



Malayan United Industries Berhad

Company No: 3809-W



CONTENTS

| | |
|--|-----|
| Notice of Meeting | 2 |
| Statement Accompanying Notice of Annual General Meeting | 4 |
| Corporate Information | 5 |
| Profile of Directors | 6 |
| Statement on Corporate Governance | 9 |
| Directors' Responsibilities in Respect of Financial Statements | 14 |
| Statement on Internal Control | 15 |
| Other Information | 16 |
| Report of the Audit Committee | 18 |
| The MUI Group Senior Management | 21 |
| Chairman's Statement | 22 |
| Analysis of Shareholdings | 44 |
| Analysis of Irredeemable Convertible Unsecured Loan Stocks Holdings | 46 |
| Group Financial Highlights | 50 |
| Directors' Report | 51 |
| Income Statements | 56 |
| Balance Sheets | 57 |
| Statements of Changes in Equity | 58 |
| Cash Flow Statements | 59 |
| Notes to the Financial Statements | 64 |
| Statement by Directors | 107 |
| Statutory Declaration | 107 |
| Report of the Auditors | 108 |
| Subsidiary and Associated Companies of Malayan United Industries Berhad | 109 |
| Subsidiary Companies of MUI Properties Berhad | 111 |
| Subsidiary and Associated Companies of Pan Malaysia Corporation Berhad | 113 |
| Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad | 115 |
| Subsidiary Companies and Joint Venture of London Vista Hotel Limited | 118 |
| Properties Owned by The MUI Group | 120 |
| Form of Proxy | |

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 24 June 2005 at 4.00 p.m. for the following purposes:-

1. To receive the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 31 December 2004.
2. To consider and, if thought fit, pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Md Khir Johari be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."
 - ii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Yong Ming Sang be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."
3. To re-elect Mr Ang Guan Seng retiring as a Director of the Company in accordance with Article 109 of the Company's Articles of Association.
4. To re-elect Mr Khet Kok Yin retiring as a Director of the Company in accordance with Article 90 of the Company's Articles of Association.
5. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.
6. As Special Business:-

To consider and, if thought fit, pass the following Ordinary Resolution:-

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being."
7. To transact any other business of which due notice shall have been received.

By order of the Board

Chik Wai Ming
Company Secretary

Kuala Lumpur
1 June 2005



Notes:-

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

Explanatory Note On Special Business

The Ordinary Resolution proposed under item 6, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-appointment/re-election are:-
 - (a) Tan Sri Dato' Md Khir Johari – Retiring pursuant to Section 129 of the Companies Act, 1965
 - (b) Mr Yong Ming Sang – Retiring pursuant to Section 129 of the Companies Act, 1965
 - (c) Mr Ang Guan Seng – Retiring pursuant to Article 109 of the Company's Articles of Association
 - (d) Mr Khet Kok Yin – Retiring pursuant to Article 90 of the Company's Articles of Association

2. Details of Attendance of Directors at Board Meetings.

There were four (4) Board Meetings held during the financial year ended 31 December 2004. Details of attendance of the Directors are set out in the Profile of Directors appearing on pages 6 to 8 of the Annual Report.

3. The Thirty-Fourth Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 24 June 2005 at 4.00 p.m.

4. Details of Mr Khet Kok Yin who is standing for election.

Age 58. Non-Independent Non-Executive Director. Appointed as Director on 25 July 1991 and resigned on 4 June 2004. Was re-appointed on 3 March 2005. Holds a Bachelor of Economics (Honours) from University of Malaya. Member of the Audit Committee. Currently, he is the Managing Director of Pan Malaysian Industries Berhad, Pan Malaysia Holdings Berhad and Pan Malaysia Capital Berhad, and Chief Executive Officer and Director of Pan Malaysia Corporation Berhad. He also sits on the Boards of MUI Properties Berhad, MUI Continental Insurance Berhad and Metrojaya Berhad. Had served as Joint Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad), Managing Director of Metrojaya Berhad, Chairman of Network Foods Limited and President of the North American operations of The MUI Group in the United States of America. Does not hold any shares in the Company and its subsidiaries. Not related to any Director and/or major shareholder of the Company and does not have any conflict of interest with Malayan United Industries Berhad. Has had no convictions for any offences within the past ten (10) years.



CORPORATE INFORMATION

Board of Directors

Tan Sri Dato' Dr Khoo Kay Peng, P.S.M., D.P.M.J., K.M.N., J.P., HonD Litt, Hon LLD, *Chairman & Chief Executive*

Tan Sri Dato' Md Khir Johari, P.M.N., D.P.M.S.

Yong Ming Sang

Ang Guan Seng

Dato' Paduka Nik Hashim Nik Yusoff, D.J.M.K.

Loy Yet King

Khet Kok Yin

Mohamad Faiz bin Abdul Hamid (*Alternate to Yong Ming Sang*)

Secretary

Chik Wai Ming

Auditors

BDO Binder *Chartered Accountants*

Principal Bankers

Bumiputra-Commerce Bank Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

Public Bank Berhad

RHB Bank Berhad

Southern Bank Berhad

United Overseas Bank (Malaysia) Berhad

Registrar

Pan Malaysia Management Sdn. Bhd.

6th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur

Tel. No. 21487696 Fax. No. 21442118

Registered Office

14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur

Tel. No. 21482566 Fax. No. 21445209 Website : www.mui-global.com

PROFILE OF DIRECTORS

Tan Sri Dato' Dr Khoo Kay Peng

Age 66. Chairman and Chief Executive of Malayan United Industries Berhad. Appointed as Director on 18 January 1971 and has been Chairman since 1987. Was conferred an Honorary Doctor of Letters by the Curtin University of Technology, Perth, Australia in 1993 and Honorary Doctor of Law by Northwest College, Kirkland, Washington, USA in 2000. In 1985, was awarded the Manager of the Year Award by the Harvard Business School Alumni Club of Malaysia and was also honoured with the Entrepreneur of the Year Award by the Asian Institute of Management Graduates' Association of Malaysia and the Association of Banks, Malaysia. Was the Chairman of the Tourist Development Corporation, Vice Chairman of Malayan Banking Berhad (Maybank) and a trustee of the National Welfare Foundation. Currently, also the Chairman and Chief Executive of MUI Properties Berhad. He is also the Chairman of Morning Star Resources Limited, Hong Kong, Laura Ashley Holdings plc and Corus Hotels plc, United Kingdom. Also sits on the Boards of Pan Malaysian Industries Berhad, MUI Continental Insurance Berhad, SCMP Group Limited (South China Morning Post) and the Bank of East Asia Limited, Hong Kong. He is presently a trustee of Regent University, Virginia, USA, a board member of Northwest University, Seattle, USA, a Council Member of the Malaysian-British Business Council, the Malaysia-China Business Council and the Asia Business Council. A deemed substantial shareholder of Malayan United Industries Berhad. Attended all the four (4) Board Meetings held during the financial year.

