the financial year ended 31 December 2004

A. COMPOSITION

The members of the Audit Committee during the year comprised the following directors:-

Name	Status of directorship	Independent	Attendance of meeting
Roslan Bin Hj Yahya (Chairman)	Non-executive director	Yes	3/4
Tong Kien Onn	Executive director (A member of the Chartered Institute of Management Accountants, United Kingdom)	No	4/4
Michael Lim Hee Kiang	Non-executive director	Yes	4/4
Loh Chen Peng (Appointed w.e.f. 16 August 2004)	Non-executive director	Yes	2/2
Dato' Dr Thong Kok Cheong (Resigned w.e.f. 16 August 2004)	Non-executive director	Yes	2/2

B. TERMS OF REFERENCE

(i) Function of the Audit Committee

The functions of the Committee shall be amongst others as follows:-

1. To review the following and report the same to the Board of Directors:-
 - (a) with the external auditors, the audit plan;
 - (b) with the external auditors, the evaluation of the system of internal controls;
 - (c) with the external auditors, the audit reports;
 - (d) the assistance given by the Company's employees to the external auditors;
 - (e) the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
 - (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 recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) any related party transactions and conflict of interest situation that may arise within the Company or Group;
 - (i) any letter of resignation from the external auditors; and
 - (j) whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
2. To recommend the nomination of a person or persons as external auditors.

(ii) Authority of the Audit Committee

1. The Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
2. The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
3. The Committee shall have unrestricted access to both the internal and external auditors and is able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

REPORT OF AUDIT COMMITTEE for the financial year ended 31 December 2004

C. MEETINGS

The Committee had four (4) meetings during the year. The Managing Director and members of Senior Management attended these meetings upon invitation by the Chairman of the Committee. The Group's internal auditors attended all the Audit Committee meetings during the year.

D. SUMMARY OF ACTIVITIES DURING THE YEAR

During the year, the Audit Committee carried out its duties in accordance with its terms of reference.

In performing its functions, the Audit Committee reviewed the overall scope of internal audits. It met with the Group's internal auditors to review their audit reports and to discuss their findings and the management's responses thereto. It also reviewed the internal auditors' evaluation of the system of internal control of the Company and its subsidiary companies.

In addition, the Audit Committee discussed with the external auditors the audit plan which states the nature and scope of audits and the audit findings arising from their review. The Audit Committee also reviewed the unaudited quarterly financial statements of the Company and the audited consolidated annual financial statements together with the relevant financial announcements to Bursa Securities prior to the approval by the Board.

Other main issues discussed by the Audit Committee were as follows:-

- (a) related party transactions entered into by the Group;
- (b) updated disclosure requirements of Bursa Securities; and
- (c) new Accounting Standards issued by the Malaysian Accounting Standards Board and their applicability to the consolidated financial statements of the Group for the year ended 31 December 2004.

E. INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an independent and adequately resourced Internal Audit Department in the discharge of its duties and responsibilities.

During the year, the internal audit activities have been carried out according to the internal audit plan which had been approved by the Audit Committee. The scope of the internal audit covered the audits of all units and operations, including subsidiaries to provide the Audit Committee with assurance that the system of internal control of the Group achieved the following:-

- (a) The business was planned and conducted in an orderly, prudent and cost effective manner;
- (b) Transactions and commitments were entered into in accordance with Management's authority;
- (c) The Management was able to safeguard the assets and control the liabilities of the Group, i.e., there were measures to minimise and detect any loss from irregularities, frauds and errors; and
- (d) The accounting and other records of the business provided complete, accurate and timely information.

Eight (8) audit reports were issued during the year 2004 incorporating findings and recommendations with regard to system and control, weaknesses noted in the course of audit, the management's responses and the remedial actions on the implementation of all findings and recommendations in its review process.

In the course of auditing, the Internal Auditors have identified some internal control weaknesses during the year, which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

F. ALLOCATION OF OPTIONS PURSUANT TO ESOS

There were no allocation of options during the year.

ANALYSIS OF shareholdings

as at 30 April 2005

SHARE CAPITAL

Authorised Share Capital	: RM500,000,000
Issued and Fully Paid	: RM259,525,583
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per Ordinary Share held

Size of Holdings	No. of Holders	% of Holders	Total Holdings	% of Holdings
1 – 99	61	0.49	1,212	0.00
100 – 1,000	5,142	41.15	5,095,363	1.96
1,001 – 10,000	6,595	52.77	24,781,622	9.55
10,001 – 100,000	639	5.11	16,704,758	6.44
100,001 – 12,976,278 *	57	0.46	127,400,945	49.09
12,976,279 and above **	3	0.02	85,541,683	32.96
Total	12,497	100.00	259,525,583	100.00

Note:

* Less than 5% of issued shares

** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 69L of the Companies Act, 1965, the substantial shareholders of the Company are as follows:-

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Tan Sri Dato' Tan Chee Sing	75,150,374	28.96	70,604,576 [#]	27.21
Impeccable Ace Sdn Bhd	22,700,000	8.75	–	–
Golden Diversity Sdn Bhd	47,904,576	18.46	–	–

Note:

[#] Deemed interested by virtue of his shareholdings in Impeccable Ace Sdn Bhd and Golden Diversity Sdn Bhd

THIRTY LARGEST REGISTERED SHAREHOLDERS

(As per Register of Members and Records of Depositors)

Name of Shareholders	No. of Shares	% of Shares
1. RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Sri Dato' Tan Chee Sing)	47,300,000	18.23
2. Golden Diversity Sdn Bhd	23,350,000	9.00
3. Tan Sri Dato' Tan Chee Sing	14,891,683	5.74
4. Bayangan Impresif Sdn Bhd	11,453,900	4.41
5. Prisma Pedoman Sdn Bhd	10,729,400	4.13
6. Permodalan Nasional Berhad	10,389,557	4.00
7. RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Impeccable Ace Sdn Bhd)	9,000,000	3.47
8. Warisan Istimewa Sdn Bhd	8,888,560	3.42
9. EB Nominees (Tempatan) Sendirian Berhad (Pledged Securities Account for Golden Diversity Sdn Bhd)	8,500,000	3.28

ANALYSIS OF SHAREHOLDINGS as at 30 April 2005

THIRTY LARGEST REGISTERED SHAREHOLDERS (CONT'D)

(As per Register of Members and Records of Depositors) (Cont'd)

Name of Shareholders	No. of Shares	% of Shares
10. Impeccable Ace Sdn Bhd	7,700,000	2.97
11. HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Golden Diversity Sdn Bhd)	7,070,000	2.72
12. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd (Kitson Foong & Associates for Tan Sri Dato' Tan Chee Sing)	6,595,691	2.54
13. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Golden Diversity Sdn Bhd)	6,300,000	2.43
14. RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Impeccable Ace Sdn Bhd)	6,000,000	2.31
15. Desiran Hebat Sdn Bhd	5,800,275	2.23
16. Amsec Nominees (Tempatan) Sdn Bhd (Ambank Berhad for Tan Sri Dato' Tan Chee Sing)	4,000,000	1.54
17. Lanjut Persada Sdn Bhd	4,000,000	1.54
18. HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Golden Diversity Sdn Bhd)	2,680,000	1.03
19. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd (Kitson Foong & Associates for Desiran Hebat Sdn Bhd)	2,344,028	0.90
20. HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Sri Dato' Tan Chee Sing)	1,700,000	0.66
21. Tengku Adnan Bin Tengku Mansor	1,531,461	0.59
22. Wong Chee Choon	1,082,300	0.42
23. CL & Yew Construction Sdn Bhd	1,000,000	0.39
24. HSBC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Sri Dato' Seri Tan Chee Yioun)	800,200	0.31
25. Chan Wan Moi	772,000	0.30
26. Yap Leong Po	647,000	0.25
27. Citicorp Nominees (Asing) Sdn Bhd (CBNY for DFA Emerging Markets Fund)	612,100	0.24
28. Yayasan Islam Negeri Kedah	570,075	0.22
29. Dato' Dr Thong Kok Cheong	485,106	0.19
30. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd (Kitson Foong & Associates for Nyatamas Sdn Bhd)	482,698	0.19
Total	206,676,034	79.64

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Sri Dato' Tan Chee Sing	75,150,374	28.96	70,604,576 ⁽ⁱ⁾	27.21
2. Tong Kien Onn	20,000	0.01	51,000 ⁽ⁱⁱ⁾	0.02
3. Roslan Bin Hj Yahya	–	–	11,530,458 ⁽ⁱⁱⁱ⁾	4.44
4. Dato' Ahmad Hassan Bin Osman	–	–	4,022,544 ^(iv)	1.55
5. Loh Chen Peng	67,000	0.03	–	–

Note:

⁽ⁱ⁾ Deemed interested by virtue of his shareholdings in Impeccable Ace Sdn Bhd and Golden Diversity Sdn Bhd.

⁽ⁱⁱ⁾ Deemed interested by virtue of the shareholding of his spouse.

⁽ⁱⁱⁱ⁾ Deemed interested by virtue of his shareholding in Bayangan Impresif Sdn Bhd.

^(iv) Deemed interested by virtue of his shareholding in Lanjut Persada Sdn Bhd.

