

Annual
Report
2004



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annual report 2004

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AGENDA

1. To receive the Financial Statements for the financial year ended 31 January 2004 together with the Reports of the Directors and Auditors thereon.

RESOLUTION 1

2. To approve the payment of Directors' Fees for financial year ended 31 January 2004.

RESOLUTION 2

3. To re-elect Haji Abdul Razak bin Dato' Dawood retiring in accordance with Article 103 of the Company's Articles of Association.

RESOLUTION 3

4. To re-elect Datuk Mansor bin Masikon retiring in accordance with Article 94 of the Company's Articles of Association.

RESOLUTION 4

5. To re-appoint Dato' Abdul Rahman bin Haji Ismail who retires pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next Annual General Meeting.

RESOLUTION 5

6. To appoint Horwath as Auditors and to authorise the Directors to fix their remuneration.

RESOLUTION 6

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of **KYM Holdings Bhd.** will be held at 3rd Floor, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Friday, 30 July 2004 at 10:00 a.m. for the following purposes:-

7. As Special Business, to consider and if thought fit, pass with or without any modification, the following ordinary resolution:

Authority To Allot And Issue Shares Pursuant To Section 132D Of The Companies Act, 1965

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time at such price and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

RESOLUTION 7

8. To transact any other matter for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

CHEE MIN ER
Secretary

Kuala Lumpur
7 July 2004

NOTICE OF ANNUAL GENERAL MEETING

NOTES:-

1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative need not be a member of the Company.
2. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.
3. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.

Explanatory Notes to Special Business

Authority To Allot And Issue Shares Pursuant To Section 132D Of The Companies Act, 1965

The proposed resolution 7, if approved, will authorise the Directors to issue shares (other than bonus or rights issues) in the Company up to an aggregate amount of not exceeding 10% of the issued capital of the Company without convening a general meeting. The approval is sought to avoid any delay and costs involved in convening a general meeting for such issuance of shares. The authority will expire at the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28 of the Listing Requirements of the Bursa Malaysia Securities Berhad, additional information in respect of the particulars of the directors who are standing for re-election, attendance of directors at board meetings are set out on page 7, 9, 10 and 16 of this annual report.

Date, Time and Venue of the Annual General Meeting

Friday, 30 July 2004 at 10.00 a.m.

3rd Floor, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur

corporate information

BOARD OF DIRECTORS

Dato' Wan Malek bin Ibrahim
Chairman

Datuk Mansor bin Masikon
Independent Non-Executive Director

Dato' Lim Kheng Yew
Managing Director

Haji Abdul Razak bin Dato' Dawood
Independent Non-Executive Director

Dato' Abdul Rahman bin Hj Ismail
Independent Non-Executive Director

Lim Kheng Chye
Executive Director

COMPANY SECRETARY

Chee Min Er (MAICSA 7016822)

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad
United Overseas Bank (Malaysia) Berhad
RHB Sakura Merchant Bankers Berhad

REGISTERED OFFICE

12 Lorong Medan Tuanku Satu
50300 Kuala Lumpur
Tel : 03-2692 2923
Fax : 03-2692 8382

SHARE REGISTRAR

Signet Share Registration Services
Sdn Bhd (506293-D)
Level 26 Menara Multi-Purpose
Capital Square, No. 8 Jalan Munshi
Abdullah, 50100 Kuala Lumpur
Tel : 03-2721 2222
Fax : 03-2721 2530

AUDITORS

Horwath
Level 16, Tower C
Megan Phileo Avenue
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

LISTING

Bursa Malaysia Securities Berhad, Main Board

profile of the board of directors

DATO' WAN MALEK BIN IBRAHIM

*Chairman, Non-Independent Non-Executive Director
Malaysian*

Dato' Wan Malek bin Ibrahim, aged 56, joined the Board since 5 June 1995 and was appointed as the Chairman of the Company on 13 September 2002. He graduated from University of Malaya in Bachelor of Arts. He began his career with the Malaysian Government serving in the Ministry of Foreign Affairs Department and Prime Minister's Department. Presently, he is also the Chairman of Juan Kuang (M) Industrial Berhad.

He is a member of the Investment Committee and Remuneration Committee.

He is a substantial shareholder of the Company. His shareholdings in the Company are disclosed in page 89 of the Annual Report. He has no family relationship with any other Director and/or major shareholder of the Company. Dato' Wan Malek bin Ibrahim does not have any conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

DATO' LIM KHENG YEW

*Managing Director
Malaysian*

Dato' Lim Kheng Yew, aged 53, was appointed to the Board on 12 August 1992. He was the Executive Chairman since 1993 and was re-designated as the Managing Director of KYM on 13 September 2002. Dato' Lim Kheng Yew is a Fellow of the Institute of Chartered Accountants in England and Wales. He started his career with international accounting firms in London then Kuala Lumpur. Subsequently he was attached to a leading merchant bank in Kuala Lumpur. At present, he is also an Executive Director of Juan Kuang (M) Industrial Berhad and a Director of Naluri Berhad.

He is the Chairman of the Executive Committee, Investment Committee and a member of the ESOS Committee of the Company.

Dato' Lim Kheng Yew is a brother of Mr Lim Kheng Chye and a substantial shareholder of the Company. His shareholdings in the Company and subsidiary companies are disclosed in page 89 of this Annual Report. Dato' Lim Kheng Yew has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.

He has not been convicted any offences within the past 10 years other than traffic offences.

**DATO' ABDUL RAHMAN
BIN HAJI ISMAIL**

*Independent Non-Executive Director
Malaysian*

Dato' Abdul Rahman bin Haji Ismail, aged 75, was appointed to the Board since 8 January 1996. He was formerly a Deputy Inspector General of Police. Presently, he is also a Director of United U-LI Corporation Berhad and Juan Kuang (M) Industrial Berhad.

He is the Chairman of the Audit Committee, ESOS Committee and Remuneration Committee of the Company.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

PROFILE OF THE BOARD OF DIRECTORS

LIM KHENG CHYE

Executive Director
Malaysian

Lim Kheng Chye, aged 50, was appointed as a Director of the Company on 24 February 1994. He is a member of the Institute of Chartered Accountants in England and Wales since 1978 and a member of the Institute of Chartered Accountants of Ontario since 1984. Presently, he is also an Executive Director of Juan Kuang (M) Industrial Berhad.

He is a member of the Executive Committee, Audit Committee and ESOS Committee of the Company.

Mr Lim is a brother to Dato' Lim Kheng Yew, the Managing Director and substantial shareholder of the Company. His shareholdings in the Company are disclosed in page 89 of this Annual Report. Apart from the aforesaid, he has no family relationship with any other director and/or major shareholder of the Company and has not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company.

He has not been convicted for any offences within the past 10 years other than traffic offences.

**HAJI ABDUL RAZAK
BIN DATO' DAWOOD**

*Independent Non-Executive Director
Malaysian*

Haji Abdul Razak bin Dato' Dawood, aged 53, was appointed to the Board since 8 January 1996. During his early working days, he ventured into freight forwarding and travel agency business. He was the first Bumiputra entrepreneur to be offered as Malaysian Airline General Sales Agent (GSA) to operate outside Malaysia. He was also the Vice President and Chairman of Finance Committee of Malaysian Amateur Athletic Union.

He is a businessman with vast experience in oil and gas industry, property development, travel industry, transportation and trading. He is also a director of several private limited companies.

Haji Abdul Razak bin Dato' Dawood is a member of the Audit Committee and Remuneration Committee of the Company.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

PROFILE OF THE BOARDS OF DIRECTORS

DATUK MANSOR BIN MASIKON

*Independent Non-Executive Director
Malaysian*

Datuk Mansor bin Masikon, aged 60, is an associate member of Chartered Insurance Institute (London) and associate member of Chartered Institute of Secretaries (London). He was appointed to the Board on 25 June 2003. Datuk Mansor has extensive experience in the insurance industry. He served as a Chief Executive Officer of several insurance companies. He was the Chairman of the General Insurance Association of Malaysia. He was a member of Parliament Malaysia from 1995 till 1999. Datuk Mansor is currently a Director and Chief Executive Officer of Yayasan Pelajaran Mara.

He is also a member of the Audit Committee of the Company.

He has no family relationship with any other Director and/or major shareholder of the Company and does not hold any shares in the Company and subsidiary companies. He has not entered into any transaction, whether directly or indirectly, has a conflict of interest with the Company. He has not been convicted for any offences within the past 10 years other than traffic offences.

chairman's statement

chairman's statement

D E A R S H A R E H O L D E R S

FINANCIAL HIGHLIGHTS

For the financial year ended 31 January 2004, the Group recorded a turnover of RM67.465 million compared to RM89.198 million in the financial period ended 31 January 2003. However, the turnover for the financial period ended 31 January 2003 consisted of a 16-month period as the Group changed its accounting year end from 30 September to 31 January during the previous financial period. Therefore, on an annualised basis, the turnover declined marginally by 0.85% only.

The Group recorded a consolidated pre-tax loss of RM53.931 million for the financial year ended 31 January 2004, compared to a consolidated pre-tax loss of RM7.173 million for the 16-month financial period ended 31 January 2003. The pre-tax loss for the current financial year was mainly due to the impairment loss provision of RM42 million as required under MASB 23 - Impairment of Assets - for the diminution in value of our 22.03% investment in Juan Kuang (M) Industrial Berhad. As a consequence, the loss per share of the Group increased from 11.9 sen to 125.9 sen whereas the net tangible asset backing per ordinary share reduced from 128 sen to 22 sen.

On October 2003, KYM successfully completed its Two-Call Rights Issue of 40,194,533 new ordinary shares of RM1.00 each on the basis of 5 Rights Shares for every 2 existing ordinary shares of RM1.00 each held in KYM at an

"On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company for the financial year ended 31 January 2004."

issue price of RM1.00 per Rights Share, of which the first call of RM0.50 was paid in cash upon acceptance whilst the second call of RM0.50 was credited from the share premium account. The Rights Shares were successfully listed on Bursa Malaysia (formerly known as the Kuala Lumpur Stock Exchange) on 22 October 2003. Net proceeds from the Two-Call Rights Issue of RM18.795 million were utilized to pay down on our outstanding bank borrowings.

DIVIDEND

The Directors of the Company do not recommend any dividend for the year ended 31 January 2004 in order to conserve the cash resources of the Group.

PROSPECTS

The market situation continues to be tight for the Group, but the Group is progressing in its initiatives to improve value from its core businesses; the Corrugated Carton Division, as well as the Property Division.

In the corrugated carton sector, the Group is continuing with measures to improve its competitive edge by focusing on enhancing production processes including cost controls. The Malaysian economy and in particular the manufacturing sector is forecast to register sustainable growth this year and we are aggressively channeling our sales resources to tap a slice of this expansion.

CHAIRMAN'S STATEMENT

We expect to be able to show some positive benefits from this Division.

On our property front, we are revitalising the Teluk Rubiah project.

With the improvement of the national economy and the property market in particular, we have taken steps to accelerate the development of Teluk Rubiah into a resort township, and there are indications of positive response for our development plans from the market.

ACKNOWLEDGMENT

On behalf of the Board of Directors, I would like to thank the Management and staff for their hard work. I wish also to thank our shareholders, customers, business associates, financial institutions and the governmental authorities for their assistance and continuing support during the year.

DATO' WAN MALEK BIN IBRAHIM

Chairman

7 July 2004

corporate governance statement

The Board of Directors of KYM recognises their responsibility for good corporate governance. The Board and Management are committed to ensuring the highest standards of corporate governance are observed.

The following set out how the Board of Directors of KYM and its subsidiaries applied the Principles of the Code and the extent of compliance with the Best Practices of the Code during the financial year ended 31 January 2004.

BOARD OF DIRECTORS

Composition and Balance

The Board comprises two Executive Directors and four non-Executive Directors, three of whom are independent. No individual or group of individuals dominates the Board's decision making and the number of directors reflects fairly the investment of the shareholders.

The directors bring a wide range of business, industrial and financial experience to lead the Company. Brief background descriptions of each Director are set out on page 6 to 10.

There is a clear division of responsibilities between the Chairman and the Managing Director. The Chairman is primarily responsible for the working of the Board and to ensure that all relevant issues are on the agenda. The Managing Director is primarily responsible for the implementation of the policies and strategies adopted by the Board. The Executive Director, who is involved in the daily management of the Company, is responsible for making and implementing operational decisions.

CORPORATE GOVERNANCE STATEMENT

The non-Executive Directors play a supporting role to contribute knowledge and experience when formulating the strategic plans for and analyzing the strategic decisions faced by the Company. Where a potential conflict of interest may arise, it is mandatory practice for the director concerned to declare his interest and abstain from the decision-making process.

Dato' Abdul Rahman bin Hj Ismail, an Independent Non-Executive Director, also assumes the role as a Senior Independent Director.

Board Responsibilities

The Board retains full and effective control of the Company. The responsibility of the Board includes formulating and adopting a strategic plan and reviewing the Company's internal control systems for the company. Certain key matters such as approval of annual and quarterly results, acquisitions and disposals, borrowings, as well as material agreements, major capital expenditure and budgets are reserved for the Board. Several Board Committees were established to help to lead and control the Company and its subsidiaries.

The Board meets on a scheduled basis, at least four times a year. Special meetings are convened as and when required. During the financial year, six (6) Board Meetings were held and the attendance of the Board members were as follows:

Name of Director	No. of Meeting Attended	Percentage
Dato' Wan Malek bin Ibrahim	5	83.3%
Dato' Abdul Rahman bin Haji Ismail	6	100%
Dato' Lim Kheng Yew	6	100%
Haji Abdul Razak bin Dato' Dawood	3	50%
Lim Kheng Chye	6	100%
Datuk Mansor bin Masikon (appointed on 25 June 2003)	3	100%

Executive Committee

An Executive Committee was set up on 13 July 1995 to assist the Board in the management and day to day operations of the Company and its subsidiaries. The Executive Committee comprises the Managing Director, an Executive Director and the Head of Corporate Finance. The Executive Committee operates under clearly defined terms of references.

