



Annual
Report
2005



KYM HOLDINGS BHD.
(Co. No.: 84303-A)

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notice of annual general meeting

AGENDA

1. To receive the Financial Statements for the financial year ended 31 January 2005 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 2005.

RESOLUTION 2
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
 - i. Dato' Wan Malek bin Ibrahim (Article 103)

RESOLUTION 3
 - ii. Lim Kheng Chye (Article 103)

RESOLUTION 4
4. 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
5. To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.

RESOLUTION 6
6. As Special Business, to consider and if thought fit, pass with or without any modification, the following ordinary resolutions:

Authority To Allot And Issue Shares Pursuant To Section 132D of the Companies Act, 1965

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of **KYM Holdings Bhd.** will be held at the Company's Office at, No. 12 Lorong Medan Tuanku Satu, 50300 Kuala Lumpur on Thursday, 21 July 2005 at 11:30 a.m. for the following purposes:-

"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 whomever 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

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"That, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("KYM Group") to enter into any of the categories of recurrent transactions of a revenue or trading nature of the Group as set out in Section 2.2 of the Circular to Shareholders dated 29 June 2005 which are necessary for the day-to-day operations of the KYM Group and the transactions with the related parties mentioned therein are in the ordinary course of business, at arms' length basis and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and such approval conferred shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which such Proposed Renewal of Mandate passed, at which time it will lapse, unless by a resolution passed at such general

meeting whereby the authority is renewed; or

- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier,

And that the Directors of the Company be and hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Renewal of Mandate."

RESOLUTION 8

NOTICE OF ANNUAL GENERAL MEETING

7. To transact any other matter of 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
(MAICSA 7016822)
Secretary

Kuala Lumpur
29 June 2005

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 an attorney or a 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 issue) 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.

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed resolution 8, if approved, will authorise KYM Group to continue entering into any of the categories of recurrent related party transactions of a revenue or trading nature with related parties, particulars of which are set out in Section 2.2 of the Circular to Shareholders dated 29 June 2005 circulated together with this Annual Report. These authorities, unless revoked or varied by the Company at a general meeting 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 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 pages 7, 9 and 16 of this annual report.

Date, Time and Venue of the Annual General Meeting

Thursday, 21 July 2005 at 11:30 a.m.
At the Company's Office at 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

Symphony Share Registrars Sdn Bhd
*(Formerly Known As Malaysian
Share Registration Services Sdn Bhd)*
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
Chartered Accountants
Level 16, Tower C
Megan Phileo Avenue
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

STOCK EXCHANGE

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, age 57, 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 and 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 81 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.

PROFILE OF THE BOARD OF DIRECTORS

DATO' LIM KHENG YEW

Managing Director

Malaysian

Dato' Lim Kheng Yew, age 54, 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.

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 81 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 for 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, age 76, 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.

LIM KHENG CHYE

*Executive Director
Malaysian*

Lim Kheng Chye, age 51, 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 81 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.

PROFILE OF THE BOARD OF DIRECTORS

HAJI ABDUL RAZAK BIN DATO' DAWOOD

Independent Non-Executive Director

Malaysian

Haji Abdul Razak bin Dato' Dawood, age 54, 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.

DATUK MANSOR BIN MASIKON

*Independent Non-Executive Director
Malaysian*

Datuk Mansor bin Masikon, age 61, 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 Chief Executive Officer of several insurance companies. He was the Chairman of the General Insurance Association of Malaysia. He was a member of Parliment Malaysia from 1995 till 1999. Datuk Mansor is currently a Director and Chief Executive Officer of Yayasan Pelajaran MARA (YPM).

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

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 2005, the Group recorded a turn over of RM78.553 million, an increase of 17.12% compared to RM67.465 million in the financial year ended 31 January 2004.

The Group recorded a loss attributable to shareholders of RM6.217 million for the financial year ended 31 January 2005, compared to a loss attributable to shareholders of RM53.325 million for the financial year ended 31 January 2004. The loss after taxation for the previous financial year was caused by a provision for impairment loss of RM42 million as required under "MASB 23 - Impairment of Assets" for the diminution in value of our investment in quoted shares of Juan Kuang (M) Industrial Berhad. If we exclude the effect of the impairment loss made in the previous financial year, the loss after taxation for the financial year under review has decreased by approximately RM5 million as compared to the previous financial year. The loss per share has reduced from 125.9 sen to 7.7 sen, whereas the net tangible asset per ordinary share reduced from 22 sen to 14 sen.

“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 2005.”

DIVIDEND

The Directors of the Company do not recommend any dividend for the year ended 31 January 2005 in order to conserve the cash resources of the Group.

PROSPECTS

Year 2005 continues to be a challenging year. The Carton Division is continuing its efforts to reduce costs and increase productivity to meet the challenges of a highly competitive industry. These remedial measures are already bearing fruit and we are continuously optimistic that the

performance of our core Carton and Industrial Bags business will continue to improve. The Carton Division has invested in new equipment, including a new printing machine to modernize and improve on the printing capabilities and also move into the higher end markets.

In our Property Division, we are revitalising the Teluk Rubiah project.

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. We have commenced

CHAIRMAN'S STATEMENT

development of Phase 1 of the Tasik Suria project at Teluk Rubiah, a 228 unit mixed residential development. Our Phase 1 of the Tasik Suria project comprising single storey and double storey houses received overwhelming response during their launched in June 2005.

Going forward, we expect the Property Division to contribute positively to the Group's performance.

ACKNOWLEDGEMENT

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

29 June 2005

co rporate governance statement

The Board of Directors of KYM recognises their responsibility for good corporate governance. The Board and Management remain 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 2005.

BOARD OF DIRECTORS

Composition and Balance

The Board comprises a Managing Director, an Executive Directors and four non-Executive Directors, three of whom are independent. 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 pages 7 to 11.

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.

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

CORPORATE GOVERNANCE STATEMENT

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. The Board has delegated certain responsibilities to the Board Committees that operate within clearly defined terms of references. Currently, the Board Committee comprises Executive Committee, ESOS Committee, Investment Committee, Remuneration Committee and Audit Committee. The respective Committee reports to the Board on matters considered and their recommendation thereon.

Board Meetings

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, five (5) Board Meetings were held and the attendance of the Board members were as follows:

Name of Director	No. of Meeting Attended
Dato' Wan Malek bin Ibrahim	5/5
Dato' Abdul Rahman bin Haji Ismail	5/5
Dato' Lim Kheng Yew	5/5
Haji Abdul Razak bin Dato' Dawood	4/5
Lim Kheng Chye	5/5
Datuk Mansor bin Masikon	4/5

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 Bursa Securities 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.

Directors' Training

Most of the Directors have attended the Continuing Education Program (CEP) and are committed to continue with training on an annual basis to keep abreast with new regulatory developments and listing requirements.

