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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Monday, 27 June 2005 at 9.00 a.m. for the following purposes:-

AGENDA

1. To receive the audited financial statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2004.
2. To approve Directors' fees of RM36,000.00.
3. To consider and, if thought fit, pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - (i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Abdul Aziz bin Ahmad be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."
 - (ii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Rastam bin Abdul Hadi be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."
 - (iii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Yong Ming Sang be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."
4. To re-elect Mr Khet Kok Yin as a Director of the Company.
5. To re-elect Tan Sri Dato' Seri Dr Ting Chew Peh as a Director of the Company.
6. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.
7. To transact any other business of which due notice shall have been received.

By order of the Board

Chik Wai Ming
Company Secretary

Kuala Lumpur
2 June 2005

Notes:-

1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but if he is not a member, he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in the particular case or a person approved by the Directors prior to the appointment.
2. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member, other than an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.
4. The Form of Proxy must be deposited at the registered office of the Company at 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are seeking re-appointment pursuant to Section 129(6) of the Companies Act, 1965 are:-
 - (i) Dato' Abdul Aziz bin Ahmad
 - (ii) Dato' Rastam bin Abdul Hadi
 - (iii) Yong Ming Sang

The Directors who are standing for re-election pursuant to Article 111 of the Company's Articles of Association are Khet Kok Yin and Tan Sri Dato' Seri Dr Ting Chew Peh.

2. Details of Attendance of Directors at Board Meetings.

There were four (4) Board Meetings held during the financial year ended 31 December 2004. Details of attendance of the Directors are set out in the Profile of Directors appearing on pages 6 and 7 of the Annual Report.

3. The Twenty-Second Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Monday, 27 June 2005 at 9.00 a.m..

CORPORATE INFORMATION

Board of Directors

Dato' Mohd Ibrahim bin Mohd Zain, D.S.P.N., D.I.M.P., *Chairman*

Khet Kok Yin, *Managing Director*

Dato' Choong Kok Min, D.P.T.J., P.J.K., *Executive Director*

Dato' Abdul Aziz bin Ahmad, D.S.D.K., D.P.M.J., J.M.N., K.M.N., J.B.S.

Dato' Rastam bin Abdul Hadi, P.G.D.K., D.C.S.M., D.P.M.T., K.M.N.

Yong Ming Sang

Tan Sri Dato' Seri Dr Ting Chew Peh, P.S.M., D.P.M.P., D.P.M.S., S.P.M.P.

Secretary

Chik Wai Ming

Registered Office

14th Floor, MUI Plaza

Jalan P. Ramlee

50250 Kuala Lumpur

Tel No: 03-21482566 Fax No: 03-21445209

Principal Place of Business

14th Floor, MUI Plaza

Jalan P. Ramlee

50250 Kuala Lumpur

Tel No: 03-20316722 Fax No: 03-20311299

Registrar

Pan Malaysia Management Sdn Bhd

6th Floor, MUI Plaza

Jalan P. Ramlee

50250 Kuala Lumpur

Tel No: 03-21487696 Fax No: 03-21442118

Auditors

BDO Binder Chartered Accountants

Principal Bankers

Malayan Banking Berhad

Southern Bank Berhad

United Overseas Bank (Malaysia) Bhd

Stock Exchange Listing

The Main Board of Bursa Malaysia Securities Berhad

PROFILE OF DIRECTORS

Dato' Mohd Ibrahim bin Mohd Zain

Age 61. Malaysian. Independent Non-Executive Director and Chairman. Appointed as Director on 28 May 1998. Chairman of Audit Committee. Graduated from British Institute of Management and Institute of Marketing in United Kingdom. Holds a Masters in Business Administration from the University of Ohio in the United States of America. Upon graduation in 1965, was attached with University Technology MARA (formerly known as Institute Technology MARA) where later he was appointed as a Director, a position which he holds to date. Formerly, he was Chairman of the International Executive Service Corps Steering Committee, Malaysia and Chapter Chairman of Young Presidents' Organisation. He was also founding Board Member of the Penang Regional Development Authority ("PERDA") and had served as a Board Member of the Tourist Development Corporation Malaysia. Was also formerly, Chief Executive of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, Chairman and Chief Executive Officer of Setron (Malaysia) Berhad, Chairman of Bank Kerjasama Rakyat (M) Berhad, Bescorp Industries Berhad, Pan Malaysian Industries Berhad and Chemical Company of Malaysia Berhad. Currently, he is also Chairman of Pan Malaysia Capital Berhad, Deputy Chairman of Metrojaya Berhad and a Director of K & N Kenanga Holdings Berhad, Pan Malaysian Industries Berhad and AMMB Holdings Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Khet Kok Yin

Age 58. Malaysian. Managing Director. Appointed as Director on 28 May 1998. Member of Audit Committee. Holds a Bachelor of Economics (Hons) from University of Malaya. Currently, also a Managing Director of Pan Malaysian Industries Berhad, Pan Malaysia Capital Berhad and Chief Executive Officer/Director of Pan Malaysia Corporation Berhad. He also sits on the Boards of Malayan United Industries Berhad, MUI Properties Berhad, MUI Continental Insurance Berhad and Metrojaya Berhad. Had served as President of the North American operations of The MUI Group in the United States of America, Joint Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad), Managing Director of Metrojaya Berhad and Chairman of Network Foods Limited. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Dato' Choong Kok Min

Age 63. Malaysian. Executive Director. Appointed as Director on 8 January 1991. Graduated in Law from the University of London and Barrister-at-Law from Gray's Inn. Was formerly a Chairman of Alliance Finance Berhad, Director cum Legal Adviser and Company Secretary of Oriental Bank Berhad, Director of Setron (Malaysia) Berhad and partner of Messrs Ariffin & Ooi and Messrs Allen & Gledhill. He also sits on the Board of Pan Malaysia Capital Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Dato' Abdul Aziz bin Ahmad

Age 77. Malaysian. Independent Non-Executive Director. Appointed as Director on 27 March 1990. Formerly a Government servant and had served in Polis DiRaja Malaysia. His last posting before retirement in May 1985 was in the Prime Minister's Department. He also sits on the Board of Pan Malaysia Capital Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Dato' Rastam bin Abdul Hadi

Age 74. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 15 August 1996. Member of Remuneration Committee and Chairman of Nomination Committee. Holds a Bachelor of Science (Hons) in Mathematics from University of Malaya, Singapore. Formerly, a State Financial Officer, Pahang and later Under-Secretary, Treasury of Ministry of Finance, Deputy Secretary General of Ministry of Defence and Deputy Governor of Bank Negara Malaysia. Was also formerly, Executive Director and later as Managing Director and finally as Senior Vice-President of Petroleum Nasional Berhad ("Petronas"). Currently, the Group Adviser to The MUI Group. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

Yong Ming Sang

Age 74. Malaysian. Independent Non-Executive Director. Appointed as Director on 15 August 1996. Member of Nomination Committee and Remuneration Committee. He is a Fellow of the Royal Institution of Chartered Surveyors (United Kingdom) and of the Institution of Surveyors (Malaysia). Prior to joining the corporate sector in 1978, he practised as a Chartered Quantity Surveying Consultant in a quantity surveying firm of Messrs Yong Dan Mohamad Faiz of which he was the founder member. His corporate sector experience ranges from financial services, manufacturing, hotel, property development, airline industry to tourism. Also serves as a Director of Malayan United Industries Berhad, MUI Properties Berhad and Star Publications (Malaysia) Berhad. He is also the Chairman of Star Publications (Malaysia) Berhad. He had previously served as a Director of Malaysian Airline System Berhad, the national airline and of two statutory bodies, namely, Tourist Development Corporation Malaysia and Keretapi Tanah Melayu. He is a member of the Advisory Council of Corporate Malaysia Roundtable. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all four (4) Board Meetings held during the financial year.

Tan Sri Dato' Seri Dr Ting Chew Peh

Age 61. Malaysian. Independent Non-Executive Director. Appointed as Director on 15 November 2001. A member of Nomination Committee and Chairman of Remuneration Committee. Holds a Bachelor of Arts from University of Malaya, Master of Science from University of London and Doctorate in Philosophy from University of Warwick. Formerly served as Minister of Housing and Local Government and was an Associate Professor in Sociology, University Kebangsaan Malaya. He is currently a Member of Parliament for Gopeng, Perak. He also sits on the Boards of Puncak Niaga Holdings Berhad, Pan Malaysia Capital Berhad, Hua Yang Berhad, Malsuria Holdings Berhad and Johan Holdings Berhad. He had previously served as a Director of Malaysian South-South Corporation Bhd. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the four (4) Board Meetings held during the financial year.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to the principles of corporate governance in the Malaysian Code of Corporate Governance (the “Code”).

The Board of Directors will continuously evaluate the status of the Group’s corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable in the best interests of the shareholders of the Company. The Board considers that it has generally applied the Principles and Best Practices of the Code.

Set out below is the description on the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

1. Directors

1.1 The Board

An effective Board leads and controls the Group. The Board is responsible for the overall performance of the Company and focuses mainly on strategies, performance, standards of conduct and critical business issues.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. The Chairman is responsible for setting the agenda for Board meetings. Any Board member may, however, recommend the inclusion of items on the agenda. Such recommendations will be accommodated to the extent practicable. The agenda reaches the Board at least two (2) to three (3) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Four (4) Directors’ meetings were held during the financial year ended 31 December 2004. Details of the attendance of the Directors are disclosed on pages 6 and 7 of the Annual Report.

1.2 Board Balance

The Board currently consist of seven (7) Directors:-

- One (1) Independent Non-Executive Chairman
- One (1) Managing Director
- One (1) Executive Director
- One (1) Non-Independent Non-Executive Director
- Three (3) Independent Non-Executive Directors

There is a clear division of responsibility between the Chairman and Managing Director to ensure there is a balance of power and authority. All major matters and issues are referred to the Board for consideration and approval. The roles and contributions of independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

Together, the Directors bring a wide range of business and financial experience for effective direction and management of the Group's businesses. A brief description of the background of each Director is presented on pages 6 and 7 of the Annual Report.

The Board complies with the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements that requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be independent Directors.

Mr Yong Ming Sang has been identified as the senior independent non-executive Director to whom concerns regarding the Company may be conveyed.

The Board has established Board committees, which operate within defined terms of reference. These committees are:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Report of the Audit Committee for the financial year ended 31 December 2004 is set out on pages 18 and 19 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out on pages 10 and 11 respectively.

1.3 Supply of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties, which is not only quantitative but also any other information deemed suitable.

Board papers are distributed to Board members at least seven (7) days prior to the meeting. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company's shares may be discussed at the meeting without materials being distributed prior to the meeting.

In addition to Group performances that are discussed at the meeting, there is a schedule of matters reserved specifically for the Board's decision.

All Directors have access to the advice and service of the Company Secretary and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group's expense.

1.4 Appointments to the Board

The members of the Nomination Committee are as follows:-

Chairman	Dato' Rastam bin Abdul Hadi	- Non-Independent Non-Executive Director
Members	Yong Ming Sang	- Independent Non-Executive Director
	Tan Sri Dato' Seri Dr Ting Chew Peh	- Independent Non-Executive Director

The duties and functions of the Nomination Committee are:-

- identifying and recommending new nominees for the Board and Board Committees
- annually assesses the effectiveness of the Board as a whole, the Board Committees and contribution of each Director on an on-going basis
- annually reviews the mix of skills, experience and other qualities, including core competencies of non-executive Directors
- annually reviews the Board structure, size and composition

The decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Directors have direct access to the services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Bursa Securities Listing Requirements and other regulatory requirements.

1.5 Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. Directors are also attending various training programmes accredited by Bursa Securities as specified under the guidelines on Continuing Education Programme for Directors issued by Bursa Securities.

There is a familiarisation programme in place for new Board members, which include visits to the Group's businesses, and meetings with senior management as appropriate, to facilitate their understanding of the Group.

1.6 Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment. The Articles of Association of the Company also provide that all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

2. Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of executive Directors, their remuneration are structured to link rewards to corporate and individual performance. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken by them.

The members of the Remuneration Committee are as follows:-

Chairman	Tan Sri Dato' Seri Dr Ting Chew Peh	- Independent Non-Executive Director
Members	Yong Ming Sang	- Independent Non-Executive Director
	Dato' Rastam bin Abdul Hadi	- Non-Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of executive Directors in all forms, drawing from outside advice as necessary. Nevertheless, the determination of remuneration packages of executive Directors is a matter for the Board as a whole and individual executive Directors are required to abstain from discussion of their own remuneration.

The Remuneration Committee shall also recommend to the Board the remuneration of non-executive Directors. The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole.

For the financial year ended 31 December 2004, the aggregate of remuneration of the Directors received from the Company and its subsidiaries categorised into appropriate components were as follows:-

	Salaries	Fees	Benefits- in-kind	Others	Total
	RM	RM	RM	RM	RM
Executive Directors	474,000	—	39,982	236,113	750,095
Non-Executive Directors	—	60,000	10,200	243,000	313,200

The number of Directors of the Company whose remuneration during the year falls within the respective bands were as follows:-

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	—	2
RM50,001 to RM100,000	—	2
RM100,001 to RM150,000	1	—
RM150,001 to RM200,000	—	1
RM600,001 to RM650,000	1	—

3. Relationship with Shareholders and Investors

In addition to various announcements made during the year, the timely release of quarterly interim financial reports provides shareholders with a regular overview of the Group's performance and operations.

Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by accessing Bursa Securities's website.

Notice of the Annual General Meeting and the Annual Report are sent to all shareholders. At Annual General Meetings, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session.

4. Accountability and Audit

4.1 Financial Reporting

In presenting the annual and quarterly reports, the Directors aim to present a balanced and comprehensive assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring accuracy, adequacy and completeness of information for disclosure.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 78 of the Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.27(a) of Bursa Securities Listing Requirements is set out on page 13 of the Annual Report.

4.2 Internal Control

The Directors acknowledge their responsibilities for the internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets.

4.3 Relationship with the Auditors

The Company's external auditors, Messrs BDO Binder has continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the external auditors is set out in the Report of the Audit Committee on pages 18 and 19 of the Annual Report.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year. The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

The Directors also ensure that applicable approved accounting standards have been followed.

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

STATEMENT ON INTERNAL CONTROL

The Board of Directors (“Board”) is responsible for the Group’s system of internal control and for reviewing its adequacy and integrity. The system includes financial, operational and compliance controls and risk management. The system is designed to identify and manage risks in the pursuit of the Group’s business objectives as well as to safeguard shareholders’ investments and the Group’s assets. The system serves to provide reasonable but not absolute assurance against the risk of material loss. The concept of reasonable assurance recognises that the cost of control procedures is not to exceed the expected benefits.

The Group has in place an enterprise-wide risk management (ERM) framework and process which was implemented in 2002. Within the ERM framework, operating companies have Risk Management Committees whose members represent key areas in operations. These committees are guided by documented terms of reference and meetings are held regularly to deliberate on risk and control issues. Risks and control measures are documented and compiled to represent the risk profile of the operating company. Key risks of operating companies are consolidated to form the risk profile of the Group. Risks and control measures are periodically communicated to the relevant personnel within the Group and to the Audit Committee. Risk profiles are reviewed and updated on a periodic basis.

During the financial year under review, the Group has continued with its ERM efforts. The risk profile of the Group was reviewed and updated to reflect current conditions. The updated risk profile was documented and presented to the Audit Committee for their review and acceptance.

Hence, in accordance with the Statement on Internal Control: Guidance for Directors of PLCs, the Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and this process has operated during the financial year under review and up to the date of approval of the annual report.

The salient features of the Group’s internal control system include:

- a management structure with clearly defined lines of responsibility and authority limits
- written company values, code of conduct, policies and procedures
- monthly reporting of actual results which are reviewed against budget, with major variances being followed up and management action taken, where necessary
- an internal audit function that provides independent assurance on the effectiveness of the Group’s system of internal control and advice on areas which require further improvement

The Board, with the assistance of the internal audit team and external professional consultants (whenever deemed necessary), continuously reviews the adequacy and integrity of the Group’s system of internal control and management information systems, and compliance with laws, regulations, rules, directives and guidelines. Internal audit reports are tabled at Audit Committee meetings which are held at least once in every quarter. Control deficiencies and issues highlighted are addressed or rectified by management. There were no control deficiencies noted during the financial year under review which has a material impact on the Group’s financial performance or operations.