LIST OF properties

as at 31 December 2004

Location	Tenure	Approx. Age of Building	Net Book Value RM'000	Description	Area
TROPICANA GOLF & COUNTRY RESORT BERHAD					
Tropicana Golf & Country Resort 47410 Petaling Jaya	Leasehold (99 years) – expiring on 25.10.2090	10 years	120,845	Golf course and mixed development	342.6 acres
MAWAR HEBAT SDN BHD					
1002-3, 1005, 1009-10, 1031, 1065, 1072,2416, Mukim Ulu Behrang East Daerah Batang Padang	Freehold	N/A	13,087	Agriculture land	517 acres
IKATAN ENGINEERING SDN BHD					
Lot 50-51, IGB International Industrial Park, Jalan Kuala Kangsar Ipoh, Perak	Leasehold (99 years) – expiring on 17.10.2089	Lot 50 – 13 years	1,193	Industrial land	4.9 acres
		Lot 51 – 10 years	1,419		
Lot 92 IGB International Industrial Park Jalan Kuala Kangsar Ipoh, Perak	Leasehold (99 years) – expiring on 17.10.2089	N/A	1,525	Industrial land	3.0 acres
Lot 35, Taman Alkaff Jalan Silibin Ipoh, Perak	Leasehold (99 years) – expiring on 16.07.2079	21 years	158	Shoplot	1,399 sq ft
ASPEK ANALISA SDN BHD					
H.S. (D) 101536, Lot PT 35938 9 1/2 Miles Jalan Sungai Besi Serdang, Selangor	Leasehold (99 years) – expiring on 21.01.2095	N/A	2,510	Development land	24.5 acres
ARAH PELANGI SDN BHD					
Lot Nos. 405, 413, 415 & 417 Section 4 Town of Bukit Mertajam District of Seberang Perai Tengah Pulau Pinang	Freehold	N/A	8,281	Development land	10.9 acres
DICORP LAND SDN BHD					
Grant 54976 Lot 10 Pekan Sungai Penchala District of Petaling, Selangor	Freehold	N/A	8,331	Development land	0.8 acres
DIJAYA LAND SDN BHD					
H.S. (D) 136188 Lot PT8 Bandar Petaling Jaya Tambahan 1, District of Petaling Selangor	Freehold	N/A	3,692	Development land	1.1 acres
H.S. (D) 136187, Lot PT7 Bandar Petaling Jaya Tambahan 1, District of Petaling State of Selangor	Freehold	N/A	65,967	Development land	9.1 acres
DAMANSARA IMPIAN SDN BHD					
Section 1 Kota Damansara Daerah Petaling Selangor	Leasehold (99 years) – expiring on 19.05.2098	N/A	25,985	Development land	80.4 acres
NADI JELITA SDN BHD					
Parcel No. 6, Storey No. PH, Block A, Meranti Park, Phase 1 Bukit Tinggi Resort Pahang Darul Makmur	Leasehold (99 years) – expiring on 04.05.2094	5 years	375	Residential Apartment	1,300 sq ft

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DIRECTORS' report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are described in Note 5 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	42,488	8,450
Minority interests	(942)	–
Net profit for the year	<u>41,546</u>	<u>8,450</u>

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.

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2003 were as follows:

	RM'000
In respect of the financial year ended 31 December 2003 as reported in the directors' report of that year:	
First and final dividend of 2% less 28% taxation on 259,525,583 ordinary shares, declared on 19 April 2004 and paid on 26 July 2004	<u>3,737</u>

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2004, of 3% less 28% taxation on 259,525,583 ordinary shares amounting to a dividend payable of RM5,605,753 (2.16 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity in the financial year ending 31 December 2005.

DIRECTORS

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

Tan Sri Dato' Tan Chee Sing
Poh Pai Kong
Tong Kien Onn
Michael Lim Hee Kiang
Roslan Bin Hj. Yahya
Dato' Ahmad Hassan Bin Osman
Loh Chen Peng
Rohana Binti Tan Sri Mahmood
Dato Dr.Thong Kok Cheong

(appointed on 10 November 2004)
(resigned on 16 August 2004)

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Options Scheme ("ESOS") of the Company. The ESOS has however expired on 26 February 2005.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 28 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 any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 37 to the financial statements.

DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares of RM1 Each →				
	1 January 2004/date of appointment	Bought	Sold	31 December 2004	
The Company					
Direct Interest					
Tan Sri Dato' Tan Chee Sing	75,150,374	–	–	75,150,374	
Tong Kien Onn	20,000	–	–	20,000	
Loh Chen Peng	67,000	–	–	67,000	
Indirect Interest					
Tan Sri Dato' Tan Chee Sing	70,604,576	–	–	70,604,576	
Tong Kien Onn	51,000	–	–	51,000	
Dato' Ahmad Hassan Bin Osman	12,166,847	–	(8,144,303)	4,022,544	
Roslan Bin Hj. Yahya	4,000,558	7,529,900	–	11,530,458	
← Number of Shares Options over Ordinary Shares →					
	Option Price (RM)	1 January 2004	Granted	Exercised	31 December 2004
The Company					
Direct Interest					
Tan Sri Dato' Tan Chee Sing	3.266	100,000	–	–	100,000
	1.050	100,000	–	–	100,000
Poh Pai Kong	3.266	100,000	–	–	100,000
	1.050	100,000	–	–	100,000
Tong Kien Onn	3.266	80,000	–	–	80,000
	1.050	80,000	–	–	80,000

Tan Sri Dato' Tan Chee Sing, by virtue of his interest in shares of the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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

DIRECTORS' REPORT

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Dijaya Corporation Berhad ESOS is governed by the by-laws approved by the shareholders of the Company at the Extraordinary General Meeting held on 13 February 1998 and became effective on 26 February 2000.

The main features of the ESOS are as follows:

- (a) Eligible employees (including full-time Executive Directors) are employees who have been confirmed in the employment of the Company or its non-listed subsidiaries (excluding dormant subsidiaries) and served at least one continuous year with the Group on or prior to the date of offer, the date on which a selected employee is notified in writing of the offer to participate in the ESOS ("Date of Offer").
- (b) The maximum number of shares that may be offered under the ESOS shall not be more than ten per centum (10%) of the total issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the ESOS which shall be in force for a period of five years, and has expired on 26 February 2005 ("Date of Expiry").
- (c) No option shall be granted for less than 1,000 shares or more than 500,000 shares.
- (d) The options granted may be exercised at any time whilst the option holder is in the employment of the Group from the Date of Offer to the Date of Expiry or such shorter period prescribed in the offer.
- (e) An option may be exercised in respect of such lesser number of ordinary shares provided that the number shall be in multiples of and not less than 1,000 shares. Such partial exercise of an option shall not preclude the holder from exercising the options on the balance of the ordinary shares, if any, which the option holder is entitled to subscribe under the ESOS.
- (f) The exercise price for each ordinary share under the option scheme shall be based on the average of the mean market quotation of the ordinary shares of the Company as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the respective dates of offer or at the par value of the ordinary shares of the Company of RM1, whichever is the higher.
- (g) The options granted do not confer any right to participate in any share issue of any other company.

The movement in the number of options over ordinary shares pursuant to the Company's ESOS during the year is as follows:

Date of Grant	Number of Share Options				Option Price (RM)	Date of Expiry
	1 January 2004	Exercised	Cancelled*	31 December 2004		
26.2.2000	1,795,000	–	(103,000)	1,692,000	3.266	26.2.2005
7.1.2002	2,757,000	–	(201,000)	2,556,000	1.050	26.2.2005

* Forfeiture upon resignations during the year.

The company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their shareholdings.

The ESOS has expired on 26 February 2005 and upon the expiry, all outstanding unexercised options under the ESOS has lapsed and are deemed null and void.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events are disclosed in Notes 38 to the financial statements.

AUDITORS

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

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

Poh Pai Kong

Tong Kien Onn

Petaling Jaya, Malaysia
8 March 2005

STATEMENT BY directors

pursuant to Section 169(15) of the Companies Act, 1965

We, Poh Pai Kong and Tong Kien Onn, being two of the directors of Dijaya Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 38 to 84 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Poh Pai Kong

Tong Kien Onn

Petaling Jaya, Malaysia
8 March 2005

STATUTORY declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Tong Kien Onn, being the director primarily responsible for the financial management of Dijaya Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 84 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed Tong Kien Onn at Petaling)
Jaya in Selangor Darul Ehsan) **Tong Kien Onn**
on 8 March 2005)

Before me,

Ng Kok Song PCB
B.113
Commissioner for Oaths

REPORT OF THE auditors

to the Members of Dijaya Corporation Berhad

We have audited the financial statements set out on pages 38 to 84. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its 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' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 5 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 material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Wong Kang Hwee
No. 1116/01/06(J)
Partner

Kuala Lumpur, Malaysia
8 March 2005

CONSOLIDATED balance sheet

as at 31 December 2004

	Note	2004 RM'000	2003 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	3	286,645	289,817
Land held for property development	4	15,456	49,036
Investment in associates	6	45,467	45,994
Other investments	7	51,318	44,158
Security retainers accumulation fund	8	2,166	2,005
Negative goodwill, net	23	(15,230)	(16,444)
		385,822	414,566
CURRENT ASSETS			
Property development costs	4	358,779	372,657
Inventories	9	36,159	34,391
Trade receivables	10	51,210	27,525
Other receivables	11	7,957	13,402
Marketable securities	12	25,191	27,252
Cash and bank balances	13	135,470	119,110
		614,766	594,337
CURRENT LIABILITIES			
Provision for liquidated ascertained damages	14	433	664
Short term borrowings	15	31,238	58,289
Trade payables	17	128,482	116,642
Other payables	18	85,321	94,431
Tax payable		7,359	13,939
		252,833	283,965
NET CURRENT ASSETS			
		361,933	310,372
		747,755	724,938
FINANCED BY:			
Share capital	19	259,526	259,526
Reserves		229,648	191,839
Shareholders' equity		489,174	451,365
Minority interests		61,363	61,021
		550,537	512,386
Long term borrowings	15	1,578	3,481
Deferred taxation	20	98,775	110,968
Sinking fund reserve	21	2,810	3,562
Security retainers	22	27,370	27,370
Deferred license fees		66,685	67,171
Non-current liabilities		197,218	212,552
		747,755	724,938