Appointments to the Board and Re-election

The Remuneration Committee which also acts as the Nomination 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.

CORPORATE GOVERNANCE STATEMENT

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 Group for the financial year under review are as follows:

	Salary and other emoluments (RM)	Bonuses (RM)	Fees (RM)	Meeting Allowance (RM)
Executive Directors	210,000	-	-	-
Non-Executive Directors	-	-	48,000	4,500

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	4
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	1	-

SHAREHOLDERS**Relationships with Investors and Shareholders**

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 Bursa Securities has been made.

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 full participation by the shareholders and every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group. Members of the Board and the External Auditors are present to respond to shareholders' questions during the Meeting.

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 2005, 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.

CORPORATE GOVERNANCE STATEMENT

Internal Controls

The Statement on Internal Control is set out on page 24 of the Annual Report.

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 21 to 23. 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.
- * 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.
- * there were no non-audit fees paid to the external auditors during the financial year.
- * 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	-	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;

AUDIT COMMITTEE REPORT

- (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 termination of internal audit staff members; and
 - (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.

Notice 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.

Six (6) 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	6/6
Haji Abdul Razak bin Dato' Dawood	5/6
Lim Kheng Chye	6/6
Datuk Mansor bin Masikon	4/6

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 2005.

During the review of the Group's financial statements for financial year ended 31 January 2005, 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 recommendation and Management's response prepared by the Internal auditors on the state of internal control of the Group.

INTERNAL AUDIT FUNCTION

During the financial year, the Group outsourced its internal audit function to Audex Governance Sdn Bhd, a reputable professional services firm with international affiliation to assist the Audit Committee in discharging its function and duties. The Internal Auditors review and assesses the operational procedures and effectiveness of internal audit control on all the Strategic Business Units of the Group. The Internal Auditors also conducts compliance tests to ascertain the extent of compliance with internal procedures and guidelines.

The Internal Audit Plan was reviewed and approved by the Audit Committee. The Internal Auditors undertook the audit review based on the Internal Audit Plan and carried out investigation and special review at the request of the Management and the Audit Committee.

The Internal Audit Reports which incorporated the audit findings, recommendations and Management's response were issued and reviewed by the Audit Committee. The Internal Auditors were invited to attend the Audit Committee Meeting to table and discuss the audit reports and follow up on matters raised.

statement on internal control

The Board of KYM Holdings Berhad ("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 2005.

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 its 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 via its half yearly budgetary review, monthly management meetings and operational level meetings at each Strategic Business Unit. These are also cascaded through the interaction of the Executive Committee members 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 businesses. 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. Significant risks are communicated to the Board by the Executive Directors at their periodic meetings.

Internal Audit Function

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.

During the financial year, the outsourced internal audit function who reports to the Audit Committee carried out the audit of four subsidiaries. The objectives of the audits were to ensure compliance with the Group's policy and procedures, evaluate the effectiveness of the internal control systems and to identify opportunities for improvements.

After each audit, the findings and recommendations were submitted to the Heads of each Strategic Business Unit in which the audit was carried out. Local management of the audited Business Units have responded to the findings and recommendations of the internal auditors and action plan to address the issues on internal control systems were formulated.

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

Other Key Elements of Internal Controls

The other key elements of the Group's internal control system are:-

- * The Board receives and reviews quarterly reports on the Group's business operations on a regular basis.
- * The results of the business units are reported to the Group's management team and Executive Committee on a monthly basis. Variances are analysed against budget (both financial and operational) and reasons for shortfalls are identified and acted upon on a timely manner.
- * 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 internal audit function reports directly to the Audit Committee.
- * Clear lines of responsibilities and authority limits of all departments.
- * Clearly documented policies are detailed in the ISO Operating Procedural manuals.
- * Staff at all levels are given on-going training to ensure that they possess the necessary knowledge and skills to implement effective actions.

Assurance

The Board remains committed towards operating a sound system of internal control and effective risk management practices throughout the Group. The Board is fully aware that the system of internal control and risk management practices must continuously evolve to support the Group's operations. As such, the Board will, when necessary, put in place appropriate action plans to rectify any weaknesses identified, or further enhance the system of internal controls.

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 2005.

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	(7,243)	(1,181)
Minority interests	1,026	-
Loss attributable to shareholders	(6,217)	(1,181)

DIVIDENDS

No dividend was paid since the end of the previous financial year 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 and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

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.

DIRECTORS' REPORT

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 Securities 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 23 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 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.

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.

DIRECTORS' REPORT

for the financial year ended 31 January 2005

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 40 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 waiver of debts as disclosed in Note 30 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 year.

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

DIRECTORS' REPORT**DIRECTORS** (cont'd)

Pursuant to Article 103 of the Articles of Association of the Company, Dato' Wan Malek Bin Ibrahim and Lim Kheng Chye retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves 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.

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:-

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.2.2004	BOUGHT	SOLD	AT 31.1.2005
THE COMPANY				
<i>DIRECT INTERESTS</i>				
- DATO' LIM KHENG YEW	3,003,193	-	-	3,003,193
- LIM KHENG CHYE	210,000	-	-	210,000
<i>INDIRECT INTERESTS</i>				
- DATO' LIM KHENG YEW	26,028,055	-	-	26,028,055
- DATO' WAN MALEK BIN IBRAHIM	9,214,285	-	-	9,214,285

	NUMBER OF ORDINARY SHARES OF RM1 EACH UNDER OPTION			
	AT 1.2.2004	BOUGHT	SOLD	AT 31.1.2005
INTEREST IN OPTIONS IN THE COMPANY				
DATO' LIM KHENG YEW				
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 shareholding in the Company, Dato' Lim Kheng Yew is deemed to have an interest 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' REPORT

for the financial year ended 31 January 2005

DIRECTORS' BENEFITS

Since the end of the previous financial year, 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 during the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

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

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 18 MAY 2005**

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 33 to 80 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 2005 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 18 MAY 2005**

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 33 to 80 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 18 May 2005

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 33 to 80. The preparation of the financial statements is the responsibility of the Company's directors.