ESOS Committee

The Board set up an ESOS Committee on 13 July 1995 comprising Dato' Lim Kheng Yew, Dato' Abdul Rahman Hj Ismail and Lim Kheng Chye to administer the Employees Share Option Scheme (ESOS). The ESOS Committee is vested with such powers and duties as are conferred upon it by the Board. The ESOS Committee is chaired by Dato' Abdul Rahman bin Haji Ismail.

Investment Committee

The Investment Committee comprises Dato' Lim Kheng Yew and Dato' Wan Malek bin Ibrahim. The Investment Committee reviews and approves new business acquisitions not exceeding RM10,000,000.00 per transaction and reviews and approves capital expenditure not exceeding RM10,000,000.00 per transaction. The Investment Committee is chaired by Dato' Lim Kheng Yew.

Remuneration Committee

The Remuneration Committee comprises the following members:

Dato' Abdul Rahman bin Hj Ismail	–	Chairman, Independent Non-Executive Director
Dato' Wan Malek bin Ibrahim	–	member, Non-Executive Director
Hj Abdul Razak bin Dato' Dawood	–	member, Independent Non-Executive Director

Audit Committee

The Board is also assisted by an Audit Committee, whose role and function is as set out in the ensuing pages.

Supply of Information

All Directors are provided with reports and other relevant information on a timely basis. Due notice on issues to be discussed at the Board Meeting together with related papers are given to the Directors to enable the Directors to obtain further explanations, where necessary. Among others, Board papers provide information on major operational, financial and corporate issues, proposals for capital expenditure, proposals for acquisitions and disposals.

The Directors are also informed of the corporate announcements released to the Bursa Malaysia Securities Berhad and any impending restrictions in dealing with the securities of the Company at least one month prior to the release of the quarterly financial announcements.

Directors have access to all information within the Company whether as full Board members or in their individual capacity, in furtherance of their duties.

Directors have direct access to the advice and services of the Company Secretary and may seek independent advice should the need arise.

CORPORATE GOVERNANCE STATEMENT

Appointments to the Board and Re-election

The Remuneration Committee which also acts as the Nomination Committee is responsible for making recommendations to the Board and for assessing directors on an on-going basis. The Remuneration Committee annually reviews, the effectiveness of the Board as a whole, the committees of the Board and assesses the contribution of each individual Director.

At least one third of the Directors retire by rotation at each Annual General Meeting and all directors retire from office once at least every three (3) years in accordance with the Company's Articles of Association. The Managing Director shall also retire once in every three (3) years subject to re-election and re-appointment. In addition, Director who attains the age over 70 retires at every Annual General Meeting in accordance with Section 129(6) of the Companies Act, 1965.

DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for reviewing policies and making recommendations to the Board on remuneration packages and benefits annually as extended to the Executive Directors. The Executive Directors do not participate in the decision making relating to their own remuneration.

Fees payable to Non-Executive Directors are determined by the Board with the approval from shareholders at the Annual General Meeting. The individuals concerned abstain from discussions of their own remuneration.

The policy of the Remuneration Committee is in line with the Group's overall practice on compensation and benefits. The Group operates a bonus and incentive scheme for all employees, including the Executive Directors. The criteria for the scheme is dependent on the financial performance of the Group based on an established formula.

The details of the remuneration of the Directors of the Company for the financial period under review are as follows:

	Salary and other emoluments (RM)	Bonus (RM)	Fees (RM)	Meeting Allowance (RM)
Executive Directors	193,000	7,000	-	-
Non-Executive Directors	-	-	35,000	4,450

The number of Directors whose total remuneration fall within the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	1	3
RM50,001 - RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001- RM350,000	1	-

SHAREHOLDERS

Dialogue between the Company and Investors

The Board and Management convey information about the Company's performance, corporate strategy and other matters affecting shareholders' interests to the shareholders and investors through timely dissemination of information which include distribution of annual reports and relevant circulars and issuance of press releases.

Presentations are made, where appropriate, to explain the Group's strategy and performances to the investors. However, any information that may be regarded as undisclosed information about the Group will not be disclosed to any single shareholder until after the prescribed announcement to the Bursa Malaysia Securities Berhad has been made.

The Company maintains a website www.kym.com.my to enable the shareholders to access information on the Group.

Annual General Meeting

The Annual General Meeting remains the principal forum for dialogue with shareholders. Notice of the Annual General Meeting together with annual reports are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association.

At each Annual General Meeting, the Board encourages shareholders to participate in the question and answer session. Members of the Board and the External Auditors are present to respond to shareholders' questions during the Meeting.

CORPORATE GOVERNANCE STATEMENT

For re-election of Directors, the Board ensures that full information is disclosed through the notice of meetings regarding directors who are standing for re-election. Items of special business included in the notice of the meeting are accompanied by an explanation to facilitate full understanding and evaluation of the issues involved.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Statement Of Directors' Responsibilities In Respect Of Audited Financial Statements

The Directors are legally required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and the results and cash flow of the Group and of the Company for the financial year then ended.

In preparing the financial statements of the Group and the Company for the financial year ended 31 January 2004, the Directors have adopted appropriate accounting policies and applied them consistently, made judgement and estimates that are prudent and reasonable and ensured the 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 Company and the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company and to detect and prevent any fraud as well as any other irregularities.

Internal Controls

The Directors acknowledge their responsibility for the Group's system of internal control to safeguard shareholders' investment and the Company's assets. The Company has already put in place several systems of internal controls covering financial control, operational and compliance controls and risk management. The Internal Audit Department reviews, appraises and monitors the effectiveness of the systems of internal controls within the Group. The Statement on Internal Control furnished on page 25 of the Annual Report provides an overview of the state of the internal controls within the Group.

Relationship with Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Report on Audit Committee as set out on pages 22 to 24. The Company has always maintained a formal and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

OTHER INFORMATION

During the financial year under review:

- * the Company did not enter into any share buyback transaction.
- * no options were exercised and the Company did not issue any convertible Securities.
- * status of utilisation of proceeds from the Two-Call Rights Issue of Shares as at 31 January 2004.

	Approved Utilisation RM'000	Balance Actual Utilisation RM'000	yet to be utilised RM'000	Variance RM'000
Repayment of bank borrowings	19,097	18,795	-	302
Expenses in relation to Rights Issue	1,000	1,302	-	(302)
	20,097	20,097	-	-

- * the Company did not sponsor any ADR or GDR programme.
- * there were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.
- * the amount of non-audit fees paid to the external auditors by the Company during the financial year amounted to RM6,318.
- * there were no variances of 10% or more between the results for the financial year and the unaudited results and the profit forecast previously announced.
- * there were no profit guarantees given by the Company.
- * there were no material contracts entered into by the Company and its subsidiaries involving directors and substantial shareholders during the financial year or still subsisting at the end of the financial year.
- * the Group has undertaken to revalue all its land and buildings every 5 years to reflect the current market value of assets in its accounts.

audit committee report

COMPOSITION

The Audit Committee, which was established by the Board of Directors on 22 July 1994, comprises 4 Directors, a majority of whom are independent.

MEMBERS OF THE AUDIT COMMITTEE

Dato' Abdul Rahman bin Haji Ismail	-	Chairman, Independent Non-Executive Director
Haji Abdul Razak bin Dato' Dawood	-	Member, Independent Non-Executive Director
Lim Kheng Chye	-	Member, Executive Director
Datuk Mansor bin Masikon (appointed on 25 June 2003)	-	Member, Independent Non-Executive Director

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Audit Committee are:

1. To review the following and report the same to the board of directors of the Company:
 - (a) With the external auditors, the audit plan;
 - (b) With the external auditors, its audit report;
 - (c) The assistance given by the Company's officers to the external auditors;
 - (d) 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 adjustments arising from the audit;
 - (iii) the going concern assumption;
 - (iv) significant and unusual events; and
 - (v) compliance with accounting standards and other legal requirements;
 - (e) 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;
 - (f) The external auditor's management letters and management response;
 - (g) Any letter of resignation from the Company's external auditors;
 - (h) Whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment;
 - (i) The internal audit function:
 - (i) Review 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;
 - (ii) Review the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (iii) With the external auditors, its evaluation of the system of internal controls;
 - (iv) Consider major findings of internal investigations and management's response.

- (v) Review any appraisal or assessment of the performance of members of the internal audit function;
 - (vi) Approve any appointment or terminations of internal audit staff members;
 - (vii) Note resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
2. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
 3. To recommend the nomination of a person or persons as external auditors.
 4. Other functions as may be agreed to by the Audit Committee and the Board of Directors.

Meetings

The Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

The Head of Finance Department and Internal Auditors will normally be invited to attend all meetings of the Committee. The external auditors are invited to attend when appropriate. However, the Committee may invite any person to be in attendance to assist it in its deliberation.

Notices of meetings are sent to all members of the Committee and any other persons who may be required to attend.

Secretary

The Company Secretary is the secretary of the Committee and as a reporting procedure, the minutes are circulated to all members of the Board.

Quorum

The quorum for any meeting is two (2) members, the majority of members present must be independent directors.

Seven (7) Audit Committee Meetings were held during the financial year. The record of attendance of the Audit Committee members is as follows:

Name	No. of meetings attended
Dato' Abdul Rahman bin Haji Ismail	7/7
Haji Abdul Razak bin Dato' Dawood	5/7
Lim Kheng Chye	7/7
Datuk Mansor bin Masikon	3/3

AUDIT COMMITTEE REPORT

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee has reviewed the Group's quarterly financial results and year end financial statements before presenting to the Board of Directors for approval. At the Board Meetings, the Chairman of the Audit Committee briefed the Board on the significant accounting issues raised in respect of the financial statements and recommendations of the Audit Committee thereon.

Prior to the commencement of the audit of the Group Financial Statements, the Audit Committee reviewed the audit plan prepared by the External Auditors, Messrs Horwath. The External Auditors also updated the Audit Committee on new developments of accounting standards issued by the Malaysian Accounting Standards Board that are applicable to the Company's financial statements for financial year ended 31 January 2004.

During the review of the Group's financial statements for financial year ended 31 January 2004, the representatives of the external auditors were present to brief the Audit Committee on their findings and accounting issues arising from their audit together with recommendations in respect of the findings.

The Audit Committee also reviewed and discussed the internal audit reports incorporating the audit findings of the Strategic Business Units, the internal audit recommendations and Management's response.

INTERNAL AUDIT FUNCTION

The Internal Audit Department of the Group is independent of the activities or operations of the operating units. The Internal Audit Department undertakes internal audit functions based on the internal audit plan and timetable that is reviewed and approved by the Audit Committee. During the financial year, the Internal Audit Department conducted compliance audits and internal control procedure review on all the Strategic Business Units of the Group. Audit reports which incorporated the audit findings, recommendations and Management's response were issued to and reviewed by the Audit Committee. The Head of Internal Audit Department attended the Audit Committee Meeting to table and discuss the audit reports and follow up on matters raised. Subsequent to the end of the financial year, the Company has outsourced its internal audit function to a reputable professional services firm with international affiliation.

statement on internal control

The Board of KYM Holdings Bhd ("KYM") remains committed towards maintaining a sound system of internal control in the Group and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the financial year ended 31 January 2004.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity on regular basis. The Board is responsible for determining the policies for risk and control whilst the Management is responsible for implementing the Board's policies on risk and control.

The Board recognizes that risks cannot be eliminated completely, and as such, the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the corporate objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement or loss.

The corporate objectives of KYM include:

- * Safeguarding shareholders' investment and the Group's assets.
- * Ensuring the achievement of operational objectives.
- * Ensuring compliance with regulatory requirements.
- * Identifying and managing risks affecting the Group.

RISK MANAGEMENT

The Group's business objectives and corporate values are communicated throughout the organizations through its turnaround plan, monthly management meetings and operational level meetings at each Strategic Business Unit and interaction between the Executive Committee with management and employees.

The Heads of the Strategic Business Units are responsible for managing the risks of their respective units and to implement the Board's policies effectively. Significant business risks faced by the Strategic Business Units and issues relating to external environment are discussed regularly at management meetings of the respective business. The Executive Directors, through their attendance at management meetings, as well as their review of relevant reports, closely monitors the business risks that may affect the achievement of the Group's business objectives.

MANAGEMENT STYLE & CONTROL ENVIRONMENT

The Group employs a comprehensive budgeting and forecasting system. Each business unit submits an operating action plan and budget annually in the beginning of the year with implementation time scales. The results of the business units are reported to the Group's management team and Executive Committee monthly. The variances are analysed against budget (both financial and operational) and reasons for shortfalls are identified and acted on in a timely manner. Budgets are revised, if necessary, after taking into account any significant changes to business risks.

STATEMENT ON INTERNAL CONTROL

The Board receives and reviews quarterly reports on the Group's business operations on a regular basis. The Executive Directors, through their attendance at management meetings, as well as their review of performance and operations reports, closely monitors the day-to-day affairs of the Group. Appropriate responses or amendments to the Group's policies are tabled to the Board for approval.

The current organisational structure defines lines of responsibilities and delegation of authority clearly. Key responsibilities and duties are appropriately segregated. Staff at all levels are given on-going training to ensure that they possess the necessary knowledge, skills, information and authority to implement effective actions.

INTERNAL AUDIT FUNCTION

During the financial year, the Internal Auditor reporting to the Audit Committee carried out audits of three subsidiaries in accordance with the Internal Audit Plan that has been approved by the Audit Committee to ensure compliance with the Group's policy and procedures, to evaluate the effectiveness of the internal control systems and to identify opportunities for improvements.

After each audit, the findings and recommendations are submitted to the Heads of each Strategic Business Unit in which the audit was carried out. The local management of the audited business units shall response to the findings and recommendations of the internal auditors. A follow up audit was subsequently carried out to ensure that the management's agreed action plans are implemented on a timely basis.