The Group’s system of internal control mainly applies to its operating companies and does not cover associated companies, inactive companies and dormant companies.

The Board is of the view that the monitoring arrangements in place provide reasonable assurance that the structure of controls and operations is adequate and appropriate to the Company’s and Group’s situation.

This statement was made in accordance with a resolution of the Board.

OTHER INFORMATION

1. Sanctions and / or Penalties Imposed

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

2. Non-Audit Fees

For the financial year ended 31 December 2004, non-audit fees paid to the external auditors amounted to RM 84,985.

3. Material Contracts

There were no material contracts including contracts relating to a loan entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2004 or entered into since the end of the previous financial year except as disclosed in the financial statements.

4. Revaluation Policy

The Group does not have a revaluation policy on landed properties (see also Note 6 of the financial statements).

5. Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The aggregate value of current related party transactions of a revenue or trading nature conducted during the financial year ended 31 December 2004 by Pan Malaysia Holdings Berhad and its unlisted subsidiaries and associated companies ("PMH Group") in accordance with the shareholders' mandate were as follows:-

Company within the PMH Group involved	Related Party	Nature of Transaction	RM
Pan Malaysia Travel & Tours Sdn Bhd ("PMTT") (Note 1)	Morning Star Travel Service Limited, an associated company of Malayan United Industries Berhad ("MUIB"). MUIB is the ultimate holding company of Pan Malaysia Holdings Berhad ("PMH").	Provision of travel and ancillary services	3,136,376
Pengkalen Holiday Resort Sdn Bhd ("PHR"), a wholly-owned subsidiary of PMH	PMTT	Purchase of hotel rooms and food for tour groups conducted by PMTT at Corus Paradise Resort, Port Dickson which is owned by PHR	26,463

Company within the PMH Group involved	Related Party	Nature of Transaction	RM
PMH	PM Securities Sdn Bhd (“PM Securities”), a subsidiary of Pan Malaysia Capital Berhad (“PM Capital”). Prior to 29 December 2004, PM Capital was a subsidiary of PMH. With effect from 29 December 2004, PM Capital became an associated company of PMH. (see Note 44(i) to the financial statements)	Provision of secretarial, accounting and other support services	360,000
PMTT	Ming Court Hotel (KL) Sdn Bhd, a wholly-owned subsidiary of MUIB	Purchase of hotel rooms and food for tour groups	51,469
PHR	Network Foods (Malaysia) Sdn Bhd (“NFM”) and Network Foods Industries Sdn Bhd (“NFI”). NFM and NFI are subsidiaries of Pan Malaysia Corporation Berhad (“PMC”). PMC is a subsidiary of MUIB.	Purchase of chocolate and confectionary products, and other consumer items.	1,517
PMH	MUI Plaza Sdn Bhd, a wholly-owned subsidiary of MUI Properties Berhad (“MUIP”). MUIP is a subsidiary of MUIB.	Rental of office space at 5th Floor and car parking space at MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur and procurement of ancillary services, such as office maintenance services.	39,605
PHR	MUI Plaza Sdn Bhd	Rental of office space at 8th Floor and car parking space at MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur and procurement of ancillary services, such as office maintenance services.	71,858

Company within the PMH Group involved	Related Party	Nature of Transaction	RM
PMH	Pan Malaysia Management Sdn Bhd, a wholly-owned subsidiary of PMC	Procurement of share registration and related services	31,595
PMH Group	Malayan United Management Sdn Bhd, a wholly-owned subsidiary of MUIB	Procurement of legal, audit and other support services	5,668
PMH Group	MUI dotCom Sdn Bhd, a wholly-owned subsidiary of MUIB	Procurement of computer related services	16,245
PMH Group	PM Securities	Fees payable for procurement of corporate advisory services	9,000

Notes:- PMTT is 80%-owned by PMH whilst the remaining 20% is held by Mr Kan Kok Leong @ Kan Kok Hoong (5.83%) and Wisefox Consolidated Sdn Bhd ("Wisefox") (14.17%). Mr Kan Kok Leong @ Kan Kok Hoong was a Director of PMTT until 1 October 2004. Based on a company search made on 30 March 2005 at the Companies Commission of Malaysia, the company search indicated that Mr Kan Kok Leong @ Kan Kok Hoong is a director of Wisefox and holds 25,000 shares representing 11.9% equity interest in Wisefox.

REPORT OF THE AUDIT COMMITTEE

MEMBERS

<i>Name</i>	<i>Designation</i>
Dato' Mohd Ibrahim bin Mohd Zain - Chairman	Independent Non-Executive Director
Tan Sri Dato' Seri Dr Ting Chew Peh	Independent Non-Executive Director
Khet Kok Yin	Managing Director

TERMS OF REFERENCE

1. Constitution

The Audit Committee was established on 28 July 1994. The Board shall ensure that the composition of the Audit Committee comply with Bursa Malaysia Listing Requirements as well as other regulatory requirements.

2. Authority

- The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- The Audit Committee shall have unlimited access to all information and documents relevant to its activities as well as to the internal and external auditors and senior management of the Group.
- The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Functions

The functions of the Audit Committee shall be:-

- to report to the Board of Directors after reviewing the following:-
 - (a) the audit plan with the external auditors;
 - (b) the evaluation of the system of internal controls with the external auditors;
 - (c) the audit report with the external auditors;
 - (d) the assistance and co-operation given by the employees of the Company to the external auditors;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audits, 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 particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events;
 - (iii) significant adjustments arising from the audit;
 - (iv) the going concern assumption; and
 - (v) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors;
 - (j) whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- to recommend the nomination of a person or persons as external auditors;
- to consider the external auditors' fee and questions of dismissal;
- to discuss problems and reservations arising out of external or internal audits and any matters which the auditors may wish to bring up (in the absence of management or the Executive Directors of the Group where necessary);
- to review the external auditors' management letter and management's response; and
- to consider the major findings of internal investigations and management's response together with such other functions as may be agreed to by the Audit Committee and Board of Directors.

4. Meetings

During the financial year ended 31 December 2004, six (6) Audit Committee Meetings were held. Dato' Mohd Ibrahim Bin Mohd Zain attended five (5) meetings, whilst Mr Khet Kok Yin and Tan Sri Dato' Seri Dr Ting Chew Peh attended all the six (6) meetings held during the financial year.

At each of these Audit Committee Meetings, the Vice-President of Finance & Administration and Head of Internal Audit were in attendance. The respective head of companies/departments and their management team attend when audit reports on their companies/departments are tabled for discussion. The presence of the external auditors will be requested when required.

Upon the request of the external auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Board or shareholders.

5. Summary of Activities of the Audit Committee During the Financial Year Ended 31 December 2004

The Audit Committee reviewed and deliberated five (5) audit reports on assignments conducted by the Internal Audit. The Audit Committee also appraised the adequacy and effectiveness of management's response in resolving the audit issues reported.

In addition, the unaudited quarterly interim financial reports and the audited financial statements of the Company and the Group were reviewed by the Audit Committee together with the Vice-President of Finance & Administration, prior to recommending the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities had been complied with.

The Audit Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed audit issues and concerns affecting the financial statements of the Company and its subsidiaries, and discussed applicable accounting standards that may have significant implication on the Group's financial statements.

The Audit Committee reviewed and approved the Internal Audit Plan for the calendar year 2005. In its review of the Internal Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group. The Audit Committee also reviewed related party transactions carried out by the Group.

6. Internal Audit Function

The internal audit function is performed by the Group Internal Audit Department and is independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. The Internal Audit reports directly to the Chairman, and also has a functional reporting line to the Audit Committee, and regularly reviews and appraises the Group's key operations. Its activities include:

- reviewing the effectiveness of risk management and internal control
- appraising the adequacy and integrity of internal controls and management information systems
- ascertaining the effectiveness of management in identifying principal risks and to manage such risks through appropriate systems of internal control
- recommending improvements to existing systems of internal control
- ascertaining the level of compliance with the Group's plans, policies, procedures and adherence to laws and regulations
- appraising the effectiveness of administrative controls applied and the reliability and integrity of data that are produced within the Group
- ascertaining the adequacy of controls for safeguarding the Group's assets from losses of all kinds, and
- conducting special reviews or investigations requested by management or by the Audit Committee

The Internal Audit carries out audit assignments based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were presented to the Audit Committee and forwarded to the management concerned for attention and necessary action.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present herewith the Annual Report and financial statements of our Company and the Group for the financial year ended 31 December 2004.

ECONOMIC REVIEW

The Malaysian economy expanded at the highest rate in 2004 since 2000 by achieving 7.1% growth rate in real Gross Domestic Product ("GDP"). The economic growth was driven by the stronger aggregate domestic demand and exports growth. On the supply side, all sectors with the exception of the construction sector achieved positive growth rates in 2004.

After reporting a decline of 20.4% in 2003 due to outbreak of Severe Acute Respiratory Syndrome, inbound tourist arrivals of Malaysia rebounded to 15.7 million in 2004, an increase of 48.1% from the previous year.

The overall balance of payments of Malaysia in 2004 recorded a surplus of RM83.1 billion, reflecting strong exports and substantial inflows of foreign direct investment and portfolio funds. Consequently, the country's international reserves stood at USD66.7 billion as at 31 December 2004, an increase of USD21.9 billion from end of 2003. The level of international reserves is sufficient to finance 8.0 months of retained imports and is 5.9 times of the short-term external debt.

The Kuala Lumpur Composite Index ("KLCI") appreciated 14.48% in the first quarter of 2004, the best performing exchange in the region. However, the KLCI failed to extend its momentum into the second quarter of 2004 as market sentiment was adversely affected by external

developments including the rising oil prices, fears of higher than expected interest rate hikes in the US and potential hard landing of the Chinese economy. Consequently, the KLCI dipped to a low of 781.05 on 17 May 2004. The KLCI recovered in the third quarter 2004 as oil prices dropped to around US\$40/barrel and Malaysia reported a stronger than expected second quarter GDP growth. Market sentiment improved further towards the end of 2004 as speculative interests started to build up on expectations of a change in the Ringgit peg. The KLCI reached an intraday year high of 920.57 on 2 December 2004, a 15.95% appreciation from the end of 2003 and subsequently closed at 907.43 on 31 December 2004, 14.29% higher than a year ago.

Total volume and value transacted on the Bursa Malaysia Securities ("Bursa Securities") in 2004 were 259,005 million units and RM475,263 million respectively compared to 124,200 million units and RM206,338 million respectively in 2003. The buoyant trading activities on the Bursa Securities in 2004 were attributable to higher retail, institutional and foreign participation. The number of IPOs in 2004 increased to 72 issues raising RM4,017 million.

The floatation exercise of Bursa Malaysia Berhad on the Bursa Securities was completed in the first quarter of 2005. The Initial Public Offering of Bursa Malaysia Berhad comprising of 166 million ordinary shares of par value RM0.50 each received overwhelming responses. The domestic and international institutional offering of Bursa Malaysia Berhad shares was over-subscribed by 38 times. The Bursa Malaysia Berhad shares were listed on Bursa Securities on 18 March 2005.

On 22 March 2005, the Malaysian government announced that 5 foreign stock broking firms and a foreign fund management company have been approved for establishing operations in Malaysia. The government also announced that Universal Brokers that meet the specified criteria will be allowed access to the inter-bank market. Further, stock broking companies that have complied with at least 1 plus 1 merger will be allowed, subject to criteria set by the Securities Commission (“SC”), to provide the full range of corporate advisory services, including submissions of corporate proposals to the SC, and also to have unrestricted branching from 2006 onwards.

CORPORATE DEVELOPMENTS

On 29 December 2004, 562,221,711 irredeemable convertible preference shares (“ICPS”) in Pan Malaysia Capital Berhad (“PM Capital”) were automatically converted into 562,221,711 new ordinary shares of RM1.00 each in PM Capital. Accordingly, the total issued and paid up ordinary share capital of PM Capital increased to RM815,308,845 comprising 815,308,845 ordinary shares of RM1.00 each. Consequently, the Company’s equity interest in PM Capital was diluted from 73.89% to 34.84% and PM Capital ceased to be a subsidiary company and became an associated company.

As the Company had regularised its financial position with a surplus of RM107.37 million in its shareholders’ equity on a consolidated basis as at 31 December 2004, the Company on 17 March 2005 applied to Bursa Securities to be uplifted from its Practice Note 4/2001 (“PN4”) status. On 29 March 2005, Bursa Securities announced that the Company has regularised its financial condition and no longer triggers any of the criteria under paragraph 2.0 of PN4. Accordingly, the trading restriction on the Company’s shares was uplifted

and the Company will not be flagged as a PN4 company with effect from 30 March 2005.

FINANCIAL HIGHLIGHTS AND REVIEW OF OPERATIONS

During the year under review, the Group reported a consolidated revenue of RM83.02 million for the financial year ended 31 December 2004 compared to a consolidated revenue of RM67.48 million for the preceding financial year. The increase in consolidated revenue by 23.0% was mainly attributable to increase in revenue of the Group’s stockbroking and travel businesses.

The Group reported a consolidated pre-tax profit of RM371.14 million for the financial year ended 31 December 2004 compared to the consolidated pre-tax profit of RM2.03 million for the previous financial year. The substantial increase in the Group’s profit before tax was mainly due to gain on dilution of equity interest in a subsidiary company, namely PM Capital, gain arising from the receipt of shares in Bursa Malaysia Berhad and better operating results.

The financial services division reported an improved performance during the year under review. Riding on the buoyant market activities, the stockbroking operation of PM Securities Sdn Bhd (“PM Securities”) achieved an improved performance during the year. In addition, the fixed income trading desk, corporate finance and advisory services, and asset management services also reported higher level of operating results in 2004 compared to the previous year. The improved results of the financial services division were also attributed to the gain arising from the receipt of shares in Bursa Malaysia Berhad by PM Securities.

With the increase in tourist arrivals, improved economy and increased marketing efforts, the hotel and travel division achieved better performance during the year under review. The Corus Paradise Resort in Port Dickson reported higher average occupancy rate and improved gross operating profit in 2004 compared to the previous financial year. Pan Malaysia Travel Sdn Bhd also reported higher revenue and improved results for 2004 compared to the previous financial year.

OUTLOOK FOR 2005

The global economic growth is envisaged to moderate in 2005 due to higher oil prices and increasing tighter monetary conditions. The softer global economy will have adverse impacts on Malaysian exports, particularly in the electronic sector. Growth in the Malaysian economy is expected to moderate in 2005 with a projected GDP growth of 5% to 6% per annum and supported by domestic investments and consumptions. With the expectation of a growing economy and better corporate earnings, Bursa Securities is envisaged to perform satisfactorily in 2005.

With the recent capital market liberalisation measures announced by the government, the Malaysian capital market is expected to be more

competitive. The financial services division will continue to further strengthen its infrastructure and human resources so as to extend its reach to a broader range of clients with wider range of products and services. The performance of the hotel and travel division in 2005 will be challenging due to the aftermath of the recent earthquakes and tsunami disaster in the region. Barring unforeseen circumstances, the Group expects to achieve satisfactory operating results in 2005.

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to our shareholders and bankers for their continuing support and confidence in the Management and the Board. To the staff and Management, I would like to thank them for their dedication and hardwork. I would also like to express my appreciation to the various regulatory authorities and my fellow colleagues on the Board for their support and counsel.

Dato' Mohd Ibrahim bin Mohd Zain
Chairman

Kuala Lumpur
6 May, 2005

Directors' Report

The Directors wish to present their report and audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

Principal activities

The Company is an investment, property holding and management company. The principal activities of the Group consist of the following:

- Hotel
- Travel
- Property and investment holding

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year under review except the dilution of the Group's equity interest in a subsidiary company as disclosed in Note 7.3 to the financial statements.