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

We conducted our audit in accordance with 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 2005 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

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

Kuala Lumpur
18 May 2005

BALANCE SHEETS

at 31 January 2005

	NOTE	THE GROUP		THE COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	34,490	34,490
Investment in an associate	7	-	13,314	-	-
Other investment	8	7,638	2	-	-
Land held for property development	9	171,382	163,829	-	-
Property, plant and equipment	10	71,670	74,327	6,583	6,764
Intangible assets	11	3,612	3,612	-	-
Amount owing by subsidiaries	12	-	-	156,035	154,694
		254,302	255,084	197,108	195,948
CURRENT ASSETS					
Property development costs	13	1,128	-	-	-
Inventories	14	9,411	11,731	-	-
Trade receivables	15	18,824	17,835	-	-
Other receivables, deposits and prepayments	16	1,606	1,516	182	180
Amount owing by subsidiaries	12	-	-	5,774	1,852
Tax recoverable		146	272	-	-
Fixed deposits with licensed banks	17	649	1,090	473	918
Cash and bank balances		611	1,418	48	425
		32,375	33,862	6,477	3,375

BALANCE SHEETS

at 31 January 2005

	NOTE	THE GROUP		THE COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
CURRENT LIABILITIES					
Trade payables	18	10,290	7,592	-	-
Other payables and accruals	19	54,241	58,325	1,459	6,781
Amount owing to subsidiaries	12	-	-	18,189	15,138
Hire purchase payables	20	87	246	-	-
Provision for taxation		25	8	-	-
Short term borrowings	21	20,730	18,433	-	-
Bank overdrafts	22	383	604	-	-
		85,756	85,208	19,648	21,919
NET CURRENT LIABILITIES		(53,381)	(51,346)	(13,171)	(18,544)
		200,921	203,738	183,937	177,404
FINANCED BY:-					
Share capital	23	81,135	81,135	81,135	81,135
Share premium	24	35,803	35,803	35,803	35,803
Revaluation reserve	25	27,253	27,517	1,049	1,096
Accumulated losses		(129,063)	(123,110)	(72,934)	(71,800)
SHAREHOLDERS' EQUITY		15,128	21,345	45,053	46,234
MINORITY INTERESTS		16,245	17,271	-	-
NON-CURRENT LIABILITIES					
Hire purchase payables	20	75	113	-	-
Term loans	26	152,077	147,729	138,884	131,170
Deferred taxation	27	17,396	17,280	-	-
		200,921	203,738	183,937	177,404
NET TANGIBLE ASSETS PER SHARE (SEN)	28	14	22		

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

INCOME STATEMENTS

for the financial year ended 31 January 2005

	NOTE	THE GROUP		THE COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
TURNOVER	29	78,553	67,465	-	-
COST OF SALES		(72,194)	(62,877)	-	-
GROSS PROFIT		6,359	4,588	-	-
OTHER OPERATING INCOME	30	5,901	959	7,503	657
		12,260	5,547	7,503	657
ADMINISTRATIVE EXPENSES		(5,095)	(5,458)	(496)	(1,011)
SELLING AND DISTRIBUTION EXPENSES		(4,705)	(3,469)	-	-
OTHER OPERATING EXPENSES	31	(4,441)	(43,472)	(7,802)	(3,808)
LOSS FROM OPERATIONS		(1,981)	(46,852)	(795)	(4,162)
FINANCE COSTS	32	(7,204)	(6,848)	(386)	(239)
SHARE OF PROFIT/ (LOSS) IN ASSOCIATE		3,150	(231)	-	-
LOSS BEFORE TAXATION	33	(6,035)	(53,931)	(1,181)	(4,401)
TAXATION	35	(1,208)	(292)	-	171
LOSS AFTER TAXATION		(7,243)	(54,223)	(1,181)	(4,230)
MINORITY INTERESTS		1,026	898	-	-
LOSS ATTRIBUTABLE TO SHAREHOLDERS		(6,217)	(53,325)	(1,181)	(4,230)
BASIC LOSS PER SHARE (SEN)	36	(7.7)	(125.9)		

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 January 2005

THE GROUP	NOTE	REVALUATION				TOTAL RM'000
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RESERVE (Note 25) RM'000	ACCUMULATED LOSSES RM'000	
Balance at 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	25	-	-	(180)	-	(180)
Loss attributable to shareholders		-	-	-	(53,325)	(53,325)
Balance at 31.1.2004/1.2.2004		81,135	35,803	27,517	(123,110)	21,345
Realisation of revaluation reserve		-	-	(264)	264	-
Loss attributable to shareholders		-	-	-	(6,217)	(6,217)
Balance at 31.1.2005		81,135	35,803	27,253	(129,063)	15,128
THE COMPANY						
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 31.1.2004/1.2.2004		81,135	35,803	1,096	(71,800)	46,234
Realisation of revaluation reserve		-	-	(47)	47	-
Loss attributable to shareholders		-	-	-	(1,181)	(1,181)
Balance at 31.1.2005		81,135	35,803	1,049	(72,934)	45,053

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

CASH FLOW STATEMENTS

for the financial year ended 31 January 2005

	NOTE	THE GROUP		THE COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
CASH FLOWS FOR					
OPERATING ACTIVITIES					
Loss before taxation		(6,035)	(53,931)	(1,181)	(4,401)
Adjustments for:-					
Allowance for doubtful debts		19	171	7,600	3,585
Depreciation of property, plant and equipment		5,141	5,430	202	223
Impairment loss on investment in an associate		-	42,000	-	-
Impairment loss on plant		139	130	-	-
Interest expense		7,111	6,774	12,948	13,008
Loss on partial disposal of an associate		3,250	-	-	-
Property, plant and equipment written off		-	1	-	-
Reversal of provision for liquidated and ascertained damages		-	(94)	-	-
Share of (profit)/loss of associate		(3,150)	231	-	-
Deposit forfeited		(23)	(13)	-	-
Net gain on disposal of plant and equipment		(35)	(50)	(22)	(60)
Interest income		(124)	(182)	(12,647)	(12,864)
Reversal of foreseeable loss		-	(459)	-	-
Writeback of allowance for doubtful debts		(77)	(66)	(1,585)	-
Waiver of debts		(5,328)	-	(5,280)	-
<hr/>					
Operating profit/(loss) before working capital changes		888	(58)	35	(509)
Decrease/(Increase) in inventories		2,320	(1,850)	-	-
(Increase)/Decrease in trade and other receivables		(863)	1,931	(2)	960
Increase/(Decrease) in trade and other payables		2,665	(5,568)	(42)	(255)
(Increase)/Decrease in property development costs		(1,128)	2,087	-	-
<hr/>					
CASH FROM/(FOR) OPERATIONS		3,882	(3,458)	(9)	196
Income tax refunded/(paid)		96	(662)	-	-
Interest paid		(6,629)	(11,919)	(5,233)	(10,743)
<hr/>					
NET CASH FOR OPERATING ACTIVITIES		(2,651)	(16,039)	(5,242)	(10,547)

CASH FLOW STATEMENTS

for the financial year ended 31 January 2005

	NOTE	THE GROUP		THE COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Interest received		124	182	84	94
Investment in quoted shares		(6)	(2)	-	-
Proceeds from disposal of plant and equipment		37	97	22	60
Proceeds from disposal of the associate		4,380	-	-	-
Land and development costs incurred		(320)	186	-	-
Purchase of property, plant and equipment	37	(1,247)	(7,985)	(21)	(15)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		2,968	(7,522)	85	139
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES					
Issue of shares		-	20,098	-	20,098
Rights issue expenses paid		-	(1,370)	-	(1,370)
Net drawdown of bills payable		1,059	5,914	-	-
Repayment of hire purchase obligations		(274)	(770)	-	-
Drawdown of term loans		533	7,050	-	-
Repayment of term loans		(2,662)	(7,163)	-	(6,139)
Net repayment by/ (advances to) subsidiaries		-	-	4,335	(1,740)
Advance to the associate		-	(8)	-	-
Repayment by a related party		-	13	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,344)	23,764	4,335	10,849
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(1,027)	203	(822)	441
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,904	1,701	1,343	902
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	877	1,904	521	1,343

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

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 18 May 2005.