Tan Sri Dato' Md Khir Johari

Age 82. Independent Non-Executive Director. Appointed as Director on 21 November 1988. Chairman of the Audit Committee and member of the Remuneration Committee. Was awarded Honorary Doctorates by University of Malaya (Doctor of Law), Universiti Pertanian Malaysia (Doctor of Letter) and La Salle College of Manila (Doctor of Education & Science) respectively. Was actively involved in the political movement of Malaya from the beginning and later on became one of the founding fathers of Malaysia. He stood for Parliament in the Kuala Muda, Kedah constituency in Malaysia's first General Elections in 1955 and was elected and remained a Member of Parliament for 27 years until 1982. On Independence Day, 31 August 1957, he was made Minister of Education. In 1960, he changed portfolios and became the Minister of Commerce and Industry. In 1964, he was appointed Minister of Agriculture and returned to the Education Ministry three (3) years later where he remained as Minister of Education until 1973, thus completing a term of nine and a half (9 1/2) years as Minister of Education. In February 1973, he was made Ambassador of Malaysia to the United States of America and later, concurrently, Ambassador to the United Nations in New York. He returned to Malaysia from the United States of America in 1976. Currently, also a Director of MUI Properties Berhad, Magnum 4D Berhad, and AXA Affin Assurance Berhad. Attended all the four (4) Board Meetings held during the financial year.



Yong Ming Sang

Age 74. Independent Non-Executive Director. Appointed as Director on 24 June 1980. Member of the Audit Committee and Nomination Committee. Also Chairman of the Remuneration Committee. He is a Fellow of the Royal Institution of Chartered Surveyors (United Kingdom) and of the Institution of Surveyors (Malaysia). Prior to joining the corporate sector in 1978, practised as a Chartered Quantity Surveying Consultant in a quantity surveying firm of Messrs Yong Dan Mohamad Faiz of which he was the founder member. His corporate sector experience ranges from financial services, manufacturing, hotel, property development, airline industry to tourism. Also serves as a Director of MUI Properties Berhad, Pan Malaysia Holdings Berhad and Star Publications (Malaysia) Berhad. He is also the Chairman of Star Publications (Malaysia) Berhad. He had previously served as a Director of Malaysian Airline System Berhad, the national airline and of two statutory bodies, namely, Tourist Development Corporation and Keretapi Tanah Melayu. He is a member of the Advisory Council of Corporate Malaysia Roundtable. Attended all the four (4) Board Meetings held during the financial year.

Ang Guan Seng

Age 66. Independent Non-Executive Director. Appointed as Director on 18 August 1989. Chairman of the Nomination Committee and member of the Remuneration Committee. He completed his 'O' Level education in Trinity Grammar School Kew, Melbourne, Australia in 1959. Has extensive experience and knowledge in commerce industry, housing, building and trading. He also sits on the Boards of Petaling Garden Berhad and PPB Group Bhd. Attended three (3) Board Meetings held during the financial year.

Dato' Paduka Nik Hashim Nik Yusoff

Age 67. Independent Non-Executive Director. Appointed as Director on 25 July 1991. Member of the Nomination Committee. Holds a Bachelor of Arts (Honours) degree from Melbourne University, Australia and Master in Public Administration from Harvard University. Formerly, the Executive Director and Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad). Following the acquisition of MUI Bank Berhad by the Hong Leong Group in 1994, he was appointed as Advisor and continued to be on the Board of Hong Leong Bank Berhad until December 1995. He also sits on the Boards of Genting Berhad, Rashid Hussain Berhad, Utama Banking Group Berhad, UBG Enterprise Berhad and CMS Trust Management Berhad. Attended all the four (4) Board Meetings held during the financial year.

PROFILE OF DIRECTORS (Cont'd)

Loy Yet King

Age 59. Non-Independent Non-Executive Director. Appointed as Director on 24 June 1980. He has many years of international experience in the sectors of food manufacturing and distribution, hospitality and real estate investments. Previously held the post of Executive Director of Central Sugars Berhad (now known as MUI Properties Berhad) and Chief Executive Officer of companies in Canada and the United States, related to hotel and real estate investments. Currently the Chief Executive Officer of Corus Hotels plc in the United Kingdom. Attended all the four (4) Board Meetings held during the financial year.

Khet Kok Yin

Age 58. Non-Independent Non-Executive Director. Appointed as Director on 25 July 1991 and resigned on 4 June 2004. Was re-appointed on 3 March 2005. Holds a Bachelor of Economics (Honours) from University of Malaya. Member of the Audit Committee. Currently, he is the Managing Director of Pan Malaysian Industries Berhad, Pan Malaysia Holdings Berhad, Pan Malaysia Capital Berhad and Chief Executive Officer and Director of Pan Malaysia Corporation Berhad. He also sits on the Boards of MUI Properties Berhad, MUI Continental Insurance Berhad and Metrojaya Berhad. Had served as Joint Managing Director of MUI Bank Berhad (now known as Hong Leong Bank Berhad), Managing Director of Metrojaya Berhad, Chairman of Network Foods Limited and President of the North American operations of The MUI Group in the United States of America. Attended all the two (2) Board Meetings held during his tenure of service as Director.

Mohamad Faiz bin Abdul Hamid

(Alternate Director to Yong Ming Sang)

Age 65. Appointed as alternate Director on 24 June 1980. A Fellow of the Royal Institution of Chartered Surveyors, England in 1981 and the Institution of Surveyors, Malaysia in 1981. Was the Past President of the Institution of Surveyors, Malaysia. Has been a consultant quantity surveyor since 1968. Currently, a Director of Yong Dan Mohamad Faiz Sdn Bhd, a chartered quantity surveying and cost consultant firm. He also sits on the Boards of Press Metal Berhad and PMB Technology Berhad.

Note:-

None of the Directors and alternate Director has any family relationship with any Director and/or major shareholder of the Company. None of the Directors and alternate Director has any conflict of interest with the Company nor have they been convicted of any offences within the past ten (10) years.