The Audit Committee, on behalf of the Board, reviews and holds discussions with Management to deliberate on action plans addressing the internal control issues identified by the Internal Auditor, the external auditors and Management.

Subsequent to the financial year mentioned above, the Group has outsourced its Internal Audit function to a reputable professional services firm with international affiliation. Since the appointment of the Internal Audit function, an internal audit plan has been developed and approved by the Audit Committee, and periodic internal audit visits have been scheduled to monitor compliance with the Group's procedures and to review on the adequacy and effectiveness of the Group's system of internal control.

CONCLUSION

The Board is of the opinion that the existing system of internal control is satisfactory. Notwithstanding this, reviews of all the control procedures are continuously being carried out to ensure the existing systems of internal control remain effective and adequate to facilitate the achievement of the corporate objectives identified above.

This Statement on Internal Control is made in accordance with the resolution of Board of Directors dated 25 May 2004.

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Loss after taxation for the financial year	(54,223)	(4,230)
Minority interests	898	-
Loss attributable to shareholders	(53,325)	(4,230)

DIVIDENDS

No dividend was paid since the end of the previous financial period and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised capital of the Company;
- (b) the Company increased its issued and paid-up capital from RM40,939,967 to RM81,134,500 by way of a two-call rights issue of 40,194,533 new ordinary shares of RM1 each at an issue price of RM1 per rights share on the basis of five new ordinary shares for every two existing ordinary shares of RM1 each held for the purpose of repayment of bank borrowings. The first call of RM0.50 per rights share has been paid in cash upon acceptance whilst the second call of RM0.50 per rights share is capitalised from the Company's share premium account. The new shares issued rank pari passu in all respects with existing shares of the Company; and
- (c) there were no issues of debentures by the Company.

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Employees' Share Option Scheme.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") of KYM Holdings Bhd. is governed by the By-Laws and approved by the shareholders at an Extraordinary General Meeting and became effective on 25 May 1995. The option period was for five calendar years commencing 25 May 1995 and expiring on 24 May 2000. The option period was further extended for a period of five calendar years commencing from 25 May 2000 and expiring on 24 May 2005.

The main features of the ESOS are as follows:-

- (a) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility of participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.
- (b) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point in time during the tenure of the ESOS.
- (c) The option price for each share shall be the weighted average market price of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange) for the five trading days preceding the date of offer set at a discount of not more than 10%, or the par value of the shares, whichever is higher.
- (d) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer.

The persons to whom the options have been granted have no right to participate by virtue of the option in any share issue of any other company.

The movements in the options to take up unissued new ordinary shares of RM1 each and the option exercise prices are as disclosed in Note 25 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or additional allowance for doubtful debts in the financial statements of the Group and of the Company.

DIRECTORS' REPORT

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to a going concern as explained in Note 4(b) to the financial statements.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 46 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

Other than the impairment loss on the investment in an associate as disclosed in Note 33 to the financial statements, the results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period.

DIRECTORS' REPORT

DIRECTORS

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

DATO' WAN MALEK BIN IBRAHIM
 DATO' LIM KHENG YEOW
 LIM KHENG CHYE
 HAJI ABDUL RAZAK BIN DATO' DAWOOD
 DATO' ABDUL RAHMAN BIN HAJI ISMAIL
 DATUK MANSOR BIN MASIKON (APPOINTED ON 25 JUNE 2003)

Pursuant to Article 103 of the Articles of Association of the Company, Haji Abdul Razak Bin Dato' Dawood retires by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Dato' Abdul Rahman Bin Haji Ismail, who is over the age of seventy years old, retires at the forthcoming annual general meeting. A resolution is being proposed for his re-appointment as a director under Section 129(6) of the Act to hold office until the conclusion of the next annual general meeting of the Company.

Pursuant to Article 94 of the Articles of Association of the Company, Datuk Mansor Bin Masikon, who was appointed since the last annual general meeting, retires at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

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

THE COMPANY	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.2.2003	BOUGHT	SOLD	AT 31.1.2004
<i>DIRECT INTERESTS</i>				
- DATO' LIM KHENG YEOW	2,500,000	503,193	-	3,003,193
- LIM KHENG CHYE	210,000	-	-	210,000
<i>INDIRECT INTERESTS</i>				
- DATO' LIM KHENG YEOW	4,415,557	21,612,498	-	26,028,055
- DATO' WAN MALEK BIN IBRAHIM	9,214,285	-	-	9,214,285

DIRECTORS' REPORT

DIRECTORS' INTERESTS (cont'd)

INTEREST IN OPTIONS IN THE COMPANY	NUMBER OF ORDINARY SHARES OF RM1 EACH			AT 31.1.2004
	AT 1.2.2003	UNDER OPTION BOUGHT	SOLD	
DATO' LIM KHENG YEOW Granted in 1999 at an option price of RM1.28 per share	500,000	-	-	500,000
LIM KHENG CHYE Granted in 1995 at an option price of RM3.11 per share	140,000	-	-	140,000

By virtue of his shareholdings in the Company, Dato' Lim Kheng Yew is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

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

DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the options granted to directors pursuant to the Employees' Share Option Scheme of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group and of the Company during the financial year are disclosed in Note 48 to the financial statements.

DIRECTORS' REPORT

AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 MAY 2004**

Dato' Lim Kheng Yew

Lim Kheng Chye

STATEMENT BY DIRECTORS

We, Dato' Lim Kheng Yew and Lim Kheng Chye, being two of the directors of KYM Holdings Bhd., state that, in the opinion of the directors, the financial statements set out on pages 36 to 88 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2004 and of their results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 MAY 2004**

Dato' Lim Kheng Yew

Lim Kheng Chye

STATUTORY DECLARATION

I, Lim Kheng Chye, I/C No. 540521-08-5247, being the director primarily responsible for the financial management of KYM Holdings Bhd., do solemnly and sincerely declare that the financial statements set out on pages 36 to 88 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
Lim Kheng Chye, I/C No. 540521-08-5247,
at Kuala Lumpur in the Federal Territory
on this 25 May 2004

Lim Kheng Chye

Before me
Haron Hashim (No. W. 128)

REPORT OF THE AUDITORS

TO THE MEMBERS OF KYM HOLDINGS BHD. Company No : 84303 - A

We have audited the financial statements set out on pages 36 to 88. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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 that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and 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 at 31 January 2004 and their results and cash flows for the financial year ended on that date; and
 - (ii) 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
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

Without qualifying our opinion, we draw attention to Note 4(b) to the financial statements on the basis of preparation of the financial statements on a going concern basis. The appropriateness of the going concern basis is dependent on the continued financial support from its shareholders, bankers and creditors, and the achievement of future profitable operations. The financial statements on the Group and of the Company do not include any adjustments relating to the amounts and classification of assets and liabilities that might be necessary should the Group and the Company be unable to continue as a going concern.

Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur
25 May 2004

Mok Yuen Lok
Approval No: 1408/11/05 (J/PH)
Partner

BALANCE SHEETS

at 31 January 2004

	Note	THE GROUP		THE COMPANY	
		2004 RM'000	2003 RM'000 (RESTATED)	2004 RM'000	2003 RM'000 (RESTATED)
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	34,490	34,490
Investment in associate	7	13,314	56,452	-	-
Other investment	8	2	-	-	-
Land held for development	9	163,829	156,548	-	-
Property, plant and equipment	10	74,327	71,743	6,764	6,972
Intangible assets	11	3,612	3,612	-	-
Amount owing by subsidiaries	12	-	-	154,694	139,249
		255,084	288,355	195,948	180,711
CURRENT ASSETS					
Development properties	13	-	1,628	-	-
Inventories	14	11,731	9,881	-	-
Trade receivables	15	17,835	14,611	-	-
Other receivables, deposits and prepayments	16	1,516	6,776	180	1,140
Amount owing by subsidiaries	12	-	-	1,852	4,801
Amount owing by a related party	17	-	13	-	-
Tax recoverable		272	232	-	-
Fixed deposits with licensed banks	18	1,090	914	918	829
Cash and bank balances		1,418	1,531	425	73
		33,862	35,586	3,375	6,843

The annexed notes form an integral part of these financial statements.

BALANCE SHEETS

at 31 January 2004

	Note	THE GROUP		THE COMPANY	
		2004 RM'000	2003 RM'000 (RESTATED)	2004 RM'000	2003 RM'000 (RESTATED)
CURRENT LIABILITIES					
Trade payables	19	7,592	8,253	-	-
Other payables and accruals	20	18,287	23,207	6,781	7,036
Provision	21	-	94	-	-
Amount owing to subsidiaries	12	-	-	15,138	13,567
Amount owing to related parties	17	40,038	40,038	-	-
Hire purchase payables	22	246	883	-	-
Provision for taxation		8	644	-	-
Short term borrowings	23	18,433	10,376	-	-
Bank overdrafts	24	604	744	-	-
		85,208	84,239	21,919	20,603
NET CURRENT LIABILITIES		(51,346)	(48,653)	(18,544)	(13,760)
		203,738	239,702	177,404	166,951
FINANCED BY:-					
Share capital	25	81,135	40,940	81,135	40,940
Share premium	26	35,803	57,270	35,803	57,270
Revaluation reserve	27	27,517	27,697	1,096	1,096
Accumulated losses		(123,110)	(69,785)	(71,800)	(67,570)
SHAREHOLDERS' EQUITY		21,345	56,122	46,234	31,736
MINORITY INTERESTS		17,271	18,169	-	-
NON-CURRENT LIABILITIES					
Hire purchase payables	22	113	39	-	-
Term loans	28	147,729	147,663	131,170	135,044
Deferred taxation	29	17,280	17,709	-	171
		203,738	239,702	177,404	166,951
NET TANGIBLE ASSETS PER SHARE (SEN)	30	22	128		

The annexed notes form an integral part of these financial statements.

INCOME STATEMENTS

for the financial year ended 31 January 2004

	Note	THE GROUP		THE COMPANY	
		1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000 (RESTATED)	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000 (RESTATED)
TURNOVER	31	67,465	89,198	-	-
COST OF SALES		(62,877)	(81,978)	-	-
GROSS PROFIT		4,588	7,220	-	-
OTHER OPERATING INCOME	32	959	7,868	657	481
		5,547	15,088	657	481
ADMINISTRATIVE EXPENSES SELLING AND DISTRIBUTION EXPENSES		(5,458)	(6,879)	(1,011)	(1,126)
OTHER OPERATING EXPENSES	33	(3,469)	(4,551)	-	-
		(43,472)	(10,880)	(3,808)	(6,290)
LOSS FROM OPERATIONS		(46,852)	(7,222)	(4,162)	(6,935)
FINANCE COSTS	34	(6,848)	2,674	(239)	(1,545)
SHARE OF LOSS IN ASSOCIATE		(231)	(2,625)	-	-
LOSS BEFORE TAXATION	35	(53,931)	(7,173)	(4,401)	(8,480)
TAXATION	37	(292)	2,272	171	304
LOSS AFTER TAXATION		(54,223)	(4,901)	(4,230)	(8,176)
MINORITY INTERESTS		898	1,645	-	-
LOSS ATTRIBUTABLE TO SHAREHOLDERS		(53,325)	(3,256)	(4,230)	(8,176)
BASIC LOSS PER SHARE (SEN)	38	(125.9)	(11.9)		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 January 2004

THE GROUP	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
Balance at 1.10.2001		40,940	57,270	35	(72,568)	25,677
Net gains and losses not recognised in the income statements:-						
Revaluation surplus		-	-	53,458	-	53,458
Minority interests		-	-	(25,796)	-	(25,796)
		-	-	27,662	-	27,662
Loss attributable to shareholders (as previously reported)		-	-	-	(6,096)	(6,096)
Prior year adjustments	39	-	-	-	2,840	2,840
Loss attributable to shareholders (as restated)		-	-	-	(3,256)	(3,256)
Minority interest - loss absorbed by the Group previously		-	-	-	6,039	6,039
Balance at 31.1.2003/ 1.2.2003		40,940	57,270	27,697	(69,785)	56,122
Net gains and losses not recognised in the income statements:-						
Rights issue		40,195	(20,097)	-	-	20,098
Rights issue expenses		-	(1,370)	-	-	(1,370)
Deferred taxation on revaluation surplus		-	-	(180)	-	(180)
Loss attributable to shareholders		-	-	-	(53,325)	(53,325)
Balance at 31.1.2004		81,135	35,803	27,517	(123,110)	21,345

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 January 2004

THE COMPANY	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
Balance at 1.10.2001		40,940	57,270	35	(59,394)	38,851
Net gains and losses not recognised in the income statements:-						
- Revaluation surplus		-	-	1,061	-	1,061
Loss attributable to shareholders (as previously reported)		-	-	-	(8,877)	(8,877)
Prior year adjustments	39	-	-	-	701	701
Loss distributable to shareholders (as restated)		-	-	-	(8,176)	(8,176)
Balance at 31.1.2003/ 1.2.2003		40,940	57,270	1,096	(67,570)	31,736
Rights Issue		40,195	(20,097)	-	-	20,098
Rights issue expenses		-	(1,370)	-	-	(1,370)
Loss attributable to shareholders		-	-	-	(4,230)	(4,230)
Balance at 31.1.2004		81,135	35,803	1,096	(71,800)	46,234