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 43 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.

The Group's foreign currency transactions and balances are substantially denominated in United States Dollars.

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.

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

(c) Market Risk

The Group has investments in quoted shares, which are subject to market risk as the market values of these investments are affected by changes in market prices.

The Group manages disposal of its investments to optimise returns on realisation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

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

(d) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from 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 or counterparty.

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

(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 2005.

A subsidiary is defined as a company in which the Group has the power to exercise control directly or indirectly 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(a) Basis of Consolidation** (cont'd)

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.

(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 the 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 Securities in 1991. The directors have not adopted a policy of regular revaluation of investments in subsidiaries.

Other investments in shares in corporations, other than subsidiaries and associate, held for long-term purposes are stated at cost less allowance for permanent diminution in value.

(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 date of disposal. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

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

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.

(e) Land Held For Property Development

Previously, land held for property development is stated at revalued amount less any accumulated impairment losses.

During the financial year, the accounting policy for property development has been change to comply with MASB 32 - Property Development Activities. Where an entity has carried its land held for property development at revalued amount as allowed under MASB Approved Accounting Standard MAS 7, Accounting for Property Development, the entity shall continue to retain the revalued amount of the land (and subsequently, its carrying costs) as its surrogate cost.

Land held for property development is classified as non-current asset where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to the income statement as incurred unless such costs are directly identifiable to the consequent property development activity.

Land held for property development is transferred to current asset when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

There is no financial effect of the change in accounting policy with respect to the treatment of land held for property development.

(f) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in the income statement are determined by reference to the stage of completion of development activity at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(f) Property Development Costs** (cont'd)

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

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense immediately, including costs to be incurred over the defects liability period.

(g) Progress Billings/Accrued Billings

In respect of progress billings, where revenue recognised in the income statement exceeds the billings to purchasers, the balance is shown as accrued billings under current assets, and where billings to purchasers exceed the revenue recognised to the income statement, the balance is shown as progress billings under current liabilities.

(h) 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 less any impairment loss, 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% - 20%
Golf course, club house, driving range and related development expenditure	2% - 10%
Golf equipment and accessories	20%

(i) 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 2005

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

(j) Revaluation

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.

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.

(k) 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(h) 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.

(l) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

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

(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) Amount Owning By/To Contract Customers

The amount owing by/to contract customers is stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

(s) Interest-bearing Borrowings

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(t) Equity Instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings and treated as a separate component of equity. Upon the approval of the proposed dividend, it will be accounted for as a liability.

(u) 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.

(ii) Defined Contribution Plans

The Group'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 has no further liabilities in respect of the defined contribution plans.

(v) 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.

Deferred tax is 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 profits 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 to 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(w) Segmental Information**

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(x) 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) Property Development

Property development revenues are recognised in the income statement, in respect of all building units that have been sold, when the outcome of a development activity can be estimated reliably. The amount of such revenues is recognised on the percentage of completion method. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development activities will result in a loss.

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Revenue Recognition (cont'd)

(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.

(ix) Sale Of Completed Properties

Revenue from sale of completed properties is recognised upon the signing of the sale and purchase contracts.

(y) 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. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2005 RM'000	2004 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 2005

6. INVESTMENTS 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
	2005	2004	
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
Suria Makmur Development Sdn. Bhd. ⁽⁵⁾	54%	-	Property development

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Company	Effective Equity Interest		Principal Activities
	2005	2004	
Enchant Delight Sdn. Bhd. ⁽⁵⁾	54%	-	Dormant
Hasrat Meranti Capital Sdn. Bhd.	100%	100%	Investment holding
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 2005

7. INVESTMENT IN AN ASSOCIATE

	THE GROUP	
	2005 RM'000	2004 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	(7,773)	(9,877)
	57,260	55,156
Impairment losses	(42,000)	(42,000)
	15,260	13,156
Amount owing by associate	-	158
	15,260	13,314
Disposal of investment	(7,630)	-
Transfer to other investment (Note 8)	(7,630)	-
	-	13,314
Represented by:-		
Share of net tangible assets	-	9,154
Premium on acquisition	-	46,002
Impairment losses	-	(42,000)
	-	4,002
	-	13,156
At market value:-		
Shares quoted in Malaysia	-	7,358
Warrants quoted in Malaysia	-	121
	-	7,479

The quoted shares in respect of the previous financial year had been pledged to certain licensed banks and a third party as security for banking facilities granted to the Company and a subsidiary respectively.

The amount owing by the associate in respect of the previous financial year was unsecured, interest-free and was not subject to fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

7. INVESTMENT IN AN ASSOCIATE (cont'd)

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

Name of Company	Effective Equity Interest		Principal Activities
	2005	2004	
Juang Kuang (M) Industrial Berhad*	11.0%	22.0%	Manufacturing of wiring harness for vehicles and automobile accessories, wholesale supplier of electrical products and provision of broadband service.

On 8 and 9 of November 2004, the Group disposed of part of its equity interest in Juan Kuang (M) Industrial Berhad. As a result, the investment in associate was transferred to Other Investment as stated in Note 8 to the financial statements.

8. OTHER INVESTMENT

	THE GROUP	
	2005 RM'000	2004 RM'000
Shares quoted in Malaysia:-		
At cost		
At 1 February 2004/2003	2	-
Addition during the year	6	2
Transfer from investment in associate (Note 7)	7,630	-
At 31 January	7,638	2
At market value	8,008	2

Certain quoted shares with a carrying amount of RM7,630,000 have been pledged to a third party as security for advances granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

9. LAND HELD FOR PROPERTY DEVELOPMENT

	THE GROUP	
	2005 RM'000	2004 RM'000
Long leasehold land held for development - at valuation	97,423	97,423
Development expenditure		
- At cost		
At 1.2.2004/2003	7,281	-
Incurred during the financial year	7,553	7,281
At 31.1.2005/2004	14,834	7,281
- At valuation	59,125	59,125
	171,382	163,829

Interest expense of RM7,233,000 (2004 - RM7,051,000) was 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.