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED income statement

for the year ended 31 December 2004

	Note	2004 RM'000	2003 RM'000
Revenue	24	213,769	182,800
Cost of sales	25	(131,808)	(103,744)
Gross profit		81,961	79,056
Other operating income		28,894	18,826
Administration expenses		(29,795)	(33,456)
Other operating expenses		(25,710)	(32,966)
Profit from operations	26	55,350	31,460
Finance cost	29	(2,515)	(5,640)
Share of results of associates		1,572	3,221
Profit before taxation		54,407	29,041
Taxation:	30	(11,919)	(11,475)
Company and subsidiaries		(11,518)	(10,974)
Associates		(401)	(501)
Profit after taxation		42,488	17,566
Minority interests		(942)	(311)
Net profit for the year		41,546	17,255
Earnings per share (sen)			
Basic	31	16.01	6.65

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF changes in equity

for the year ended 31 December 2004

	Note	Share Capital RM'000	Share Premium RM'000	Non Distributable Foreign Exchange Reserve (Note 32) RM'000	Accumulated Losses RM'000	Total RM'000
At 1 January 2003		259,526	402,654	512	(228,435)	434,257
Foreign exchange differences, representing net losses not recognised in the income statement		–	–	(147)	–	(147)
Net profit for the year		–	–	–	17,255	17,255
At 31 December 2003		259,526	402,654	365	(211,180)	451,365
At 1 January 2004		259,526	402,654	365	(211,180)	451,365
Dividend paid	33	–	–	–	(3,737)	(3,737)
Net profit for the year		–	–	–	41,546	41,546
At 31 December 2004		259,526	402,654	365	(173,371)	489,174

CONSOLIDATED cash flow statement

for the year ended 31 December 2004

	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	54,407	29,041
Adjustment for:		
Depreciation	6,822	5,596
Gain on disposal of property, plant and equipment	(273)	(97)
Loss on disposal of investment in subsidiary	–	6,255
Share of results in associates	(1,572)	(3,221)
Gain on disposal of marketable securities	–	(199)
Gain on disposal of other investments	(7,876)	–
Loss on disposal of land held for property development	2,114	–
Provision/(reversal) for diminution in value of other investments	717	(1,984)
Provision/(reversal) for diminution in value of marketable securities	1,794	(2,843)
Provision for doubtful debts	893	2,354
Bad debts written off	58	1,489
Property, plant and equipment written off	138	–
Impairment losses on land held for property development	–	18,479
Impairment losses on goodwill	1,643	2,833
Impairment losses on investment in associates	54	–
Marketable securities written off	267	–
Amortisation of endowment fund premium	11	11
Investment in unquoted shares written off	–	6
Unrealised returns on endowment policy	(172)	(168)
Net accretion of negative goodwill	(1,214)	(840)
Gross dividend income from quoted investments	(352)	(501)
Rental income	(6,194)	(5,026)
Interest income	(2,498)	(2,380)
Interest expense	2,515	5,640
Operating profit before working capital changes	51,282	54,445
(Increase)/decrease in receivables	(24,302)	3,226
(Increase)/decrease in inventories	(1,768)	19,262
Decrease in land held for property development/property development costs	45,344	59,833
Increase in payables	1,261	1,883
Cash generated from operations	71,817	138,649
Taxes paid	(24,566)	(19,801)
Net cash generated from operating activities	47,251	118,848

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2004

	2004 RM'000	2003 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	622	1,868
Proceeds from disposal of marketable securities	-	341
Proceeds from capital distribution in marketable securities	-	730
Proceeds from disposal of investment in subsidiaries	-	6,460
Consideration paid for the acquisition of equity interest in subsidiaries	(499)	-
Purchase of property, plant and equipment	(4,137)	(2,607)
Rental income received	6,194	5,026
Interest received	2,498	2,380
Dividend income received		
An associate	-	579
Other quoted investments	117	391
Net cash generated from investing activities	4,795	15,168
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(1,903)	(7,356)
Interest paid	(2,515)	(5,664)
Repayment of short term borrowings	(18,378)	(36,811)
Repayment of hire purchase and lease payables	(1,121)	(704)
Dividend paid	(3,737)	-
Net cash used in financing activities	(27,654)	(50,535)
Effects of exchange rate changes	-	(147)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,392	83,334
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	107,471	24,137
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 13)	131,863	107,471

The accompanying notes form an integral part of the financial statements.

BALANCE sheet

as at 31 December 2004

	Note	2004 RM'000	2003 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,275	1,689
Investment in subsidiaries	5	242,391	241,892
Other investments	7	587	587
		244,253	244,168
CURRENT ASSETS			
Other receivables	11	380,484	402,696
Cash and bank balances	13	927	80
		381,411	402,776
CURRENT LIABILITIES			
Short term borrowings	15	25,000	42,794
Other payables	18	19,547	27,746
Tax payable		521	521
		45,068	71,061
NET CURRENT ASSETS			
		336,343	331,715
		580,596	575,883
FINANCED BY:			
Share capital	19	259,526	259,526
Reserves		321,070	316,357
Shareholders' equity		580,596	575,883

The accompanying notes form an integral part of the financial statements.

INCOME statement

for the year ended 31 December 2004

	Note	2004 RM'000	2003 RM'000
Revenue	24	18,000	11,000
Cost of sales		-	-
Gross profit		18,000	11,000
Other operating income		559	4,814
Administrative expenses		(2,772)	(3,471)
Other operating expenses		(489)	(2,032)
Profit from operations	26	15,298	10,311
Finance cost	29	(1,808)	(3,383)
Profit before taxation		13,490	6,928
Taxation	30	(5,040)	(2,895)
Net profit for the year		8,450	4,033

The accompanying notes form an integral part of the financial statements.

STATEMENT OF changes in equity

for the year ended 31 December 2004

	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000
At 1 January 2003	259,526	402,654	(90,330)	571,850
Net profit for the year	–	–	4,033	4,033
At 31 December 2003	259,526	402,654	(86,297)	575,883
Net profit for the year	–	–	8,450	8,450
Dividend	–	–	(3,737)	(3,737)
At 31 December 2004	259,526	402,654	(81,584)	580,596

The accompanying notes form an integral part of the financial statements.

CASH FLOW

statement

for the year ended 31 December 2004

	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,490	6,928
Adjustment for:		
Depreciation	487	602
Interest expense	1,808	3,383
Impairment losses on investment in subsidiaries	–	1,406
Gain on disposal of property, plant and equipment	(62)	(156)
Interest income	(11)	(606)
Gross dividend income	(18,000)	(11,000)
Operating (loss)/profit before working capital changes	(2,288)	557
Decrease/(increase) in receivables	27,251	(12,063)
(Decrease)/increase in payables	(13,239)	34,189
Net cash generated from operating activities	11,724	22,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(77)	(1,133)
Additional investment in subsidiary	(499)	–
Dividend received	12,960	7,920
Interest received	11	606
Proceeds from disposal of property, plant and equipment	67	165
Net cash generated from investing activities	12,462	7,558
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,737)	–
Interest paid	(1,808)	(3,383)
Repayment of term loans	–	(1,829)
Repayment of short term borrowings	(17,794)	(25,153)
Net cash used in financing activities	(23,339)	(30,365)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	847	(124)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	80	204
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 13)	927	80

NOTES TO THE financial statements

31 December 2004

1. CORPORATE INFORMATION

The principal activity of the Company is that of investment holding. 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 Main Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Lot 301, 3rd Floor, Wisma Dijaya, No. 1A, Jalan SS20/1, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 677 (2003: 684) and 2 (2003: 19) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 March 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2004, the Group adopted the following MASB Standard for the first time:
MASB 32 Property Development Activities

The adoption of MASB 32 has not given rise to any adjustments to the opening balances of accumulated losses of the prior and current year. Comparatives, however, have been restated, as disclosed in Note 34 to conform to changes in presentation required by MASB 32 that have been applied retrospectively.

(b) Basis of Consolidation

(i) Subsidiaries

The 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 control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation. The policy for the measurement of goodwill and negative goodwill is in accordance with Note 2(c).

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

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

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

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

(c) Goodwill and Negative Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiaries and associates as at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the respective carrying amounts of those investments. Goodwill is amortised on a straight-line basis over its estimated useful life of 20 years.

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of subsidiaries or associates at the date of acquisition over the cost of acquisition.

Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when future losses and expenses are recognised.

(d) Investments in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

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

NOTES TO THE FINANCIAL STATEMENTS 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(r).

Freehold land is not depreciated. Leasehold land and golf course expenditure are depreciated over the period of the lease of 99 years which will expire on 29 April 2059. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Leasehold buildings	2% – 5%
Plant and machinery	5% – 15%
Office furniture, fittings and equipment	10% – 25%
Motor vehicles	20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(f) Land Held for Property Development and Property Development Costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (r).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by reference to the value of work certified.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Engineering Contracts

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

Where the outcome of an engineering contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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

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

(h) Inventories

Inventories represent completed residential and commercial properties, consumables and finished goods.

Inventories of completed properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

Inventories of consumables are stated at the lower of cost and net replacement cost. Cost is determined on the first-in, first-out basis.

Finished goods are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of finished goods includes direct materials, direct labour, other direct costs and appropriate production overheads.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call, net of outstanding bank overdrafts.

(j) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

(i) Finance Leases

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

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(e).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Leases (Cont'd)

(ii) Operating Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(k) Provisions for Liabilities

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

(l) Income Tax

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

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

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

(m) Sinking Fund Reserve

Sinking fund reserve of the Group is established for the purpose of covering costs of periodic major repairs or capital replacements in the golf and country resort of the Group. A fraction of 10% of monthly subscription fees received from members during the year are credited to this reserve.