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

for the financial year ended 31 January 2004

	THE GROUP		THE COMPANY	
	1.2.2003	1.10.2001	1.2.2003	1.10.2001
	to	to	to	to
Note	31.1.2004	31.1.2003	31.1.2004	31.1.2003
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Loss before taxation	(53,931)	(7,173)	(4,401)	(8,480)
Adjustments for:-				
Allowance for doubtful debts	171	465	3,585	-
Bad debts written off	-	25	-	-
Deposit written off	-	4	-	-
Depreciation of property, plant and equipment	5,430	9,576	223	785
Impairment loss on investment in associate	42,000	-	-	-
Impairment loss on plant	130	-	-	-
Interest expense	6,774	10,962	13,008	18,203
Loss on disposal of a subsidiary	-	5,460	-	5,507
Loss on disposal of quoted shares	-	900	-	-
Property, plant and equipment written off (Reversal)/Provision for liquidated and ascertained damages	1	2	-	-
	(94)	94	-	-
Share of loss of associate	231	2,625	-	-
Deposit forfeited	(13)	(26)	-	-
Net gain on disposal of plant and equipment	(50)	(448)	(60)	(3)
Interest income	(182)	(55)	(12,864)	(18,007)
Reversal of foreseeable loss	(459)	(268)	-	-
Surplus of insurance claim on property, plant and equipment damaged by fire	-	(1,397)	-	-
Writeback of allowance for doubtful debts	(66)	(145)	-	-
Writeback of interest expenses	-	(15,067)	-	-
Operating (loss)/profit before working capital changes	(58)	5,534	(509)	(1,995)
(Increase)/Decrease in inventories	(1,850)	1,386	-	-
Decrease/(Increase) in trade and other receivables	1,931	1,178	960	(406)
(Decrease)/Increase in trade and other payables	(5,568)	4,922	(255)	1,027
Decrease in net amount owing by related parties	-	294	-	-
CASH (FOR)/FROM OPERATIONS	(5,545)	13,314	196	(1,374)
Income tax paid	(662)	(546)	-	-
Interest paid	(11,919)	(6,929)	(10,743)	(4,228)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(18,126)	5,839	(10,547)	(5,602)

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

for the financial year ended 31 January 2004

	Note	THE GROUP		THE COMPANY	
		1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Disposal of a subsidiary, net of cash disposed	40	-	6,358	-	6,358
Interest received		182	55	94	28
Insurance received		-	12,776	-	-
Investment in quoted shares		(2)	-	-	-
Proceeds from disposal of plant and equipment		97	476	60	4
Proceeds from disposal of quoted shares		-	2,020	-	-
Acquisition of a subsidiary, net of cash acquired	41	-	(2)	-	-
Land and development expenditure		2,273	(925)	-	-
Purchase of property, plant and equipment	42	(7,985)	(7,583)	(15)	(76)
Exercise of quoted warrants		-	(2,920)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(5,435)	10,255	139	6,314
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Issue of share capital		20,098	-	20,098	-
Rights issue expenses paid		(1,370)	-	(1,370)	-
Net advance/(repayment) of bills payable		5,914	(7,031)	-	-
Repayment of hire purchase obligations		(770)	(3,116)	-	(93)
Drawdown of term loan		7,050	2,090	-	-
Repayment of term loans		(7,163)	(6,860)	(6,139)	(6,340)
Net (advances to)/repayment by subsidiaries		-	-	(1,740)	5,896
(Advance to)/Repayment by associate		(8)	116	-	-
Repayment by a related party		13	-	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		23,764	(14,801)	10,849	(537)
NET INCREASE IN CASH AND CASH EQUIVALENTS		203	1,293	441	175
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		1,701	408	902	727
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	43	1,904	1,701	1,343	902

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at 12, Lorong Medan Tuanku Satu, 50300 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 May 2004.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its foreign currency, interest rate, market, credit and liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(a) Foreign Currency Risk

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in currencies other than Ringgit Malaysia. The foreign currencies giving rise to this risk are disclosed in Note 50 to the financial statements.

In respect of other monetary assets and liabilities held in foreign currencies, the Group carries out reviews periodically to ensure that the net exposure is kept at an acceptable level.

Due to the present Ringgit Malaysia exchange rate peg against the United States Dollar, the directors are of the opinion that the Group's exposure to currency risk is not significant.

(b) Interest Rate Risk

The Group and the Company obtain financing through bank borrowings. Its policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

(c) Market Risk

The Group does not have any material quoted investments and hence the exposure to market risks is not significant.

(d) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from cash deposits and receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group does not have any major concentration of credit risk related to any individual customer.

The Group manages its exposure to credit risks by investing its cash assets safely and profitably, and by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

3. FINANCIAL RISK MANAGEMENT POLICIES *(cont'd)*

(e) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

4. BASIS OF ACCOUNTING

(a) Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and are in compliance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

(b) Going Concern

The financial statements are prepared on a going concern basis, as the directors are of the opinion that the Group and the Company will continue to receive financial support from its shareholders, bankers and creditors, and that future profitable operations can be achieved. Should any of the above underlying assumptions be negated or substantially altered, the basis of preparing the accompanying financial statements on a going concern may not be appropriate.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 January 2004.

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

All subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on the disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

5. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)***(b) Financial Instruments**

Financial instruments are recognised in the balance sheet when the Company 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 instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Investments

The investments in subsidiaries and associate are held on a long-term basis and are stated at cost or revalued amount less impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

The surplus on the revaluation of the investment in a subsidiary was made pursuant to the Company's listing on Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange) in 1991. The directors have not adopted a policy of regular revaluation of investments in subsidiaries.

(d) Associates

An associate is a company in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in the associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 January 2004. The Group's share of post acquisition profits less losses of the associate is included in the consolidated income statement and the Group's interest in the associate is stated at cost plus the Group's share of post-acquisition retained profits and reserves.

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

The excess of the purchase consideration over the fair values of net assets acquired is reflected as premium on acquisition. The premium on acquisition is reviewed at each balance sheet date and will be written down for impairment when it is considered necessary.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Land Held For Development

Land held for development is stated at valuation, which includes the carrying value of land and attributable development expenditure. Land held for development are transferred to development properties in phases when significant development work has been undertaken and are expected to be completed within the normal operating cycle.

(f) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost or revalued amount less accumulated depreciation or amortisation and impairment losses, if any. Expenditure incurred in relation to the development of the chalets, golf course and golf course building are capitalised.

Freehold land is stated at cost or revalued amount and is not depreciated. Depreciation and amortisation are calculated under the straight-line method to write off the cost or revalued amount of the other assets over their estimated useful lives. The principal annual rates used for this purpose are as follows:-

Leasehold land	Over the lease periods of 50 to 99 years
Buildings	2%
Plant and machinery and production accessories	6.7% - 50%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings, renovation and electrical installation	10% - 20%
Chalets	2% - 10%
Golf course, club house, driving range and related development expenditure	2% - 10%
Golf equipment and accessories	20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

(g) Impairment of Assets

The carrying amount of assets other than those to which MASB 23 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

5. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)***(g) Impairment of Assets** *(cont'd)*

In respect of assets other than goodwill and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(h) Revaluation

Previously, certain freehold and leasehold land and buildings of the Company have not been revalued since they were first revalued in 1991. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised) - Property, Plant and Equipment as adopted by the Malaysian Accounting Standards Board, these assets were stated at their valuation less accumulated depreciation and impairment losses at the previous balance sheet date.

The directors have adopted a policy of regular revaluation of the landed properties whereby the properties are revalued periodically, at least once in every five years. Surpluses arising from the revaluation of the properties are credited to a revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the income statement.

During the financial year, the director adopted an accounting policy whereby, each year an amount equal to the depreciation charge for the year on the surplus on revaluation of relevant assets is transferred from the revaluation reserve to retained earnings. In the year of disposal of a revalued asset, the attributable revaluation surplus (net of depreciation, where applicable) is transferred from the revaluation reserve to retained earnings.

The change in accounting policy with respect to the treatment of the revaluation reserve has no significant effect on the financial statements of the Group and of the Company.

(i) Assets Under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(f) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

(j) Development Properties

Land held for development whereby significant development work has been undertaken and is expected to be completed within the normal operating cycle are classified as development properties.

Development properties comprise cost of land and related development expenditure incurred plus attributable profits less progress billings and foreseeable losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(j) Development Properties** (cont'd)

Land is stated at cost. Development expenditure comprises construction and other related development costs and administrative overheads relating to the property development. Interest costs on borrowings taken to finance the relevant development projects are included in the development expenditure during the period of active development.

(k) Goodwill and Negative Goodwill On Consolidation

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the separable net assets of subsidiaries at the date of acquisition. Negative goodwill represents the excess of the Group's share of the fair values of the separable net assets of subsidiaries at the date of acquisition over the fair value of the purchase consideration.

Goodwill is stated net of negative goodwill and is retained in the consolidated balance sheet. The carrying amount of goodwill is reviewed annually and is written down for impairment where it is considered necessary. The impairment value of goodwill is taken to the consolidated income statement.

(l) Interest Capitalisation

Interest cost relating to development properties is capitalised during the period of active development until the properties are ready for their intended use.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, direct labour, other direct costs and an appropriate proportion of production overheads.

In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

(n) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Provisions*(i) General Provisions*

Provisions are recognised when the Group or the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(ii) Provision for Liquidated and Ascertained Damages

Liquidated and ascertained damages are compensation for late delivery of property in accordance with the respective sale and purchase agreements. Provision for liquidated and ascertained damages are recognised in the period in which the Group becomes legally or constructively committed to payment.

(r) Interest-bearing Borrowings

Interest-bearing borrowings from related companies are recorded at the amount of proceeds received, net of transaction costs.

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

(s) Equity Instruments

Ordinary shares are classified as equity. Proposed dividends on ordinary shares are dealt with in equity in the period in which they are proposed. Proposed dividends are recognised as liabilities upon approval.

(t) Employee Benefits*(i) Short-Term Benefits*

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company.

(ii) Defined Contribution Plans

The Company's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group and the Company has no further liabilities in respect of the defined contribution plans.

(u) Taxation

Taxation for the year comprises current and deferred tax.

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

Previously, deferred taxation was provided using the liability method on all material timing differences except where no liability was expected to arise in the foreseeable future. Deferred tax benefit was only recognised when there was reasonable expectation of realisation in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

5. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(u) Taxation *(cont'd)*

During the financial year, the accounting policy for deferred taxation has been changed to comply with MASB 25 - Income Taxes. Deferred taxation is now provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

The change in accounting policy with respect to the treatment of deferred taxation has resulted in a prior year adjustment as disclosed in Note 39 to the financial statements.

(v) Revenue Recognition

(i) Sale of Goods

Sales are recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Development Properties

Revenue on development of properties is recognised from the contracted sale of development properties based on the percentage of completion method unless the outcome of the development cannot be reliably determined, in which case revenue is only recognised to the extent of development costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development will result in a loss.

The stage of completion is determined based on the proportion of the development costs incurred for work performed to date to the estimated total development costs.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Revenue Recognition (cont'd)

(iii) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion of the contract costs incurred for work performed to date to the estimated total contract costs.

(iv) Services

Revenue is recognised upon rendering of services.

(v) Resort Operations

Revenue from rental of rooms, sale of food and beverage, provision of recreational facilities and other related income are recognised as and when services are rendered/performed.

(vi) Recreational and Sports Operations

Revenue from provision of recreational and sport facilities are recognised as and when services are performed.

(vii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(viii) Rental Income

Rental income is recognised on an accrual basis.

(w) Foreign Currencies

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

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2004	2003
	RM'000	RM'000
Unquoted shares:		
- at cost	37,997	37,997
- surplus on revaluation of investment in a subsidiary	493	493
	38,490	38,490
Accumulated impairment losses	(4,000)	(4,000)
	34,490	34,490

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

6. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2004	2003	
KYM Industries (M) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes
Anabatic Sdn. Bhd. ⁽¹⁾	100%	100%	Property investment
KYM Industries (Penang) Sdn. Bhd. ⁽¹⁾	100%	100%	Dormant
Teguh Amalgamated Sdn. Bhd. ⁽¹⁾	100%	100%	Property investment
KCP Carton Sdn. Bhd. ⁽¹⁾	100%	100%	Dormant
KYM Industries (Johor) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated fibre boards and boxes
Panorama Industries Sdn. Bhd. ⁽²⁾	100%	100%	Property investment
KYM Industries (BP) Sdn. Bhd.	95%	95%	Dormant
PPI Bags Sdn. Bhd.	100%	100%	Manufacturing and sale of industrial woven bags
KYM Industries (Melaka) Sdn. Bhd.	100%	100%	Manufacturing and sale of corrugated carton boxes
Polypulp Enterprises Sdn. Bhd.	100%	100%	Investment holding
Tegas Consolidated Sdn. Bhd. * ⁽³⁾	90%	90%	Investment holding
Harta Makmur Sdn. Bhd. ⁽⁴⁾	54%	54%	Property investment and development
Teluk Rubiah Resorts Sdn. Bhd. ⁽⁵⁾	54%	54%	Resort operator
Teluk Rubiah Country Club Sdn. Bhd. ⁽⁵⁾	54%	54%	Provide recreational and sport facilities and operating a golf course
Hasrat Meranti Capital Sdn. Bhd.	100%	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

6. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2004	2003	
Eco Ribuan Sdn. Bhd.	100%	100%	Investment holding
Merit Wisdom Sdn. Bhd. ⁽⁶⁾	100%	100%	Investment holding
KYM Properties Sdn. Bhd.	100%	100%	Property management
KYM Built Sdn. Bhd. ⁽⁷⁾	100%	100%	General construction
KYM Development (Perak) Sdn. Bhd. * ⁽⁷⁾	100%	100%	Property development
KYM Leisure Sdn. Bhd. ⁽⁷⁾	100%	100%	Dormant
KYM Maserba Sdn. Bhd. ⁽⁸⁾	100%	100%	Dormant
KMG Assets Sdn. Bhd.	100%	100%	Providing management services
KYM Industries (Ipoh) Sdn. Bhd.	100%	100%	Dormant
Hasrat Meranti Sdn. Bhd.	100%	100%	Manufacturing and sale of multi-wall industrial paper bags
Ireson Perniagaan Sdn. Bhd.	100%	100%	Property investment
KYM 2000 Sdn. Bhd.	100%	100%	Dormant

* - The unquoted shares in these subsidiaries have been pledged to licensed banks as security for banking facilities granted to the Company.