Results

	<i>Group</i> <i>RM'000</i>	<i>Company</i> <i>RM'000</i>
Profit/(Loss) after tax	370,060	(73,460)
Minority interests	(45)	–
Net profit/(loss) for the financial year	370,015	(73,460)

Movement in reserves and provisions

Material movements in reserves and provisions during the financial year are disclosed in the notes to the financial statements.

Dividends

No dividends were paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the financial year ended 31 December 2004.

Issue of Shares and Debentures

During the financial year, the issued and paid-up share capital of the Company was increased from RM924,824,378 to RM928,867,411 by way of issuance of 4,043,033 new ordinary shares of RM1.00 each at RM1.00 per share to two scheme creditors to settle the indebtedness due to them pursuant to the schemes of arrangement of the Company and certain subsidiary companies.

The abovementioned shares rank pari passu in all respects with the then existing ordinary shares of the Company.

There were no issue of debentures during the financial year.

Directors

The Directors who held office since the date of the last report and at the date of this report are:

Dato' Mohd Ibrahim bin Mohd Zain (Chairman)
Khet Kok Yin (Managing Director)
Dato' Choong Kok Min (Executive Director)
Dato' Abdul Aziz bin Ahmad
Dato' Rastam bin Abdul Hadi
Yong Ming Sang
Tan Sri Dato' Seri Dr Ting Chew Peh

None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, any interest in the shares of the Company and its related corporations except as stated below:

Ordinary shares of RM1.00 each in Pan Malaysia Holdings Berhad	Number of shares		
	Balance as at 1.1.2004	Bought	Sold
			Balance as at 31.12.2004
Dato' Abdul Aziz bin Ahmad			
Indirect	10,000	—	—
			10,000
Dato' Choong Kok Min			
Direct	1,342,000	—	—
Indirect	20,311,332	798,400	—
			21,109,732
Dato' Rastam bin Abdul Hadi			
Indirect	650,000	—	179,000
			471,000
Ordinary shares of RM1.00 each in Malayan United Industries Berhad	Number of shares		
	Balance as at 1.1.2004	Bought	Sold
			Balance as at 31.12.2004
Dato' Choong Kok Min			
Direct	1,150,000	—	—
			1,150,000
Yong Ming Sang			
Direct	1,981,800	—	—
Indirect	549,640	—	—
			549,640
Tan Sri Dato' Seri Dr Ting Chew Peh			
Indirect	10,000	—	—
			10,000
Ordinary shares of RM0.50 each in MUI Properties Berhad	Number of shares		
	Balance as at 1.1.2004	Bought	Sold
			Balance as at 31.12.2004
Dato' Choong Kok Min			
Direct	5,000	—	—
			5,000

Ordinary shares of RM0.50 each in Pan Malaysia Corporation Berhad	Number of shares			
	Balance as at 1.1.2004	Bought	Sold	Balance as at 31.12.2004
Dato' Rastam bin Abdul Hadi				
Indirect	338,000	–	205,400	132,600

In accordance with Section 129(2) of the Companies Act, 1965, Dato' Abdul Aziz bin Ahmad, Dato' Rastam bin Abdul Hadi and Mr Yong Ming Sang retire from the Board at the forthcoming Annual General Meeting, and the Directors recommend their re-appointment under Section 129(6) of the said Act.

In accordance with Article 111 of the Company's Articles of Association, Mr Khet Kok Yin and Tan Sri Dato' Seri Dr Ting Chew Peh retire from the Board at the forthcoming Annual General Meeting, and they being eligible, offer themselves for re-election.

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than benefits as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than remuneration received by certain Directors as directors of related companies.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangements, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for Dato' Choong Kok Min who has been purportedly granted options to subscribe for 500,000 ordinary shares of RM1.00 each at an exercise price of RM3.02 per share pursuant to the Executive Share Option Scheme ("ESOS" or "Scheme") of the Company. The validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The case has now been fixed for further case management on 28 July 2005.

Share Options

Pursuant to the Company's ESOS which was approved by the shareholders on 12 October 1994 and revised on 29 September 1995, options for a total of 19,553,000 ordinary shares of the Company have been purportedly granted to eligible executive employees of the Group. However, the validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The case has now been fixed for further case management on 28 July 2005.

The details of the ESOS are contained in the Bye-Laws and the salient features thereof are as follows:-

- The Scheme is set up for participation in the ordinary share capital of the Company only. The total number of shares offered under the ESOS shall not exceed 10% of the total number of the issued and paid-up ordinary shares of the Company at any time during the duration of the Scheme.
- Eligible executives are those who have been employed full-time by any company within the Group for at least three (3) years prior to the date of offer of the option under the ESOS, and includes any full-time salaried executive Director of any company within the Group.
- The ESOS was in force for a duration of five (5) years and expired on 27 October 2000.

- (d) The Scheme shall be administered by a Committee appointed by the Board and comprised Directors of the Company who are not participating in the ESOS.
- (e) An option granted under the ESOS shall be capable of being exercised by the grantee at any time within the period of five (5) calendar years from the date of offer of the option or such shorter period as may be specifically stated in such offer but not beyond 27 October 2000, by notice in writing to the Company. The option granted shall be exercisable by the grantee in multiples of not less than 1,000 shares.
- (f) The persons to whom the options are granted under the Scheme shall not be entitled to participate in any other share option schemes of any other company within the Group.
- (g) The exercise price for each RM1.00 ordinary share under the Scheme shall be the average of the mean market quotation of the shares as quoted and shown in the Daily Official List issued by Bursa Malaysia Securities Berhad ("Bursa Securities") for the five (5) preceding market days prior to the date of offer or at the par value of the shares of the Company, whichever is higher.
- (h) In the event of any alteration in the capital structure of the Company during the option period, corresponding alterations (if any subject to the provisos as stated in the Bye-Laws) shall be made in:-
- the number of shares relating to the option so far as unexercised;
 - the exercise price for the option; and
 - the terms of exercise of the option.

During the period from the expiry of the Scheme on 27 October 2000 to the end of the financial year, there has been no change in the position of the Company's unissued ordinary shares of RM1.00 each under options which have purportedly been granted as shown below:-

	<i>Number of shares</i>			<i>Balance as at 31.12.2004</i>
	<i>Balance on expiry of the Scheme on 27.10.2000</i>	<i>Granted</i>	<i>Exercised</i>	
Number of unissued ordinary shares under options which have purportedly been granted	16,465,000	—	—	16,465,000

To the best of the Directors' knowledge, on expiry of the Scheme on 27 October 2000, the number of unissued ordinary shares under the options which have purportedly been granted and their exercise prices per share were:

<i>Number of unissued ordinary shares under options</i>	<i>Exercise price per share RM</i>
10,000	2.57
4,597,000	3.02
11,571,000	3.09
287,000	3.14
<u>16,465,000</u>	

Other Statutory Information

- (a) In the opinion of the Directors:
 - (i) the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature;
 - (ii) the results of the operations of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the gain on dilution of equity interest in a subsidiary company of RM356.82 million and the gain arising from the receipt of shares in Bursa Malaysia Berhad of RM25.00 million as disclosed in Note 7.3 and Note 32(c) to the financial statements respectively;
 - (iii) 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; and
 - (iv) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.
- (b) Before the income statements and balance sheets 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 have 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 have been written down to an amount which they might be expected so to realise.
- (c) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render 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; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) 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; and
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (e) 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.

Significant Events

The significant events are disclosed in Note 44 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 45 to the financial statements.

Ultimate Holding Company

The Directors regard Malayan United Industries Berhad, a company incorporated in Malaysia and quoted on the Main Board of Bursa Securities, as the ultimate holding company.

Auditors

The auditors, BDO Binder, have expressed their willingness to accept re-appointment as auditors and a resolution proposing their appointment will be submitted at the forthcoming Annual General Meeting.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Khet Kok Yin

Director

Dato' Choong Kok Min

Director

Kuala Lumpur

27 April 2005

Balance Sheets

As at 31 December 2004

		<i>Group</i>		<i>Company</i>	
		<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>Note</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Assets Employed					
Property, Plant And Equipment	6	64,066	88,133	29,892	30,558
Investment In Subsidiary Companies	7	–	–	431	114,148
Investment In Associated Companies	8	54,068	–	54,068	–
Long Term Investments	9	1,165	17,241	1,079	1,219
Goodwill On Consolidation	10	–	8,368	–	–
Intangible Assets	11	–	144,037	–	–
Deferred Tax Assets	29	–	11,000	–	–
Current Assets					
Inventories	12	742	753	–	–
Development property	13	–	–	–	–
Short term investments	14	418	10,346	2	2
Receivables	15	5,956	181,650	304	1,896
Amounts owing by subsidiary companies	16	–	–	18,275	31,414
Amounts owing by associated companies	17	56,030	–	56,030	56,204
Amount owing by a related company	18	1,136	625	763	622
Term and call deposits	19	5,907	40,604	1,901	10,979
Cash and bank balances	20	994	24,160	71	71
		71,183	258,138	77,346	101,188
Current Liabilities					
Payables	21	4,558	178,125	667	689
Provision	22	–	5,184	35,190	5,184
Amounts owing to subsidiary companies	16	–	–	–	2
Amount owing to an associated company	17	945	3	–	–
Amounts owing to related companies	18	608	1,465	84	70
Redeemable convertible bond	23	–	1,000	–	–
Borrowings	24	58,772	15,017	4,140	4,140
Tax liabilities		–	1,148	–	717
		64,883	201,942	40,081	10,802
Net Current Assets					
		6,300	56,196	37,265	90,386
		125,599	324,975	122,735	236,311
Financed By					
Share Capital	27	928,867	924,824	928,867	924,824
Reserves	28	(821,495)	(1,202,900)	(823,952)	(750,473)
Shareholders' Equity/(Capital Deficiency)					
Minority Interests		112	480,385	–	–
Deferred and long term liabilities					
Provision	22	–	–	–	40,000
Amount owing to a related company	18	–	54,384	–	–
Borrowings	24	17,820	67,987	17,820	21,960
Deferred tax liabilities	29	295	295	–	–
		125,599	324,975	122,735	236,311

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

Income Statements

For the financial year ended 31 December 2004

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		<i>2004</i> <i>RM'000</i>	<i>2003</i> <i>RM'000</i>	<i>2004</i> <i>RM'000</i>	<i>2003</i> <i>RM'000</i>
Revenue	30	83,016	67,483	736	917
Cost Of Sales		(40,950)	(36,516)	–	–
Gross Profit		42,066	30,967	736	917
Other Operating Income		36,537	21,095	6,917	2,562
Distribution Costs		(569)	(687)	–	–
Administration Expenses		(28,476)	(25,248)	(3,139)	(3,708)
Other Operating Expenses		(25,299)	(14,688)	(76,789)	(17,662)
Surplus Arising From Subsidiary Companies Not Consolidated	7.2 (ii)	1,290	–	–	–
Gain On Disposal Of Investment In A Subsidiary Company		–	599	–	–
Gain On Dilution Of Equity Interest In A Subsidiary Company	7.3	356,818	–	–	–
Profit/(Loss) From Operations		382,367	12,038	(72,275)	(17,891)
Finance Costs		(11,222)	(10,007)	(1,899)	(2,114)
Profit/(Loss) Before Tax	32	371,145	2,031	(74,174)	(20,005)
Tax Expense	33	(1,085)	877	714	–
Profit/(Loss) After Tax		370,060	2,908	(73,460)	(20,005)
Minority Interests		(45)	29	–	–
Net Profit/(Loss) For The Financial Year		370,015	2,937	(73,460)	(20,005)
		Sen	Sen		
Basic Earnings Per Share	34	39.88	0.32		

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

Statement Of Changes In Equity

For the financial year ended 31 December 2004

Group	Exchange					Total RM'000
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Fluctuation Reserve RM'000	Accumulated Losses RM'000	
Balance as at 31 December 2002	924,824	34,753	78,128	(81,129)	(1,230,161)	(273,585)
Exchange adjustment	–	–	–	(7,428)	–	(7,428)
Net expense not recognised in the consolidated income statement	–	–	–	(7,428)	–	(7,428)
Net profit for the financial year	–	–	–	–	2,937	2,937
Balance as at 31 December 2003	924,824	34,753	78,128	(88,557)	(1,227,224)	(278,076)
Exchange adjustment	–	–	–	(994)	–	(994)
Share issue expenses	–	(19)	–	–	–	(19)
Net expenses not recognised in the consolidated income statement	–	(19)	–	(994)	–	(1,013)
Issue of share capital	4,043	–	–	–	–	4,043
Reserve arising from investment in a subsidiary company's irredeemable convertible preference shares ("ICPS")	–	–	12,403	–	–	12,403
Reserve realised on dilution of equity interest in a subsidiary company	–	–	(84,875)	–	84,875	–
Reserve realised on winding-up of a subsidiary company	–	–	–	77,145	(77,145)	–
Net profit for the financial year	–	–	–	–	370,015	370,015
Balance as at 31 December 2004	928,867	34,734	5,656	(12,406)	(849,479)	107,372

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

Statement Of Changes In Equity (Cont'd)

For the financial year ended 31 December 2004

<i>Company</i>	<i>Share capital RM'000</i>	<i>Share premium RM'000</i>	<i>Accumulated losses RM'000</i>	<i>Total RM'000</i>
Balance as at 31 December 2002	924,824	34,753	(765,221)	194,356
Net loss for the financial year	—	—	(20,005)	(20,005)
Balance as at 31 December 2003	924,824	34,753	(785,226)	174,351
Issue of share capital	4,043	—	—	4,043
Share issue expenses	—	(19)	—	(19)
Net expense not recognised in the income statement	—	(19)	—	(19)
Net loss for the financial year	—	—	(73,460)	(73,460)
Balance as at 31 December 2004	928,867	34,734	(858,686)	104,915

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

Cash Flow Statements

For the financial year ended 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
Profit/(Loss) before tax	371,145	2,031	(74,174)	(20,005)
Adjustments for:				
Allowance for doubtful debts	—	—	14,117	14,655
Allowance for doubtful debts no longer required	(1,288)	(4,537)	(814)	(2,402)
Amortisation of investment	3	3	—	—
Bad debts written off	143	24	132	—
Depreciation of property, plant and equipment	5,623	6,052	474	1,095
Dividend income	(29)	(241)	—	—
Gain arising from the receipt of shares in Bursa Malaysia Berhad	(25,000)	—	—	—
Gain on dilution of equity interest in a subsidiary company	(356,818)	—	—	—
Gain on disposal of quoted investments	(41)	(97)	—	—
Gain on disposal of investment in a subsidiary company	—	(599)	—	—
(Gain)/Loss on disposal of property, plant and equipment	(1,010)	18	(144)	—
Impairment loss of goodwill	560	—	—	—
Impairment loss on investment in a former subsidiary company	—	—	62,401	—
Impairment loss of investment in a subsidiary company	—	—	—	608
Impairment loss of property, plant and equipment	2,665	1,970	—	1,970
Interest expenses	11,222	10,007	1,899	2,114
Interest income	(4,857)	(5,102)	(365)	(529)
Investment written off	194	—	—	—
Property, plant and equipment written off	—	4	—	4
Provision for corporate guarantees no longer required	(1,141)	—	(5,951)	—
Provision for diminution in value of investments no longer required	—	—	—	(78)
Provision for diminution in value of investments	10,901	2,071	140	424
Provision for retirement gratuity	199	38	52	19
Provision for employee benefit	—	239	—	25
Provision for employee benefit no longer required	(65)	—	(43)	—
Surplus arising from subsidiary companies not consolidated	(1,290)	—	—	—
Unrealised gain on foreign exchange	(1,275)	(3,399)	—	—
Operating profit/(loss) before working capital changes	9,841	8,482	(2,276)	(2,100)

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

Cash Flow Statements (Cont'd)