The amount credited into the reserve during the year is subsequently paid to a fund in the first month following the year. This fund is kept in a separate trust account and administered by a Trustee.

Monies in the sinking fund are invested by the Trustee. Any income arising out of the investment is accrued to the fund.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Deferred License Fees

License fees are received upon admission of new members of the golf and country resort of the Group after January 1993, and are recognised to the income statement over the remaining terms of the membership licenses, which would expire on 9 October 2051.

(o) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(p) Revenue Recognition

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

(i) Sale of Properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2 (f). All anticipated losses are fully provided for.

Revenue from the sale of land and completed properties are recognised as and when billings are raised.

(ii) Recreation and Resort Operations

Entrance fees are recognised upon signing of membership agreements. Deferred license fees are recognised over the period of the membership. Income from monthly subscription fees is recognised on an accrual basis.

(iii) Engineering Contracts

Revenue from engineering contracts is recognised based on the percentage of completion method as described in Note 2(g).

(iv) Sale of Goods

Revenue relating to sale of goods is recognised net of discounts and returns upon the transfer of risks and rewards.

(v) Investment Income

Dividend income is recognised when the shareholder's right to receive payment is established. Interest and rental income are recognised on accrual basis except where there exists doubt as to its recoverability.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Foreign Currencies

(i) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded into Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange differences are taken to the income statement.

(ii) Foreign Entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates 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 included in the foreign exchange reserve in shareholders' equity.

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

	2004	2003
	RM	RM
United States Dollar	3.80	3.80
100 Hong Kong Dollars	48.88	49.23

(r) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amount of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(s) Financial Instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Financial Instruments (Cont'd)

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iii) 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 a review of all outstanding amounts as at the balance sheet date.

(iv) Trade and Other Payables

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

(v) Interest-Bearing Borrowings

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

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they were declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold	Golf course RM'000	Plant and machinery RM'000	Office	Motor vehicles RM'000	Total RM'000
		land and buildings RM'000			furniture, fittings and equipment RM'000		
Cost							
At 1 January 2004	7,374	268,990	46,701	20,318	11,191	3,345	357,919
Additions	–	922	–	1,083	1,727	405	4,137
Disposals	–	(211)	–	(774)	(259)	(720)	(1,964)
Write off	–	–	–	–	(277)	–	(277)
At 31 December 2004	7,374	269,701	46,701	20,627	12,382	3,030	359,815
Accumulated Depreciation and Impairment Losses							
At 1 January 2004	–	32,946	7,687	17,891	7,888	1,690	68,102
Additions	–	4,225	817	513	813	454	6,822
Disposals	–	(35)	–	(756)	(159)	(665)	(1,615)
Write off	–	–	–	–	(139)	–	(139)
At 31 December 2004	–	37,136	8,504	17,648	8,403	1,479	73,170
Net Book Value							
At 31 December 2004	7,374	232,565	38,197	2,979	3,979	1,551	286,645
At 31 December 2003	7,374	236,044	39,014	2,427	3,303	1,655	289,817
Details at 1 January 2003							
Cost	7,374	268,929	46,701	21,157	11,364	3,671	359,196
Accumulated depreciation	–	30,683	6,870	18,253	7,336	2,438	65,580
Depreciation charge for 2003							
Recognised in income statements (Note 26)	–	2,262	817	792	1,315	410	5,596

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2004	2,653	1,237	3,890
Additions	77	–	77
Disposals	–	(236)	(236)
At 31 December 2004	2,730	1,001	3,731
Accumulated Depreciation and Impairment Losses			
At 1 January 2004	1,883	318	2,201
Additions	273	214	487
Disposals	–	(232)	(232)
At 31 December 2004	2,156	300	2,456
Net Book Value			
At 31 December 2004	574	701	1,275
At 31 December 2003	770	919	1,689
Details at 1 January 2003			
Cost	2,499	831	3,330
Accumulated depreciation	1,378	784	2,162
Depreciation charge for 2003			
Recognised in income statements (Note 26)	505	97	602

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM4,137,000 (2003: RM3,569,000) and RM77,000 (2003: RM1,133,000) respectively of which RM Nil (2003: RM963,000) of the property, plant and equipment of the Group were acquired by means of hire purchase arrangements.

(b) Net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2004 RM'000	2003 RM'000
Plant and machinery	–	1,641
Motor vehicles	–	240
	–	1,881

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (c) The net book values of property, plant and equipment pledged to financial institutions for short term borrowings as referred to in Note 15 are as follows:

	Group	
	2004 RM'000	2003 RM'000
Freehold land	7,374	7,374
Long term leasehold land and buildings	86,942	88,076
Golf course	38,196	39,013
	132,512	134,463

4. LAND HELD FOR DEVELOPMENT/PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	Group	
	2004 RM'000	2003 RM'000
Cost		
At 1 January:		
Freehold land	25,815	17,488
Leasehold land	41,700	50,004
Additions	2,156	23
Disposal	(37,175)	-
At 31 December	32,496	67,515
Accumulated Impairment Losses		
At 1 January	18,479	-
Impairment losses for the year	-	18,479
Disposal	(1,439)	-
At 31 December	17,040	18,479
Carrying Amount at 31 December	15,456	49,036

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

4. LAND HELD FOR DEVELOPMENT/PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property Development Costs

	Group	
	2004 RM'000	2003 RM'000
Property development costs at 1 January:		
Freehold land	168,404	168,404
Leasehold land	317,451	317,451
Development costs	157,681	132,052
	643,536	617,907
Costs incurred during the year:		
Development costs	62,199	25,629
	62,199	25,629
Costs recognised in income statement:		
At 1 January	(264,824)	(234,556)
Recognised during the year (Note 25)	(61,837)	(30,268)
At 31 December	(326,661)	(264,824)
Transfers:		
To inventories	(20,295)	(6,055)
	(20,295)	(6,055)
Property development costs at 31 December	358,779	372,657

The freehold and leasehold land of the Group amounting to RM10,225,000 (2003: RM50,284,000) have been pledged as security for bank borrowings as referred to in Note 15.

Included in development expenditure of the Group is interest capitalised during the financial year amounting to RM Nil (2003: RM24,000).

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2004 RM'000	2003 RM'000
Unquoted shares at cost	249,219	248,720
Less: Accumulated impairment losses	(6,828)	(6,828)
	242,391	241,892

On 29 October 2004, the Company subscribed for additional 499,000 ordinary shares of RM1.00 each in the share capital of its wholly-owned subsidiary, Aspek Analisa Sdn. Bhd. ("AASB") for a total consideration of RM499,000, thereby increasing its shareholding from 1,000 ordinary shares of RM1.00 each to 500,000 ordinary shares of RM1.00 each, representing the entire enlarged issued paid up share capital of AASB.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2004	2003	
Accroway Sdn. Bhd.	Malaysia	100	100	Investment holding
Arah Pelangi Sdn. Bhd.	Malaysia	100	100	Investment and property holding
* Aspek Analisa Sdn. Bhd.	Malaysia	100	100	Property development
* Dijaya Management Services Sdn. Bhd.	Malaysia	100	100	Property management and maintenance services
JMI Manufacturing Sdn. Bhd.	Malaysia	100	100	Dormant
Terbit Berkat Sdn. Bhd.	Malaysia	100	100	Investment holding
Jasa Megah Marketing Sdn. Bhd.	Malaysia	100	100	Dormant
* Dijaya Development Sdn. Bhd. (formerly known as Dijaya Construction Sdn. Bhd.)	Malaysia	100	100	Investment holding
* Dijaya Credit & Leasing Sdn. Bhd.	Malaysia	100	100	Credit and leasing
* Bright Phase Sdn. Bhd.	Malaysia	100	100	Investment holding
Ikatan Engineering Sdn. Bhd.	Malaysia	80.1	80.1	Contractor for mechanical and structural fabrication works
* Malaysian PR Services Sdn. Bhd.	Malaysia	100	100	Dormant
* Banjaran Mutiara Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment holding
* Izasaja Sdn. Bhd. (In members' voluntary winding up)	Malaysia	100	100	Dormant
* Nagasari Cerdas Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment holding
* Desiran Realiti Sdn. Bhd.	Malaysia	100	100	Investment holding
* Seleksi Kembara Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment holding
* Dijaya Wangsa Sdn. Bhd.	Malaysia	60	60	Dormant
Sumber Saujana Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment holding
Sinbor Corporation Sdn. Bhd.	Malaysia	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS 31 December 2004

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2004	2003	
Tropicana Golf and Country Resort Berhad and its subsidiaries:	Malaysia	100	100	Real property and resort development
* Tropicana Management Services Sdn. Bhd.	Malaysia	100	100	Property management and maintenance services
Nadi Jelita Sdn. Bhd.	Malaysia	100	100	Property holding
Puncak Suria Sdn. Bhd.	Malaysia	100	100	Property development
Mawar Hebat Sdn. Bhd.	Malaysia	55	55	Property development
* Desiran Idaman Sdn. Bhd.	Malaysia	100	100	Dormant
* Dijaya Digital Sdn. Bhd. and its subsidiaries:	Malaysia	100	100	Investment holding
* Dijaya dotCom.Ventures Limited	Hong Kong	100	100	Investment holding
* Atlantic Marketing Sdn. Bhd.	Malaysia	100	100	Ceased operations
Bakat Rampai Sdn. Bhd. and its subsidiaries:	Malaysia	100	100	Investment holding
Dijaya Land Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Property development
* DiCasa Management Services Sdn. Bhd.	Malaysia	100	100	Property management and maintenance services
Dicorp Land Sdn. Bhd.	Malaysia	100	100	Property development
Maxi Legacy Sdn. Bhd.	Malaysia	100	100	Dormant
Irama Sejati Sdn. Bhd. and its subsidiary:	Malaysia	100	100	Investment holding
* Damansara Impian Sdn. Bhd.	Malaysia	70	70	Property development

* Audited by firms of auditors other than Ernst & Young

NOTES TO THE FINANCIAL STATEMENTS

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6. INVESTMENT IN ASSOCIATES

	Group	
	2004 RM'000	2003 RM'000
In Malaysia:		
Unquoted shares at cost	26,546	26,546
Share of post-acquisition reserve	21,558	20,388
	48,104	46,934
Less: Accumulated impairment losses	(290)	(236)
Accumulated amortisation of goodwill	(2,347)	(704)
	45,467	45,994
Represented by:		
Share of net assets	45,467	44,351
Goodwill on acquisition	2,347	2,347
Less: Accumulated amortisation of goodwill	(2,347)	(704)
	45,467	45,994

The balance of unamortised goodwill on acquisition of RM1,643,000 of an associate was written off to the income statement during the financial year.