⁽¹⁾ - Interest held by KYM Industries (M) Sdn. Bhd.

⁽²⁾ - Interest held by KYM Industries (Johor) Sdn. Bhd.

⁽³⁾ - Interest held by Polypulp Enterprises Sdn. Bhd.

⁽⁴⁾ - Interest held by Tegas Consolidated Sdn. Bhd.

⁽⁵⁾ - Interest held by Harta Makmur Sdn. Bhd.

⁽⁶⁾ - Interest held by Eco Ribuan Sdn. Bhd.

⁽⁷⁾ - Interest held by KYM Properties Sdn. Bhd.

⁽⁸⁾ - Interest held by KYM Leisure Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

7. INVESTMENT IN ASSOCIATE

	THE GROUP	
	2004 RM'000	2003 RM'000
At cost:-		
Shares quoted in Malaysia	60,314	60,314
Warrants quoted in Malaysia	4,719	4,719
	65,033	65,033
Share of post-acquisition losses	(9,877)	(8,730)
	55,156	56,303
Impairment losses	(42,000)	-
	13,156	56,303
Amount owing by associate	158	149
	13,314	56,452
Represented by:-		
Share of net tangible assets	9,154	10,301
Premium on acquisition	46,002	46,002
Impairment losses	(42,000)	-
	4,002	46,002
	13,156	56,303
At market value:-		
Shares quoted in Malaysia	7,358	4,088
Warrants quoted in Malaysia	121	172
	7,479	4,260

The quoted shares have been pledged to certain licensed banks and a third party as security for banking facilities and borrowings granted to the Company and a subsidiary respectively.

The amount owing by the associate is unsecured, interest-free and is not subject to fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

7. INVESTMENT IN ASSOCIATE (cont'd)

Details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2004	2003	
Juang Kuang (M) Industrial Berhad *	22.0%	22.0%	Manufacturing of wiring harness and wholesale supplier of electrical products and accessories.

* - Interest held by Eco Ribuan Sdn. Bhd. and Merit Wisdom Sdn. Bhd.

8. OTHER INVESTMENT

	THE GROUP	
	2004 RM'000	2003 RM'000
Shares quoted in Malaysia:-		
At cost	2	-
At market value	2	-

9. LAND HELD FOR DEVELOPMENT

	THE GROUP	
	2004 RM'000	2003 RM'000
Long leasehold land held for development:		
- at valuation	97,423	97,423
Development expenditure:		
- at cost	7,281	-
- at valuation	59,125	59,125
	163,829	156,548

Interest expense of RM7,051,000 (2003 - RM9,579,000) has been capitalised under land held for development during the financial year.

The long leasehold land is pledged to financial institutions for credit facilities granted to the Company. A lienholder's caveat over the long leasehold land has been granted to the financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

9. LAND HELD FOR DEVELOPMENT (cont'd)

The land held for development was revalued by the directors on the open market basis in the financial period ended 31 January 2003 based on a valuation carried out by an independent firm of professional valuers. The surplus arising from the revaluation has been credited to the revaluation reserve account in the same financial period. The corresponding deferred tax amounting to RM18,389,000 has been provided for in the financial statements.

The details of the professional valuer are as follows:-

Name of firm : Viger (KL) Sdn. Bhd.
Name of valuer : James Wong Kwong Onn
Qualification : MIS (M), BA (Hons)

10. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY AND CAPITAL WORK-IN- PROGRESS				MOTOR VEHICLES RM'000	OTHER ASSETS* RM'000	TOTAL RM'000
				PRODUCTION ACCESSORIES RM'000						
Net book value at 1.2.2003	3,925	9,976	17,147	2,924	21,363	144	16,264	71,743		
Additions	-	-	1,963	-	5,855	200	174	8,192		
Disposals	-	-	-	-	(46)	(1)	-	(47)		
Depreciation charge for the financial year	-	(168)	(369)	-	(3,985)	(73)	(835)	(5,430)		
Written off	-	-	-	-	-	-	(1)	(1)		
Impairment loss	-	-	-	-	(130)	-	-	(130)		
Reclassification	-	-	2,924	(2,924)	-	-	-	-		
Net book value at 31.1.2004	3,925	9,808	21,665	-	23,057	270	15,602	74,327		
At 31.1.2004										
Cost	-	-	4,887	-	56,392	2,894	9,592	73,765		
Valuation	3,925	9,976	17,147	-	-	-	13,982	45,030		
Accumulated depreciation	-	(168)	(369)	-	(33,335)	(2,624)	(7,972)	(44,468)		
Net book value	3,925	9,808	21,665	-	23,057	270	15,602	74,327		
At 31.1.2003										
Cost	-	-	-	2,924	52,133	3,044	9,430	67,531		
Valuation	3,925	9,976	17,147	-	-	-	13,982	45,030		
Accumulated depreciation	-	-	-	-	(30,770)	(2,900)	(7,148)	(40,818)		
Net book value	3,925	9,976	17,147	2,924	21,363	144	16,264	71,743		

* - The analysis of the other assets is set out below.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

ANALYSIS OF OTHER ASSETS

THE GROUP	OFFICE EQUIPMENT, FURNITURE AND FITTINGS, RENOVATION AND ELECTRICAL INSTALLATION RM'000	CHALETS RM'000	GOLF COURSE, CLUB HOUSE, DRIVING RANGE AND RELATED DEVELOPMENT EXPENDITURE RM'000	GOLF EQUIPMENT AND ACCESORIES RM'000	TOTAL OTHER ASSETS RM'000
Net book value at 1.2.2003	2,250	3,615	10,367	32	16,264
Additions	155	12	-	7	174
Depreciation charge for the financial year	(637)	(74)	(107)	(17)	(835)
Written off	(1)	-	-	-	(1)
Net book value at 31.1.2004	1,767	3,553	10,260	22	15,602
At 31.1.2004					
Cost	8,174	12	-	1,406	9,592
Valuation	-	3,615	10,367	-	13,982
Accumulated depreciation	(6,407)	(74)	(107)	(1,384)	(7,972)
Net book value	1,767	3,553	10,260	22	15,602
At 31.1.2003					
Cost	8,031	-	-	1,399	9,430
Valuation	-	3,615	10,367	-	13,982
Accumulated depreciation	(5,781)	-	-	(1,367)	(7,148)
Net book value	2,250	3,615	10,367	32	16,264

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE COMPANY	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	BUILDINGS RM'000	OFFICE EQUIPMENT AND FURNITURE FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
Net book value at 1.2.2003	360	1,300	5,063	203	46	6,972
Additions	-	-	-	15	-	15
Depreciation charge for the financial year	-	(30)	(101)	(65)	(27)	(223)
Net book value at 31.1.2004	360	1,270	4,962	153	19	6,764
At 31.1.2004						
Cost	-	-	-	218	46	264
Valuation	360	1,300	5,063	-	-	6,723
Accumulated depreciation	-	(30)	(101)	(65)	(27)	(223)
Net book value	360	1,270	4,962	153	19	6,764
At 31.1.2003						
Cost	-	-	-	674	2,327	3,001
Valuation	360	1,300	5,063	-	-	6,723
Accumulated depreciation	-	-	-	(471)	(2,281)	(2,752)
Net book value	360	1,300	5,063	203	46	6,972

The freehold land, leasehold land, buildings, chalets, golf course, club house and driving range of the Group were revalued by the directors on the open market value basis in the financial period ended 31 January 2003 based on a valuation carried out by an independent firm of professional valuers. The surplus arising from the revaluation has been credited to the revaluation reserve account in the same financial period. The corresponding deferred taxation of the Group and of the Company amounting to RM2,384,000 and RM412,000 respectively have been provided for in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The details of the professional valuers are as follows:-

YEAR OF VALUATION	DESCRIPTION OF PROPERTY	REVALUED AMOUNT RM'000	NAME OF FIRM	NAME OF VALUER	QUALIFICATION
31.1.2003	FREEHOLD LAND AND BUILDING IN JOHOR	494	HENRY BUTCHER, LIM, LONG & TEOH (SOUTH) SDN. BHD.	TEOH LEONG SENG	B.SC, FRIS, FISM, IRRV
31.1.2003	SHORT LEASEHOLD LAND AND BUILDING IN SENAI	3,883	HENRY BUTCHER, LIM, LONG & TEOH (SOUTH) SDN. BHD.	TEOH LEONG SENG	B.SC, FRIS, FISM, IRRV
31.1.2003	SHORT LEASEHOLD LAND AND BUILDING IN SENAI	3,730	HENRY BUTCHER, LIM, LONG & TEOH (SOUTH) SDN. BHD.	TEOH LEONG SENG	B.SC, FRIS, FISM, IRRV
31.1.2003	SHORT LEASEHOLD LAND AND BUILDING IN SENAI	3,800	HENRY BUTCHER, LIM, LONG & TEOH (SOUTH) SDN. BHD.	TEOH LEONG SENG	B.SC, FRIS, FISM, IRRV
31.1.2003	FREEHOLD LAND AND BUILDING IN KUALA LUMPUR	6,200	HENRY BUTCHER, LIM & LONG SDN. BHD.	LONG TIAN CHEK	B.SC, MRICS, MIS (M)
31.1.2003	LONG LEASEHOLD LAND AND BUILDING IN BERANANG	4,700	HENRY BUTCHER, LIM & LONG SDN. BHD.	LONG TIAN CHEK	B.SC, MRICS, MIS (M)
31.1.2003	LONG LEASEHOLD LAND AND BUILDING IN BERANANG	7,500	HENRY BUTCHER, LIM & LONG SDN. BHD.	LONG TIAN CHEK	B.SC, MRICS, MIS (M)
31.1.2003	LONG LEASEHOLD LAND IN IPOH	741	HENRY BUTCHER, LIM & LONG SDN. BHD.	LONG TIAN CHEK	B.SC, MRICS, MIS (M)
31.1.2003	CHALETS, GOLF COURSE, CLUB HOUSE AND DRIVING RANGE IN TELUK RUBIAH	13,982	VIGERS (KL) SDN. BHD.	JAMES WONG KWONG ONN	MIS (M), BA (HONS)
		45,030			

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

10. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Had the revalued properties been carried at cost less accumulated depreciation, the net book value of the properties that would have been included in the financial statements is as follows:-

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Freehold land	2,977	2,977	352	352
Leasehold land	3,370	3,425	268	275
Buildings	13,719	14,063	3,525	3,617
Chalets	6,122	6,404	-	-
Golf course, club house, driving range and related development expenditure	10,134	10,241	-	-
	36,322	37,110	4,145	4,244

Included in leasehold land is a short leasehold land with net book value (at valuation) of RM3,813,000 (2003 - RM3,900,000).

The titles to certain leasehold land of certain subsidiaries with a net book value of RM3,875,000 (2003 - RM5,335,000) have yet to be issued by the relevant authorities.

Included in the net book value of property, plant and equipment at the balance sheet date are the following property and plant pledged to financial institutions as security for banking facilities granted to the Company and certain subsidiaries:-

	THE GROUP	
	2004 RM'000	2003 RM'000
Freehold land	3,565	3,565
Leasehold land	3,389	2,715
Buildings	15,941	7,020
Plant and machinery and production accessories	1,992	2,672
Motor vehicles	8	12
Other assets	748	858
	25,643	16,842

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

10. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Included in the net book value of property, plant and equipment at the balance sheet date are the following plant and equipment acquired under hire purchase terms:-

	THE GROUP	
	2004 RM'000	2003 RM'000
Plant and machinery and production accessories	1,432	9,760
Motor vehicles	256	48
	1,688	9,808

Included in the property, plant and equipment are the following fully depreciated property, plant and equipment which are still in use:-

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At cost:-				
Building	52	52	-	-
Plant and machinery and production accessories	7,915	6,124	-	-
Office equipment, furniture and fittings and motor vehicles	4,620	4,157	1,991	1,128
Other assets	2,423	1,313	-	-
	15,010	11,646	1,991	1,128

11. INTANGIBLE ASSETS

	THE GROUP	
	2004 RM'000	2003 RM'000
Goodwill on consolidation	6,394	6,394
Impairment loss	(1,725)	(1,725)
	4,669	4,669
Reserve on consolidation	(1,057)	(1,057)
	3,612	3,612

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

12. AMOUNT OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2004 RM'000	2003 RM'000
NON-CURRENT:-		
Amount owing by subsidiaries	179,394	163,949
Allowance for doubtful debt	(24,700)	(24,700)
	154,694	139,249

The non-current amounts owing are unsecured, bear interest at rates ranging from 6.1% to 9.0% (2003 - 6.1% to 9.0%) per annum and are not subject to fixed terms of repayment. The amounts owing are not expected to be repaid within twelve months after the balance sheet date.

	THE COMPANY	
	2004 RM'000	2003 RM'000
CURRENT:-		
Amount owing by subsidiaries	35,737	35,101
Allowance for doubtful debt		
At 1 February 2003/1 October 2001	(30,300)	(30,300)
Addition during the financial year	(3,585)	-
	(33,885)	(30,300)
	1,852	4,801

CURRENT:-		
Amount owing to subsidiaries	15,138	13,567

The current amounts owing are unsecured, interest-free and not subject to fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

13. DEVELOPMENT PROPERTIES

	THE GROUP	
	2004 RM'000	2003 RM'000
AT COST:-		
Long leasehold land	866	866
Development expenditure	8,244	7,342
	9,110	8,208
Attributable losses	(522)	(1,002)
Provision for foreseeable losses	-	(459)
	8,588	6,747
Completed properties transferred to inventories (Note 14)	(1,049)	-
	7,539	6,747
Progress billings	(7,539)	(5,119)
	-	1,628

Included in development properties in the previous financial period was interest expense of RM331,000 capitalised during that financial period.