For the financial year ended 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
Operating profit/(loss) before working capital changes	9,841	8,482	(2,276)	(2,100)
Decrease in inventories	11	70	—	—
(Increase)/Decrease in trade receivables	(54,745)	(138,135)	—	86
Decrease in other receivables, deposits and prepayments	7,583	1,731	1,024	24
Increase/(Decrease) in trade payables	17,473	112,066	7	(16)
Increase/(Decrease) in other payables and accruals	16,767	19,884	(38)	(10)
Decrease/(Increase) in amounts owing by related companies	1,683	(127)	(141)	(3)
Cash (used in)/generated from operations	(1,387)	3,971	(1424)	(2,019)
Deposits received from dealers and remisiers maintained as trust monies	(1,545)	(5,234)	—	—
Interest paid	(4,168)	(437)	—	—
Interest income received	4,138	4,028	365	529
Tax (paid)/refund	(759)	(416)	1,180	—
Net cash (used in)/from operating activities	(3,721)	1,912	121	(1,490)
Cash Flows From Investing Activities				
Interest income received	720	1,074	—	—
Proceeds from disposal of investments	1,860	3,185	—	—
Proceeds from disposal of property, plant and equipment	4,691	80	337	—
Proceeds from liquidation of a subsidiary company	—	—	—	162
Dividend received	21	241	—	—
Dilution of equity interest in a subsidiary company (Note 35)	(29,311)	—	—	—
Acquisition of investments	(3,561)	(2,638)	—	—
Purchase of property, plant and equipment	(2,367)	(1,259)	(1)	—
Net (advances to)/ Repayment from subsidiary companies	—	—	(912)	6,731
(Advances to)/Repayment from associated companies	—	(5)	173	(12,797)
Additional investment in ICPS of a former subsidiary company	(2,752)	—	(2,752)	—
(Placement)/Withdrawal of term deposits pledged with banks	(17)	1,029	—	538
Subsidiary companies not consolidated (Note 36)	(320)	—	—	—
Disposal of a subsidiary company (Note 37)	—	(13)	—	—
Net cash (used in)/from investing activities	(31,036)	1,694	(3,155)	(5,366)

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

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Financing Activities				
Drawdown of bank borrowing	3,000	2,000	–	–
Interest paid	(7,061)	(10,263)	(1,899)	(2,114)
Repayment of hire–purchase creditors	(17)	(16)	–	–
Repayment of bank borrowings	(5,894)	(3,946)	(4,140)	(900)
(Repayment to)/ Advances from related company	–	(12,321)	14	(705)
Share issue expenses	(19)	–	(19)	–
Redemption of Bond	(1,000)	–	–	–
Net cash used in financing activities	(10,991)	(24,546)	(6,044)	(3,719)
Effect of exchange rate changes	1,719	(433)	–	–
Net Decrease In Cash And Cash Equivalents	(44,029)	(21,373)	(9,078)	(10,575)
Cash And Cash Equivalents At Beginning Of Financial Year				
As previously reported	50,023	71,383	11,050	21,625
Effect of exchange rate changes on cash and cash equivalents	2	13	–	–
As restated	50,025	71,396	11,050	21,625
Cash And Cash Equivalents At End Of Financial Year (Note 38)	5,996	50,023	1,972	11,050

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

Notes To The Financial Statements

31 December 2004

1. General Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and quoted on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

The registered office and principal place of business of the Company is located at 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur.

The Directors regard Malayan United Industries Berhad, a company incorporated in Malaysia and quoted on the Main Board of Bursa Securities, as the ultimate holding company.

The financial statements are presented in Ringgit Malaysia ("RM").

2. 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 risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

Credit risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis to ensure that the Group is exposed to minimal credit risk. Term and call deposits and bank balances are placed with major financial institutions.

Market risk

The Group's principal exposure to market risk arises mainly from the changes in equity prices. Equity investments classified as current assets are available for sale and the Group manages disposal of its investments to optimise returns on realisation.

Interest rate risk

The Group's exposure to interest rate risk arises mainly from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debts, and term and call deposits.

Liquidity and cash flow risks

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. This is to ensure that the projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is within the Group's means to repay and refinance.

Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, both external and intra-Group where the currency denomination differs from the local currency, RM. The Group's policy is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

3. Principal Activities

The Company is an investment, property holding and management company. The principal activities of the Group consist of the following:

- Hotel
- Travel
- Property and investment holding

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year under review except the dilution of the Group's equity interest in a subsidiary company as disclosed in Note 7.3 to the financial statements.

4. Basis Of Preparation Of Financial Statements

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

5. Significant Accounting Policies

5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies and in respect of the Group, also modified to include the revaluation of a landed property.

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to 31 December 2004 using the acquisition method of accounting except those subsidiary companies as disclosed in Note 7.2 to the financial statements. Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The difference between the purchase price and the fair value of the attributable net assets of subsidiary companies at the date of acquisition is treated as goodwill or negative goodwill arising on consolidation. Goodwill on consolidation is stated at cost less impairment losses, if any. Negative goodwill arising on consolidation is not recognised as income and is presented as a separate item in the balance sheet.

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

Minority interest is measured at the minorities' share of net results and of net assets of subsidiary companies attributable to interests which are not owned, directly or indirectly through subsidiary companies, by the Company.

5. Significant Accounting Policies (Cont'd)

5.3 Intangible assets

Intangible assets relate to cost incurred on acquisition of stockbroking licences to enable the former stockbroking subsidiary company to fulfil the requisite criteria of a “Universal Broker”. Intangible assets are stated at cost less impairment losses, if any.

5.4 Property, plant and equipment and depreciation

The gross carrying amounts of property, plant and equipment are initially measured at cost. Land and buildings which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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

Freehold land is not depreciated. Leasehold lands are amortised over the lease period of 91 and 92 years.

Other property, plant and equipment are depreciated on a straight line method to write off the cost of the assets over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2% - 2.5%
Plant and machinery	5% - 10%
Office equipment	10% - 20%
Furniture and fittings	10% - 20%
Renovation	10% - 20%
Motor vehicles	20%

5.5 Foreign currencies transactions and translations

(i) Transactions and balances in foreign currencies

Transactions in foreign currencies are converted into RM at the rates of exchange prevailing on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RM at the rates of exchange prevailing at that date. All gains and losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken up in the income statements.

(ii) Translation of foreign currency financial statements

In the consolidated financial statements, assets and liabilities of overseas subsidiary companies are translated into RM at exchange rates ruling at the balance sheet date. Income statements items are translated at average exchange rates for the financial year. All exchange differences arising are dealt with through the exchange fluctuation reserve account.

Goodwill arising on the acquisition of overseas subsidiary companies and fair value adjustments to the carrying amounts of assets and liabilities acquired are translated at the exchange rate at the date of transaction.

5. Significant Accounting Policies (Cont'd)

(iii) Principal closing rates

The principal closing rates used in the translation of foreign currencies are as follows:

	2004 RM	2003 RM
1 US Dollar	3.800	3.800
1 Sterling Pound	7.308	6.756
1 Singapore Dollar	2.322	2.232
1 Australian Dollar	2.961	2.845
1 Hong Kong Dollar	0.489	0.490
100 Rupiah	0.042	0.046

5.6 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

5.6.1 Current tax expense

Current tax expense includes all domestic and foreign taxes which are based on taxable profits.

5.6.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method at the current tax rates in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to the same taxation authority.

5.7 Investments

(i) Subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost less impairment losses, if any.

(ii) Associated companies

An associated company is a company in which the Group has a long term equity interest of between 20% to 50% and where the Group is in a position to exercise significant influence over the financial and operating policies of the investee company.

5. Significant Accounting Policies (Cont'd)

5.7 Investments (Cont'd)

(ii) Associated companies (Cont'd)

Investment in associated companies is stated at cost less impairment losses, if any.

Investment in associated companies is accounted for in the consolidated financial statements using the equity method of accounting. The Group's interests in associated companies are stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies and less impairment losses, if any.

Goodwill or negative goodwill arising on acquisition represents the difference between the cost of investment and the Group's share of the value of net assets of the associated companies at the date of acquisition.

Goodwill on acquisition is stated at cost less impairment losses, if any. Negative goodwill arising on acquisition is not recognised as income.

The Group's share of results and reserves less losses in the associated companies acquired or disposed off is included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

(iii) Other investments

Investment in shares held as long term investments are stated at cost less provision for diminution in value, if any.

Investment in golf club membership held as long term investments are stated at cost less accumulated amortisation and provision for diminution in value, if any.

Investment in quoted shares held as short term investments are stated at the lower of cost and market value on a portfolio basis.

5.8 Impairment of assets

The carrying amounts of the Group's and the Company's assets, other than inventories, deferred tax assets and financial assets (other than investment in subsidiary companies and associated companies), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset.

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

5. Significant Accounting Policies (Cont'd)

5.8 Impairment of assets (Cont'd)

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average method.

Cost of consumable inventories comprise the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

5.10 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and allowance is made for debts where the collectibility is considered doubtful.

For the former stockbroking subsidiary company, specific allowance for doubtful debts is made for trade receivables which have been classified as non-performing, after deducting interest-in-suspense, the value of collateral held and the deposit of all amounts owing to the dealers representatives. Interest is suspended and credited to the interest-in-suspense account when an account is classified as non-performing. The classification of an account as performing and non-performing for allowance for doubtful debts and the suspension of interest is made in accordance with the Rules of Bursa Securities.

5.11 Payables

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

5.12 Employee benefit costs

(i) Short term benefits

Wages, salaries, bonuses and social security contribution are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the statutory provident fund, the Employees Provident Fund and recognised the contribution payable:

- (a) after deducting contributions already paid as a liability; and
- (b) as an expense in the financial year in which the employees render their services.

5. Significant Accounting Policies (Cont'd)

5.13 Assets acquired under hire-purchase

Assets acquired under hire-purchase agreements which in substance transfer the risks and benefits of ownership of the assets to the Group have been capitalised under property, plant and equipment and the corresponding obligations are treated as liabilities. These assets are depreciated on the same basis as that of the Group's assets.

The finance charges are allocated to the income statements over the period of the agreement to give a constant periodic rate of charge on the remaining hire-purchase liabilities over the period of the agreement.

5.14 Provision

Provision is recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.15 Revenue recognition

Revenue from sale of goods are recognised upon delivery of products and customers' acceptance, if any, net of sales taxes and discounts.

Revenue from invoiced value of tickets sold is recognised upon issuance of tickets.

Revenue from hotel comprises of sales of room and food and beverage. Sales of room is recognised upon actual occupancy of rooms by guests whilst food and beverage are upon delivery of goods to guests.

Brokerage fees are recognised on accrual basis upon completion of the trading contract.

Interest income is recognised on an accrual basis except where margin accounts and contra losses of share trading accounts are considered as non-performing in accordance with the Rules of Bursa Securities, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised upon receipt until all arrears have been paid.

Royalty income and rental income are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income from subsidiary companies is recognised when the investing company's right to receive payment is established.

Dividend income from other investments is recognised as and when received.

Underwriting commission is recognised on an accrual basis once the underwriting exercise is concluded.

Public issues commission is recognised on receipt basis.

Corporate finance and advisory fees are recognised progressively in accordance with the payment term of engagements.

All other revenue are recognised on an accrual basis.

5.16 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

5. Significant Accounting Policies (Cont'd)

5.17 Segment information

Segment information is presented in respect of the Group's business. The reporting segment information is in respect of business segments as the Group's risks and returns are affected predominantly by differences in the products it produces. No segmental information is presented on geographical segments as the Group's operation is predominantly in Malaysia.

A segment with a majority of operating income earned from providing product or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

5.18 Financial instruments recognised on the balance sheets

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

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 instruments classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

(i) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

(ii) Redeemable convertible bond ("Bond")

The Bond was redeemable for cash at maturity date on 29 December 2004 at the issue price or convertible up to 1,000,000 new ordinary shares of RM1.00 each of Pan Malaysia Capital Berhad ("PM Capital") within a five (5) years period to 28 December 2004. As the Bond was redeemable on 29 December 2004, it was classified as liability. No coupon rate was attached to and no interest was payable on the Bond. The Bond had been redeemed for cash on 29 December 2004.

(iii) Other borrowings

Other interest bearing borrowings are recorded at the amount of proceeds received.

(iv) Other financial instruments

The accounting policies for other financial instruments are disclosed in the individual policies associated with each item.

6. Property, Plant And Equipment

Group

Cost or Valuation

Balance as at 1 January

Cost

Valuation

	Freehold Land RM'000	Long term Leasehold Land RM'000	Buildings RM'000	Office Equipment RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Plant and Machinery RM'000	Renovation RM'000	2004 RM'000	2003 RM'000
16,740	16,740	1,580	71,694	19,568	12,428	5,963	987	6,255	135,215	129,383
Cost	6,617	6,617	-	-	-	-	-	-	6,617	6,617
Valuation	-	-	-	-	-	-	-	-	-	-
16,740	16,740	8,197	71,694	19,568	12,428	5,963	987	6,255	141,832	136,000
Exchange differences	-	-	-	-	-	-	-	-	-	11
Additions	-	-	-	2,256	27	-	-	84	2,367	1,259
Disposals	(3,300)	-	(483)	(8)	-	(1,894)	-	-	(5,685)	(140)
Written off	-	-	-	-	-	-	-	-	-	(25)
Transfer from development property	-	-	-	-	-	-	-	-	-	4,727
Dilution of equity interest	-	-	-	-	-	-	-	-	-	-
in a subsidiary company	(2,410)	(1,580)	(9,896)	(16,751)	(3,937)	(2,692)	-	(5,666)	(42,932)	-
Subsidiary companies not consolidated	-	-	-	(87)	(185)	-	-	(69)	(341)	-
Balance as at 31 December	11,030	6,617	61,315	4,978	8,333	1,377	987	604	95,241	141,832
Representing:										
Cost	11,030	-	61,315	4,978	8,333	1,377	987	604	88,624	135,215
Valuation	-	6,617	-	-	-	-	-	-	6,617	6,617
11,030	11,030	6,617	61,315	4,978	8,333	1,377	987	604	95,241	141,832
Accumulated Depreciation										
Balance as at 1 January	-	588	11,464	15,031	10,449	5,643	99	3,423	46,697	40,698
Exchange differences	-	-	-	-	-	-	-	-	-	10
Charge for the financial year	-	89	1,206	2,478	742	110	99	899	5,623	6,052
Disposals	-	-	(102)	(7)	-	(1,894)	-	-	(2,003)	(42)
Written off	-	-	-	-	-	-	-	-	-	(21)
Dilution of equity interest in a subsidiary company	-	(47)	(702)	(12,994)	(3,124)	(2,625)	-	(3,905)	(23,397)	-
Subsidiary companies not consolidated	-	-	-	(87)	(185)	-	-	(69)	(341)	-
Balance as at 31 December	-	630	11,866	4,421	7,882	1,234	198	348	26,579	46,697
Impairment Losses										
Balance as at 1 January	-	-	7,002	-	-	-	-	-	7,002	5,032
Charge for the financial year	-	-	2,626	24	3	-	-	12	2,665	1,970
Dilution of equity interest in a subsidiary company	-	-	(5,032)	(24)	(3)	-	-	(12)	(5,071)	-
Balance as at 31 December	-	-	4,596	-	-	-	-	-	4,596	7,002
Net Book Value										
Balance as at 31 December 2004	11,030	5,987	44,853	557	451	143	789	256	64,066	-
Balance as at 31 December 2003	16,740	7,609	53,228	4,537	1,979	320	888	2,832	-	88,133

6. Property, Plant And Equipment (Cont'd)

<i>Company</i>	<i>Freehold Land RM'000</i>	<i>Buildings RM'000</i>	<i>Office Equipment RM'000</i>	<i>Furniture and Fittings RM'000</i>	<i>Motor Vehicles RM'000</i>	<i>Renovation RM'000</i>	<i>Total 2004 RM'000</i>	<i>2003 RM'000</i>
Cost								
Balance as at 1 January	10,850	26,542	1,982	6,571	2,265	82	48,292	48,317
Additions	—	—	1	—	—	—	1	—
Disposals	—	(243)	—	—	(1,049)	—	(1,292)	—
Written off	—	—	—	—	—	—	—	(25)
Balance as at 31 December	10,850	26,299	1,983	6,571	1,216	82	47,001	48,292
Accumulated Depreciation								
Balance as at 1 January	—	5,160	1,950	6,551	2,078	25	15,764	14,690
Charge for the financial year	—	383	8	3	72	8	474	1,095
Disposals	—	(51)	—	—	(1,048)	—	(1,099)	—
Written off	—	—	—	—	—	—	—	(21)
Balance as at 31 December	—	5,492	1,958	6,554	1,102	33	15,139	15,764
Impairment Losses								
Balance as at 1 January	—	1,970	—	—	—	—	1,970	—
Charge for the financial year	—	—	—	—	—	—	—	1,970
Balance as at 31 December	—	1,970	—	—	—	—	1,970	1,970
Net Book Value								
Balance as at 31 December 2004	10,850	18,837	25	17	114	49	29,892	—
Balance as at 31 December 2003	10,850	19,412	32	20	187	57	—	30,558

Title deed for the freehold land of a subsidiary company has yet to be issued by the land office.