Details of the associates are as follows:

Name of Company	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2004	2003	
Tenaga Kimia Berhad	Malaysia	30	30	Manufacture of explosives, chemicals and blasting accessories
Ikatan Hulee Engineering (J.V) Sdn. Bhd.	Malaysia	50	50	Ceased operation
Ikatan Technology Sdn. Bhd.	Malaysia	33	33	Ceased operation
South Johor Equities Sdn. Bhd.	Malaysia	31	31	Ceased operation

NOTES TO THE FINANCIAL STATEMENTS

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7. OTHER INVESTMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At cost:				
Unquoted shares in Malaysia	1,800	103,449	-	-
Less: Provision for diminution in value	(1,799)	(67,208)	-	-
	1	36,241	-	-
Quoted shares in Malaysia	87,406	43,289	-	-
Less: Provision for diminution in value	(36,676)	(35,959)	-	-
	50,730	7,330	-	-
Transferable club memberships	587	587	587	587
	51,318	44,158	587	587
Market value of quoted shares*	95,364	8,145	-	-

During the financial year, Bakat Rampai Sdn. Bhd., a wholly-owned subsidiary of the Company, concluded its share sale agreement to dispose its entire 11.25% equity interest in Berjaya Times Square Sdn. Bhd. ("BTSSB") to Matrix International Berhad ("MIB") for a consideration of RM88.2 million which was satisfied by the issuance of 63 million new ordinary shares of RM1.00 each in MIB at an issue price of RM1.40 per share. The MIB shares were received on 31 December 2004 but also on that day, trading in MIB shares were suspended owing to failure to comply with the public spread requirement of Bursa Malaysia Securities Berhad. In consequence thereof, the Board of Directors decided to assess the fair value of MIB shares by reference to the latest information available and such fair value was adopted in the financial statements.

In previous year, investment in quoted shares of the Group costing RM4,783,000 was pledged as security for bank overdraft facilities.

* The market value of the quoted shares is based on the respective closing prices as at 31 December, except for the market value of MIB shares which is based on the last transacted pre-suspension price on 31 December 2004.

8. SECURITY RETAINERS ACCUMULATION FUND

	Group	
	2004 RM'000	2003 RM'000
At 1 January	2,108	1,940
Unrealised returns	172	168
	2,280	2,108
Less: Accumulated amortisation	(114)	(103)
At 31 December	2,166	2,005

The security retainers accumulation fund of the golf and country resort of the Group relates to the unamortised portion of the single premium paid for the purchase of a "Group Endowment with Profits" policy from a local insurer in 1994 and the unrealised returns which accrues to this policy on a cumulative basis, annually. The total accumulated returns together with the insured sum will only be received upon maturity of the said policy on 2 October 2051. The purpose of this scheme is to provide the Group with funds to repay the security retainers received from members of the golf and country resort of the Group, who registered prior to January 1993, at the end of their membership license term on 9 October 2051.

NOTES TO THE FINANCIAL STATEMENTS

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9. INVENTORIES

	Group	
	2004 RM'000	2003 RM'000
At cost:		
Completed properties	34,195	32,756
Consumable stores and spares	661	725
Finished goods	1,303	910
	36,159	34,391

The cost of inventories recognised as an expense during the year in the Group amounted to RM17,697,000 (2003: RM23,072,000).

10. TRADE RECEIVABLES

	Group	
	2004 RM'000	2003 RM'000
Trade receivables	45,415	29,363
Accrued billings in respect of property development costs	5,858	–
Due from customers on engineering contracts	5,386	3,166
Retention sums from engineering contracts	176	8
Less: Provision for doubtful debts	(5,625)	(5,012)
	51,210	27,525

The retention sums and amounts due from customers on engineering contracts are represented as follows:

	Group	
	2004 RM'000	2003 RM'000
Engineering contract costs incurred to date	14,587	22,792
Attributable profits	1,240	3,047
Foreseeable losses	(106)	(721)
	15,721	25,118
Less: Progress billings	(10,609)	(22,103)
	5,112	3,015
Due from customers on engineering contracts, included under trade receivables	5,386	3,166
Due to customers on engineering contracts, included under trade payables (Note 17)	(274)	(151)
	5,112	3,015
Retention sums on engineering contracts, included under trade receivables	176	8
Advances received on contracts, included under trade payables (Note 17)	(2,867)	(107)
Contract cost recognised as an expense	16,646	18,884

The Group's normal trade credit term ranges from 14 to 120 days (2003: 14 to 120 days). Other credit terms are assessed and approved on a case-to-case basis.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

11. OTHER RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due from subsidiaries	–	–	489,522	506,443
Less: Provision for doubtful debts	–	–	(110,080)	(110,080)
	–	–	379,442	396,363
Due from associate	18	18	18	18
Tax recoverable	3,000	8,180	808	5,980
Deposits				
– Acquisition of land	–	21,944	–	–
– Other	1,433	1,271	–	–
Less: Provision for doubtful debts	–	(21,943)	–	–
	1,433	1,272	–	–
Sundry receivables	4,184	4,657	313	432
Less: Provision for doubtful debts	(678)	(725)	(97)	(97)
	3,506	3,932	216	335
	7,957	13,402	380,484	402,696

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

The Group has no significant concentration of credit risk included under sundry receivables that may arise from exposures to a single debtor or to groups of debtors.

12. MARKETABLE SECURITIES

	Group	
	2004 RM'000	2003 RM'000
At cost:		
Quoted shares, in Malaysia	34,349	35,879
Less: Provision for diminution in value	(9,228)	(8,710)
	25,121	27,169
Quoted loan stocks, in Malaysia	325	325
Less: Provision for diminution in value	(225)	(242)
	70	83
	25,191	27,252
Market values:		
Quoted shares in Malaysia	25,134	29,226
Quoted loan stocks in Malaysia	70	85

In previous year, investment in quoted shares and loan stocks of the Group costing RM18,715,000 was pledged to a licensed bank for a bank overdraft facility.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits with licensed banks	47,690	21,327	–	–
Cash on hand and at banks	87,780	97,783	927	80
Cash and bank balances	135,470	119,110	927	80
Cash and bank balances	135,470	119,110	927	80
Less: Bank overdrafts (Note 15)	(3,159)	(10,711)	–	–
Cash and cash equivalents	132,311	108,399	927	80
Less: Cash and cash equivalents not available for use	(448)	(928)	–	–
	131,863	107,471	927	80

Included in cash at banks of the Group are amounts of RM76,488,000 (2003: RM87,439,000) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966 and Housing Developers (Housing Development Account) Regulations 1991 and therefore restricted from use in other operations.

Included in deposits with licensed banks of the Group are:

- Deposits held in trust by a trustee of RM448,000 (2003: RM928,000), representing cash and cash equivalents not available for use.
- Deposits amounting to RM150,000 (2003: RM583,000) which were pledged as security for bank guarantees granted to the Group.

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group	
	2004 %	2003 %
Licensed banks	2.81	2.88

The average maturities of deposits as at the end of the financial year were as follows:

	Group	
	2004 Days	2003 Days
Licensed banks	25	25

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

14. PROVISION FOR LIQUIDATED ASCERTAINED DAMAGES

	Group	
	2004 RM'000	2003 RM'000
At 1 January		
Utilisation of provision during the year	664	725
Unused amount reversed during the year	(231)	(61)
At 31 December	-	-
	433	664

Provision for liquidated ascertained damages is in respect of projects undertaken by a certain subsidiary in the Group. The provision is recognised for expected liquidated ascertained damages claims based on the terms of the applicable sale and purchase agreements, which are expected to be settled within one year.

15. BORROWINGS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Short Term Borrowings				
Secured:				
Bank overdrafts (Note 13)	3,159	10,711	-	-
Revolving credits	25,000	42,794	25,000	42,794
Bankers' acceptance	1,759	1,422	-	-
Term loan	1,320	1,100	-	-
Bridging loan	-	1,724	-	-
Hire purchase and lease payable (Note 16)	-	538	-	-
	31,238	58,289	25,000	42,794
Long Term Borrowings				
Secured:				
Term loan	1,578	2,898	-	-
Hire purchase and lease payable (Note 16)	-	583	-	-
	1,578	3,481	-	-
Total Borrowings				
Bank overdrafts (Note 13)	3,159	10,711	-	-
Revolving credits	25,000	42,794	25,000	42,794
Bankers' acceptance	1,759	1,422	-	-
Term loan	2,898	3,998	-	-
Bridging loan	-	1,724	-	-
Hire purchase and lease payables (Note 16)	-	1,121	-	-
	32,816	61,770	25,000	42,794

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

15. BORROWINGS (CONT'D)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Maturity of borrowings (excluding hire purchase and lease payables):				
Within one year	31,238	57,751	25,000	42,794
Between one and two years	1,578	2,640	–	–
Between two and five years	–	258	–	–
	32,816	60,649	25,000	42,794

The term loan is repayable by 36 monthly instalments which commenced from March 2004.