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 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)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

10. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	FREEHOLD	LEASEHOLD	BUILDINGS	PLANT AND MACHINERY AND PRODUCTION ACCESSORIES	MOTOR VEHICLES	OTHER ASSETS*	TOTAL
	LAND RM'000	LAND RM'000		RM'000	RM'000	RM'000	RM'000
Net book value at 1.2.2004	3,925	9,808	21,665	23,057	270	15,602	74,327
Additions	-	-	3	2,392	-	230	2,625
Disposals	-	-	-	(2)	-	-	(2)
Depreciation charge for the financial year	-	(154)	(436)	(3,776)	(68)	(707)	(5,141)
Impairment loss	-	-	-	(139)	-	-	(139)
Net book value at 31.1.2005	3,925	9,654	21,232	21,532	202	15,125	71,670
At 31.1.2005							
Cost	-	-	4,890	58,137	2,832	9,727	75,586
Valuation	3,925	9,976	17,147	-	-	13,982	45,030
Accumulated depreciation	-	(322)	(805)	(36,605)	(2,630)	(8,584)	(48,946)
Net book value	3,925	9,654	21,232	21,532	202	15,125	71,670
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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

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 ACCESSORIES RM'000	TOTAL OTHER ASSETS RM'000
Net book value at 1.2.2004	1,767	3,553	10,260	22	15,602
Additions	223	-	7	-	230
Depreciation charge for the financial year	(507)	(80)	(107)	(13)	(707)
Net book value at 31.1.2005	1,483	3,473	10,160	9	15,125
At 31.1.2005					
Cost	8,390	12	7	1,318	9,727
Valuation	-	3,615	10,367	-	13,982
Accumulated depreciation	(6,907)	(154)	(214)	(1,309)	(8,584)
Net book value	1,483	3,473	10,160	9	15,125
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

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

THE COMPANY	FREEHOLD	LEASEHOLD	BUILDINGS	OFFICE EQUIPMENT AND FURNITURE	MOTOR	TOTAL
	LAND	LAND		FURNITURE	VEHICLES	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net book value at 1.2.2004	360	1,270	4,962	153	19	6,764
Additions	-	-	-	21	-	21
Depreciation charge for the financial year	-	(30)	(101)	(56)	(15)	(202)
Net book value at 31.1.2005	360	1,240	4,861	118	4	6,583
At 31.1.2005						
Cost	-	-	-	239	46	285
Valuation	360	1,300	5,063	-	-	6,723
Accumulated depreciation	-	(60)	(202)	(121)	(42)	(425)
Net book value	360	1,240	4,861	118	4	6,583
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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

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 2005

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

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

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Freehold land	2,977	2,977	352	352
Leasehold land	3,315	3,370	261	268
Buildings	13,402	13,719	3,433	3,525
Chalets	5,840	6,122	-	-
Golf course, club house, driving range and related development expenditure	10,027	10,134	-	-
	35,561	36,322	4,046	4,145

Included in leasehold land is a short leasehold land with net book value (at valuation) of RM3,725,000 (2004 - RM3,813,000).

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	
	2005 RM'000	2004 RM'000
Freehold land	3,565	3,565
Leasehold land	3,336	3,389
Buildings	15,628	15,941
Plant and machinery and production accessories	8,150	1,992
Motor vehicles	19	8
Other assets	927	748
	31,625	25,643

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

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	
	2005 RM'000	2004 RM'000
Plant and machinery and production accessories	48	1,432
Motor vehicles	190	256
	238	1,688

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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At cost:-				
Building	52	52	-	-
Plant and machinery and production accessories	14,859	7,915	-	-
Office equipment, furniture and fittings and motor vehicles	4,790	4,620	2,129	1,991
Other assets	2,482	2,423	-	-
	22,183	15,010	2,129	1,991

11. INTANGIBLE ASSETS

	THE GROUP	
	2005 RM'000	2004 RM'000
Goodwill on consolidation	6,394	6,394
Impairment loss	(1,725)	(1,725)
	4,669	4,669
Negative goodwill	(1,057)	(1,057)
	3,612	3,612

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

12. AMOUNT OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2005 RM'000	2004 RM'000
NON-CURRENT:-		
Amount owing by subsidiaries	188,335	179,394
Allowance for doubtful debt		
At 1 February 2004/2003	(24,700)	(24,700)
Addition during the financial year	(7,600)	-
At 31 January	(32,300)	(24,700)
	156,035	154,694

The non-current amounts owing are unsecured, bear interest at rates ranging from 5.7% to 7.7% (2004 - 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	
	2005 RM'000	2004 RM'000
CURRENT:-		
Amount owing by subsidiaries	38,074	35,737
Allowance for doubtful debt		
At 1 February 2004/2003	(33,885)	(30,300)
Writeback/(Addition) during the financial year	1,585	(3,585)
At 31 January	(32,300)	(33,885)
	5,774	1,852

CURRENT:-		
Amount owing to subsidiaries	18,189	15,138

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 2005

13. PROPERTY DEVELOPMENT COSTS

	THE GROUP	
	2005 RM'000	2004 RM'000
At 1.2.2004/2003		
- Long leasehold land	-	866
- Development expenditure	-	7,342
	-	8,208
Development costs incurred during the year	1,128	1,951
	1,128	10,159
Development costs recognised as an expense in income statements		
- Previous years	-	(6,315)
- Current year	-	(2,795)
	-	(9,110)
Completed properties transferred to inventories (Note 14)	-	(1,049)
	1,128	-

14. INVENTORIES

	THE GROUP	
	2005 RM'000	2004 RM'000
At cost:-		
Raw materials	6,545	8,391
Goods-in-transit	165	387
Work-in-progress	924	895
Finished goods	1,090	1,005
Completed bungalow lots (Note 13)	687	1,049
Others	-	4
	9,411	11,731

None of the inventories is stated at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

15. TRADE RECEIVABLES

	THE GROUP	
	2005 RM'000	2004 RM'000
Trade receivables	23,589	23,041
Allowance for doubtful debts		
At 1 February 2004/2003	(5,206)	(5,224)
Addition during the financial year	(19)	(171)
Writeback during the financial year	77	66
Written off during the financial year	383	123
At 31 January	(4,765)	(5,206)
	18,824	17,835

The normal credit terms of trade receivables range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

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

	THE GROUP	
	2005 RM'000	2004 RM'000
Singapore Dollar	576	40
Brunei Dollar	101	79
Hong Kong Dollar	-	38
United States Dollar	178	10

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other receivables, deposits and prepayments	1,612	1,522	182	180
Allowance for doubtful debts	(6)	(6)	-	-
	1,606	1,516	182	180

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

17. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks of the Group is an amount of RM176,000 (2004 - 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% (2004 - 3.2%) per annum. The fixed deposits have maturity periods ranging from 7 to 365 days (2004 - 10 to 365 days).

18. 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	
	2005 RM'000	2004 RM'000
United States Dollar	110	249

19. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Amounts payable to third parties:				
- advances *#	5,840	11,120	-	5,280
- acquisition of quoted shares in Juan Kuang (M) Industrial Berhad, a former associate #	40,038	40,038	-	-
Amount payable for the purchase of plant and equipment	1,301	-	-	-
Others	7,062	7,167	1,459	1,501
	54,241	58,325	1,459	6,781

* Included in advances of the Group is an amount of RM5,840,000 (2004 - RM5,840,000) payable to a third party which is secured by a pledge over certain quoted shares of the Group.