All the Directors are Malaysians except for Mr Loy Yet King who holds a Canadian citizenship.



STATEMENT ON CORPORATE GOVERNANCE

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

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

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

1. Directors

1.1 The Board

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

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

Four (4) Directors’ meetings were held during the financial year ended 31 December 2004. Details of the attendance of the Directors are disclosed on pages 6 to 8 of the Annual Report.

1.2 Board Balance

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

- One (1) Chairman and Chief Executive
- Four (4) Independent Non-Executive Directors
- Two (2) Non-Independent Non-Executive Directors

There is an alternate Director on the Board.

The Chairman functions both as Chairman of the Board and Chief Executive. The Board is mindful of the combined roles but is comfortable that there is no concern as all related party transactions are dealt with in accordance with the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements. All major matters and issues are referred to the Board for consideration and approval. The roles and contributions of independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

Together, the Directors bring a wide range of business and financial experience for effective direction and management of the Group's businesses. A brief description of the background of each Director is presented on pages 6 to 8 of the Annual Report.

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

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

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

- Audit Committee
- Nomination Committee
- Remuneration Committee

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

Details of the Nomination Committee and Remuneration Committee are set out in section 1.4 and section 2 respectively of this statement.

1.3 Supply of Information

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

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

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

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



1.4 Appointments to the Board

The members of the Nomination Committee are as follows:-

| | | |
|----------|------------------------------------|--------------------------------------|
| Chairman | Ang Guan Seng | – Independent Non-Executive Director |
| Members | Yong Ming Sang | – Independent Non-Executive Director |
| | Dato' Paduka Nik Hashim Nik Yusoff | – Independent Non-Executive Director |

The duties and functions of the Nomination Committee are:-

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

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

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

1.5 Directors' Training

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

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

1.6 Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment. The Articles of Association of the Company also provide that, subject to the provisions of any contract between a Managing Director and the Company, all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election. Under the existing terms of his appointment as Chief Executive of the Company, Tan Sri Dato' Dr Khoo Kay Peng does not retire from office.

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

2. Directors' Remuneration

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

The members of the Remuneration Committee are as follows:-

| | | |
|----------|------------------------------|--------------------------------------|
| Chairman | Yong Ming Sang | – Independent Non-Executive Director |
| Members | Tan Sri Dato' Md Khir Johari | – Independent Non-Executive Director |
| | Ang Guan Seng | – Independent Non-Executive Director |

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

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

For the financial year ended 31 December 2004, the aggregate of remuneration received by Directors of the Company from the Company and the subsidiary companies categorised into appropriate components are as follows:-

| | <i>Salaries</i> <i>RM'000</i> | <i>Fees</i> <i>RM'000</i> | <i>Benefits- in-kind</i> <i>RM'000</i> | <i>Others</i> <i>RM'000</i> | <i>Total</i> <i>RM'000</i> |
|-------------------------|--|--|---|--|---|
| Executive Director | 912 | 139 | 29 | 1,294 | 2,374 |
| Non-Executive Directors | 1,584 | 6 | 9 | 576 | 2,175 |
| | 2,496 | 145 | 38 | 1,870 | 4,549 |

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

| Range of Remuneration | <i>Number of Directors</i> | |
|------------------------------|-----------------------------------|-----------------------------|
| | <i>Executive</i> | <i>Non-Executive</i> |
| Below RM50,000 | – | 3 |
| RM300,001 to RM350,000 | – | 1 |
| RM1,750,001 to RM1,800,000 | – | 1 |
| RM2,350,001 to RM2,400,000 | 1 | – |



3. Relationship with Shareholders and Investors

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

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

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

4. Accountability and Audit

4.1 Financial Reporting

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

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 107 of the Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.27(a) of Bursa Securities Listing Requirements is set out on page 14 of the Annual Report.

4.2 Internal Control

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

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

4.3 Relationship with the Auditors

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

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

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the results and cash flow of the Company and of the Group for that period.

The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

The Directors also ensure that applicable approved accounting standards in Malaysia 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 of the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965.



STATEMENT ON INTERNAL CONTROL

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

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

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

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

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

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

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

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

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

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

OTHER INFORMATION

1. MATERIAL CONTRACTS

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

2. SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory body.

3. NON-AUDIT FEES

During the financial year ended 31 December 2004, non-audit fees paid to the external auditors by the Company and its subsidiary companies amounted to RM504,000 (2003 : RM794,000).

4. REVALUATION POLICY

The Group has not adopted a policy of regular revaluation on landed properties.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The aggregate value of recurrent related party transactions of a revenue or trading nature conducted during the financial year ended 31 December 2004 by Malayan United Industries Berhad ("MUIB") and its unlisted subsidiaries in accordance with the shareholders' mandate were as follows:-

| Name of company within the MUIB Group involved | Name of related party | Nature of recurrent related party transactions | Aggregate value of transactions (RM'000) |
|--|--|---|--|
| 1. Malayan United Securities Services Sdn Bhd | MUI Plaza Sdn Bhd, a wholly-owned subsidiary of MUI Properties Berhad ("MPB") ⁽¹⁾ | Provision of security services | 35 |
| 2. Malayan United Management Sdn Bhd | MUI Plaza Sdn Bhd | Provision of company secretarial, accounting, legal, audit and support services | 300 |
| 3. Malayan United Management Sdn Bhd | (i) MPB ⁽¹⁾ and its subsidiaries | Renting of computer equipment | 30 |
| | (ii) Pan Malaysian Industries Berhad ("PMI") ⁽²⁾ and its unlisted subsidiaries | | 12 |
| 4. MUI dotCom Sdn Bhd | (i) MPB ⁽¹⁾ and its subsidiaries | Provision of computer related services | 46 |
| | (ii) Metrojaya Berhad ("MJ") ⁽³⁾ and its subsidiaries | | 48 |



| | | | |
|---------------------------------------|---|---|-----|
| 5. MUIB and its unlisted subsidiaries | MUI Plaza Sdn Bhd | Rental of office and car parking spaces at MUI Plaza, Jalan P. Ramlee, Kuala Lumpur and procurement of ancillary services such as refuse and office maintenance charges | 622 |
| 6. Ming Court Hotel (KL) Sdn Bhd | Two Holdings Sdn Bhd, a wholly-owned subsidiary of MPB ⁽¹⁾ | Rental of tennis court | 9 |

Notes:-

As at 31 December 2004,

⁽¹⁾ *MPB is a 66.34%-owned subsidiary of MUIB.*

⁽²⁾ *PMI is a major shareholder of MUIB.*

⁽³⁾ *MJ is a 90.67%-owned subsidiary of PMI.*

REPORT OF THE AUDIT COMMITTEE

MEMBERS

| Name | Designation |
|--|---|
| Tan Sri Dato' Md Khir Johari - <i>Chairman</i> | <i>Independent Non-Executive Director</i> |
| Yong Ming Sang | <i>Independent Non-Executive Director</i> |
| Khet Kok Yin | <i>Non-Independent Non-Executive Director</i> |

TERMS OF REFERENCE

1. Constitution

The Audit Committee was established on 5 July 1994. The Board shall ensure that the composition of the Audit Committee comply with Bursa Securities Listing Requirements as well as other regulatory requirements.