Included in development properties in the previous financial period was long leasehold land of RM867,000 pledged to financial institutions for credit facilities granted to the Company.

14. INVENTORIES

	THE GROUP	
	2004 RM'000	2003 RM'000
At cost:-		
Raw materials	8,391	8,074
Goods-in-transit	387	158
Work-in-progress	895	734
Finished goods	1,005	906
Completed bungalow lots	1,049	-
Others	4	9
	11,731	9,881

None of the inventories is stated at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

15. TRADE RECEIVABLES

	THE GROUP	
	2004 RM'000	2003 RM'000
Trade receivables	23,041	19,835
Allowance for doubtful debts		
At 1 February 2003/1 October 2001	(5,224)	(7,635)
Addition during the financial year/period	(171)	(459)
Writeback during the financial year/period	66	145
Written off during the financial year/period	123	2,725
	(5,206)	(5,224)
	17,835	14,611

The normal credit terms of trade receivables range from 30 to 90 days.

The foreign currency exposure profile of trade receivables is as follows:-

	THE GROUP	
	2004 RM'000	2003 RM'000
Singapore Dollar	40	109
Brunei Dollar	79	-
Hong Kong Dollar	38	-
United States Dollar	10	120

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Other receivables, deposits and prepayments	1,522	6,782	180	1,140
Allowance for doubtful debts				
At 1 February 2003/1 October 2001	(6)	(261)	-	(169)
Addition during the financial year/period	-	(6)	-	-
Written off during the financial year/period	-	261	-	169
	(6)	(6)	-	-
	1,516	6,776	180	1,140

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

17. AMOUNT OWING BY/(TO) RELATED PARTIES

	THE GROUP	
	2004 RM'000	2003 RM'000
Amount owing by a related party *	-	13
Amount owing to related parties **	40,038	40,038

* - The related party, Juan Kuang (K.Lumpur) Electric Sdn. Bhd. is a subsidiary of Juan Kuang (M) Industrial Berhad which is an associate of the Company. The amount owing is trade in nature.

** - Included in the non-trade amount owing to related parties is an amount of RM40,036,500 (2003 - RM40,036,500) due to Naluri Berhad (Special Administrators appointed), a company in which Dato' Lim Kheng Yew and Dato' Wan Malek Bin Ibrahim, are also directors. The said amount is in respect of the acquisition of quoted shares in the associate. The amount is unsecured, interest-free and is not subject to fixed terms of repayment.

18. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks of the Group is an amount of RM13,000 (2003 - RM13,000) pledged to licensed banks for banking facilities granted to certain subsidiaries.

The weighted average interest rate of the fixed deposits at the balance sheet date was 3.2% (2003 - 3.6%) per annum. The fixed deposits have maturity periods ranging from 10 to 365 days (2003 - 10 to 365 days).

19. TRADE PAYABLES

The normal credit terms of trade payables range from 30 to 90 days.

The foreign currency exposure profile of trade payables is as follows:-

	THE GROUP	
	2004 RM'000	2003 RM'000
United States Dollar	249	380
Euro	-	2,003

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

20. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Accrued interest	-	84	-	-
Advances received from third parties	11,120	14,805	5,280	5,280
Amount payable for the purchase of plant and equipment	-	2,028	-	-
Others	7,167	6,290	1,501	1,756
	18,287	23,207	6,781	7,036

Included in advances received from third parties of the Group is an amount of RM5,840,000 (2003 - RM5,840,000) due to a third party which is secured by way of a pledge over the Group's quoted shares in the associate. The said amount is interest-free and is not subject to fixed terms of repayment.

21. PROVISION

	THE GROUP	
	2004 RM'000	2003 RM'000
Provision for liquidated and ascertained damages	-	94

22. HIRE PURCHASE PAYABLES

	THE GROUP	
	2004 RM'000	2003 RM'000
Minimum hire purchase payments:		
- not later than one year	294	1,026
- later than one year and not later than five years	121	41
- more than five years	4	-
	419	1,067
Future finance charges	(60)	(145)
	359	922

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

22. HIRE PURCHASE PAYABLES (cont'd)

	THE GROUP	
	2004 RM'000	2003 RM'000
Current:		
- not later than one year	246	883
Non-current:		
- later than one year and not later than five years	109	39
- more than 5 years	4	-
	<hr/> 113	<hr/> 39
	<hr/> 359	<hr/> 922

The hire purchase payables bore effective interest rates at the balance sheet date of between 3.4% to 17.6% (2003 - 5.4% to 17.6%) per annum.

23. SHORT TERM BORROWINGS

	THE GROUP	
	2004 RM'000	2003 RM'000
Secured:-		
Bills payable	14,881	8,967
Term loans (Note 28)	3,552	1,409
	<hr/> 18,433	<hr/> 10,376

The bills payable bear a weighted average interest of 4.4% (2003 - 4.4%) per annum and are secured as follows:-

- (i) by way of legal charges over a piece of long leasehold land and buildings of a subsidiary;
- (ii) by a debenture incorporating fixed and floating charges over the assets of certain subsidiaries; and
- (iii) by a corporate guarantee from the Company.

24. BANK OVERDRAFTS

The bank overdrafts bear a weighted average interest rate of 7.7% (2003 - 7.9%) per annum and are secured in the same manner as the short term borrowings disclosed in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

25. SHARE CAPITAL

	2004 NUMBER OF SHARES '000	2003 '000	2004 RM'000	2003 RM'000
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	1,000,000	1,000,000	1,000,000	1,000,000
ISSUED AND FULLY PAID-UP				
At 1 February 2003/1 October 2001	40,940	40,940	40,940	40,940
Rights issue	40,195	-	40,195	-
	81,135	40,940	81,135	40,940

During the financial year, the Company increased its issued and paid-up capital from RM40,939,967 to RM81,134,500 by way of a two-call rights issue of 40,194,533 new ordinary shares of RM1 each at an issue price of RM1 per rights share on the basis of five new ordinary shares for every two existing ordinary shares of RM1 each held for the purpose of repayment of bank borrowings. The first call of RM0.50 per rights share has been paid in cash upon acceptance whilst the second call of RM0.50 per rights share is capitalised from the Company's share premium account. The new shares issued rank pari passu in all respects with the existing shares of the Company.

The movements in the Employees' Share Option Scheme ("ESOS") to take up unissued new ordinary shares of RM1 each and the option exercise prices are as follows:-

	NUMBER OF ORDINARY SHARES OF RM1 EACH UNDER ESOS	OPTION PRICE RM
(i) Granted in 1995		
At 1 February 2003/31 January 2004		227,000 3.11
(ii) Granted in 1996		
At 1 February 2003		2,000
Forfeited		(2,000)
At 31 January 2004		- 4.55
(iii) Granted in 1997		
At 1 February 2003/31 January 2004		50,000 1.03
(iv) Granted in 1998		
At 1 February 2003		22,000
Forfeited		(2,000)
At 31 January 2004		20,000 1.00

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

25. SHARE CAPITAL (cont'd)

NUMBER OF ORDINARY SHARES OF RM1 EACH UNDER ESOS		OPTION PRICE RM
(v) Granted in 1999		
At 1 February 2003	661,000	
Forfeited	(15,000)	
	<hr/>	
At 31 January 2004	646,000	1.28
	<hr/>	
(vi) Granted in 2000		
At 1 February 2003	106,000	
Forfeited	(28,000)	
	<hr/>	
At 31 January 2004	78,000	3.38
	<hr/>	
Total ESOS not exercised as at 31 January 2004	<u>1,021,000</u>	

26. SHARE PREMIUM

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965.

27. REVALUATION RESERVE

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 February 2003/1 October 2001	27,697	35	1,096	35
Addition during the financial period	-	27,662	-	1,061
Transfer to deferred taxation (Note 29)	(180)	-	-	-
	(180)	27,662	-	1,061
	<hr/>			
	27,517	27,697	1,096	1,096
	<hr/>			

The revaluation reserve represents the surplus arising from the revaluation of the properties and land held for development and is not distributable by way of dividends.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

28. TERM LOANS

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current portion:				
- repayable within one year (Note 23)	3,552	1,409	-	-
Non-current portion:				
- repayable between one and two years	4,856	2,825	-	-
- repayable between two and five years	142,873	144,838	131,170	135,044
Total non-current portion	147,729	147,663	131,170	135,044
	151,281	149,072	131,170	135,044

Details of the repayment terms of the term loans are as follows:-

TERM LOAN	NUMBER OF MONTHLY INSTALMENTS	MONTHLY INSTALMENT RM	DATE OF COMMENCEMENT OF REPAYMENT	THE GROUP		THE COMPANY	
				2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
1.	-	-	None *	21,499	19,709	21,499	19,709
2.	-	-	None *	5,775	5,300	5,775	5,300
3.	-	-	None *	103,896	110,035	103,896	110,035
4.	12	125,000	July 2002				
	12	200,000	July 2003	11,337	12,098	-	-
	12	325,000	July 2004				
5.	60	43,183	August 2003	1,678	1,930	-	-
6.	71	79,617	June 2004				
	71	48,076	June 2004	7,096	-	-	-
				151,281	149,072	131,170	135,044

* - The term loans were repayable by way of a bullet payment within 24 months from the date of the facility agreements on 30 January 2002. The Company is currently negotiating with the bankers to restructure the existing term loans into 5-year term loans. Accordingly, these term loans have been disclosed as non-current liabilities in the current year's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

28. TERM LOANS (cont'd)

Term loans 1, 2, and 3 bear a weighted average interest of 8.5% (2003 - 8.9%) per annum and are secured as follows:-

- (i) by way of legal charges over the freehold land, leasehold land and buildings of certain subsidiaries;
- (ii) by a debenture incorporating fixed and floating charges over the assets of the Company and certain subsidiaries;
- (iii) by a pledge over third parties' quoted shares of the Company;
- (iv) by a pledge over the quoted shares in the associate;
- (v) by a pledge over the unquoted shares of the investment in certain subsidiaries; and
- (vi) by an assignment over the Sales Proceeds Account of the Company which was created to receive all proceeds from the sale of the Company's assets, investments and capital calls i.e. rights and special issue.

Term loans 4 and 5 bear a weighted average interest at 8.0% (2003 - 8.7%) per annum and are secured in the same manner as the bills payable disclosed in Note 23 to the financial statements.

Term loan 6 bears an effective interest at 6.4% (2003 - Nil) per annum and is secured as follows:-

- (i) by way of legal charges over a piece of leasehold land and buildings of a subsidiary;
- (ii) by way of legal charges over the machinery and equipment of a subsidiary; and
- (iii) by a corporate guarantee from the Company.

29. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000 (RESTATED)	2004 RM'000	2003 RM'000 (RESTATED)
At 1 February 2003/1 October 2001	17,709	593	171	460
Deferred tax relating to the revaluation of property and land held for development, chalets and golf course				
At 1 February 2003	-	20,773	-	412
Transfer from revaluation reserve (Note 27)	180	-	-	-
	180	20,773	-	412
Transferred to income statements (Note 37)	17,889 (609)	21,366 (3,657)	171 (171)	872 (701)
	17,280	17,709	-	171

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

29. DEFERRED TAXATION (cont'd)

The deferred tax consists of the tax effects of the following temporary differences :-

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000 (RESTATED)	2004 RM'000	2003 RM'000 (RESTATED)
Deferred tax liabilities:-				
Accelerated capital allowances	3,641	2,784	343	332
Revaluation of property	21,411	21,231	872	872
Temporary difference on insurance claim on damaged inventories and consequential loss	-	165	-	-
	25,052	24,180	1,215	1,204
Deferred tax assets:-				
Allowance for doubtful debts	(280)	-	-	-
Unabsorbed capital allowances	(3,694)	(2,725)	(248)	(239)
Unutilised tax losses	(3,798)	(3,746)	(967)	(794)
	(7,772)	(6,471)	(1,215)	(1,033)
	17,280	17,709	-	171

No deferred tax assets are recognised on the following temporary differences:-

	THE GROUP	
	2004 RM'000	2003 RM'000
Unabsorbed capital allowances	9,606	8,094
Unutilised tax losses	32,083	28,174
	41,689	36,268

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

30. NET TANGIBLE ASSETS PER SHARE

The net tangible assets per share is calculated based on the net tangible assets value divided by the number of ordinary shares in issue at the balance sheet date. The details are as follows:-

	THE GROUP	
	2004	2003 (RESTATED)
Net assets (RM'000)	21,345	56,122
Less: Intangible assets (RM'000)	(3,612)	(3,612)
Net tangible assets (RM'000)	17,733	52,510
Number of ordinary shares in issue ('000)	81,135	40,940
Net tangible assets per share (sen)	22	128

31. TURNOVER

Turnover of the Group comprises the following:-

	THE GROUP	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Sale of goods	64,278	84,931
Sale of development properties and contract revenue	2,227	2,354
Others	960	1,913
Total	67,465	89,198

Sale of goods represents the invoiced value of goods sold less trade discounts and returns.

Sale of development properties represents the proportionate sale value of sold development properties attributable to work performed whilst contract revenue represents the proportionate contract value attributable to work performed.

Others represent the invoiced value of services rendered and goods sold less discounts.

The disposal and acquisition of subsidiaries in the previous financial period have no significant effect on the turnover of the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

32. OTHER OPERATING INCOME

Included in other operating income of the Group are the following items:-

	THE GROUP	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Insurance claim on damaged inventories and consequential loss	319	5,302
Surplus of insurance claim on property, plant and equipment damaged by fire *	-	1,397

* - The insurance claim recognised on property, plant and equipment damaged by fire in the previous financial period amounted to RM12,776,000.