The weighted average effective interest rates during the financial year for borrowings, excluding hire purchase and finance lease payables, were as follows:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Bank overdrafts	7.25	8.12	–	–
Revolving credits	5.00	5.86	5.00	5.86
Bankers' acceptance	2.88 – 3.20	2.93 – 3.25	–	–
Term Loan	9.00	8.50	–	–
Bridging Loan	–	8.70	–	–

The secured bank overdrafts, revolving credits and bankers' acceptance of the Group are secured by certain assets of the Group and of the Company as follows:

- (i) Fixed charge over certain property, plant and equipment as disclosed in Note 3;
- (ii) Fixed charge over certain land held for property development and property development cost as disclosed in Note 4;
- (iii) Fixed and floating charge over the assets of certain subsidiaries.

The term loan is secured by the following:

- (i) Fixed charge over certain land held for property development and property development cost as disclosed in Note 4; and
- (ii) Fixed and floating charge over the assets of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

16. HIRE PURCHASE AND LEASE PAYABLES

	Group	
	2004 RM'000	2003 RM'000
Minimum lease payments:		
Not later than one year	-	599
Later than 1 year and not later than 2 years	-	420
Later than 2 years and not later than 5 years	-	212
	-	1,231
Less: Future finance charges	-	(110)
Present value of finance lease liabilities	-	1,121
Present value of finance lease liabilities:		
Not later than 1 year	-	538
Later than 1 year and not later than 2 years	-	391
Later than 2 years and not later than 5 years	-	192
	-	1,121
Analysed as:		
Due within 12 months (Note 15)	-	538
Due after 12 months (Note 15)	-	583
	-	1,121

The hire purchase and lease liabilities bore interest between 3.75% to 6.00% per annum in the previous year.

17. TRADE PAYABLES

	Group	
	2004 RM'000	2003 RM'000
Trade payables	59,934	39,352
Progress billings in respect of property development costs	65,407	77,032
Due to customers on engineering contracts (Note 10)	274	151
Advances received from engineering contracts (Note 10)	2,867	107
	128,482	116,642

The normal trade credit term granted to the Group ranges from 30 to 90 days (2003: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

18. OTHER PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due to subsidiaries	–	–	19,264	27,377
Due to an associate	33,757	33,757	–	–
Due to a director of the Company	8,073	25,273	–	–
Due to shareholders of subsidiaries	751	751	–	–
Due to directors of subsidiaries	6,383	5,671	–	–
Advances from third parties	213	213	–	–
Deposits	6,555	9,660	–	–
Sundry payables	29,589	19,106	283	369
	85,321	94,431	19,547	27,746

The amounts due to subsidiaries, associate, shareholders of the subsidiaries, a director of the Company, directors of subsidiaries and advances from third parties are unsecured, interest free and have no fixed terms of repayment.

19. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2004 '000	2003 '000	2004 RM'000	2003 RM'000
Authorised:				
At 1 January/31 December	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January/31 December	259,526	259,526	259,526	259,526

The Dijaya Corporation Berhad ESOS is governed by the by-laws which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 13 February 1998 and became effective on 26 February 2000.

The main features of the ESOS are as follows:

- (i) Eligible employees (including full-time Executive Directors) are employees who have been confirmed in the employment of the Company or its non-listed subsidiaries (excluding dormant subsidiaries) and served at least one continuous year with the Group on or prior to the date of offer, the date on which a selected employee is notified in writing of the offer to participate in the ESOS ("Date of Offer").
- (ii) The maximum number of shares that may be offered under the ESOS shall not be more than ten per centum (10%) of the total issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the ESOS which shall be in force for a period of five years, and has expired on 26 February 2005 ("Date of Expiry").
- (iii) No option shall be granted for less than 1,000 shares or more than 500,000 shares.
- (iv) The options granted may be exercised at any time, whilst the option holder is in the employment of the Group from the Date of Offer to the Date of Expiry or such shorter period prescribed in the offer.

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31 December 2004

19. SHARE CAPITAL (CONT'D)

- (v) An option may be exercised in respect of such lesser number of ordinary shares provided that the number shall be in multiples of and not less than 1,000 shares. Such partial exercise of an option shall not preclude the holder from exercising the options on the balance of the ordinary shares, if any, which the option holder is entitled to subscribe under the ESOS.
- (vi) The exercise price for each ordinary share under the option scheme shall be based on the average of the mean market quotation of the ordinary shares of the Company as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the respective dates of offer or at the par value of the ordinary shares of the Company of RM1, whichever is the higher.
- (vii) The options granted do not confer any right to participate in any share issue of any other company

At 31 December 2004, the Company has 1,692,000 (2003: 1,795,000) and 2,556,000 (2003: 2,757,000) unissued ordinary shares under option at exercise prices of RM3.266 (2003: RM3.266) and RM1.05 (2003: RM1.05) per share respectively.

The ESOS has expired on 26 February 2005 and upon the expiry, all outstanding unexercised options under the ESOS has lapsed and are deemed null and void.

20. DEFERRED TAXATION

	Group	
	2004 RM'000	2003 RM'000
At 1 January	110,968	121,744
Recognised in the income statement (Note 30)	(12,193)	(10,776)
At 31 December	98,775	110,968
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	100,966	112,303
Deferred tax assets	(2,191)	(1,335)
	98,775	110,968

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

Deferred Tax Liabilities of the Group

	Accelerated Capital Allowances RM'000	Fair Value Adjustment on Business Combination RM'000	Others RM'000	Total RM'000
	At 1 January 2004	11,296	96,695	4,312
Recognised in the income statement	233	(16,172)	4,602	(11,337)
At 31 December 2004	11,529	80,523	8,914	100,966

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20. DEFERRED TAXATION (CONT'D)

Deferred Tax Assets of the Group

	Provision for Liabilities RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2004	(27)	(921)	(387)	(1,335)
Recognised in the income statement	(17)	(429)	(410)	(856)
At 31 December 2004	(44)	(1,350)	(797)	(2,191)

Deferred tax asset has not been recognised in respect of the following items:

	2004 RM'000	2003 RM'000
Unused tax losses	20,925	19,594
Unabsorbed capital allowances	40	-

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

21. SINKING FUND RESERVE

	Group	
	2004 RM'000	2003 RM'000
At 1 January	3,562	4,629
Additions	954	1,486
Claims made during the financial year	(1,706)	(2,553)
At 31 December	2,810	3,562

22. SECURITY RETAINERS

Security retainers are collected from members of the golf and country resort of the Group who joined prior to January 1993. These security retainers are refundable to the members on cessation of membership, upon the expiry of the term of the membership license on 9 October 2051 or upon revocation or termination of the membership at its discretion at any time before the expiry date.

NOTES TO THE FINANCIAL STATEMENTS

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23. NEGATIVE GOODWILL, NET

	Group	
	2004 RM'000	2003 RM'000
Goodwill:		
At 1 January	18,357	28,609
Disposal of subsidiary - unamortised goodwill	–	(10,252)
	18,357	18,357
Less: Accumulated amortisation	(9,929)	(9,483)
Accumulated impairment losses	(4,069)	(4,069)
At 31 December	4,359	4,805
Negative goodwill:		
At 1 January	(33,211)	(33,211)
Add: Accumulated accretion	13,622	11,962
At 31 December	(19,589)	(21,249)
Negative goodwill, net	(15,230)	(16,444)

24. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue and progress billings net of discount from sale of development properties	169,080	133,728	–	–
Revenue from recreation and resort operations	19,261	17,882	–	–
Revenue from certified value of contracts and sales of trading goods	18,836	21,567	–	–
Revenue from internet related ventures	–	2,953	–	–
Property management and maintenance fee income	6,224	6,153	–	–
Interest income from investment holding, credit and leasing activities	16	16	–	–
Gross dividend income from:				
– Subsidiary	–	–	18,000	11,000
– Other quoted instruments	352	501	–	–
	213,769	182,800	18,000	11,000

25. COST OF SALES

Cost of sales of the Group represents cost of property development costs, costs of inventories sold, contract costs incurred and cost of consumables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

26. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Staff costs (Note 27)	14,959	15,158	1,021	1,529
Directors' remuneration (Note 28)	3,098	2,125	285	458
Auditors' remuneration:				
Statutory audits	194	194	43	43
Other services	3	3	3	3
Depreciation	6,822	5,596	487	602
Rental of office premises	571	536	535	536
Rental of office equipment	60	43	23	11
Amortisation of endowment fund premium	11	11	–	–
Bad debts written off	58	1,489	15	–
Property, plant and equipment written off	138	–	–	–
Marketable securities written off	267	–	–	–
Investment in unquoted shares written off	–	6	–	–
Provision/(reversal of provision) for doubtful debts:				
– Trade receivables	902	2,284	–	–
– Other receivables	(9)	70	–	–
Impairment losses on land held for property development	–	18,479	–	–
Impairment losses on goodwill	1,643	2,833	–	–
Impairment losses on investment in:				
– subsidiaries	–	–	–	1,406
– associates	54	–	–	–
Loss on disposal of investment in subsidiary	–	6,255	–	–
Loss on disposal of land held for property development	2,114	–	–	–
Provision/(reversal) for diminution in value of				
– other investments	717	(1,984)	–	–
– marketable securities	1,794	(2,843)	–	–
Gain on disposal of marketable securities	–	(199)	–	–
Gain on disposal of investment in BTSSB	(7,876)	–	–	–
Gain on disposal of property, plant and equipment	(273)	(97)	(62)	(156)
Deposits for acquisition of land provided against previously, now recovered	–	(4,029)	–	(4,029)
Unrealised returns on endowment policy	(172)	(168)	–	–
Rental income	(6,194)	(5,026)	–	–
Interest income	(2,498)	(2,380)	(11)	(606)
Net accretion of negative goodwill arising from acquisition of subsidiaries and an associate	(1,214)	(840)	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