2. Authority

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

3. Functions

The functions of the Audit Committee shall be:-

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



- to inform itself of any appointments or resignations of internal audit staff members and provide resigning staff member an opportunity to submit his reasons for resigning, together with such other functions as may be agreed to by the Audit Committee and Board of Directors.

4. Meetings

During the financial year ended 31 December 2004, six (6) Audit Committee Meetings were held. Mr Khet Kok Yin, who resigned as an Audit Committee member on 4 June 2004, attended all the three (3) meetings held before his resignation. Mr Khet Kok Yin was subsequently re-appointed on 3 March 2005. Tan Sri Dato' Md Khir Johari and Mr Yong Ming Sang attended all the six (6) meetings of the Audit Committee.

In addition to the Committee members, the Chief Financial Officer and Head of Internal Audit are invited for attendance at each meeting. The respective head of companies/departments and their management team attend when audit reports on their companies/departments are tabled for discussion. The presence of the external auditors will be requested when required.

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

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

The Audit Committee reviewed and deliberated six (6) audit reports on assignments conducted by the Internal Audit. The Audit Committee also appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

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

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

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

6 Internal Audit Function

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

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

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



The MUI Group

strong • efficient • trustworthy



PM Securities,
Kuala Lumpur



Laura Ashley
Home Furnishings



Metrojaya Department
store, Kuala Lumpur



Corus hotel
Kuala Lumpur



Products distributed by the
Network Foods Group



Morning Star Villa,
Zhongshan, China

The MUI Group, founded in 1960, is a Malaysian conglomerate with extensive local and international operations. Its diversified activities include such major businesses as retailing, hotels, food and confectionery, property, financial services, travel and tourism. Its geographical reach covers Malaysia, the United Kingdom, Continental Europe, the United States of America, Australia, Hong Kong, the People's Republic of China and Singapore.

The Group's expansion over the last four decades continues to be driven by three vital qualities which constitute its foundation: strength in character, efficiency in management, and trustworthiness in conduct.

Headquarters

MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

Tel: 603-2148 2566 Fax: 603-2145 9216 E-mail: muipa@po.jaring.my Website: www.mui-global.com



Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

The MUI Group

Senior Management

Tan Sri Dato' Dr Khoo Kay Peng
Group Chief Executive

Dato' Rastam bin Abdul Hadi
Group Advisor

Khet Kok Yin
Managing Director
Pan Malaysia Holdings Berhad
Malayan United Management Sdn Bhd
Chief Executive Officer
Pan Malaysia Corporation Berhad

Loy Yet King
Chief Executive Officer
Corus Hotels plc, United Kingdom

Lillian Tan Lian Tee
Chief Executive Officer
Laura Ashley Holdings plc, United Kingdom

Edward Chin Wooi Meng
Chief Executive Officer
PM Securities Sdn Bhd

Robert Heng Fook Hee
Chief Executive Officer
Metrojaya Berhad

Woon See Soon
Executive Director
Network Foods International Ltd, Singapore

Lai Chee Leong
Group Chief Financial Officer

Chan Chong Lum
Chief Executive Officer
Network Foods Industries Sdn Bhd
Network Foods (Malaysia) Sdn Bhd

Robert Ti
Executive Director - Corporate Finance
PM Securities Sdn Bhd

Dato' Choong Kok Min
Executive Director
Pan Malaysia Holdings Berhad

Hj Ramli bin Hj Mahmudin
Executive Director - Dealing
PM Securities Sdn Bhd

George Tang
Executive Director
MUI Properties Berhad
Corus Hotels, Asia Pacific
Group Corporate Communications

G. Peter Kirschner
Executive Director
Corus Hotels plc, United Kingdom

Noorjehan Rahima bt Abdul Jumat
Executive Director - Dealing
PM Securities Sdn Bhd

Michael N. Kingsbury
Chief Operating Officer
Laura Ashley Holdings plc, United Kingdom

David R. Cook
Chief Financial Officer
Laura Ashley Holdings plc, United Kingdom

Paul Pillay
Chief Financial Officer
Corus Hotels plc, United Kingdom

Jit Singh a/l Santok Singh
Senior Vice President
Group IT Services

Ivy Tan Meow Ai
Senior Vice President
Laura Ashley, Inc., United States of America

Wong Kim Teck
Chief Executive Officer
MUI Continental Insurance Berhad

CHAIRMAN'S STATEMENT

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

ECONOMIC REVIEW

Global economy is projected to expand by 4.8% in 2004, the highest growth rate since 1984. The robust world economy was underpinned by strong economic

FINANCIAL PERFORMANCE

The Group posted a consolidated revenue of RM1,462.7 million for the financial year ended 31 December 2004 compared to RM1,393.9 million in 2003. The higher revenue recorded by the insurance and stockbroking operations and the stronger foreign currencies contributed to the higher consolidated revenue in 2004. The Group achieved an operating profit before exceptional items of RM105.5 million in 2004 as compared to RM153.0 million in 2003.



• Exquisite home designs inspired by Laura Ashley.

growth in the United States, rapid expansion in the Asian region, notably China, and revival of Japanese and European economies. Real Gross Domestic Product of Malaysia recorded a strong growth of 7.1% in 2004. The robust economic growth was driven by the expansion in domestic private consumption and investments as well as favourable external environment. On the supply side, all sectors, with the exception of construction, reported growth in 2004.

With larger current account balance and significant increase in inflows of foreign direct investment and portfolio investment during the year, Malaysia recorded a much higher surplus in the overall balance of payments for 2004. The country's international reserves reached US\$66.7 billion as at 31 December 2004, an increase of US\$21.9 billion from the end of 2003. The international reserves position is equivalent to 8 months of retained imports and 5.9 times of short-term external debt.