33. OTHER OPERATING EXPENSES

Included in other operating expenses of the Group and of the Company are the following items:-

	THE GROUP		THE COMPANY	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Allowance for doubtful debts	171	465	3,585	-
Depreciation on property, plant and equipment	1,161	4,024	223	785
Impairment loss on investment in associate	42,000	-	-	-
Impairment loss on plant	130	-	-	-
Loss on disposal of a subsidiary	-	5,460	-	5,507
Loss on disposal of quoted shares	-	900	-	-
Property, plant and equipment written off	1	2	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

34. FINANCE COSTS

Included in finance costs of the Group and of the Company are the following:-

	THE GROUP		THE COMPANY	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Interest expense	(6,774)	(10,962)	(13,008)	(18,203)
Upfront fee	-	(1,320)	-	(1,320)
Interest income receivable from subsidiaries	-	-	12,770	17,979
Writeback of interest expense	-	15,067	-	-

35. LOSS BEFORE TAXATION

In addition to those disclosed in Notes 32, 33 and 34 to the financial statements, the loss before taxation is arrived at after charging/(crediting) the following:-

	Note	THE GROUP		THE COMPANY	
		1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Audit fee					
- for the financial year/period		91	87	12	11
- underprovision in previous financial period		7	-	7	-
Bad debts written off		-	25	-	-
Deposit written off		-	4	-	-
Depreciation of property, plant and equipment		5,430	9,576	223	785
Directors' fee	36	35	34	35	34
Directors' non-fee emoluments	36	600	1,015	200	310
Interest expense:					
- bills payable		496	946	-	-
- hire purchase		208	1,332	-	28
- overdraft		19	116	-	-
- term loan		6,051	8,365	13,008	18,175
- others		-	203	-	-
Loss on foreign exchange					
- realised		11	4	-	-
Rental		465	668	300	576
Staff costs		11,846	16,753	-	-
Deposit forfeited		(13)	(26)	-	-
Interest income		(182)	(55)	(12,864)	(18,007)
Net gain on disposal of plant and equipment		(50)	(448)	(60)	(3)
Rental income		(501)	(271)	(503)	(451)
Writeback of allowance for doubtful debts		(66)	(145)	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

36. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Directors of the Company:				
- Executive:				
- Salaries and other emoluments	210	280	193	256
- Bonus	8	59	7	54
	218	339	200	310
- Non-Executive:				
- Fee	35	34	35	34
	253	373	235	344
Directors of the subsidiaries:				
- Executive:				
- Salaries and other emoluments	369	580	-	-
- Bonus	13	96	-	-
	382	676	-	-
Total	635	1,049	235	344

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

36. DIRECTORS' REMUNERATION (cont'd)

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

	THE COMPANY	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Executive directors:		
- Below RM50,000	1	1
- RM50,001 - RM100,000	-	-
- RM100,001 - RM150,000	-	-
- RM150,001 - RM200,000	-	-
- RM200,001 - RM250,000	-	-
- RM250,001 - RM300,000	-	-
- RM300,001 - RM350,000	1	1
	2	2
Non-Executive directors:		
- Below RM50,000	3	3
	5	5

37. TAXATION

	THE GROUP		THE COMPANY	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000 (RESTATED)	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000 (RESTATED)
Current tax for the financial year/period	72	651	-	-
Deferred taxation (Note 29)	(609)	(3,657)	(171)	(701)
	(537)	(3,006)	(171)	(701)
(Over)/Underprovision in previous financial period/years	(86)	478	-	397
Share of taxation in associate	915	256	-	-
	292	(2,272)	(171)	(304)

The current financial year's taxation of the Group relates to taxation for certain subsidiaries. There is a tax charge for the Group despite the loss as no group tax relief is available in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

37. TAXATION (cont'd)

Subject to agreement with the tax authorities, the Company has unutilised tax losses and unabsorbed capital allowances of approximately RM3,452,000 (2003 - RM2,836,000) and RM887,000 (2003 - RM854,000) respectively available at the balance sheet date to be carried forward for offset against future taxable business income.

The reconciliations of income tax expense applicable to the loss before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	THE GROUP		THE COMPANY	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000 (RESTATED)	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000 (RESTATED)
Loss before taxation	(53,931)	(7,173)	(4,401)	(8,480)
Tax at the applicable corporate tax rate of 28%	(15,101)	(2,008)	(1,232)	(2,374)
Tax effects:-				
Effect on difference in tax rates	14	62	-	-
Non-taxable gains	(269)	(3,450)	-	(1)
Non-deductible expenses	576	3,865	1,061	2,098
Double deductions	(3)	-	-	-
Deferred tax assets not recognised during the financial year/period	2,555	2,882	-	-
Tax losses disallowed for the financial year/period	12,869	695	-	-
Real property gains tax	-	49	-	-
Reversal of deferred tax liabilities not recognised previously	153	1,343	-	-
Reversal of deferred tax assets not recognised previously	(180)	(3,725)	-	(424)
Utilisation of tax losses brought forward	(27)	(303)	-	-
Utilisation of capital allowances brought forward	(17)	(548)	-	-
Utilisation of reinvestment allowances brought forward	(159)	(1,927)	-	-
(Over)/Underprovision in previous financial period/years	(86)	478	-	397
Underprovision of deferred tax liabilities:				
- current financial year	-	14	-	-
- previous financial period/years	43	213	-	-
Others	(76)	88	-	-
	292	(2,272)	(171)	(304)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

38. BASIC LOSS PER SHARE

The basic loss per share is arrived at by dividing the Group's loss attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year. The computation is as follows:-

	THE GROUP	
	1.2.2003 to 31.1.2004	1.10.2001 to 31.1.2003 (RESTATED)
Loss attributable to shareholders (RM'000)	(53,325)	(3,256)
Weighted average number of ordinary shares in issue ('000)	42,339	27,430
Basic loss per share (sen)	(125.9)	(11.9)

The fully diluted loss per share for the Group is not presented as the assumed conversion from the exercise of the share options under the ESOS during the financial year would be anti-dilutive.

39. PRIOR YEAR ADJUSTMENTS

The prior year adjustments arose from the change in accounting policy with respect to the treatment of deferred taxation as stated in Note 5(u) to the financial statements. The new accounting policy adopted has no significant effect on the Company's profit attributable to the shareholders for the financial year ended 31 January 2004.

The effects of the change in accounting policy have been taken up as prior year adjustments in the group financial statements. Accordingly, the following comparative figures have been restated to reflect the effect of the change:-

	AS PREVIOUSLY REPORTED RM'000	EFFECT OF ADOPTING MASB 25 RM'000	AS RESTATED RM'000
THE GROUP			
BALANCE SHEET (EXTRACT):-			
Accumulated losses	(72,625)	2,840	(69,785)
Minority interests	17,007	1,162	18,169
Deferred taxation	21,711	(4,002)	17,709
INCOME STATEMENT (EXTRACT):-			
Taxation	(1,730)	4,002	2,272
Minority interests	2,807	(1,162)	1,645

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

39. PRIOR YEAR ADJUSTMENTS (cont'd)

	AS PREVIOUSLY REPORTED RM'000	EFFECT OF ADOPTING MASB 25 RM'000	AS RESTATE D RM'000
THE COMPANY			
BALANCE SHEET (EXTRACT):-			
Accumulated losses	(68,271)	701	(67,570)
Deferred taxation	872	(701)	171
INCOME STATEMENT (EXTRACT):-			
Taxation	-	304	304

40. DISPOSAL OF A SUBSIDIARY

A subsidiary, KYM Senai Sdn. Bhd., was disposed of on 8 August 2002 for a cash consideration of RM6,528,773. In addition, the Company waived RM11,864,911 of the advance made to KYM Senai Sdn. Bhd.

The effects of the disposal of the subsidiary on the financial results and financial position of the Group in the previous financial period are as follows:-

	THE GROUP	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Financial assets:-		
Turnover	-	-
Less: Operating expenses	-	(8)
Decrease in the net loss of the Group	-	(8)

	THE GROUP	
	2004 RM'000	2003 RM'000
Financial position:-		
Property and equipment	-	11,819
Other payables and accruals	-	(11,866)
Decrease in net assets of the Group	-	(47)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

40. DISPOSAL OF A SUBSIDIARY (cont'd)

The details of net liabilities disposed of and cash flow arising from the disposal of the subsidiary are as follows:-

	THE GROUP		THE COMPANY	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Property and equipment	-	11,819		
Other payables and accruals	-	(11,866)		
<hr/>				
Group's share of net liabilities disposed	-	(47)		
(Loss)/Gain on disposal	-	(5,460)		
Amount written off	-	11,865		
<hr/>				
Net cash inflow on disposal of the subsidiary/sale consideration	-	6,358	-	6,358

41. ACQUISITION OF A SUBSIDIARY

In the previous financial period, a subsidiary of the Company, Eco Ribuan Sdn. Bhd., paid RM2,000 in cash to acquire the entire equity interest in Merit Wisdom Sdn. Bhd.

The effect of the acquisition of the subsidiary on the financial results of the Group in the previous financial period was as follows:-

	THE GROUP	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Turnover	-	-
Less: Operating expenses	-	(8)
<hr/>		
Increase in the net loss of the Group	-	(8)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

41. ACQUISITION OF A SUBSIDIARY (cont'd)

The effect of the acquisition of the subsidiary on the financial position of the Group at the end of the previous financial period was as follows:-

	THE GROUP	
	2004 RM'000	2003 RM'000
Investment in associate	-	5,840
Intangible assets	-	2
Cash and bank balances	-	2
Other payables and accruals	-	(5,850)
Decrease in net assets of the Group	-	(6)

The details of net assets acquired, goodwill and cash flow arising from the acquisition of the subsidiary were as follows:-

	THE GROUP	
	2004 RM'000	2003 RM'000
Current asset	-	-
Goodwill on acquisition	-	2
Net cash outflow on acquisition of the subsidiary/purchase consideration	-	2

42. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Cost of property, plant and equipment purchased	(8,192)	(10,032)	(15)	(76)
Amount financed through hire purchase	207	421	-	-
Amount payable to supplier	-	2,028	-	-
Cash disbursed for the purchase of property, plant and equipment	(7,985)	(7,583)	(15)	(76)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

43. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Fixed deposits with licensed banks	1,090	914	918	829
Cash and bank balances	1,418	1,531	425	73
Bank overdrafts (Note 24)	(604)	(744)	-	-
	1,904	1,701	1,343	902

44. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	THE COMPANY	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Interest income receivable from subsidiaries:		
- Harta Makmur Sdn. Bhd.	9,015	12,486
- Eco Ribuan Sdn. Bhd.	1,884	2,754
- Polypulp Enterprise Sdn. Bhd.	1,790	2,293
- KYM Properties Sdn. Bhd.	-	321
- Teguh Amalgamated Sdn. Bhd.	81	-
Rental received from a subsidiary:		
- KYM Industries (Johor) Sdn. Bhd.	338	451
Rental payable to a subsidiary:		
- Teguh Amalgamated Sdn. Bhd.	300	576

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

45. SIGNIFICANT RELATED PARTY TRANSACTIONS

	THE GROUP	
	1.2.2003 to 31.1.2004 RM'000	1.10.2001 to 31.1.2003 RM'000
Writeback of interest expense:		
- Naluri Berhad (Special Administrators appointed)	-	(14,838)
Sales to:		
- Juan Kuang (K. Lumpur) Electric Sdn. Bhd. *	-	415

Naluri Berhad (Special Administrators appointed) is deemed to be a related party as Dato' Lim Kheng Yew and Dato' Wan Malek Bin Ibrahim, are also directors of Naluri Berhad (Special Administrators appointed) whilst Juan Kuang (K. Lumpur) Electric Sdn. Bhd. is a subsidiary of Juan Kuang (M) Industrial Berhad which is an associate of the Company.

* - In the opinion of the directors, these transactions have been entered into in the ordinary course of business on terms established by arm's length negotiations between the parties.

46. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
UNSECURED:				
Corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries	-	-	35,597	23,739
Bank guarantee granted to certain third parties	340	467	-	-
	340	467	35,597	23,739

47. CAPITAL COMMITMENTS

	THE GROUP	
	2004 RM'000	2003 RM'000
Authorised and contracted for:		
- investment in joint venture *	550	550
- capital expenditure	-	4,584
	550	5,134

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

47. CAPITAL COMMITMENTS (cont'd)

- * - On 17 August 2000, a subsidiary entered into a Joint Venture Agreement with 3ntity Sdn. Bhd., a company incorporated in Malaysia, to establish a joint venture company to undertake the promotion, sale, marketing, establishment, development, operation, use, management and maintenance of an e-procurement portal. The joint venture company is expected to commence operations upon the finalisation of terms with its prospective customers.

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:-

- (i) as reported in the previous financial statements, the Company had via its announcement of 7 May 2003 stated that the Company and its wholly-owned subsidiary, Polypulp Enterprise Sdn. Bhd., agreed to a mutual rescission and revocation with Naluri Berhad (Special Administrators appointed) of the Share Sale Agreement dated 5 September 2002 in relation to the proposed disposal of a subsidiary, Tegas Consolidated Sdn. Bhd.; and
- (ii) on 25 June 2003, the shareholders of the Company approved the Proposed Renounceable Two-Call Rights Issue of shares and the 40,194,533 new ordinary shares were successfully listed on 22 October 2003 on the Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange).