27. STAFF COSTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Salary and bonuses	12,241	12,714	843	1,253
Social security costs	137	70	6	8
Short term accumulating compensated absences	8	151	(27)	27
Pension costs – defined contribution plan	1,476	1,459	103	166
Other staff related expenses	1,097	764	96	75
	14,959	15,158	1,021	1,529

28. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	1,789	976	223	258
Bonus	452	183	–	62
Benefits-in-kind	32	27	–	–
	2,273	1,186	223	320
Non-Executive:				
Fees	105	141	57	133
Other emolument	5	5	5	5
	110	146	62	138
Other Directors				
Executive:				
Salaries and other emoluments	549	657	–	–
Bonus	107	86	–	–
	656	743	–	–
Other Directors				
Non-Executive:				
Fees	66	28	–	–
Other emoluments	25	48	–	–
	91	76	–	–
Total	3,130	2,151	285	458

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

28. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	2,897	1,902	223	320
Total non-executive directors' remuneration	201	223	62	138
Total directors' remuneration	3,098	2,125	285	458

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2004	2003
Executive directors:		
RM100,001 – RM150,000	–	1
RM300,001 – RM350,000	–	1
RM350,001 – RM400,000	1	–
RM700,001 – RM750,000	–	1
RM850,001 – RM900,000	1	–
RM950,001 – RM1,000,000	1	–
Non-Executive directors:		
Below RM50,000	5	5
RM50,001 – RM100,000	–	1

29. FINANCE COSTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest expense on borrowings	2,515	5,664	1,808	3,383
Less: Amount capitalised in land held for property development/property development costs	–	(24)	–	–
	2,515	5,640	1,808	3,383

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

30. TAXATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Tax expense for the year:				
Malaysian income tax	22,765	20,267	5,040	2,895
Deferred tax:				
Relating to origination and reversal of temporary differences (Note 20)	(12,193)	(10,776)	–	–
Underprovided in prior years:				
Malaysian income tax	751	1,483	–	–
Share of taxation of associates	401	501	–	–
Real property gains tax	195	–	–	–
	11,919	11,475	5,040	2,895

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year.

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

	Group	
	2004 RM'000	2003 RM'000
Group		
Profit before taxation	54,407	29,041
Taxation at Malaysian statutory tax rate of 28 % (2003: 28%)	15,234	8,131
Effects of different tax rates for subsidiaries with paid-up capital of RM2.5 million and below	(122)	(32)
Income not subject to tax	(21,596)	(3,637)
Expenses not deductible for tax purposes	11,967	10,762
Utilisation of current year's tax losses and allowances	–	(6)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(662)	(5,883)
Deferred tax assets not recognised during the year	2,470	657
Underprovision of deferred tax in prior years	3,678	–
Underprovision of income tax expense in prior years	755	1,483
Real property gains tax	195	–
Tax expense for the year	11,919	11,475
Company		
Profit before taxation	13,490	6,928
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	3,777	1,940
Income not subject to tax	(20)	(50)
Expenses not deductible for tax purposes	1,283	2,133
Utilisation of previously unrecognised tax losses	–	(1,128)
Tax expense for the year	5,040	2,895

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

30. TAXATION (CONT'D)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Tax savings recognised during the year arising from utilisation of tax losses and unabsorbed capital allowances brought forward from previous years	662	5,883	–	1,128

31. EARNINGS PER SHARE

- (a) Basic earnings per share of the Group is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2004 RM'000	2003 RM'000
Net profit for the year	41,546	17,255
Weighted average number of ordinary shares in issue	259,526	259,526
Basic earnings per share (sen)	16.01	6.65

- (b) The effect on the basic earnings per share arising from the assumed exercise of ESOS is anti-dilutive. Accordingly, diluted earnings per share is not presented.

32. FOREIGN EXCHANGE RESERVE

This reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

33. DIVIDENDS

	Amount		Net Dividends per Ordinary Share	
	2004 RM'000	2003 RM'000	2004	2003
Final – 3% less 28% taxation on 259,525,583 ordinary shares (2003: 2% less 28% taxation on 259,525,583 ordinary shares, declared on 19 April 2004 and paid on 26 July 2004)	5,606	3,737	2.16	1.44

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2004, of 3% less 28% taxation on 259,525,583 ordinary shares amounting to a dividend payable of RM5,605,753 (2.16 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity in the financial year ending 31 December 2005.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

34. COMPARATIVES

	As restated RM'000	Adjustments RM'000	As previously stated RM'000
Group			
Land held for property development	49,036	(24,736)	24,300
Property development costs	295,625	24,736	320,361

This classification from property development costs to land held for property development relates to a piece of land for which development activities are not expected to be completed within the normal operating cycle.

35. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

During the financial year, the Group and Company adopted MASB 32: Property Development Activities for the first time. The adoption of MASB 32 did not give rise to any adjustments to the opening balance of accumulated losses of the prior and current year.

Comparative amounts as at 31 December 2003, however, have been restated as follows:

	Previously Stated RM'000	Adjustments RM'000	Restated RM'000
Group			
Property development costs	295,625	77,032	372,657
Progress billings included in trade payables	-	(77,032)	(77,032)

36. CONTINGENT LIABILITY

	Company	
	2004 RM'000	2003 RM'000
Unsecured corporate guarantees given to banks for credit facilities granted to certain subsidiaries	<u>2,918</u>	13,120

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Insurance charges payable to Berjaya General Insurance Berhad, a subsidiary of Berjaya Capital Berhad, of which Tan Sri Dato' Tan Chee Sing is a director	182	559	8	6
Rental expenses payable to Elite Meridian Sdn. Bhd., a company owned substantially by a director, Tan Sri Dato' Tan Chee Sing	535	535	535	535
Management fees receivable from Aliran Firasat Sdn. Bhd., a company owned substantially by a director, Tan Sri Dato' Tan Chee Sing	486	–	486	–
Rental income receivable from Inland Sports and Recreation Club Sdn Bhd., a company owned substantially by a director, Tan Sri Dato' Tan Chee Sing	465	317	–	–
Rental income receivable from TT Resources Berhad's subsidiaries, a group in which a director, Tan Sri Dato' Tan Chee Sing has substantial interest	707	670	–	–

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 those obtainable in transactions with unrelated parties.

38. SIGNIFICANT EVENTS

(a) During the financial year, Bakat Rampai Sdn. Bhd., a wholly-owned subsidiary of the Company, concluded its share sale agreement to dispose its entire 11.25% equity interest in Berjaya Times Square Sdn. Bhd. ("BTSSB") to Matrix International Berhad ("MIB") for a consideration of RM88.2 million which was satisfied by the issuance of 63 million new ordinary shares of RM1.00 each in MIB at an issue price of RM1.40 per share. The MIB shares were received on 31 December 2004 but also on that day, trading in MIB shares were suspended owing to failure to comply with the public spread requirement of Bursa Malaysia Securities Berhad. In consequence thereof, the Board of Directors decided to assess the fair value of MIB shares by reference to the latest information available and such fair value was adopted in the financial statements.

(b) On 26 October 2004, Izasaja Sdn. Bhd. ("ISB"), a wholly-owned subsidiary of Banjaran Mutiara Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company had commenced its members' voluntary winding up proceeding.

The Board of Directors are of the opinion that the winding up of ISB will not have any material financial and operational impact on the Group.

(c) On 5 January 2004, the Securities Commission approved the Company's application for a further extension of time of one year until 31 December 2004 for the implementation of the Special Bumiputera Issue of 31,000,000 new ordinary shares of RM1.00 each in the Company at par to Bumiputera investors approved by the Ministry of International Trade and Industry.

On 15 December 2004, the directors of the Company have decided not to seek an extension of time for the Special Bumiputera Issue and accordingly, the Securities Commission's approval for the implementation of the Special Issue had lapsed on 31 December 2004.

(d) The ESOS has expired on 26 February 2005 and upon the expiry, all outstanding unexercised options under the ESOS has lapsed and are deemed null and void.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

39. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

(b) Interest Rate Risk

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

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

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(d) Credit Risk

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

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

(e) Fair Values

The aggregate net fair values of financial assets and liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are as follows:

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
As 31 December 2004:				
Non-current investment in club memberships (Note 7)	587	⊕	587	⊕
Security retainers accumulation fund (Note 8)	2,166	⊕	–	–
Amounts due from subsidiaries (Note 11)	–	–	379,442	*
Amounts due from associate (Note 11)	18	*	18	*

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

39. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Values (Cont'd)

	Group		Company	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
As 31 December 2003:				
Non-current investment in club memberships (Note 7)	587	⊕	587	⊕
Security retainers accumulation fund (Note 8)	2,005	⊕	–	–
Amounts due from subsidiaries (Note 11)	–	–	396,363	*
Amounts due from associate (Note 11)	18	–	18	*

Financial Liabilities

As 31 December 2004:

Amounts due to subsidiaries (Note 18)	–	–	19,264	*
Amounts due to an associate (Note 18)	33,757	*	–	–
Amounts due to other related parties (Note 18)	15,207	*	–	–

Financial Liabilities

As 31 December 2003:

Amounts due to subsidiaries (Note 18)	–	–	27,377	*
Amounts due to an associate (Note 18)	33,757	*	–	–
Amounts due to other related parties (Note 18)	31,695	*	–	–
Hire purchase and finance lease payables** (Note 16)	1,121	1,270	–	–

⊕ *It is not practical to estimate the fair value because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the carrying amount represents the approximate recoverable values.*

* *It is not practical to estimate the fair value of amounts due from/to subsidiaries, associates and other related parties due principally to a lack of fixed repayment term entered into by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.*

** *The fair values of hire purchase and finance lease liabilities are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements.*

NOTES TO THE FINANCIAL STATEMENTS 31 December 2004

39. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Values (Cont'd)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Other Investments and Marketable Securities

The fair value of quoted shares and loan stocks is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Provision for Liabilities

The carrying amount of provisions approximate their fair values.