In conjunction with the rationalization exercise explained below and in compliance with the MASB 23 on Impairment of Assets, the Group had reviewed again the carrying values of its investments and other assets. Arising from this exercise, the Group deemed it prudent to provide for further impairment and allowances amounting to RM645.4 million. Of this amount, RM378.6 million was for impairment of goodwill, which had no impact on the net tangible assets of the Group. Consequently, coupled with interest expenses, the Group reported a pre-tax loss of RM387.1 million for the financial year ended 31 December 2004 compared to a pre-tax loss of RM160.4 million in the previous financial year. However, the loss was mitigated by gains on dilution of equity interest in subsidiaries, the receipt of shares in Bursa Malaysia Berhad, disposal of investment properties and foreign exchange.

As at 31 December 2004, the Group's total assets and shareholders' funds stood at RM5,889.1 million and RM685.8 million respectively.

CORPORATE DEVELOPMENTS

During and subsequent to the financial year under review, the Group undertook the following corporate exercises:

1. Settlement of Inter-Company Amounts Owing

On 16 January 2004, as part of the rationalization exercise of the Group, the Company entered into

The Settlement was approved by the Securities Commission on 24 March 2004, the shareholders of the Company on 30 September 2004 and the shareholders of MPB and PMC respectively on 28 October 2004.

On 31 January 2005, MPB and PMC announced the winding-ups of RRB and SPB respectively by way of members' voluntary winding-up. The members' voluntary winding-ups of RRB and SPB constituted part of the process under the arrangement of the Settlement to distribute the ICULS to the shareholders of RRB and SPB at no cost to them. The shareholders of RRB and SPB comprised substantially entitled shareholders



• Nautical theme for boys' bedroom.



• Lavenham chandelier.



• One of Laura Ashley's stylish collections.

separate settlement agreements with MUI Properties Berhad ("MPB") and Pan Malaysia Corporation Berhad ("PMC") whereby the Company proposed to settle the inter-company amounts owing to MPB Group and PMC Group amounting to RM556.4 million and RM1,066.5 million respectively as at 31 December 2003 by the issuance of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") by the Company to MPB and PMC or their nominees on the basis of RM1.00 nominal value of Class A1 and Class A2, 8-year ICULS for every RM0.83 of inter-company amounts owing ("Settlement"). Pursuant to the settlement agreements, on 30 December 2004, the Company issued RM1,955.4 million nominal value of Class A1 and Class A2, 8-year ICULS to Resona Resources Berhad ("RRB"), a subsidiary of MPB, and Syahdu Pinta Berhad ("SPB"), a subsidiary of PMC, being settlement of the inter-company amounts owing.

of MPB and PMC. The ICULS were distributed on 28 February 2005 and were listed on the main board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 8 March 2005.

The Settlement has a positive effect on the Group's shareholders funds, net tangible assets and gearing ratio.

2. Disposal of Assets

The rationalization of the Group also involved the disposal of non-core and low-income generating assets to substantially reduce the overall borrowings of the Group and to channel additional cash raised towards the expansion of the core businesses of the Group. The major transactions completed by the Group were as follows:-

a. Disposal of MUI Continental Insurance Berhad

On 20 December 2004, Novimax (M) Sdn Bhd, a wholly-owned subsidiary of the Company, entered into an agreement to dispose of 29.50% equity interest in MUI Continental Insurance Berhad (“MCI”) for a gross consideration of RM55.3 million. Subsequent to the disposal, the equity interest of the Group in MCI was reduced to 52.21%. The disposal which was completed on 31 December 2004, resulted in a gain of approximately RM20.3 million to the Group.

d. Disposal of Commercial Properties

The disposal of MUI Plaza and the adjoining land by subsidiaries of MPB for a gross consideration of RM190.0 million was completed on 23 June 2004.

3. Conversion of Irredeemable Convertible Preference Shares (“ICPS”) of Pan Malaysia Capital Berhad (“PM Capital”)

On 29 December 2004, 562,221,711 ICPS of PM Capital were automatically converted into 562,221,711 new ordinary shares of RM1.00 each in PM Capital. Accordingly, the total issued and paid-up share capital



• Trendy table accessories and settings.



• Clean lines for cabinets.

b. Disposal of Hotels

Corus Hotels plc (“Corus”), a 99.9%-subsidiary of the Group, continued with its divestment programme in the United Kingdom (“UK”) with the sale of eight hotels, surplus land and other assets for a total sum of £31.7 million (approximately RM220.7 million). The divestment programme is also in line with the long-term branding strategy of Corus.

c. Disposal of Chemical Company of Malaysia Berhad (“CCM”) shares

On 7 January 2005, Lembaran Megah Sdn Bhd, a wholly-owned subsidiary of PMC, disposed of its entire shareholding of 82,303,000 ordinary shares of RM1.00 each representing 21.8% of the issued and paid-up share capital of CCM as at 31 December 2004 for a gross sum of RM193.4 million. With the disposal, CCM ceased to be an associated company of the Group.

of PM Capital increased to RM815,308,845 comprising 815,308,845 ordinary shares of RM1.00 each. Consequent to the automatic conversion of the ICPS of PM Capital, Pan Malaysia Holdings Berhad’s (“PM Holdings”) equity interest in PM Capital was diluted to 34.84% and PM Capital ceased to be a subsidiary company of PM Holdings and became an associated company.

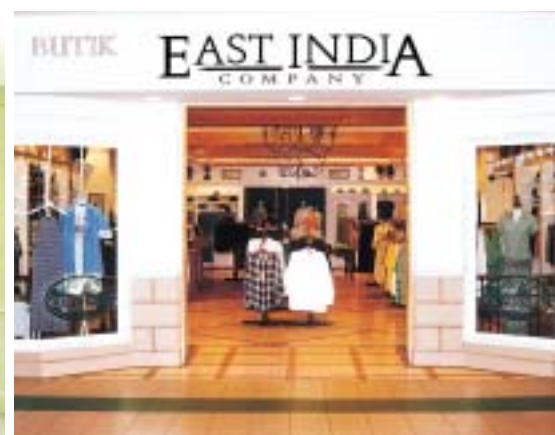
4. Regularization of Financial Condition of PM Holdings

The consolidated shareholders’ equity of PM Holdings reversed from a deficit of RM278.1 million as at 31 December 2003 to a surplus of RM107.4 million as at 31 December 2004. On 29 March 2005, Bursa Securities announced that PM Holdings had regularized its financial condition and it no longer triggered any of the criteria under paragraph 2.0 of Practice Note 4 (PN 4) issued by Bursa Securities.