The amounts are interest-free and not subject to fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

20. HIRE PURCHASE PAYABLES

	THE GROUP	
	2005 RM'000	2004 RM'000
Minimum hire purchase payments:		
- not later than one year	97	294
- later than one year and not later than five years	82	121
- more than five years	-	4
	179	419
Future finance charges	(17)	(60)
Present value of hire purchase liabilities	162	359
Current:		
- not later than one year	87	246
Non-current:		
- later than one year and not later than five years	75	109
- more than 5 years	-	4
	75	113
	162	359

The hire purchase payables bore effective interest rates at the balance sheet date of between 3.4% to 17.6% (2004 - 5.4% to 17.6%) per annum.

21. SHORT TERM BORROWINGS

	THE GROUP	
	2005 RM'000	2004 RM'000
Secured:-		
Bills payable	15,940	14,881
Term loans (Note 26)	4,790	3,552
	20,730	18,433

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

21. SHORT TERM BORROWINGS (cont'd)

The bills payable bear a weighted average interest of 4.4% (2004 - 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.

22. BANK OVERDRAFTS

The bank overdrafts bear a weighted average interest rate of 7.7% (2004 - 7.7%) per annum and are secured in the same manner as the bills payable disclosed in Note 21 to the financial statements.

23. SHARE CAPITAL

	THE COMPANY			
	2005 NUMBER OF SHARES '000	2004 '000	2005 RM'000	2004 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 2004/2003	81,135	40,940	81,135	40,940
Rights issue	-	40,195	-	40,195
At 31 January	81,135	81,135	81,135	81,135

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

23. SHARE CAPITAL (cont'd)

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 1996		
At 1 February 2004	227,000	
Forfeited	(9,000)	
	<hr/>	
At 31 January 2005	218,000	3.11
	<hr/>	
(ii) Granted in 1997		
At 1 February 2004/31 January 2005	50,000	1.03
	<hr/>	
(iii) Granted in 1998		
At 1 February 2004	20,000	
Forfeited	(10,000)	
	<hr/>	
At 31 January 2005	10,000	1.00
	<hr/>	
(iv) Granted in 1999		
At 1 February 2004	646,000	
Forfeited	(84,000)	
	<hr/>	
At 31 January 2005	562,000	1.28
	<hr/>	
(v) Granted in 2000		
At 1 February 2004	78,000	
Forfeited	(10,000)	
	<hr/>	
At 31 January 2005	68,000	3.38
	<hr/>	
Total ESOS not exercised as at 31 January 2005	908,000	
	<hr/>	

24. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

25. REVALUATION RESERVE

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At 1 February 2004/2003	27,517	27,697	1,096	1,096
Realisation of revaluation reserve	(264)	-	(47)	-
Transfer to deferred taxation (Note 27)	-	(180)	-	-
	(264)	(180)	(47)	-
At 31 January	27,253	27,517	1,049	1,096

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 cash dividends.

26. TERM LOANS

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current portion:				
- repayable within one year (Note 21)	4,790	3,552	-	-
Non-current portion:				
- repayable between one and two years	8,704	4,856	-	-
- repayable between two and five years	142,994	142,873	138,884	131,170
- repayable more than five years	379	-	-	-
Total non-current portion	152,077	147,729	138,884	131,170
	156,867	151,281	138,884	131,170

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

26. TERM LOANS (cont'd)

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	
				2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
1.	-	-	None *	23,445	21,499	23,445	21,499
2.	-	-	None *	6,354	5,775	6,354	5,775
3.	-	-	None *	109,085	103,896	109,085	103,896
4.	6	200,000	November 2004				
	20	250,000	May 2005	9,790	11,337	-	-
	17	300,000	January 2007				
5.	60	43,183	August 2003	1,366	1,678	-	-
6.	71	79,617	June 2004				
	71	48,076	June 2004	6,827	7,096	-	-
				156,867	151,281	138,884	131,170

* - 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 in the process of 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.

Term loans 1, 2, and 3 bear a weighted average interest of 8.5% (2004 - 8.5%) 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 unquoted shares of the investment in certain subsidiaries; and
- (v) 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% (2004 - 8.0%) per annum and are secured in the same manner as the bills payable disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

26. TERM LOANS (cont'd)

Term loan 6 bears an effective interest at 6.4% (2004 - 6.4%) 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.

27. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At 1 February 2004/2003	17,280	17,709	-	171
Transfer from revaluation reserve (Note 25)	-	180	-	-
	17,280	17,889	-	171
Recognised in income statements (Note 35)	116	(609)	-	(171)
At 31 January	17,396	17,280	-	-

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

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deferred tax liabilities:-				
Accelerated capital allowances	1,949	3,641	343	343
Revaluation of property	20,580	21,411	872	872
	22,529	25,052	1,215	1,215

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

27. DEFERRED TAXATION (cont'd)

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deferred tax assets:-				
Allowance for doubtful debts	(280)	(280)	-	-
Unabsorbed capital allowances	(1,434)	(3,694)	(253)	(248)
Unutilised tax losses	(3,419)	(3,798)	(962)	(967)
	(5,133)	(7,772)	(1,215)	(1,215)
	17,396	17,280	-	-

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

	THE GROUP	
	2005 RM'000	2004 RM'000
Unabsorbed capital allowances	14,812	9,606
Unutilised tax losses	29,895	32,083
	44,707	41,689

28. 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	
	2005	2004
Net assets (RM'000)	15,128	21,345
Less: Intangible assets (RM'000)	(3,612)	(3,612)
Net tangible assets	11,516	17,733
Number of ordinary shares in issue ('000)	81,135	81,135
Net tangible assets per share (sen)	14	22

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

29. TURNOVER

Turnover of the Group comprises the following:-

	THE GROUP	
	2005	2004
	RM'000	RM'000
Sale of goods	76,752	64,278
Sale of development properties and contract revenue	631	2,227
Others	1,170	960
	78,553	67,465

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 trade discounts.

The acquisition of subsidiaries during the financial year has no significant effect on the turnover of the Group.