49. NUMBER OF EMPLOYEES

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Number of employees at the balance sheet date	682	607	1	1

50. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the balance sheet date are as follows:-

	2004 RM	2003 RM
United States Dollar	3.80	3.80
Euro	-	4.15
Brunei Dollar	2.25	-
Hong Kong Dollar	0.49	-
Singapore Dollar	2.25	2.21

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

51. SEGMENTAL REPORTING

2004	INVESTMENT					GROUP RM'000
	MANUFACTURING RM'000	HOLDING RM'000	PROPERTY RM'000	OTHERS RM'000	ELIMINATION RM'000	
Turnover	69,577	-	4,361	2,647	(9,120)	67,465
Results:						
Segment results (external)	(4,116)	(46,278)	4	(892)	4,430	(46,852)
Finance costs	(1,357)	(3,912)	(86)	(1,548)	55	(6,848)
Share of loss in associate	-	(231)	-	-	-	(231)
Loss before taxation						(53,931)
Taxation						623
Share of taxation in associate						(915)
Loss after taxation						(54,223)
Minority interests						898
Net loss attributable to shareholders						(53,325)
Other Information:						
Segment assets	98,762	240,890	182,462	27,738	(260,906)	288,946
Segment liabilities	61,044	263,842	160,931	36,460	(271,947)	250,330
Capital expenditure	8,100	15	151	26	(100)	8,192
Depreciation and amortisation	4,603	223	133	471	-	5,430
Impairment loss on investment in associate	-	42,000	-	-	-	42,000
Impairment loss on plant	130	-	-	-	-	130

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

51. SEGMENTAL REPORTING (cont'd)

2003	INVESTMENT					ELIMINATION RM'000	GROUP RM'000
	MANUFACTURING RM'000	HOLDING RM'000	PROPERTY RM'000	OTHERS RM'000			
Turnover	91,946	-	6,666	2,061	(11,475)		89,198
Results:							
Segment results (external)	5,775	(10,524)	2,542	(10,891)	5,876		(7,222)
Finance costs	(4,302)	8,246	(445)	(2,579)	1,754		2,674
Share of loss in associate	-	(2,625)	-	-	-		(2,625)
Loss before taxation							(7,173)
Taxation							2,528
Share of taxation in associate							(256)
Loss after taxation							(4,901)
Minority interests							1,645
Net loss attributable to shareholders							(3,256)
Other Information:							
Segment assets	95,348	271,124	176,924	27,755	(247,210)		323,941
Segment liabilities	52,448	262,028	154,355	35,732	(254,913)		249,650
Capital expenditure	9,884	76	9	95	(32)		10,032
Depreciation and amortisation	6,036	784	188	2,568	-		9,576

No segmental information is provided on a geographical basis as the Group's activities are conducted wholly in Malaysia.

In the opinion of the directors, all inter-segment transactions have been entered into in the ordinary course of business on terms established by arm's length negotiations between the parties.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2004

52. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

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

(a) Bank Balances and Other Liquid and Short Term Receivables

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

(b) Unquoted Investments

It is not practicable to determine the fair values of unquoted investments because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

(c) Short Term Borrowings and Other Current Liabilities

The carrying amounts approximate their fair values because of the short period to maturity of these instruments.

(d) Hire Purchase Obligations

The fair value of hire purchase payables are determined by discounting the relevant cash flow using current interest rates for similar investments at balance sheet date.

(e) Long Term Bank Loans

The carrying amounts approximate their fair values as these instruments bear interest at market rates.

53. COMPARATIVE FIGURES

The comparative figures of the Group and of the Company are in respect of the financial period from 1 October 2001 to 31 January 2003.

The following comparative figures have been reclassified to conform with the current financial year's presentation:-

	THE GROUP	
	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000
BALANCE SHEETS (EXTRACT):-		
CURRENT LIABILITIES:-		
Short term borrowings	10,376	11,120
Bank overdrafts	744	-

ANALYSIS OF SHAREHOLDINGS

Substantial Shareholders

As registered in the Register of Substantial Shareholders as at 11 June 2004

Name	No. of Shares Held		% Of Issued Capital
	Direct	Indirect	
Cheong Chan Holdings Sdn Bhd	21,740,600	-	26.79%
Dato' Lim Kheng Yew	3,003,193	#26,028,055	35.78%
Ultra-Link Resources Sdn Bhd	9,214,285	-	11.36%
Dato' Wan Malek bin Ibrahim	-	*9,214,285	11.36%
Wong Chee Choon	4,270,000	-	5.26%
Zakaria bin Abdul Hamid	-	*9,214,285	11.36%

Notes:

- # Deemed interested by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and Tzel Properties Sdn Bhd.
- * Deemed interested by virtue of their direct shareholding in Ultra-Link Resources Sdn Bhd.

Statement of Directors' Interest in the Company and Related Corporations as at 11 June 2004

Name	No. of shares held		Total Interest (%)
	Direct (%)	Indirect (%)	
Dato' Lim Kheng Yew	3,003,193 (3.70)	#26,028,055 (32.08)	35.78
Dato' Wan Malek bin Ibrahim	-	*9,214,285 (11.36)	11.36
Dato' Abdul Rahman bin Haji Ismail	-	-	-
Haji Abdul Razak bin Dato' Dawood	-	-	-
Lim Kheng Chye	210,000 (0.26)	-	0.26
Datuk Mansor bin Masikon	-	-	-

Notes:

- # Deemed interested by virtue of his direct and indirect shareholding in Cheong Chan Holdings Sdn Bhd, KYM Sdn Bhd and Tzel Properties Sdn Bhd.
- * Deemed interested by virtue of his direct shareholding in Ultra-Link Resources Sdn Bhd.

Dato' Lim Kheng Yew is deemed to have an interest in all the shares held by the Company in its related corporations by virtue of his substantial shareholding in the Company.

ANALYSIS OF SHAREHOLDINGS

Statistics of Shareholders (as at 11 June 2004)

Class of Securities	:	Ordinary Shares of RM1.00 each
Authorised Share Capital	:	RM1,000,000,000.00 divided into 1,000,000,000 Ordinary Shares of RM1.00 each
Issued and fully Paid Up	:	RM81,134,500.00
Share Capital		
Voting Rights	:	1 vote per share
Number of Shareholders	:	2,267

Category of Shareholding	No. of Holders	Total Holdings	%
Less than 100	7	152	0.00
100 - 1,000	917	901,800	1.11
1,001 - 10,000	1,095	4,299,682	5.30
10,001 - 100,000	204	5,567,642	6.86
100,001 - 4,056,724	41	35,300,624	43.51
4,056,724 and above	3	35,064,600	43.22
Total	2,267	81,134,500	100.00

Thirty Largest Shareholders (as at 11 June 2004)

Shareholders	Number of Shares Held	%
1. Cheong Chan Holdings Sdn Bhd	22,294,600	27.48
2. UOBM Nominees (Tempatan) Sdn Bhd (pledged securities a/c for Ultra-Link Resources Sdn Bhd)	8,500,000	10.48
3. Wong Chee Choon	4,270,000	5.26
4. Ong Har Hong	3,983,000	4.91
5. OSK Nominees (Tempatan) Sdn Berhad (OSK Capital Sdn Bhd for Ultra-Link Resources Sdn Bhd)	3,714,285	4.58
6. Lim Eng Huat	2,768,500	3.41
7. RHB Capital Nominees (Tempatan) Sdn Bhd (pledged securities a/c for Lim Kheng Yew)	2,500,000	3.08
8. Wong Hok Yim	2,453,500	3.02
9. Mayban Securities Nominees (Tempatan) Sdn Bhd (pledged securities a/c for Tan Ching Ching)	2,296,000	2.83
10. Ihsan Indah (M) Sdn Bhd	1,974,000	2.43
11. UOBM Noinees (Asing) Sdn Bhd (pledged securities a/c for Wong Poh Weng)	1,860,000	2.29
12. KYM Sdn Bhd	1,733,455	2.14
13. Renfield Investment Limited	1,300,000	1.60
14. OSK Nominees (Tempatan) Sdn Bhd (pledged securities a/c for Polynamic Sdn Bhd)	1,140,000	1.41

ANALYSIS OF SHAREHOLDINGS

Thirty Largest Shareholders (as at 11 June 2004) (cont'd)

Shareholders	Number of Shares Held	%
15. Alliancegroup Nominees (Tempatan) Sdn Bhd (pledged securities a/c for Ravindran Navaratnam)	950,000	1.17
16. Unirange Network Sdn Bhd	935,000	1.15
17. Magnitude Network Sdn Bhd	775,273	0.96
18. Chew Boon Seng	745,500	0.92
19. Lim Kheng Yew	503,193	0.62
20. Kenanga Nominees (Asing) Sdn Bhd (Cantal Capital Inc.)	500,000	0.62
21. Tan Han Chuan	434,000	0.53
22. Ong Huey Peng	423,500	0.52
23. Navasham Holdings Sdn Bhd	323,000	0.40
24. Chiam Yoke Kee	315,000	0.39
25. Ilham Pelangi (M) Sdn Bhd	303,000	0.37
26. Lua Wa Kho @ Lua Chong Koh	302,295	0.37
27. Lim Siew Aik	290,500	0.36
28. Far East Master Sdn Bhd	258,153	0.32
29. Mohd Shu'Aib Bin Hi Ishak	245,000	0.30
30. Lembaga Tabung Haji	230,000	0.28
	68,320,754	84.20

LIST OF PROPERTIES

Location/Address	Land Area (m ²)	Tenure	Date of Acquisition/ (Revaluation)	Description	Approx. Age of the building	Net Book Value (RM)
11, Jalan Banang 3, Taman Johor, 81200 Johor Bahru held under HS(D) No. 7221 MLO Lot No. 3673, Mukim of Tebrau District of Johor Bahru, State of Johor	743.2	Freehold	(31.01.2003)	Industrial land with single storey semi-detached building erected thereon.	18 years	490,605
PLO 9 Jalan Perindustrian, Senai Industrial Area I, Senai held under HS(D) No. 60787 PTD No. 18692, Mukim of Senai-Kulai, District of Johor Bahru State of Johor	8,093.7	60 years leasehold expiring on 31.8.2042	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	15 years	3,792,833
PLO 15 Senai Industrial Estate, Senai held under HS(D) 64314 PTD No. 8778 Mukim of Senai-Kulai, District of Johor Bahru, State of Johor	12,140.5	60 years leasehold expiring on 11.1.2043	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	10 years	3,655,378
PLO 19 Jalan Perindustrian Senai Industrial Area I, Senai held under HS(D) 124979 PTD No. 8790 Mukim of Senai-Kulai District of Johor Bahru State of Johor	8,093.7	60 years leasehold expiring on 22.9.2045	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	16 years	3,720,455
Lot No. PT 2 (Lot 5) Jalan Perusahaan 1, Kawasan Perusahaan Beranang held under HS(D) 58958 Bandar Batu 26 Beranang, District of Hulu Langat, Selangor	11,460	99 years leasehold expiring on 09.10.2099	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	12 years	4,606,163

LIST OF PROPERTIES

Location/Address	Land Area (m ²)	Tenure	Date of Acquisition/ (Revaluation)	Description	Approx. Age of the building	Net Book Value (RM)
Lot No. PT4 (Lot 7) Jalan Perusahaan 1, Kawasan Perusahaan Beranang held under HS(D) 58960 Bandar Batu 26 Beranang, District of Hulu Langat, Selangor	36,420	99 years leasehold expiring on 09.10.2099	(31.01.2003)	Industrial land with factory building and warehouse erected thereon.	12 years	7,383,179
12 & 14 Lorong Medan Tuanku Satu Kuala Lumpur (Geran 6039 and 6040)	1,200	Freehold	(31.01.2003)	2 adjoining units of 5-storey shop/office buildings housing the corporate office	19 years	6,147,300
Lot 10, 11 & 12, Persiaran Perindustrian Kanthan 5, Kanthan Industrial Estate, Chemor, Ipoh held under PN 149338 Lot 198895 Mukim of Hulu Kinta, District of Kinta, Perak	13,760	99 years leasehold expiring on 07.06.2060	(31.01.2003)	Industrial land with factory building, office and warehouse built thereon.	11 years	5,702,042
H.S. (D) Dgs:- 80-84, No. P.T. 4087-4091 86-89, No. P.T. 4093-4096 94-95, No. P.T. 4097-4098 96-98 & 100, No. P.T. 4101-4104 99, No. P.T. 4099 101, No. P.T. 4100 102-104, No. P.T. 4105-4107 107-108 & 112, No. P.T. 4108-4110 109-111 & 113, No. P.T. 4111-4114 489, No. P.T. 4116 90-91, No. P.T. 15612-15613 92-93, No. 15614-15615 105-106, No. P.T. 15616-15617	5,139,917	99 years leasehold expiring on 14.03.2089	(19.09.2002)	Partially developed:- Golf course, Chalets & Bungalow Lots	-	177,602,444
34 titles all in the Mukim of Lumut, Daerah Manjung						

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FORM OF PROXY



KYM HOLDINGS BHD.

(Co. No.: 84303-A)
(Incorporated in Malaysia)

Number of Shares Held	
-----------------------	--

I/We (NRIC No.:)
of
being a member of KYM Holdings Bhd. hereby appoint
..... (NRIC No.:)
of
or failing him (NRIC No.:)
of
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 3rd Floor, No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur on Friday, 30 July 2004 at 10:00 a.m. and at any adjournment thereof.

*My/Our proxy is to vote as indicated below:

No.	Resolution	For	Against
1.	Adoption of Reports and Accounts		
2.	Approval of Directors' Fee		
3.	Re-election of Haji Abdul Razak bin Dato' Dawood		
4.	Re-election of Datuk Mansor bin Masikon		
5.	Re-appointment of Dato' Abdul Rahman bin Haji Ismail		
6.	Re-appointment of Auditors		
7.	Authority to Allot and Issue Shares		

Please indicate with an "X" in the space provided, how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

Dated this day of, 2004.

.....
Signature of Member/Common Seal

Notes:

1. A member entitled to attend and vote at the meeting is entitled to attend and vote in person or by proxy or by attorney or by duly authorised representative. A proxy or attorney or duly authorised representative need not be a member of the Company.
2. The power of attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, it must be executed under its seal or in the manner authorised by its constitution.
3. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a duly certified copy thereof must be deposited at the Registered Office, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit. Where a member appoints two or more proxies, he shall specify in the instrument appointing the proxies, the proportion of his shareholdings to be represented by each proxy.

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Stamp

The Company Secretary

KYM HOLDINGS BHD.

(Co. No.: 84303-A)

12, Lorong Medan Tuanku Satu,
50300 Kuala Lumpur

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