As at 31 December 2004, a landed property of the Group is carried at revalued amount based on valuation made by an independent professional valuer on open market value basis in 1993. This revalued asset has been retained on the basis of its previous valuation in accordance with the transitional provisions of International Accounting Standards ("IAS") No 16 (Revised) – Property, Plant and Equipment applied by the Group when the IAS was first adopted by the Malaysian Accounting Standards Board ("MASB") in 1998. The above transitional provisions are available only on the first application of the MASB approved accounting standards IAS 16 which is effective for periods ending on or after 1 September 1998. The transitional provisions will remain in force until and unless the Group adopts a revaluation policy in place of a cost policy where MASB 15 (which superseded IAS 16) would require revaluations to be carried out at regular intervals.

Had the said asset been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	2004 RM'000	2003 RM'000
Cost	727	727
Less: Accumulated depreciation	(69)	(61)
Net book value	658	666

The net book value of property, plant and equipment pledged to financial institutions for banking facilities amounted to RM63,849,048 (2003: RM68,017,095) for the Group and RM29,686,616 (2003: RM30,070,000) for the Company.

In 2003, the net book value of a motor vehicle acquired under hire-purchase arrangements amounted to RM31,722 for the Group.

7. Investment In Subsidiary Companies

	2004 RM'000	2003 RM'000
7.1 Company		
Shares quoted in Malaysia, at cost	–	293,920
Unquoted shares, at cost	15,776	15,776
	15,776	309,696
Less: Impairment losses	(15,345)	(195,548)
	431	114,148
Market value of quoted shares	–	93,927

The subsidiary companies are listed in Note 46 to the financial statements.

The significant decrease in investment in subsidiary companies is due mainly to cessation of PM Capital as a subsidiary company which then became an associated company as explained in Note 44(i) to the financial statements.

7.2 Group

- (i) The consolidated financial statements of the Group do not deal with the following subsidiary companies:

Asia Entertainment Network Sdn. Bhd.
Cocoa Specialities (Malaysia) Sdn. Bhd.
Fibercorp (Sarawak) Sdn. Bhd.
Grand Union Insurance Company Limited
Office Business Systems (Malacca) Sdn. Bhd.
Office Business Systems (Penang) Sdn. Bhd.
Office Business Systems Sdn. Bhd.
Pengkalen Building Materials Sdn. Bhd.
Pengkalen Electronics Industries Sdn. Bhd.
Pengkalen Engineering & Construction Sdn. Bhd.
Pengkalen Heights Sdn. Bhd.
Pengkalen Pasar Borong Sdn. Bhd.
Pengkalen Raya Sdn. Bhd.
Sensor Equipment Sdn. Bhd.
Technitone (M) Sdn. Bhd.

These companies, which are in the process of winding-up during the financial year, were placed under winding-up or receivership in 2003 or prior to 2003.

7. Investment In Subsidiary Companies (Cont'd)

7.2 Group (Cont'd)

- (ii) The consolidated financial statements of the Group also do not deal with Pengkalen (UK) Plc, its subsidiary companies and associated company ("PUK Group") from the date its control in Pengkalen (UK) Plc ceased when Pengkalen (UK) Plc was placed under creditors' voluntary winding up during the financial year.

The subsidiary and associated company of Pengkalen (UK) Plc are as follows:

(a) Subsidiary company

Anglo Pacific Corporation (Malaysia) Sdn. Bhd.
Anglo Pacific Holdings (Malaysia) Sdn. Bhd.
Aqua Lanka (Private) Limited
Central Cocoa Pte. Ltd.
GCIH Property Limited
Grand Central (Ceylon) Rubber Estates Limited
Grand Central Limited
Highland Tea Company of Ceylon Limited
Kuril Plantations Sdn. Berhad
Meltis Holdings Limited
Nagolle Holdings Limited
Nagolle (Ceylon) Rubber and Tea Plantations Limited
Network Foods International Limited
The Panawatte Tea and Rubber Estates Limited
The Yatiyantota Ceylon Rubber Company Limited
Upali Group Sdn. Bhd.
Wellon Distribution Pte. Ltd.

(b) Associated company

Desa Kuril Sdn. Berhad

Accordingly, the consolidated income statement for the financial year included the results of PUK Group up to the date when Pengkalen (UK) Plc was placed under creditors' voluntary winding-up.

The effects of the non-consolidation of PUK Group on the financial results of the Group are as follows:

	1.1.2004 to the date of non-consolidation RM'000	2003 RM'000
Revenue	–	418
Other operating income	1,321	17,309
Operating costs	(88)	(1,588)
Surplus arising from PUK Group not consolidated	1,290	–
Profit from operations before tax	2,523	16,139
Tax expense	2	1,110
Increase in Group net profits	2,525	17,249

7. Investment In Subsidiary Companies (Cont'd)

7.2 Group (Cont'd)

The effects of the non-consolidation of PUK Group on the financial position of the Group are as follows:

	<i>At the date of non-consolidation 2004 RM'000</i>	<i>2003 RM'000</i>
Long term investments	6,819	6,823
Current assets	358	301
Current liabilities	(8,467)	(81,339)
Increase in Group net assets	(1,290)	(74,215)

Details of net liabilities not consolidated and cash flows to the Group arising from the non-consolidation of PUK Group are disclosed in Note 36 to the financial statements.

7.3 Dilution of equity interest in a subsidiary company

On 29 December 2004, 562,221,711 irredeemable convertible preferences shares ("ICPS") of RM1.00 each in PM Capital were automatically converted into 562,221,711 new ordinary shares of RM1.00 each in the share capital of PM Capital. Arising from the said conversion of the ICPS, the equity interest in PM Capital held by the Company has been diluted from 73.89% to 34.84%. Consequently, PM Capital ceased to be a subsidiary company and became an associated company with effect from 29 December 2004.

- (i) The effects of the dilution of equity interest in PM Capital on the results of the Group for the financial year up to date of dilution are as follows:

	<i>1.1.2004 to the date of dilution RM'000</i>	<i>2003 RM'000</i>
Revenue	46,878	33,984
Other operating income	33,605	22,954
Operating costs	(54,537)	(43,645)
Gain arising from dilution of equity interest in a subsidiary company	356,818	—
Profit from operations	382,764	13,293
Finance cost	(5,162)	(4,105)
Profit before tax	377,602	9,188
Tax expense	(1,780)	(234)
Increase in Group net profit	375,822	8,954

7. Investment In Subsidiary Companies (Cont'd)

7.3 Dilution of equity interest in a subsidiary company (Cont'd)

- (ii) The effects of the dilution of equity interest in PM Capital on the financial position of the Group for the financial year as at date of dilution are as follows:

	<i>At the date of dilution RM'000</i>	<i>2003 RM'000</i>
Property, plant and equipment	14,464	16,231
Long term investments	26,691	9,113
Intangible assets	144,037	144,037
Goodwill on consolidation	7,808	7,808
Deferred tax assets	11,000	11,000
Current assets	220,104	232,561
Current liabilities	(207,308)	(224,456)
Long term liabilities	(54,384)	(54,387)
Minority interest	(465,162)	(480,318)
	(302,750)	(338,411)
Share of net assets now accounted for as an associated company	(54,068)	–
Increase in Group net assets	(356,818)	(338,411)

Details of net liabilities diluted and cash flows arising from the dilution of equity interest in PM Capital are disclosed in Note 35 to the financial statements.

7.4 Disposal of a subsidiary company

During the previous financial year, the Group disposed off its entire equity interest in GCIH Trademarks Limited.

- (i) The effects of the disposal on the results of the Group for the previous financial year up to date of disposal were as follows:

	<i>2003 RM'000</i>
Revenue	418
Other operating income	5
Operating costs	(285)
Gain on disposal of investment in a subsidiary company	599
Profit from operations	737
Finance cost	(14)
Profit before tax	723
Tax expense	(42)
Increase in Group net profit	681

7. Investment In Subsidiary Companies (Cont'd)

7.4 Disposal of a subsidiary company (Cont'd)

- (ii) The effects of the disposal on the financial position of the Group for the previous financial year as at date of disposal were as follows:

	<i>At the date of disposal 2003 RM'000</i>
Current assets	20
Current liabilities	(613)
Decrease in Group net liabilities	(593)

Details of net liabilities disposed and cash flows arising from the disposal are disclosed in Note 37 to the financial statements.

8. Investment In Associated Companies

	<i>Group</i>		<i>Company</i>	
	<i>2004 RM'000</i>	<i>2003 RM'000</i>	<i>2004 RM'000</i>	<i>2003 RM'000</i>
Quoted shares, at cost	296,672	—	296,672	—
Unquoted shares, at cost	—	208	—	—
	296,672	208	296,672	—
Group's share of post-acquisition reserves and retained profits less losses	—	(208)	—	—
	296,672	—	296,672	—
Less: Impairment loss	(242,604)	—	(242,604)	—
	54,068	—	54,068	—
Market value of quoted shares	56,813	—	56,813	—

The Group's investment in associated companies is represented by:

	<i>2004 RM'000</i>	<i>2003 RM'000</i>
Group's share of net assets	54,068	—

The associated companies are listed in Note 46 to the financial statements.

In year 2003, unrecognised amounts of the Group's share of losses of associated companies for the financial year and cumulatively are RM944,000.

The significant increase in investment in associated companies is due mainly to cessation of PM Capital as a subsidiary company which then became associated company as explained in Note 44(i) to the financial statements.

9. Long Term Investments

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Unquoted shares, at cost	124,871	225,858	24,190	24,190
Less: Provision for diminution in value	(124,871)	(210,349)	(24,190)	(24,190)
	–	15,509	–	–
Quoted shares outside Malaysia, at cost	20,222	20,336	20,222	20,222
Less: Provision for diminution in value	(19,544)	(19,493)	(19,544)	(19,404)
	678	843	678	818
Other unquoted investments, at cost	487	1,034	401	401
Less: Provision for diminution in value	–	(121)	–	–
Accumulated amortisation	–	(24)	–	–
	487	889	401	401
	1,165	17,241	1,079	1,219
Market value of quoted shares	678	855	678	818

10. Goodwill On Consolidation

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>
Balance as at 1 January	8,368	8,368
Less: Impairment loss	(560)	–
Dilution of equity interest in a subsidiary company	(7,808)	–
Balance as at 31 December	–	8,368

11. Intangible Assets

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>
Balance as at 1 January	144,037	144,037
Dilution of equity interest in a subsidiary company	(144,037)	–
Balance as at 31 December	–	144,037

12. Inventories

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>
At cost:		
Consumables, food, beverages, etc	742	753

13. Development Property

	Group	
	2004	2003
	RM'000	RM'000
Freehold land, at cost	—	2,953
Development expenditure	—	1,774
	—	4,727
Transfer to property, plant and equipment (Note 6)	—	(4,727)
	—	—

14. Short Term Investments

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Quoted shares in Malaysia, at cost	2,993	23,230	7	7
Less: Provision for diminution in value	(2,575)	(12,884)	(5)	(5)
	418	10,346	2	2
Market value of quoted shares	418	10,346	2	2

15. Receivables

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Trade receivables	3,273	604,604	40	40
Less: Allowance for doubtful debts	(159)	(435,341)	(39)	(39)
	3,114	169,263	1	1
Other receivables	4,476	57,378	2,173	3,524
Less: Allowance for doubtful debts	(2,572)	(50,618)	(2,154)	(3,511)
	1,904	6,760	19	13
Deposits	668	2,861	265	265
Prepayments	147	1,362	19	302
Tax recoverable	123	1,404	—	1,315
	5,956	181,650	304	1,896

The allowance for doubtful debts is net of bad debts written off as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Bad debts written off				
- Trade receivables	6,313	80	—	—
- Other receivables	875	—	610	—

The credit terms offered by the Group and the Company in respect of trade receivables range from cash term to 45 days from date of invoice.

16. Amounts Owning By/To Subsidiary Companies

	<i>Company</i>	
	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>
Amounts owing by subsidiary companies	390,847	389,936
Less: Allowance for doubtful debts	(372,572)	(358,522)
	18,275	31,414
Amounts owing to subsidiary companies	–	2

Amounts owing by subsidiary companies represent balances arising from advances and payments made on behalf and balances arising from the settlement of certain subsidiary companies' debts by the issuance of shares in the Company pursuant to the schemes of arrangement of the Company and these subsidiary companies under Section 176 of the Companies Act, 1965 which are unsecured, interest-free and have no fixed terms of repayment except for the following:

	<i>Company</i>	
	<i>2004</i>	<i>2003</i>
Outstanding advances (RM'000)	150	150
Interest rate per annum (%)	9	9

Amounts owing to subsidiary companies represented advances and payments made on behalf which were unsecured, interest-free and have no fixed terms of repayment.

17. Amounts Owning By/To Associated Companies

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Amounts owing by associated companies	56,056	1,146	56,056	56,230*
Less: Allowance for doubtful debts	(26)	(1,146)	(26)	(26)
	56,030	–	56,030	56,204
Amount owing to an associated company	945	3	–	–

The amounts owing by associated companies represent balances arising from advances and payments on behalf and balances arising from the settlement of an associated company's debts by the issuance of shares in the Company pursuant to the schemes of arrangement of the Company and the said associated company pursuant to Section 176 of the Companies Act, 1965 which are unsecured, interest-free and have no fixed terms of repayment.

The amount owing to an associated company represents balances arising from payments on behalf which is unsecured, interest-free and has no fixed terms of repayment.

* Included amount owing by a former subsidiary company of RM56,203,480 which had been eliminated at Group level.

18. Amounts Owning By/To Related Companies

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Amount owing by a related company	3,489	5,013	3,116	2,975
Less: Allowance for doubtful debts	(2,353)	(4,388)	(2,353)	(2,353)
	1,136	625	763	622
Amounts owing to related companies				
Non-current:				
- term loans	—	54,384	—	—
Current:				
- others	608	1,465	84	70
	608	55,849	84	70

The term loans are unsecured and repayable as follows:

After the next 12 months:

- not later than two years	—	—	—	—
- later than two years and not later than five years	—	54,384	—	—
	—	54,384	—	—

The amount owing by a related company, which was previously a subsidiary company, represents balances arising from advances and payments on behalf. This amount is secured by a debenture of the said related company, bears interest at 6% per annum and repayable by yearly instalment.

The term loans in 2003 were in respect of the term loans of a former subsidiary company, which became an associated company during the financial year, and bear interest at 6.75% per annum and are repayable upon maturity.

Other amounts owing to related companies represent balances arising from normal trade transactions, payments made on behalf and advances. These balances are unsecured, interest-free and have no fixed terms of repayment except for the following:

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
Outstanding advances (RM'000)	350	350
Interest rate per annum (%)	8	8

19. Term And Call Deposits

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Term and call deposits with:				
Licensed banks	4,316	33,814	820	4,799
Other corporations	1,591	6,790	1,081	6,180
	5,907	40,604	1,901	10,979

Included in deposits with licensed banks are:

- (i) deposits in 2003 totalling RM18,760,548 of subsidiary companies maintained as trust monies in accordance with the requirements of Bursa Securities and the Securities Industry Act, 1983; and
- (ii) deposits totalling RM463,178 (2003: RM596,104) of subsidiary companies pledged to licensed banks to secure their banking facilities.