Accordingly, the trading restriction on PM Holdings ordinary shares was lifted and PM Holdings had ceased to be flagged as a PN4 company with effect from 30 March 2005.

5. Private Placements of Shares by PMC

On 21 October 2003, PMC proposed to undertake a private placement of up to 73,950,000 new ordinary shares of RM0.50 each in PMC representing 10% of the then existing issued and paid-up share capital of PMC ("Private Placement"). All the placement shares were issued at placement price of RM0.50 per share and the Private Placement was fully completed on 11 June 2004.



• Metrojaya, one of Malaysia's leading department and speciality stores.

On 1 July 2004, PMC proposed to undertake another private placement of up to 81,345,000 new ordinary shares of RM0.50 each in PMC representing 10% of then existing issued and paid-up share capital of PMC ("New Private Placement"). Currently, PMC has issued placement shares comprising 26,560,000 new ordinary shares of RM0.50 each at a placement price of RM0.50 per ordinary share pursuant to the New Private Placement.

REVIEW OF OPERATIONS

The MUI Group has extensive business investments and operations organised around several core industries namely retailing, hotels, food & confectionery, financial services, property and travel & tourism. These business operations span many countries covering Malaysia, Singapore, Hong Kong, China, Australia, the United Kingdom, Continental Europe and North America.

Retailing

The Group owns a 34.31% stake in Laura Ashley Holdings plc ("Laura Ashley"), a UK-based international retailer and has an indirect interest in Metrojaya Berhad, a leading operator and owner of department stores and specialty stores in Malaysia.

Laura Ashley, which is listed on the London Stock Exchange, is principally involved in the design, manufacture, sourcing, distribution and sale of garments, accessories and home furnishings which are renowned for their traditional English country living designs.

Laura Ashley operates 385 stores directly and through franchise in the United Kingdom, Continental Europe, the Middle East, Australia, Japan and other parts of Asia. Retailing operations of the Group under Laura Ashley recorded a revenue of £238.9 million (RM1,663.0 million) and profit before tax and exceptional items of £4.8 million (RM33.4 million) for the 52 weeks ended 29 January 2005 compared to a revenue of £283.5 million (RM1,765.3 million) and profit before tax and exceptional items of £3.1 million (RM19.3 million) in the previous corresponding period. The improved profit for the financial year ended 29 January 2005 was the result of management's focus on improving gross margins and reducing costs in all areas of the business. The decrease in turnover was due to the closure and franchising out of most of the Continental European stores as well as the downsizing of the fashion division. The mail order business for fashion was discontinued during the year but the homes division continued to show improvement. However, fashion is still offered

on the Internet. For its financial year, Laura Ashley increased its online sales by 20% and built up its internet customer base to more than 240,000 registered members.

Laura Ashley (North America) Inc., a subsidiary of Regent Corporation which is an associated company of the Group, performed well. It continued to expand its licensing business in North America, capitalising on the strength of the established brand name of Laura Ashley.

Metrojaya Berhad ("Metrojaya") continues to stay in the forefront of the Malaysian retailing scene, operating

After three challenging years experienced by the hotel industry, the Group's UK hotels enjoyed slight improvement in both occupancy and average room rates. However, total turnover for UK hotels was lower than that of the previous financial year as a result of the divestment of properties that did not fit the Corus brand.

Reflecting favourable trading conditions, the Group's hotels in Australia and Malaysia performed well and achieved higher occupancy rates, turnover and gross operating profits. The hotels in Kuala Lumpur, Sydney and Hobart turned in strong net profits before tax compared to the results of the previous financial year.



• Reject Shop at Alamanda, Putrajaya.



• Living Quarters - contemporary home ideas.



• Stylish wear by Zona of Metrojaya.

four department stores, a hypermarket and more than 60 specialty stores under such established names as East India Company, Somerset Bay, Living Quarters, Reject Shop and La Senza Girl.

Due to a strong first half trading, consolidated sales of Metrojaya for the nine months ended 31 December 2004 were RM236.7 million, an increase of RM12.4 million or 5.5% compared to last year. As a result of improved revenue and better margins, Metrojaya recorded a higher profit of RM15.3 million from its operations for the nine months ended 31 December 2004 compared to RM9.0 million for the corresponding period of last year.

Hotels

The Group now owns and operates 56 hotels in the United Kingdom and two hotels each in Australia and Malaysia. Corus also manages six other hotels in UK.

Food and Confectionery

The Group's interest in food and confectionery business is held through its public-listed subsidiary, PMC which holds a 79.1 % equity stake in Network Foods International Ltd ("NFIL"), a company listed on the Stock Exchange of Singapore. PMC also has a 92.9 % equity stake in Network Foods Limited ("NFL"), an Australian company listed on the Australian Stock Exchange.

NFIL is the holding company of the Network Foods' Group of companies in Malaysia, Singapore and Hong Kong and is involved in the manufacturing, distribution and marketing of food and confectionery. NFL is an established national distributor and wholesaler of confectionery and other food products in Australia.

For the financial year under review, NFIL achieved a pre-tax profit of S\$2.7 million (RM6.1 million) on a turnover of S\$43.1 million (RM96.9 million) compared to the previous financial year's pre-tax profit of S\$0.02 million (RM0.05 million) on a turnover of S\$45.0 million (RM98.1 million).

The Malaysian operations of Network Foods Group comprise Network Foods Industries Sdn Bhd ("NFI") and Network Foods (Malaysia) Sdn Bhd ("NFM"). NFI owns a 10,800 sq. metre chocolate and confectionery factory in Shah Alam, Selangor, which produces established brands such as Crispy, CrispyO, Tango, Kiddies, Tudor Gold chocolates as well as the

Network Foods Distribution Pte Ltd, a Singapore subsidiary of NFIL, secured several new agency lines such as Brahim's range of cooking sauces, Munchy's range of biscuits and Milano's pizzas during the financial year under review. Cost control measures implemented by management had effectively reduced the company's operating expenses by 12%. Consequently, the company's performance improved compared to that of the previous financial year.

Network Foods (Hong Kong) Ltd achieved improved turnover of HK\$21.7 million (RM10.6 million) and pre-tax profit of HK\$1.3 million (RM0.6 million), representing 10% and 19% growth respectively.