30. OTHER OPERATING INCOME

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

	THE GROUP		THE COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Insurance claim on damaged inventories and consequential loss	-	319	-	-
Waiver of debts	5,328	-	5,280	-

31. OTHER OPERATING EXPENSES

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

	THE GROUP		THE COMPANY	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts	-	171	7,600	3,585
Depreciation on property, plant and equipment	1,028	1,161	202	223
Impairment loss on investment in an associate	-	42,000	-	-
Impairment loss on plant	139	130	-	-
Loss on partial disposal of an associate	3,250	-	-	-
Property, plant and equipment written off	-	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

32. FINANCE COSTS

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

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest expense	(7,111)	(6,774)	(12,948)	(13,008)
Upfront fee	-	-	-	-
Interest income receivable from subsidiaries	-	-	12,562	12,770

33. LOSS BEFORE TAXATION

In addition to those disclosed in Notes 30, 31 and 32 to the financial statements, the loss before taxation is arrived at after charging/(crediting) the following:-

	No te	THE GROUP		THE COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Allowance for doubtful debts		19	-	-	-
Audit fee					
- for the financial year		92	91	12	12
- (over)/underprovision in previous financial period		(2)	7	-	7
Depreciation of property, plant and equipment		4,113	4,269	-	-
Directors' fee	34	51	35	51	35
Directors' non-fee emoluments	34	210	600	-	200
Interest expense:					
- bills payable		760	496	-	-
- hire purchase		16	208	-	-
- overdraft		36	19	-	-
- term loan		6,299	6,051	-	-
(Gain)/Loss on foreign exchange - realised		(22)	11	-	-
Rental		558	465	300	300
Staff costs		12,687	11,846	-	-
Deposit forfeited		(23)	(13)	-	-
Interest income		(124)	(182)	(84)	(93)
Net gain on disposal of plant and equipment		(35)	(50)	(22)	(60)
Rental income		(530)	(501)	(532)	(503)
Writeback of allowance for doubtful debts		(77)	(66)	(1,585)	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

34. DIRECTORS' REMUNERATION

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Directors of the Company:				
- Executive:				
- Salaries and other emoluments	210	210	-	193
- Bonus	-	8	-	7
	210	218	-	200
- Non-Executive:				
- Fee	51	35	51	35
	261	253	51	235
Directors of the subsidiaries:				
- Executive:				
- Salaries and other emoluments	385	369	-	-
- Bonus	15	13	-	-
	400	382	-	-
Total	661	635	51	235

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

	THE COMPANY	
	2005	2004
Executive directors:		
- Below RM50,000	1	1
- RM200,001 - RM250,000	1	-
- RM300,001 - RM350,000	-	1
	2	2
Non-Executive directors:		
- Below RM50,000	4	3
	6	5

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

35. TAXATION

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax:				
- for the financial year	56	72	-	-
- overprovision in previous financial years	(9)	(86)	-	-
- share of taxation in associate	1,045	915	-	-
	1,092	901	-	-
Deferred tax (Note 27):				
- for the financial year	-	(652)	-	(171)
- underprovision in previous financial years	116	43	-	-
	1,208	292	-	(171)

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.

Subject to agreement with the tax authorities, the Group has unabsorbed reinvestment allowances of approximately RM17,107,000 (2004 - RM15,649,000) 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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Loss before taxation	(6,035)	(53,931)	(1,181)	(4,401)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

35. TAXATION (cont'd)

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Tax at the statutory tax rate of 28%	(1,690)	(15,101)	(331)	(1,232)
Tax effects of:-				
Effect of differential in tax rates	(16)	14	-	-
Non-taxable gains	(1,478)	(269)	(1,923)	-
Non-deductible expenses	2,820	13,445	2,244	1,061
Double deductions	-	(3)	-	-
Deferred tax assets not recognised during the financial year	1,772	2,555	-	-
Utilisation of deferred tax assets not recognised in previous financial years	(43)	(224)	-	-
Utilisation of reinvestment allowances brought forward	(316)	(159)	-	-
Overprovision of income tax in previous financial years	(9)	(86)	-	-
Underprovision of deferred tax in previous financial years	116	43	-	-
Others	52	77	10	-
	1,208	292	-	(171)

36. 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	
	2005	2004
Loss attributable to shareholders (RM'000)	(6,217)	(53,325)
Weighted average number of ordinary shares in issue ('000)	81,135	42,339
Basic loss per share (sen)	(7.7)	(125.9)

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cost of property, plant and equipment purchased	(2,625)	(8,192)	(21)	(15)
Amount financed through hire purchase	77	207	-	-
Amount payable to supplier	1,301	-	-	-
Cash disbursed for the purchase of property, plant and equipment	(1,247)	(7,985)	(21)	(15)

38. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Fixed deposits with licensed banks	649	1,090	473	918
Cash and bank balances	611	1,418	48	425
Bank overdrafts (Note 22)	(383)	(604)	-	-
	877	1,904	521	1,343

39. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	THE COMPANY	
	2005 RM'000	2004 RM'000
Interest income receivable from subsidiaries:		
- Harta Makmur Sdn. Bhd.	8,734	9,015
- Eco Ribuan Sdn. Bhd.	1,882	1,884
- Polypulp Enterprises Sdn. Bhd.	1,946	1,790
- Teguh Amalgamated Sdn. Bhd.	64	81
Rental received from a subsidiary:		
- KYM Industries (Johor) Sdn. Bhd.	338	338
Rental payable to a subsidiary:		
- Teguh Amalgamated Sdn. Bhd.	300	300

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

40. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
UNSECURED:				
Corporate guarantee given to licensed banks for banking facilities granted to certain subsidiaries	-	-	34,306	35,597
Bank guarantee granted to certain third parties	-	340	-	-
Customs duties under dispute *	3,947	-	-	-
	3,947	340	34,306	35,597

* - On 5 November 2004, Jabatan Kastam Diraja Malaysia, Johor ("Kastam Malaysia") issued a Notice of Demand to KYM Industries (Johor) Sdn. Bhd. ("KYMJ"), a subsidiary of KYM Holdings Bhd. for a claim of import duties amounting to approximately RM3,947,000 under the Custom Act, 1967. The claim is in respect of sales made by the subsidiary in previous years.

On 28 December 2004, KYMJ made an appeal to Kastam Malaysia on the said Notice of Demand. As at the date of this report, the appeal is still pending from Kastam Malaysia.

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

- (i) On 17 May 2004, Harta Makmur Sdn. Bhd., a 54% owned subsidiary of the Company acquired 100% equity interest in Suria Makmur Development Sdn. Bhd. for a cash consideration of RM2;
- (ii) On 24 June 2004, Harta Makmur Sdn. Bhd., a 54% owned subsidiary of the Company acquired 100% equity interest in Enchant Delight Sdn. Bhd. for a cash consideration of RM2; and
- (iii) On 8 and 9 November 2004, the Group disposed of part of its equity interest in Juan Kuang (M) Industrial Berhad for a cash consideration of RM4,380,635.