20. Cash And Bank Balances

Group

In 2003, included in cash and bank balances of the Group are amounts totalling RM18,571,801 maintained as trust monies in accordance with the requirements of Bursa Securities and the Securities Industry Act, 1983.

The foreign currency exposure of bank balances of the Group in 2003 were as follows:

	<i>2003</i>
	<i>RM'000</i>
Singapore Dollar	320
Sterling Pound	43

21. Payables

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade payables	1,316	131,775	23	16
Other payables, deposits and accruals	3,242	33,912	644	673
Dealers' and remisiers' commission and deposits	—	12,438	—	—
	4,558	178,125	667	689

The credit terms available to the Group and the Company in respect of trade payables range from 14 to 60 days from date of invoice.

In 2003, included in other payables of the Group were advances from a third party of RM17,500,000 which were unsecured, bear interest at 7.05% per annum and repayable in 2004.

22. Provision

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Provision for corporate guarantees:				
Balance as at 1 January	5,184	5,184	45,184	45,184
Utilised during the financial year	(4,043)	–	(4,043)	–
Unused amount reversed during the financial year	(1,141)	–	(5,951)	–
Balance as at 31 December	–	5,184	35,190	45,184
Analysed as follows:				
Current	–	5,184	35,190	5,184
Non-current	–	–	–	40,000
	–	5,184	35,190	45,184

The provision as at 31 December 2004 is in respect of corporate guarantee given by the Company for banking facilities granted to a subsidiary company.

23. Redeemable Convertible Bond (“Bond”)

The principal terms of the Bond were as follows:

- (i) redeemable for cash at maturity date on 29 December 2004 at the issue price or convertible up to 1,000,000 new ordinary shares of RM1.00 each in PM Capital within a five (5) years period to 28 December 2004; and
- (ii) no coupon rate shall be attached to and no interest shall be payable on the Bond.

The Bond was redeemed for cash on 29 December 2004.

24. Borrowings

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Current Liabilities				
Bank overdrafts - unsecured	442	362	–	–
Revolving credit - unsecured	–	2,000	–	–
Hire-purchase creditor (Note 25)	–	17	–	–
Term loans (Note 26)				
- secured	54,190	8,498	–	–
- unsecured	4,140	4,140	4,140	4,140
	58,330	12,638	4,140	4,140
	58,772	15,017	4,140	4,140

24. Borrowings (Cont'd)

<i>Company</i>	<i>Fixed Rate RM'000</i>	<i>Floating Rate RM'000</i>	<i>Total RM'000</i>
As at 31 December 2004			
Within one year	3,240	900	4,140
More than one year and less than five years	17,820	—	17,820
	21,060	900	21,960
As at 31 December 2003			
Within one year	3,240	900	4,140
More than one year and less than five years	21,060	900	21,960
	24,300	1,800	26,100

	<i>Group</i>		<i>Company</i>	
	<i>2004 RM'000</i>	<i>2003 RM'000</i>	<i>2004 RM'000</i>	<i>2003 RM'000</i>
Currency exposure profile:				
Sterling Pound	—	35,522	—	—
Ringgit Malaysia	76,592	47,482	21,960	26,100
	76,592	83,004	21,960	26,100

25. Hire-purchase Creditor

	<i>Group</i>	
	<i>2004 RM'000</i>	<i>2003 RM'000</i>
Minimum hire-purchase payments:		
- not later than one year	—	18
- later than one year and not later than five years	—	3
	—	21
Less: Future interest charges	—	(1)
	—	20
Repayable as follows:		
Current liabilities:		
- not later than one year (Note 24)	—	17
Long term liabilities:		
- later than one year and not later than five years (Note 24)	—	3
	—	20

26. Term Loans

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Secured	54,190	54,522	—	—
Unsecured	21,960	26,100	21,960	26,100
	76,150	80,622	21,960	26,100
Repayable as follows:				
Current liabilities:				
- within one year (Note 24)	58,330	12,638	4,140	4,140
Long term liabilities				
- more than one year and less than five years (Note 24)	17,820	67,984	17,820	21,960
	76,150	80,622	21,960	26,100

The term loans are secured by way of the following:

- (i) fixed legal charges over landed properties of the Group;
- (ii) fixed and floating charges over the assets of a subsidiary company; and
- (iii) corporate guarantees from the Company.

27. Share Capital

	Group/Company		Group/Company	
	2004		2003	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM1.00 each:				
Authorised	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid:				
Balance as at 1 January	924,824	924,824	924,824	924,824
Issued during the financial year	4,043	4,043	—	—
Balance as at 31 December	928,867	928,867	924,824	924,824

During the financial year, the issued and paid-up share capital of the Company was increased from RM924,824,378 to RM928,867,411 by way of issuance of 4,043,033 new ordinary shares of RM1.00 each at RM1.00 per share to two scheme creditors to settle the indebtedness due to them pursuant to the schemes of arrangement of the Company and certain subsidiary companies.

The abovementioned shares rank pari passu in all respects with the then existing ordinary shares of the Company.

28. Reserves

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
(i) Non-distributable reserves:				
- Exchange fluctuation reserve	(12,406)	(88,557)	—	—
- Capital reserve	5,656	78,128	—	—
- Share premium	34,734	34,753	34,734	34,753
- Accumulated losses	(849,479)	(1,227,224)	(858,686)	(785,226)
	(821,495)	(1,202,900)	(823,952)	(750,473)

29. Deferred Tax Assets/Liabilities

- (a) The deferred tax assets/liabilities are made up of the following:

	Group	
	2004	2003
	RM'000	RM'000
Deferred tax assets		
- Unabsorbed tax losses	—	11,000
Deferred tax liabilities		
- Revaluation reserve	295	295

The deferred tax assets as at 31 December 2003 have been recognised to the extent of the taxable profit that would be available against which the deductible temporary differences could be utilised based on the budgeted profit forecast as approved by the management of a former subsidiary company.

- (b) The movements of deferred tax assets and liabilities during the financial year are as follows:

	Group	
	2004	2003
	RM'000	RM'000
Deferred tax assets		
Balance as at 1 January	11,000	11,000
Dilution of equity interest in a subsidiary company	(11,000)	—
Balance as at 31 December	—	11,000
Deferred tax liabilities		
Balance as at 1 January/31 December	295	295

29. Deferred Tax Assets/Liabilities (Cont'd)

The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:-

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	30,595	28,420	18,963	17,134
Unabsorbed capital allowances	11,875	11,718	2,948	2,899
	42,470	40,138	21,911	20,033

30. Revenue

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Brokerage fees	39,376	27,512	—	—
Rendering of services:				
- ticketing and travel related	27,818	25,464	—	—
- hotel	7,637	7,107	—	—
- other services	3,423	3,453	—	—
Interest income	4,272	3,348	365	529
Rental and parking income	24	26	—	4
Others	466	155	371	384
	83,016	67,065	736	917
Discontinuing operations				
Royalty fee	—	418	—	—
	83,016	67,483	736	917

31. Discontinuing Operation

Discontinuing operation in 2003 was in respect of GCIH Trademarks Limited ("GTL"). GTL, a subsidiary company which is principally engaged in licensing of trademarks, was disposed in the previous financial year for cash consideration of RM6,185. The result of this operation had previously been reported in the licensing of trademarks segment under the segment information as disclosed in Note 43 to the financial statements.

The financial effects of this discontinued operation arising from its disposal of the subsidiary company have been disclosed in Note 7.4 to the financial statements. Details of cash flow from the discontinuing operations were as follows:

	<i>Discontinuing Operation</i>
	<i>2003</i>
	<i>RM'000</i>
Cash flows (used in)/from:	
- operating activities	137
- financing activities	(286)

32. Profit/(Loss) Before Tax

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Profit/(Loss) before tax is arrived at:				
After charging:				
Allowance for doubtful debts	—	—	14,117	14,655
Amortisation of investment	3	3	—	—
Auditors' remuneration:				
- statutory				
- current year	164	205	25	25
- under provision in prior year	8	5	—	—
- non-statutory				
- current year	48	47	25	—
- under provision in prior year	35	—	28	28
Bad debts written off	143	24	132	—
Depreciation of property, plant and equipment	5,623	6,052	474	1,095
Directors' remuneration:				
- fee	60	60	36	36
- other emoluments	954	839	190	191
Impairment loss of goodwill	560	—	—	—
Impairment loss of investment in a former subsidiary company included in other operating expenses	—	—	62,401	—
Impairment loss of investment in a subsidiary company included in other operating expenses	—	—	—	608
Impairment loss of property, plant and equipment included in other operating expenses	2,665	1,970	—	1,970
Interest expense:				
- bank overdrafts	516	21	—	—
- term loans	6,012	5,849	1,899	2,114
- related company	3,653	3,719	—	—
- hire-purchase	1	2	—	—
- short term borrowings	283	—	—	—
- others	757	416	—	—
Investment written off	194	—	—	—
Loss on disposal of property, plant and equipment	—	18	—	—
Property, plant and equipment written off	—	4	—	4
Provision for retirement gratuity	199	38	52	19
Provision for employee benefits	—	239	—	25
Provision for diminution in value of investments	10,901	2,071	140	424
Realised loss on foreign exchange	1,432	—	—	—
Rental of:				
- land and buildings	1,442	596	70	—
- equipment	2,178	1,139	4	4
Rental paid and payable to a related company	603	1,216	64	131

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM50,182 and RM31,082 (2003: RM50,300 and RM31,200) respectively.

32. Profit/(Loss) Before Tax (Cont'd)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
And crediting:				
Allowance for doubtful debts no longer required	1,288	4,537	814	2,402
Bad debts recovered	6,565	6,460	—	—
Gain arising from the receipt of shares in Bursa Malaysia Berhad	25,000	—	—	—
Gain on dilution of equity interest in a subsidiary company	356,818	—	—	—
Gain on disposal of quoted investments	41	97	—	—
Gain on disposal of investment in a subsidiary company	—	599	—	—
Gain on disposal of property, plant and equipment	1,010	—	144	—
Gain on foreign exchange:				
- realised	—	227	—	—
- unrealised	1,275	3,399	—	—
Gross dividends from investments in Malaysia:				
- quoted	29	1	—	—
- unquoted	—	240	—	—
Interest receivable:				
- subsidiary companies	—	—	14	22
- a related company	239	—	178	—
- others	4,618	5,102	173	507
Management fees received and receivable from:				
- subsidiary companies	—	—	24	384
- associated companies	360	—	360	—
Provision for corporate guarantees no longer required	1,141	—	5,951	—
Provision for diminution in value of investments no longer required	—	—	—	78
Provision for retirement benefit no longer required	65	—	43	—
Rental income	63	139	—	4
Surplus arising from subsidiary companies not consolidated	1,290	—	—	—

- (a) Number of Directors of the Company whose aggregate of remuneration received from the Company and its subsidiary companies during the year and falling within the respective bands are as follows:

	Number of Directors	
	2004	2003
Executive Directors		
RM100,001 to RM150,000	1	1
RM500,001 to RM550,000	—	1
RM600,001 to RM650,000	1	—
Non-Executive Directors		
Below RM50,000	2	2
RM50,001 to RM100,000	2	2
RM150,001 to RM200,000	1	1

32. Profit/(Loss) Before Tax (Cont'd)

- (b) Impairment loss of RM2,665,501 (2003: RM1,970,273) in respect of certain property, plant and equipment of subsidiary companies is recognised to reflect their recoverable amounts. The recoverable amounts of these assets are based on their estimated net selling price.
- (c) In January 2004, the then Kuala Lumpur Stock Exchange ("KLSE") undertook a demutualisation exercise and had vested and transferred its stock exchange licence to Bursa Securities. As a result of the demutualisation exercise, PM Securitites Sdn. Bhd. ("PM Securities"), the stockbroking subsidiary company of PM Capital, was allocated 9,090,909 shares in Bursa Malaysia Berhad which was assigned a fair value of RM25,000,000.

The fair value of RM25,000,000 was determined by reference to the underlying net tangible assets as reflected in the latest audited financial statements of Bursa Malaysia Berhad as at 31 December 2003. In the absence of other clear indicators, the Directors consider that underlying net tangible assets as reflected in the latest audited financial statements of Bursa Malaysia Berhad as at 31 December 2003 is a reasonable indicator of fair value.

- (d) As at 31 December 2004, the recoverable amount of a former subsidiary company based on its net assets has declined significantly since the date of its acquisition due to its poor economic performance in the past few years. Consequently, an impairment loss on goodwill of RM559,736 of this investment is recognised to reflect its recoverable amount.
- (e) As at 31 December 2004, the recoverable amount of an investment in a former subsidiary company based on its net assets has declined significantly since the date of its acquisition due to its poor economic performance in the past few years. Consequently, an impairment loss of RM62,401,203 on this investment is recognised to reflect its recoverable amount.

33. Tax Expense

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Current year provision	185	301	—	—
Under/ (Over)provision in prior year	900	(1,178)	(714)	—
	1,085	(877)	(714)	—

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

	Group		Company	
	2004	2003	2004	2003
	%	%	%	%
Company and subsidiary companies average applicable tax rate	28	28	(28)	(28)
Effects on differences in tax rates in other countries	—	101	—	—
Depreciation on non-qualifying property, plant and equipment	—	60	—	1
Non-taxable income	(29)	(294)	(3)	(3)
Non-allowable expenses	2	214	30	28
Movement in deferred tax assets not recognised during the year	(1)	(94)	1	2
Overprovision in prior years	—	(58)	—	—
Average effective tax rate	—	(43)	—	—

Subject to the agreement with Inland Revenue Board, the Company's unabsorbed tax losses and unabsorbed capital allowances totalling approximately RM21.9 million (2003: RM20.0 million) are available for set-off against future taxable income.

34. Basic Earnings Per Share

The basic earnings per ordinary share is calculated based on net profit after tax and minority interests for the financial year amounting to RM370,014,782 (2003: RM2,937,385) and the weighted average number of ordinary shares in issue during the financial year of 927,718,571 (2003: 924,824,378) shares.

The diluted earnings per share in 2004 and 2003 is not disclosed as it is not applicable to the Group since there is no dilutive potential ordinary shares.

35. Dilution Of Equity Interest In A Subsidiary Company

During the financial year, the Group's equity interest in PM Capital was diluted. Details of net liabilities diluted and cash flow arising from the dilution are as follows:

	Group 2004 RM'000
Property, plant and equipment	14,464
Long term investments	26,691
Intangible assets	144,037
Goodwill on consolidation	7,808
Deferred tax assets	11,000
Amount owing by related companies	324
Cash and cash equivalents	29,311
Other current assets	136,401
Other current liabilities	(207,308)
Long term liabilities	(54,384)
Minority interest	(465,162)
Gain on dilution of Group's equity interest in a subsidiary company	356,818
	—
Less: Cash and cash equivalents of subsidiary company diluted net of monies held in trust (Dealers and remisier deposits)	(29,311)
Cash flow on dilution of equity interest in a subsidiary company, net of cash and cash equivalents diluted	(29,311)

36. Subsidiary Companies Not Consolidated

The effects of the non-consolidation of the PUK Group mentioned in Note 7.2 (ii) on the cash flow of the Group are as follows:

	Group 2004 RM'000
Long term investments	6,819
Cash and cash equivalents	320
Other current assets	38
Current liabilities	(8,467)
Surplus on subsidiary companies not consolidated	1,290
	—
Less: Cash and cash equivalents of subsidiary companies not consolidated	(320)
Cash flow of subsidiary companies not consolidated	(320)

37. Disposal Of A Subsidiary Company

During the previous financial year, the Group disposed of its entire equity interest in GCIH Trademarks Limited. Details of net liabilities disposed and cash flow arising from the disposal were as follows:

	<i>Group 2003 RM'000</i>
Cash and cash equivalents	19
Other current assets	1
Other current liabilities	(613)
Attributable net liabilities disposed	(593)
Gain on disposal of investment in a subsidiary company	599
Net proceed received	6
Less: Cash and cash equivalents of subsidiary company disposed	(19)
Cash flow on disposal, net of cash and cash equivalent disposed	(13)

38. Cash And Cash Equivalents

The cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:-

	<i>Group</i>		<i>Company</i>	
	<i>2004 RM'000</i>	<i>2003 RM'000</i>	<i>2004 RM'000</i>	<i>2003 RM'000</i>
Term and call deposits	5,907	40,604	1,901	10,979
Cash and bank balances	994	24,160	71	71
Bank overdrafts (Note 24)	(442)	(362)	—	—
	6,459	64,402	1,972	11,050
Less: Deposits pledged to banks	(463)	(596)	—	—
	5,996	63,806	1,972	11,050
Less: Dealers and remisiers' deposits maintained as trust monies included in:				
- cash and bank balances	—	(2,475)	—	—
- term and call deposits	—	(11,308)	—	—
	—	(13,783)	—	—
	5,996	50,023	1,972	11,050

38. Cash And Cash Equivalents (Cont'd)

The weighted average interest rates of term and call deposits that were effective during the financial year were as follows:

	Group		Company	
	2004	2003	2004	2003
	%	%	%	%
Term and call deposits with licensed banks	3.0	2.8	3.0	3.1
Term and call deposits with other corporations	2.7	2.7	2.7	2.7

Deposits of the Group and of the Company have a maturity period ranging from 1 to 31 days (2003: 1 to 31 days). Bank balances are deposits held at call with licensed banks.