• Feminine wear by Somerset Bay of Metrojaya.



• La Senza Girl - the Canadian brand for 8-14 year olds.



• Attractive Metrojaya Home accessories.

Van Houten range of chocolates manufactured under licence. In line with its strategy of expanding non-domestic market share, export sales of NFI have grown by 12% over the last financial year. Products of NFI are now exported to 39 countries. NFI has acquired 11.3 acres of industrial land in Kapar, Selangor for the expansion of its operations which will include the relocation of existing manufacturing facility and construction of new food processing plants and extension of its warehouse.

NFM undertakes the marketing and distribution of products of the Network Foods Group in Malaysia as well as those of other agency lines. During the year, NFM rationalised its product portfolio by discontinuing several non-profitable brands and adding on several new product lines. This strategy helped turnaround the company to profitability in the financial year under review.

In Australia, NFL has developed a network of sales force and warehouses strategically located in several key States to enhance its market penetration. It distributes internationally-renowned products such as Cadbury, Nestle and Wrigley's as well as the Group's Crispy range of chocolate products. NFL recorded sales revenue of A\$81.2 million (RM227.7 million), a decline of 13% from the previous financial year. During the financial year under review, NFL reported a higher loss compared to the previous financial year due to difficult trading conditions and stock losses.

Financial Services

The financial services division of the Group in Malaysia comprises mainly its stockbroking and general insurance business. The stockbroking operation of the Group in Malaysia is undertaken by PM Securities Sdn Bhd ("PM Securities"), a subsidiary of PM Capital, whereas the

general insurance operation of the Group is carried out by MUI Continental Insurance Berhad ("MCI").

PM Securities is a Universal Broker operating from its principal office in Kuala Lumpur, 6 branch offices in Penang, Melaka, Johor Bahru, Seremban, Klang and Puchong (Selangor) and 3 electronic access facilities in Jelebu (Negeri Sembilan), Batu Pahat and Segamat (Johor). Riding on buoyant market conditions, the stockbroking business of PM Securities achieved an improved performance during the financial year. In addition, the fixed income trading desk, corporate finance & advisory services, and asset management services also reported higher operating results in 2004

Properties Berhad.

The Group's flagship property development is Bandar Springhill, a 1,990-acre integrated township that opens up a new growth region along the Seremban-Port Dickson highway.

Bandar Springhill is one of the largest township developments in the State of Negri Sembilan and it incorporates modern life-style concepts in its planning. In line with its "Where Living Means Everything" theme, this development devotes generous space to lakes, parks and landscaping and provides wide roads for efficient traffic dispersal.



• Casual wear by East India Company.



• Affordable and fun children's wear from Reject Shop.



• Traditional wear by Passages of Metrojaya.

compared with that of the previous financial year. Including capital gain arising from the receipt of shares in Bursa Malaysia Berhad, PM Securities made a pre-tax profit of RM27.1 million compared to RM3.3 million in the previous financial year.

MCI operates 14 branch offices throughout Malaysia and offers a comprehensive range of insurance products covering fire, marine, health, engineering, motor, liability and other risks. For its financial year ended 31 December 2004, MCI reported a gross written premium of RM111.0 million, with all classes of insurance recording growth. The company reported a pre-tax profit of RM9.5 million in 2004 which is marginally higher compared to RM9.4 million in 2003.

Properties

The Group is involved in property development and investment in Malaysia through its listed company, MUI

Since its inception in 1997, Bandar Springhill has launched 1,905 units of mixed properties consisting of a range of contemporary homes and has sold 1,675 units, representing a strong take-up rate of 88%.

In the United States, the Group owns a golf course with adjoining residential development land in Regent Park, North Carolina, through its 49%-owned associated company, Regent Corporation.

Travel and Tourism

The travel and tourism operation of the Group is undertaken by Pan Malaysia Travel and Tours Sdn Bhd (PMTT), a travel agency with separate licences to operate airline ticketing, inbound tours as well as outbound travels.

PMTT made a turnaround from a loss position to net profitability during the year under review. This was achieved through growth in revenue and better margins.

The company has embarked on a strategy to develop inbound business from emerging markets such as Indonesia, India and Russia in order to supplement its traditional inbound business from Hong Kong and Taiwan. It has also increased its outbound tour packages and plans to venture into wholesaling of its popular Bali tours to other travel agencies.

COMMUNITY RELATIONS

In recognition of its social responsibility, The MUI Group actively participates in community projects and offers financial donations to various charitable needs. For example, MUI Continental Insurance, Metrojaya, Corus

Barring unforeseen events, the Group expects to see better operating performance from its core businesses this financial year. It will continue with its rationalization and corporate strategy to further divest non-core and low-income generating assets and to pare down borrowing costs.

With this strategy in place, the Group is confident to emerge stronger and be on a firmer footing to enhance its earnings potential in the foreseeable future.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to express my sincere



• Corus hotel Kuala Lumpur, Malaysia



• Ballroom of Corus hotel Kuala Lumpur.



• Corus Paradise Resort Port Dickson.

and Laura Ashley actively rallied behind Government and industry efforts to raise funds for tsunami victims.

Through its various operating units, the Group is also engaged in other community projects such as cash and land donations for a new school, hosting events for under-privileged children during festivities, “adoption” of a charitable home and support of local performing arts.

PROSPECTS FOR 2005

World output and world trade are projected to grow by 4.0% and 5.8% respectively in 2005, reflecting the slower economic growth rates in the US and China. The Malaysian economy is envisaged to expand by 5.0% to 6.0%. The Malaysian economic growth will be underpinned by the expansion of the private sector.

appreciation to the Management and staff of the Group for their contribution, dedication and commitment. I would also like to thank my fellow members of the Board for their invaluable counsel as well as our shareholders for the continuing support that they have shown to the Board and Management of the Group.

In GOD We Trust

Tan Sri Dato’ Dr Khoo Kay Peng
Chairman

3 May, 2005

PENYATA PENERUS

Bagi pihak Lembaga Pengarah, saya bantangkan Laporan Tahunan dan Penyata Kewangan Syarikat dan Kumpulan bagi tahun kewangan berakhir 31 Disember 2004.

TINJAUAN EKONOMI

Ekonomi global dijangka berkembang pada 4.8% bagi tahun 2004, iaitu perkembangan tertinggi sejak tahun 1984. Ekonomi dunia yang teguh ini disokong oleh perkembangan ekonomi yang kukuh di Amerika



• Corus hotel Hyde Park, London.