42. NUMBER OF EMPLOYEES

	THE GROUP		THE COMPANY	
	2005	2004	2005	2004
Number of employees at the balance sheet date	634	682	1	1

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

43. 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:-

	2005 RM	2004 RM
United States Dollar	3.80	3.80
Brunei Dollar	2.35	2.25
Hong Kong Dollar	-	0.49
Singapore Dollar	2.27	2.25

44. SEGMENTAL REPORTING

2005	MANUFACTURING RM'000	INVESTMENT HOLDING RM'000	PROPERTY RM'000	OTHERS RM'000	ELIMINATION RM'000	GROUP RM'000
Turnover	81,423	-	1,394	2,776	(7,040)	78,553
Results:						
Segment results (external)	(2,995)	(10,800)	(2,778)	(891)	15,483	(1,981)
Finance costs	(1,492)	(2,713)	(1,573)	(1,504)	78	(7,204)
Share of profit in associate	-	3,150	-	-	-	3,150
Loss before taxation						(6,035)
Taxation						(163)
Share of taxation in associate						(1,045)
Loss after taxation						(7,243)
Minority interests						1,026
Net loss attributable to shareholders						(6,217)
Other Information:						
Segment assets	93,191	226,213	191,345	21,861	(246,079)	286,531
Unallocated assets						146
						286,677
Segment liabilities	59,843	268,685	150,488	30,044	(271,177)	237,883
Unallocated liabilities						17,421
						255,304
Capital expenditure	2,515	20	38	52	-	2,625
Depreciation and amortisation	4,379	202	136	424	-	5,141
Impairment loss on plant	139	-	-	-	-	139

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

44. SEGMENTAL REPORTING (cont'd)

2004	INVESTMENT					ELIMINATION RM'000	GROUP RM'000
	MANUFACTURING RM'000	HOLDING RM'000	PROPERTY RM'000	OTHERS 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	98,668	239,416	183,892	27,604	(260,906)		288,674
Unallocated assets							272
							288,946
Segment liabilities	60,828	263,877	141,276	35,397	(268,336)		233,042
Unallocated liabilities							17,288
							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

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 mutually agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2005

45. FAIR VALUES OF FINANCIAL ASSETS AND 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) Quoted Investments

The fair values of quoted investments are based on quoted market prices for these investments.

	THE GROUP	
	2005 RM'000	2004 RM'000
At carrying amounts	7,638	2
At fair values	8,008	2

(b) Hire Purchase Obligations

The carrying amounts approximated the fair values of the instruments. The fair values of hire purchase payables are determined by discounting the relevant cash flow using current interest rates for similar instruments at balance sheet date.

(c) Long Term Bank Loans

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

(d) 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.

(e) Short Term Borrowings and Other Current Liabilities

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

46. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year.

	THE GROUP	
	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000
BALANCE SHEETS (EXTRACT):-		
Other payables and accruals	58,325	18,287
Amount owing to related parties	-	40,038
CASH FLOW STATEMENTS (EXTRACT):		
Decrease in development properties	2,087	-
Development expenditure incurred	186	2,273

ANALYSIS OF SHAREHOLDINGS

Substantial Shareholders

As registered in the Register of Substantial Shareholders as at 31 May 2005

Name	No. of Shares Held		% Of Issued Capital
	Direct	Indirect	
Cheong Chan Holdings Sdn Bhd	22,294,600	-	27.48
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

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' Interests In The Company And Related Corporations as at 31 May 2005

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
Datuk Mansor bin Masikon	-	-	-

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

Statement of Shareholdings (as at 31 May 2005)

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	:	2,202

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Holders	Total Holdings	%
1- 99	8	164	0.00
100 - 1,000	880	864,700	1.07
1,001 - 10,000	1,062	4,180,570	5.15
10,001 - 100,000	211	5,775,712	7.12
100,001 - 4,056,724	38	33,388,754	41.15
4,056,725 and above	3	36,924,600	45.51
Total	2,202	81,134,500	100.00

Thirty Largest Shareholders (as at 31 May 2005)

Name of Shareholders	No. of Ordinary Shares held	% of Issued Capital
1. Cheong Chan Holdings Sdn Bhd	22,294,600	27.48
2. UOBM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ultra Link Resources Sdn Bhd)	10,360,000	12.77
3. Wong Chee Choon	4,270,000	5.26
4. Ong Har Hong	3,983,000	4.91
5. Lim Eng Huat	2,768,500	3.41
6. RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Kheng Yew)	2,500,000	3.08
7. Wong Hok Yim	2,453,500	3.02
8. Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Ching Ching)	2,296,000	2.83
9. Polynamic Sdn Bhd	2,000,000	2.47
10. Ihsan Indah (M) Sdn Bhd	1,974,000	2.43
11. OSK Nominees (Tempatan) Sdn Berhad OSK Capital Sdn Bhd for Ultra-Link Resources Sdn Bhd	1,854,285	2.29
12. KYM Sdn Bhd	1,733,455	2.14
13. Ilham Pelangi (M) Sdn Bhd	1,503,000	1.85
14. Renfield Investment Limited	1,319,000	1.63

ANALYSIS OF SHAREHOLDINGS

Thirty Largest Shareholders (as at 31 May 2005) (cont'd)

Name of Shareholders	No. of Ordinary Shares held	% of Issued Capital
15. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account 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. Chiam Yoke Kee	403,700	0.50
24. Navasham Holdings Sdn Bhd	315,000	0.39
25. Lua Wa Kho @ Lua Chong Koh	302,295	0.37
26. Lim Siew Aik	290,500	0.36
27. Far East Master Sdn Bhd	258,153	0.32
28. Mohd Shu'aib Bin Hj Ishak	245,000	0.30
29. Lembaga Tabung Haji	230,000	0.28
30. Lim Tze Thean	200,000	0.25
	68,820,454	84.82

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 Industrial Estate 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.	19 years	487,939
PLO 9 Jalan Perindustrian Senai Industrial Area 1 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.	16 years	3,716,339
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.	11 years	3,580,779
PLO 19 Jalan Perindustrian Senai Industrial Area 1 Senai Held under HS(D) No. 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.	17 years	3,640,909
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 9.10.2099	(31.01.2003)	Industrial land with factory building, offices and warehouse erected thereon.	13 years	4,526,311

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. PT 4 (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.	13 years	7,266,001
12 & 14 Lorong Medan Tuanku Satu 50300 Kuala Lumpur (Geran 6039 & 6040)	1,200	Freehold	(31.01.2003)	2 adjoining units of 5-storey shop/ office buildings housing the corporate office	20 years	6,094,600
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.	12 years	5,598,074
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. P.T. 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	-	185,014,882
34 titles all in the Mukim of Lumut, Daerah Manjung						

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FORM OF PROXY



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-Third Annual General Meeting of the Company to be held at the Company's Office at No. 12 Lorong Medan Tuanku Satu 50300 Kuala Lumpur on Thursday, 21 July 2005 at 11:30 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 Dato' Wan Malek bin Ibrahim		
4.	Re-election of Lim Kheng Chye		
5.	Re-appointment of Dato' Abdul Rahman bin Haji Ismail		
6.	Re-appointment of Auditors		
7.	Authority to Allot and Issue Shares		
8.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

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, 2005.

.....
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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