39. Financial Instruments

(a) Credit risk

As at 31 December 2004, the Group and the Company have amount owing by associated companies of RM56.06 million ("Debts"). The carrying amount of these Debts net of allowance for doubtful debt of RM0.03 million as at 31 December 2004 is RM56.03 million. The term and call deposits, and bank balances of the Group and of the Company are placed with major financial institutions in Malaysia. Other than as mentioned, the Group and the Company have no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

(b) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at balance sheet date approximate their fair values except as set out below:

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
As at 31 December 2004	RM'000	RM'000	RM'000	RM'000
Unquoted investments	487	*	401	*
As at 31 December 2003				
Unquoted investments	16,398	*	401	*

- * It is not practical to estimate the fair value of the long term unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. The Directors believe that the carrying amount represents the recoverable value.

The following methods and assumptions are used to determine the fair value of financial instruments:

- The carrying values of the financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.
- The fair values of quoted investments other than quoted investments in an associated company which was formerly a subsidiary company are estimated based on quoted market prices. For investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs. Therefore, such investments are valued at cost subject to review for impairment.

39. Financial Instruments (Cont'd)

(b) Fair values (Cont'd)

- (iii) The fair value of quoted investment in an associated company which was formerly a subsidiary company is based on its recoverable amount by reference to its net assets.
- (iv) The fair value of the term loans from a related company is estimated based on the current market rates offered for loans of the similar nature.
- (v) The fair values of other term loans are estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Group for loans of the same remaining maturities.

40. Significant Related Party Transactions And Balances

	<i>Group</i>		<i>Company</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Significant related party transactions during the year:				
Sales of air tickets and provision of travel and ancillary services to:				
Corus & Regal Hotels plc,				
EIC Clothing Sdn. Bhd.,				
Laura Ashley Limited,				
Laura Ashley Holdings plc,				
Malayan United Management Sdn. Bhd.,				
Malayan United Industries Berhad,				
Metrojaya Berhad,				
Ming Court Hotel (KL) Sdn. Bhd.,				
MJ Reject Shop Sdn. Bhd.,				
MJ Reject Shop (2002) Sdn. Bhd.,				
MJ Somerset Bay Sdn. Bhd.,				
Morning Star Resources Limited,				
Morning Star Travel Service Limited,				
MUI Continental Insurance Berhad,				
MUI dotCom Sdn. Bhd.,				
MUI Media Limited,				
MUI Properties Berhad,				
Network Foods (Malaysia) Sdn. Bhd.,				
Network Foods Industries Sdn. Bhd.,				
Network Foods International Ltd,				
Network Foods Limited and				
Pan Malaysia Corporation Berhad	4,466	4,199	—	—
Royalty income received from				
Network Foods Industries Sdn. Bhd.	—	418	—	—
Rental and related expenses paid to				
MUI Plaza Sdn. Bhd.	781	1,490	66	136
Interest expenses paid to MUI Capital Sdn. Bhd.	3,653	3,719	—	—
Repayment of term loan to MUI Capital Sdn. Bhd.	—	11,616	—	—
Purchase of insurance from MUI Continental				
Insurance Berhad	317	230	141	158
Purchases from Ming Court Hotel (KL) Sdn. Bhd.	98	261	11	6

40. Significant Related Party Transactions And Balances (Cont'd)

The related party transactions were entered in the normal course of business and were on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

The relationships between the Group and related parties, other than disclosed elsewhere in the financial statements, are as follows:

Identities of related parties	Relationships with the Group
Corus & Regal Hotels plc	Subsidiary companies of the ultimate holding company
Malayan United Management Sdn. Bhd.	
Ming Court Hotel (KL) Sdn. Bhd.	
MUI Capital Sdn. Bhd.	
MUI Continental Insurance Berhad	
MUI dotCom Sdn. Bhd.	
MUI Media Limited	
MUI Plaza Sdn. Bhd.	
MUI Properties Berhad	
Network Foods (Malaysia) Sdn. Bhd.	
Network Foods Industries Sdn. Bhd.	
Network Foods International Ltd	
Network Foods Limited	
Pan Malaysia Corporation Berhad	
Laura Ashley Holdings plc	Associated companies of the ultimate holding company
Laura Ashley Limited	
Morning Star Resources Limited	
Morning Star Travel Service Limited	
EIC Clothing Sdn. Bhd.	Subsidiary companies of Pan Malaysian Industries Berhad, a deemed major shareholder of the Company
Metrojaya Berhad	
MJ Reject Shop (2002) Sdn. Bhd.	
MJ Reject Shop Sdn. Bhd.	
MJ Somerset Bay Sdn. Bhd.	

41. Contingent Liabilities

Group and Company

Unsecured

- (a) On 13 September 1995, Wakefield Nominees Ltd ("WNL"), which is incorporated in Hong Kong, presented a petition to the Supreme Court of Bermuda against the Company and AGA Holdings Ltd ("AGA") in which the Company allegedly has a 35% equity interest. WNL has petitioned to seek for compensation in respect of the dilution of its interest in AGA and Central Reinsurance Limited ("CRL"), a subsidiary company of AGA.

Consequent to the petition described above, Receivers and Managers have been appointed by the court to AGA and the Receivers and Managers have further petitioned and obtained an order to liquidate CRL.

The Company's solicitors are of the considered opinion that based upon available evidence, the Company has a valid defence to the petition.

41. Contingent Liabilities (Cont'd)

Group and Company (Cont'd)

- (b) A suit was filed on 17 May 1996 in the High Court of Kuala Lumpur by Loyal Design Sdn Bhd ("LDSB"), a wholly-owned subsidiary of Malayan United Industries Berhad ("MUIB"), against the Company and all its then existing directors for breach of directors' duties in conducting the affairs of the Company during the period involved with the takeover offer by MUIB through LDSB in respect of the Company. The suit also seek to declare, inter-alia, that various options granted by the Company under the Company's Executive Share Option Scheme are void.

The case has now been fixed for further case management on 28 July 2005. The Company's solicitors are of the opinion, based on the documents available, that LDSB's chance of success on the claim is good.

- (c) As at 31 December 2004, the contingent liabilities in respect of the corporate guarantees given by the Company for banking facilities granted to subsidiary companies amounted to RM20 million (2003: RM16 million).

42. Capital Commitment

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>RM'000</i>	<i>RM'000</i>
Authorised and contracted but not provided for:		
- purchase of property, plant and equipment	—	1,225

43. Segment Information

The Group's operations comprise of the following main business segments:

Hotel	: Operating of a hotel
Travel	: Travel agent and provision of travel-related services
Property and investment holding	: Comprise mainly investment, property holding, dormant and inactive subsidiary companies
Stockbroking	: Comprise mainly businesses involved in stock and sharebroking, corporate advisory services, research and fund management services, nominee and custodian services

Discontinuing operation

Licensing of trademarks	: Ownership and licensing of trademarks
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The inter-segment transactions were entered in the normal course of business and were on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

43. Segment Information (Cont'd)

(a) Business segment

				<i>Property and Investment</i>		
	<i>Hotel</i>	<i>Travel</i>	<i>Stockbroking</i>	<i>Holding</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2004</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Revenue						
- external sales	7,637	27,818	46,863	698	–	83,016
- inter-segment sales	47	32	16	38	(133)	–
Total revenue	7,684	27,850	46,879	736	(133)	83,016
Result						
Segment result	(1,804)	274	25,527	(323)		23,674
Interest income	76	7	420	82		585
Interest expense	(1,368)	(43)	(5,162)	(4,649)		(11,222)
Surplus arising from subsidiary companies not consolidated	–	–	–	1,290		1,290
Gain on dilution of equity interest in a subsidiary company	–	–	–	356,818		356,818
Profit before tax						371,145
Tax expense						(1,085)
Profit after tax						370,060
Minority interests						(45)
Net profit for the financial year						370,015
Other information						
Segment assets	40,442	3,467	–	92,505		136,414
Investment in an associated company	–	–	54,068	–		54,068
Consolidated total assets						190,482
Segment liabilities	20,800	2,214	–	59,689		82,703
Unallocated corporate liabilities						295
Consolidated total liabilities						82,998
Capital expenditure	48	10	2,308	1		2,367
Depreciation and amortisation	1,207	64	3,848	504		5,623
Impairment loss of property, plant and equipment	2,626	–	39	–		2,665
Impairment loss of goodwill	–	–	560	–		560
Non-cash expenses other than depreciation	13	–	11,221	318		11,552

43. Segment Information (Cont'd)

(a) Business segment (Cont'd)

2003	Hotel RM'000	Travel RM'000	Stockbroking RM'000	Property and Investment Holding RM'000	Discontinuing Operation: Licensing of Trademarks RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
- external sales	7,107	25,464	33,982	512	418	–	67,483
- inter-segment sales	103	49	2	406	–	(560)	–
Total revenue	7,210	25,513	33,984	918	418	(560)	67,483
Result							
Segment result	450	(88)	2,637	6,562	124		9,685
Interest income	75	5	1,657	17	–		1,754
Interest expense	(1,364)	(49)	(4,105)	(4,489)	–		(10,007)
Gain on disposal of investment in a subsidiary company	–	–	–	599	–		599
Profit before tax							2,031
Tax expense							877
Profit after tax							2,908
Minority interests							29
Net profit for the financial year							2,937
Other information							
Segment assets	43,636	4,350	410,170	57,761	–		515,917
Unallocated corporate assets							11,000
Consolidated total assets							526,917
Segment liabilities	20,625	3,755	221,810	76,975	–		323,165
Unallocated corporate liabilities							1,443
Consolidated total liabilities							324,608
Capital expenditure	98	271	890	–	–		1,259
Depreciation and amortisation	1,228	59	3,616	1,152	–		6,055
Impairment loss of property, plant and equipment	–	–	–	1,970	–		1,970
Non-cash expenses other than depreciation	117	–	7,120	1,095	–		8,332

43. Segment Information (Cont'd)

(b) Geographical segments

As the Group's operation is predominantly in Malaysia, no segmental information is presented on geographical segments.

44. Significant Events

(i) Cessation of PM Capital as a Subsidiary Company and Becoming an Associated Company

On 29 December 2004, 562,221,711 ICPS in PM Capital were automatically converted into 562,221,711 new ordinary shares of RM1.00 each in the share capital of PM Capital. Arising from the said conversion of ICPS, the Company's equity interest in PM Capital was diluted from 73.89% to 34.84%. Consequently, PM Capital ceased to be a subsidiary company of the Company and became an associated company with effect from 29 December 2004. The subsidiary companies of PM Capital have also accordingly ceased to be subsidiary companies and became associated companies of the Company from the same date.

(ii) Schemes of Arrangement

The schemes of arrangement of the Company and certain of its subsidiary companies and then subsidiary companies, including PM Capital and PM Securities have been completed except for the scheme of arrangement of PM Securities which is pending settlement with a scheme creditor under legal action. PM Securities is a subsidiary company of PM Capital. With the cessation of PM Capital as a subsidiary company of the Company from 29 December 2004, PM Securities has also effective from 29 December 2004 ceased to be a subsidiary company of the Company.

(iii) Issuance of New Ordinary Shares to Two Scheme Creditors

Pursuant to the schemes of arrangement of the Company and certain subsidiary companies, the Company has on 14 April 2004 issued 4,043,033 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share to two scheme creditors to settle the indebtedness due to them.

(iv) Creditors' Voluntary Winding-Up of a Subsidiary Company

In line with the rationalisation exercise of the Group to divest and wind-up non-core businesses, Pengkalen (UK) Plc ("PUK"), a 84.12%-owned subsidiary company of the Company, was placed under creditors' voluntary winding-up on 26 August 2004. The winding-up of this subsidiary company has resulted in a surplus of approximately RM1.29 million to the Group.

45. Subsequent Events

- (i) On 15 February 2005, Kayangan Makmur Sdn. Bhd., a wholly-owned subsidiary company of the Company, completed the disposal of a leasehold apartment to a third party for £570,000 (or approximately RM4.05 million) cash and resulted in a gain of RM2.92 million to the Group.
- (ii) As the Company had regularised its financial position with a surplus of RM107.37 million in its shareholders' equity on a consolidated basis as at 31 December 2004, the Company on 17 March 2005 applied to Bursa Securities to be uplifted from its Practice Note 4/2001 ("PN4") status. On 29 March 2005, Bursa Securities announced that the Company has regularised its financial condition and no longer triggers any of the criteria under paragraph 2.0 of PN4. Accordingly, the trading restriction on the Company's shares was uplifted and the Company will not be flagged as a PN4 company with effect from 30 March 2005.