(iv) Long Term Borrowings

The carrying amounts of these floating rate loans are estimated to approximate fair value as the effective interest rates are not forecasted to differ from current market rates.

40. SEGMENTAL INFORMATION

(a) Business Segments:

The Group operates principally in Malaysia organised into three major business segments as follows:

- | | | | |
|-------|--------------------------------------|---|--|
| (i) | Real property and resort development | – | development of residential and commercial properties and provision of golfing and other sporting and recreational facilities |
| (ii) | Engineering and trading | – | mechanical and structural fabrication |
| (iii) | Investment | – | Investment income |

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

40. SEGMENTAL INFORMATION (CONT'D)

(a) Business Segments: (Cont'd)

Segmental Information by Business Segments:

	Real property and resort development		Engineering and trading		Investment holding		Others		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue and Expenses										
Revenue										
External sales	194,565	157,763	18,836	21,567	368	517	-	2,953	213,769	182,800
Results										
Profit from operations	55,852	33,270	(1,595)	367	(5,575)	7,068	6,668	(9,245)	55,350	31,460
Finance costs	(605)	(1,767)	(75)	(270)	(1,835)	(3,577)	-	(26)	(2,515)	(5,640)
Share of results of associates	-	-	-	-	1,572	3,220	-	-	1,572	3,221
Taxation	-	-	-	-	-	-	-	-	(11,919)	(11,475)
Profit after taxation									42,488	17,566
Minority interests									(942)	(311)
Net profit for the year									41,546	17,255
Assets and Liabilities										
Segment assets	938,568	851,521	14,826	11,427	16,761	115,813	196	592	970,351	979,353
Investment in equity method of associates	-	-	-	-	45,467	45,994	-	-	45,467	45,994
Consolidated total assets									1,015,818	1,025,347
Segment liabilities									450,051	496,517
	378,791	410,681	11,382	6,814	59,851	78,975	27	47		

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

40. SEGMENTAL INFORMATION (CONT'D)

(a) Business Segments: (Cont'd)

Segmental Information by Business Segments: (Cont'd)

	Real property and resort development		Engineering and trading		Investment holding		Others		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other information										
Capital expenditure	3,815	2,320	171	105	77	1,145	74	-	4,137	3,570
Depreciation	6,092	4,428	240	269	488	898	2	1	6,822	5,596
Provision/(reversal) for diminution in value of other investments and marketable securities	-	-	-	-	545	(4,827)	-	-	545	(4,827)
Impairment losses	-	18,479	54	-	717	-	-	-	771	18,479
Non-cash expenses other than depreciation and impairment losses	812	2,407	1,078	20	1,517	-	196	1,482	3,603	3,909

(b) Geographical Segments

The Group's major business segments are in Malaysia and the areas of operation are principally property development and investment.

41. CURRENCY

All amounts are stated in Ringgit Malaysia unless otherwise stated.

NOTICE OF annual general meeting

NOTICE IS HEREBY GIVEN THAT the Twenty Sixth (26th) Annual General Meeting of Dijaya Corporation Berhad will be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 24 June 2005 at 10.30 a.m. for the following purposes:-

AGENDA

- | | |
|--|---------------------|
| 1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2004 and the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. To declare a first and final dividend of 3% less 28% Malaysian Income Tax for the year ended 31 December 2004 as recommended by the Directors payable on 22 July 2005 to shareholders registered in the Company's books at the close of business on 4 July 2005. | Resolution 2 |
| 3. (i) To re-elect Cik Rohana Binti Tan Sri Mahmood who is retiring pursuant to Article 103 of the Company's Articles of Association. | Resolution 3 |
| (ii) To re-elect the following Directors retiring pursuant to Article 97 of the Company's Articles of Association:- | |
| (a) Tan Sri Dato' Tan Chee Sing | Resolution 4 |
| (b) Mr. Poh Pai Kong | Resolution 5 |
| 4. To approve the payment of Directors' fees for the year ended 31 December 2004. | Resolution 6 |
| 5. To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. | Resolution 7 |
| 6. As Special Business:-
To consider and, if thought fit, pass the following resolution, with or without modifications:- | |
| Ordinary Resolution | Resolution 8 |
| Authority under Section 132D of the Companies Act, 1965 for the Directors to issue Shares
"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." | |
| 7. To transact any other business of which due notice shall have been received. | |

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATES

Subject to the approval of the shareholders, the first and final dividend of 3% per share less 28% Malaysian Income Tax for the year ended 31 December 2004 will be paid on 22 July 2005 to depositors whose names appear in the record of depositors at the close of business on 4 July 2005.

Further notice is hereby given that a depositor shall qualify for entitlement only in respect of:-

- (a) Shares deposited into the depositor's securities accounts before 12.30 p.m. on 30 June 2005 (in respect of shares which are exempted from mandatory deposit).
- (b) Shares transferred into the depositor's securities accounts before 4.00 p.m. on 4 July 2005 in respect of transfer.
- (c) Shares bought on Bursa Malaysia Securities Bhd ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

DIJAYA CORPORATION BERHAD

LOW NYOKE FUN (MAICSA No. 7005037)

Secretary

Petaling Jaya

1 June 2005

NOTICE OF ANNUAL GENERAL MEETING

- Notes:**
- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (subject always to a maximum of two (2) proxies) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
 - (ii) To be valid, the instrument appointing a proxy or proxies, under the hand of the appointer or his attorney duly authorised in writing, must be deposited at the Company's Registered Office at Lot 302, 3rd Floor, Wisma Dijaya, No. 1A, Jalan SS20/1, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
 - (iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
 - (iv) If the appointer is a corporation, the instrument appointing a proxy must be executed under its seal or under the hand of its attorney.

EXPLANATORY NOTE ON SPECIAL BUSINESS

Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution No. 8, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot ordinary shares from the unissued capital of the Company up to an amount not exceeding in total 10% of the issued share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

pursuant to paragraph 8.28(2) of the Listing Requirements of Bursa Securities

1. Directors who are standing for re-election at the 26th Annual General Meeting of the Company

The Directors retiring pursuant to the Articles of Association and seeking re-election are:-

- (a) Tan Sri Dato' Tan Chee Sing
- (b) Mr. Poh Pai Kong
- (c) Cik Rohana Binti Tan Sri Mahmood

Further details of the above Directors seeking re-election are set out in the Profile of Directors appearing from pages 4 to 5 and Directors' Shareholdings on page 33 of the Annual Report.

2. Details of General Meetings held during the year ended 31 December 2004

There were two (2) general meetings held during the year ended 31 December 2004 as follows:-

Type of Meeting	Date	Time	Venue
Twenty Fifth Annual General Meeting	23 June 2004 (Wednesday)	10.30 a.m.	Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling jaya, Selangor Darul Ehsan
Extraordinary General Meeting	8 November 2004 (Monday)	10.30 a.m.	Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan

3. Details of attendance of Directors at Board Meetings

The details of the attendance of the Directors at Board Meetings held in the year ended 31 December 2004 are set out in the Statement on Corporate Governance appearing from page 18 of the Annual Report.

PROXY form

DIJAYA CORPORATION BERHAD
(47908-K)
Incorporated in Malaysia

I/We _____
of _____
being a member/members of DIJAYA CORPORATION BERHAD hereby appoint _____
of _____
or failing him/her _____
of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty Sixth (26th) Annual General Meeting of the Company to be held at Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 24 June 2005 at 10.30 a.m. or any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2004 and the Reports of the Directors and Auditors thereon.		
2.	To declare a first and final dividend of 3% less 28% Malaysian Income Tax for the year ended 31 December 2004.		
3.	To re-elect Cik Rohana Binti Tan Sri Mahmood as Director.		
4.	To re-elect Tan Sri Dato' Tan Chee Sing as Director.		
5.	To re-elect Mr. Poh Pai Kong as Director.		
6.	To approve the payment of Directors' fees for the year ended 31 December 2004.		
7.	To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
8.	Special Business – Ordinary Resolution:- To authorise Directors to issue shares up to 10% of the issued capital for the time being.		

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.

No. of shares held

Signature/Seal of Shareholders(s)

Signed this _____ day of _____ 2005

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Affix
Stamp

Dijaya Corporation Berhad

Lot 302, 3rd Floor, Wisma Dijaya

No. 1A, Jalan SS20/1

Damansara Utama

47400 Petaling Jaya

Selangor Darul Ehsan

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Notes:

- (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (subject always to a maximum of two (2) proxies) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
- (ii) To be valid, the instrument appointing a proxy or proxies, under the hand of the appointer or his attorney duly authorised in writing, must be deposited at the Company's Registered Office at Lot 302, 3rd Floor, Wisma Dijaya, No. 1A, Jalan SS20/1, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.
- (iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- (iv) If the appointer is a corporation, the instrument appointing a proxy must be executed under its seal or under the hand of its attorney.