46. Subsidiary And Associated Companies

Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2004</i>	<i>2003</i>		
	<i>%</i>	<i>%</i>		
1. Destiny Aims Sdn Bhd (a wholly-owned subsidiary company of Pan Malaysia Travel & Tours Sdn Bhd)	80	80	Dormant	Malaysia
+ 2. Golden Carps Pte Ltd	100	100	Inactive	Singapore
+ 3. Grandvestment Company Limited	100	100	Investment holding	Hong Kong
4. Kayangan Makmur Sdn. Bhd.	100	100	Investment holding	Malaysia
+ 5. Pengkalen Company Limited	100	100	Dormant	United Kingdom
6. Pengkalen Equities Sdn. Bhd.	100	100	Investment holding and dealing	Malaysia
7. Pengkalen Foodservices Sdn. Bhd.	100	100	Inactive	Malaysia
8. Pengkalen Holiday Resort Sdn. Bhd.	100	100	Operating a hotel	Malaysia
9. Pengkalen Properties Sdn. Bhd.	100	100	Inactive	Malaysia
10. Pan Malaysia Travel & Tours Sdn. Bhd.	80	80	Travel agent & provision of travel-related services	Malaysia
11. Twin Phoenix Sdn. Bhd.	100	100	Dormant	Malaysia
<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2004</i>	<i>2003</i>		
	<i>%</i>	<i>%</i>		
1. Pan Malaysia Capital Berhad	34.84	73.89	Investment holding	Malaysia
* 2. Excelpac Industries Sdn Bhd (a 25% associated company of Pan Malaysia Travel & Tours Sdn Bhd)	20	20	Inactive	Malaysia

Subsidiary Companies of Pan Malaysia Capital Berhad

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2004</i>	<i>2003</i>		
	<i>%</i>	<i>%</i>		
1. Bayan Niaga Sdn Bhd	100	100	Inactive	Malaysia
2. KESB Nominees (Asing) Sdn Bhd	99.99	99.99	Dormant	Malaysia
3. KESB Nominees (Tempatan) Sdn Bhd	99.99	99.99	Nominee & custodian services	Malaysia
4. Meridian Nominees (Tempatan) Sdn Bhd	99.99	99.99	Share registration, nominee & custodian services	Malaysia

46. Subsidiary And Associated Companies (Cont'd)

Subsidiary Companies of Pan Malaysia Capital Berhad (Cont'd)

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2004</i>	<i>2003</i>		
	<i>%</i>	<i>%</i>		
5. Pan Malaysia Equities Sdn Bhd	99.99	99.99	Property & investment holding	Malaysia
6. PCB Asset Management Sdn Bhd	100	100	Research & fund management services	Malaysia
7. PM Asset Management Sdn Bhd	100	100	Investment holding	Malaysia
8. PM Nominees (Asing) Sdn Bhd	99.99	99.99	Nominee & custodian services	Malaysia
9. PM Nominees (Tempatan) Sdn Bhd	99.99	99.99	Nominee & custodian services	Malaysia
10. PM Options & Futures Sdn Bhd	100	100	Inactive	Malaysia
11. PM Securities Sdn Bhd	99.99	99.99	Stock and sharebroking and corporate advisory services	Malaysia

Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad which are in liquidation

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2004</i>	<i>2003</i>	
	<i>%</i>	<i>%</i>	
1. Asia Entertainment Network Sdn Bhd	60	60	Malaysia
2. Cocoa Specialities (Malaysia) Sdn Bhd	84.12	84.12	Malaysia
3. Grand Union Insurance Company Limited	55	55	Hong Kong
4. Office Business Systems (Malacca) Sdn Bhd	41.67	41.67	Malaysia
5. Office Business Systems (Penang) Sdn Bhd	64.10	64.10	Malaysia
6. Office Business Systems Sdn Bhd	64.10	64.10	Malaysia
7. Pengkalen Building Materials Sdn Bhd	100	100	Malaysia
8. Pengkalen Electronics Industries Sdn Bhd	67	67	Malaysia
9. Pengkalen Engineering & Construction Sdn Bhd	100	100	Malaysia
10. Pengkalen Heights Sdn Bhd	70	70	Malaysia
11. Pengkalen Pasar Borong Sdn Bhd	80	80	Malaysia
12. Pengkalen Raya Sdn Bhd	100	100	Malaysia
13. Sensor Equipment Sdn Bhd	64.10	64.10	Malaysia
14. Technitone (M) Sdn Bhd	64.10	64.10	Malaysia
15. Pengkalen (UK) Plc	84.12	84.12	United Kingdom

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2004</i>	<i>2003</i>	
	<i>%</i>	<i>%</i>	
1. Schwartau (Far East) Sdn Bhd	42.06	42.06	Malaysia
++2. Pufrut Preserving Works (Malaysia) Sdn Bhd	—	42.06	Malaysia

46. Subsidiary And Associated Companies (Cont'd)

Subsidiary and Associated Companies of Pengkalen (UK) Plc

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2004</i>	<i>2003</i>	
	<i>%</i>	<i>%</i>	
1. Anglo Pacific Corporation (Malaysia) Sdn Bhd	100	100	Malaysia
2. Anglo Pacific Holdings (Malaysia) Sdn Bhd	100	100	Malaysia
* 3. Aqua Lanka (Private) Limited	100	100	Sri Lanka
+ 4. Central Cocoa Pte Ltd	100	100	Singapore
+ 5. GCIH Property Limited	100	100	Hong Kong
* 6. Grand Central (Ceylon) Rubber Estates Limited	100	100	United Kingdom
* 7. Grand Central Limited	100	100	Sri Lanka
* 8. Highland Tea Company of Ceylon Limited	100	100	United Kingdom
9. Kuril Plantations Sdn Berhad	100	100	Malaysia
+10. Meltis Holdings Limited	84	84	United Kingdom
* 11. Nagolle Holdings Limited	100	100	United Kingdom
* 12. Nagolle (Ceylon) Rubber and Tea Plantations Limited	100	100	United Kingdom
* 13. Network Foods International Limited	100	100	United Kingdom
* 14. The Panawatte Tea and Rubber Estates Limited	100	100	United Kingdom
* 15. The Yatiyantota Ceylon Rubber Company Limited	100	100	United Kingdom
16. Upali Group Sdn Bhd	100	100	Malaysia
+17. Wellon Distribution Pte Ltd	100	100	Singapore

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2004</i>	<i>2003</i>	
	<i>%</i>	<i>%</i>	
1. Desa Kuril Sdn Berhad	50	50	Malaysia

+ Subsidiary companies audited by overseas member firms associated with BDO Binder, Malaysia

* Subsidiary and associated companies not audited by member firms of BDO Binder, Malaysia

++ Pufrut Preserving Works (Malaysia) Sdn Bhd ("PPW") which was under winding-up, was dissolved on 29 July 2004. Prior to its dissolution, PPW was an associated company of Pan Malaysia Holdings Berhad

47. Number Of Employees And Staff Costs

	Group		Company	
	2004	2003	2004	2003
Number of employees, including executive directors, as at year end	417	397	22	22

Staff costs for the financial year are as follows:-

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	10,822	11,477	657	825
Defined contribution plans	754	1,160	76	101
Short term accumulating compensated absence	(7)	277	9	44
Other employee benefits	2,161	519	65	67
	13,730	13,433	807	1,037

48. Comparative Figures

As a result of the cessation of PM Capital as a subsidiary company which then became an associated company, certain comparative figures in the financial statements have been reclassified, in order to conform with current year's presentation as follows:

	Company	
	As	As
	Previously	As
	Reported	restated
	RM'000	RM'000
Balance sheet		
Amount owing by subsidiary companies	87,618	31,414
Amounts owing by associated companies	–	56,204
Cash flow statement		
Net (advances to)/repayment from subsidiary companies	(6,066)	6,731
Advances to associated companies	–	(12,797)

49. Authorisation For Issue Of Financial Statements

These financial statements were authorised for issue by the Board of Directors on 27 April 2005.

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 29 to 77 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 31 December 2004 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 31 December 2004.

On behalf of the Board

Khet Kok Yin
Director

Dato' Choong Kok Min
Director

Kuala Lumpur
27 April 2005

Statutory Declaration

I, Lum Seng Yip, being the officer primarily responsible for the financial management of Pan Malaysia Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 29 to 77 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lum Seng Yip at Kuala Lumpur in the Federal Territory on 27 April 2005.

Lum Seng Yip

Before me

Robert Lim Hock Kee
No. W092
Commissioner for Oaths
Kuala Lumpur

Report Of The Auditors

To the members of Pan Malaysia Holdings Berhad

We have audited the financial statements set out on pages 29 to 77.

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 towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. 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 applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2004 and of their results and cash flows for the financial year then ended; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as disclosed in Note 46 to the financial statements, being financial statements that are included in the consolidated financial statements.

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

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

BDO Binder

AF : 0206

Chartered Accountants

Tan Lye Chong

1972/08/05 (J)

Partner

Kuala Lumpur

27 April 2005

Analysis Of Shareholding

As at 28 April 2005

Class of Shares : Ordinary share of RM1.00 each
Voting Rights : 1 vote per ordinary share

Substantial Shareholders

as per Register of Substantial Shareholders

Name	No. of Shares held			
	Direct	%	Deemed	%
Pan Malaysian Industries Berhad	—	—	633,814,310	68.24
Tan Sri Dato' Dr Khoo Kay Peng	—	—	633,814,310	68.24
Malayan United Industries Berhad	—	—	633,181,573	68.17
Loyal Design Sdn Bhd	358,496,163	38.59	—	—
MUI Media Ltd	103,417,208	11.13	—	—
Megawise Sdn Bhd	82,749,507	8.91	—	—
Pan Malaysia Corporation Berhad	—	—	82,749,507	8.91
MUI Capital Sdn Bhd	62,699,810	6.75	—	—

Directors' Shareholdings

as per Register of Directors' Shareholdings

In the Company	Name	No. of Shares held			
		Direct	%	Indirect	%
	Dato' Choong Kok Min ^{*1}	1,442,000	0.16	21,109,732	2.27
	Dato' Abdul Aziz bin Ahmad	—	—	10,000	negligible
	Dato' Rastam bin Abdul Hadi	—	—	401,000	0.04

^{*1} Dato' Choong Kok Min has purportedly been granted option to subscribe for 500,000 ordinary shares of RM1.00 each at an exercise price of RM3.02 per share pursuant to the Executive Share Option Scheme of the Company. The validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The case has been fixed for further case management on 28 July 2005.

In Related Company	Name	No. of Shares held			
		Direct	%	Indirect	%
Malayan United Industries Berhad	Dato' Choong Kok Min	1,150,000	0.06	—	—
	Yong Ming Sang	1,981,800	0.10	549,640	0.03
	Tan Sri Dato' Seri Dr Ting Chew Peh	—	—	10,000	negligible
	Dato' Choong Kok Min	5,000	negligible	—	—
Pan Malaysia Corporation Berhad	Dato' Rastam bin Abdul Hadi	—	—	132,600	0.02

Nominal Value of Class A1 Irredeemable Convertible Unsecured Loan Stocks (RM)

	Name				
		Direct	%	Indirect	%
Malayan United Industries Berhad	Dato' Choong Kok Min	3,470	negligible	—	—
	Dato' Rastam bin Abdul Hadi	—	—	99,684	0.02

Analysis Of Shareholding (Cont'd)

As at 28 April 2005

		Nominal Value of Class A2 Irredeemable Convertible Unsecured Loan Stocks (RM)			
	Name	Direct	%	Indirect	%
Malayan United Industries Berhad	Dato' Choong Kok Min	3,470	negligible	—	—
	Dato' Rastam bin Abdul Hadi	—	—	99,684	0.02

Distribution of Shareholders

Category	No. of Shareholders	%	No. of Shares	%
Less than 100 shares	182	1.82	5,575	0.00
100 - 1,000 shares	2,544	25.36	2,296,571	0.25
1,001 - 10,000 shares	5,769	57.51	25,104,925	2.70
10,001 - 100,000 shares	1,351	13.47	40,434,195	4.35
100,001 to less than 5% of issued shares	179	1.78	268,936,954	28.96
5% and above of issued shares	6	0.06	592,089,191	63.74
Total	10,031	100.00	928,867,411	100.00

Thirty (30) Largest Securities Accounts Holders

Name	No. of Shares	%
1. Loyal Design Sdn Bhd	146,972,633	15.82
2. Amsec Nominees (Tempatan) Sdn Bhd - Arab-Malaysian Credit Berhad for Loyal Design Sdn Bhd	130,000,000	13.99
3. Mayban Nominees (Asing) Sdn Bhd - The Bank of East Asia Limited, Hong Kong for MUI Media Limited	83,000,000	8.93
4. Megawise Sdn Bhd	82,749,507	8.91
5. Alliancegroup Nominees (Tempatan) Sdn Bhd - Securities Account for Loyal Design Sdn Bhd	81,523,530	8.78
6. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Investment Management Sdn Bhd for Malayan Banking Berhad	67,843,521	7.30
7. MUI Capital Sdn Bhd	45,699,810	4.92
8. Arab-Malaysian Credit Berhad	22,845,416	2.46
9. MUI Media Limited	20,417,208	2.20
10. Komin Holdings Sdn Bhd	20,311,332	2.19
11. Mayban Nominees (Tempatan) Sdn Bhd - The Bank of East Asia Limited, Hong Kong for MUI Capital Sdn Bhd	17,000,000	1.83
12. Acquiline Sdn Bhd	15,704,812	1.69
13. Kenanga Nominees (Tempatan) Sdn Bhd - Danaharta Urus Sdn Bhd	13,554,211	1.46
14. RHB Capital Nominees (Tempatan) Sdn Bhd - Bank Utama (Malaysia) Bhd	12,588,832	1.36
15. Merchant Nominees (Tempatan) Sendirian Berhad - Securities Account for Affin Merchant Bank Berhad	10,000,000	1.08

Analysis Of Shareholding (Cont'd)

As at 28 April 2005

Thirty (30) Largest Securities Accounts Holders (Cont'd)

<i>Name</i>	<i>No. of Shares</i>	<i>%</i>
16. Amsec Nominees (Tempatan) Sdn Bhd - Ambank Berhad	7,153,028	0.77
17. Multi-Purpose Credit Sdn Bhd	5,900,758	0.64
18. Danaharta Managers Sdn Bhd	5,673,118	0.61
19. Bank Kerjasama Rakyat Malaysia Berhad	5,101,634	0.55
20. PAB Nominee (Tempatan) Sdn Bhd - Affin Bank Berhad (Loan Recovery)	4,994,215	0.54
21. EB Nominees (Tempatan) Sendirian Berhad - EON Bank Berhad	3,323,002	0.36
22. RHB Capital Nominees (Tempatan) Sdn Bhd - RHB Bank Berhad	2,859,182	0.31
23. Newest Sdn Bhd (In Creditors Voluntary Liquidation)	2,790,000	0.30
24. Bank Kerjasama Rakyat Malaysia Berhad	1,985,751	0.21
25. Teh Chin Soon	1,978,400	0.21
26. RHB Capital Nominees (Tempatan) Sdn Bhd - RHB Bank Berhad (RMB Investment)	1,864,593	0.20
27. Yeap Poh Tin	1,498,400	0.16
28. Mayban Nominees (Tempatan) Sdn Bhd - Securities Account for Lau Kok Seng	1,400,000	0.15
29. Standard Chartered Bank Malaysia Berhad	1,315,139	0.14
30. Mayban Nominees (Tempatan) Sdn Bhd - Aseambankers Malaysia Berhad	1,193,550	0.13
Total	819,241,582	88.20

Properties Owned By The Group

As at 31 December 2004

<i>Location</i>	<i>Description</i>	<i>Usage</i>	<i>Tenure Expiry Year</i>	<i>Approximate Area Sq. Metres</i>	<i>Approximate Age of the Building No. of Years</i>	<i>Net Book Value RM'000</i>	<i>Date of Acquisition/ Last Revaluation</i>
MALAYSIA							
Federal Territory of Kuala Lumpur							
Menara Pengkalen, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur	1 lot of freehold land with a 15-storey office building	Vacant	Freehold	2,459	18	29,687	18.10.1993
State of Negeri Sembilan Darul Khusus							
Lot 286, 288 & 289, and PT5855, 3 1/2 km, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus	4 lots of leasehold land with a 10-storey resort hotel	Hotel	Leasehold 2059/2087	55,745	9	30,990	1993
State of Pahang Darul Makmur							
HS10468 PT11291, Bentong, Pahang Darul Makmur	1 lot of freehold bungalow land	Vacant	Freehold	1,115	—	180	06.03.1992
UNITED KINGDOM							
Flat 53, 5th Floor, Park Mansion, 141-149, Knightsbridge, London	1 unit of leasehold apartment	Vacant	Leasehold	111	11	1,013	30.09.1994

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Form of Proxy

No. of Shares Held

I/We _____ NRIC No. _____
of _____ Tel. No. _____
being a member of PAN MALAYSIA HOLDINGS BERHAD, hereby appoint * THE CHAIRMAN
OF THE MEETING or _____ NRIC No. _____
of _____ Occupation _____
or failing him/her, _____ NRIC No. _____
of _____ Occupation _____

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Monday, 27 June 2005 at 9.00 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:-

Resolutions	For	Against
1. To receive the audited financial statements for the financial year ended 31 December 2004 and the Reports of the Directors and the Auditors thereon.		
2. To approve Directors' fees of RM36,000.00.		
3. To re-appoint Dato' Abdul Aziz bin Ahmad as Director.		
4. To re-appoint Dato' Rastam bin Abdul Hadi as Director.		
5. To re-appoint Mr Yong Ming Sang as Director.		
6. To re-elect Mr Khet Kok Yin as Director.		
7. To re-elect Tan Sri Dato' Seri Dr Ting Chew Peh as Director.		
8. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.		

* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting" and insert the name(s) of the person(s) desired.

(Please indicate with (X) how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signature

Signed this _____ day of _____ 2005.

Seal

Notes:-

1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but if he is not a member, he must be a qualified legal practitioner, approved company auditor, a person approved by the Companies Commission of Malaysia in the particular case or a person approved by the Directors prior to the appointment.
2. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member, other than an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.
4. The Form of Proxy must be deposited at the registered office of the Company at 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

The Company Secretary
Pan Malaysia Holdings Berhad
14th Floor, MUI Plaza
Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia

Stamp