Syarikat, pertumbuhan pantas di Asia, terutamanya China, dan pemulihan ekonomi-ekonomi Jepun dan Eropah. Keluaran dalam negeri kasar sebenar Malaysia telah mencatat pertumbuhan kukuh sebanyak 7.1% pada tahun 2004. Pertumbuhan ekonomi yang kukuh ini dipacu oleh perluasan penggunaan swasta dalam negeri dan pelaburan serta suasana luaran yang menggalakkan. Bagi penawaran pula, semua sektor, kecuali pembinaan merakamkan perkembangan pada tahun 2004.

Dengan wujudnya akaun baki semasa lebih besar dan pertambahan ketara bagi pelaburan terus asing dan portfolio pelaburan pada tahun tersebut, Malaysia merakamkan lebihan yang lebih tinggi bagi imbalan pembayaran keseluruhan bagi tahun 2004. Kedudukan rizab antarabangsa mencapai AS\$66.7 billion pada 31 Disember 2004, peningkatan sebanyak AS\$21.9 billion pada akhir tahun 2003. Kedudukan rizab antarabangsa adalah bersamaan dengan 8 bulan import tertahan dan 5.9 kali ganda hutang luaran jangka pendek.

PENCAPAIAN KEWANGAN

Kumpulan merakamkan hasil disatukan sebanyak RM1,462.7 juta bagi tahun kewangan berakhir 31 Disember 2004 berbanding dengan RM1,393.9 juta pada tahun 2003. Peningkatan hasil lebih tinggi yang dirakamkan oleh operasi pemberokeran saham dan insurans, dan pertukaran wang asing lebih kukuh mencarum kepada hasil disatukan yang lebih tinggi bagi tahun 2004. Kumpulan telah mencapai keuntungan operasi sebelum butiran luar biasa sebanyak RM105.5



• One of many luxurious suites in Corus hotel Hyde Park.

juta pada tahun 2004 berbanding dengan RM153.0 juta pada tahun 2003.

Berhubung dengan latihan rasionalisasi yang diterangkan di bawah, dan mengikut kehendak MASB 23 Impairment of Assets, Kumpulan telah mengkaji semula nilai penyimpanan pelaburan dan lain-lain aset. Berbangkit daripada latihan ini, Kumpulan mendapati lebih baik mengambil langkah berhemat dan menyediakan peruntukan bagi perosakan seterusnya sehingga berjumlah RM645.4 juta. Dari jumlah ini, RM378.6 juta adalah untuk perosakan muhibah yang tidak menjejaskan aset ketara bersih Kumpulan. Oleh itu, bersama dengan belanja bunga, Kumpulan telah merakamkan kerugian sebelum cukai sebanyak RM387.1 juta bagi tahun kewangan berakhir 31 Disember 2004 berbanding dengan kerugian sebelum cukai RM160.4 juta bagi tahun kewangan sebelumnya. Namun, kerugian ini diringkaskan oleh keuntungan daripada pencairan kepentingan ekuiti dalam anak-anak syarikat, penerimaan saham di Bursa Malaysia Berhad, penjualan hartanah dan keuntungan daripada tukaran wang asing.

Pada 31 Disember 2004, jumlah aset dan dana para pemegang saham Kumpulan adalah masing-masing RM5,889.1 juta dan RM685.8 juta.

PERKEMBANGAN KORPORAT

Bagi tahun dalam tinjauan dan seterusnya, Kumpulan telah mengambil latihan-latihan korporat berikut:

1. Penjelasan Jumlah Terhutang Antara-Syarikat

Pada 16 Januari 2004, sebagai sebahagian daripada latihan rasionalisasi Kumpulan, Syarikat telah menandatangani perjanjian-perjanjian penjelasan berasingan dengan MUI Properties Berhad (MPB) dan

saham Syarikat pada 30 September 2004 dan para pemegang saham MPB and PMC pada 28 Oktober 2004.

Pada 31 Januari 2005, MPB dan PMC mengumumkan penutupan RRB dan SPB melalui penutupan sukarela. Penutupan sukarela RRB dan SPB ini merupakan sebahagian daripada proses penjelasan untuk mengagihkan ICULS kepada pemegang saham RRB dan SPB tanpa apa-apa kos. Para pemegang saham RRB dan SPB yang layak kebanyakannya terdiri daripada para pemegang saham MPB dan PMC. ICULS itu diagihkan pada 28 Februari 2005 dan disenaraikan dalam papan utama Bursa Malaysia Securities Berhad ("Bursa Securities") pada 8 Mac 2005.



• Corus hotel Bracknell, London.



• Belsfield hotel, Lake Windermere, UK

Pan Malaysia Corporation Berhad ("PMC") di mana Syarikat telah bercadang menjelaskan jumlah terhutang antara-syarikat kepada Kumpulan MPB dan PMC masing-masing berjumlah RM556.4 juta dan RM1,066.5 juta pada 31 Disember 2003 dengan menerbitkan Irredeemable Convertible Unsecured Loan Stocks ("ICULS") atau stok pinjaman tidak bercagar, tidak boleh tebus tetapi boleh ditukar, oleh Syarikat kepada MPB dan PMC atau penama-penama mereka pada nilai nominal RM1.00 ICULS Class A1 dan Class A2, 8-tahun, bagi setiap RM0.83 jumlah terhutang antara-syarikat ("Settlement"). Menyusul perjanjian-perjanjian penjelasan pada 30 Disember 2004, Syarikat telah menerbitkan RM1,955.4 juta ICULS nilai nominal Class A1 dan Class A2, 8-tahun, kepada Resona Resources Berhad ("RRB"), anak syarikat MPB, dan Syahdu Pinta Sdn Bhd ("SPB"), anak syarikat PMC sebagai penjelasan jumlah terhutang antara-syarikat.

Penjelasan ini telah dipersetujui oleh Securities Commission pada 24 Mach 2004, para pemegang

Penjelasan ini telah meninggalkan kesan positif ke atas dana pemegang saham Kumpulan, aset ketara bersih dan nisbah gearing.

2. Penjualan Aset

Proses rasionalisasi Kumpulan juga melibatkan penjualan aset kurang penting atau tidak menguntungkan, untuk mengurangkan dengan ketara pinjaman keseluruhan Kumpulan dan menyalurkan wang tunai tambahan yang diraih kepada perkembangan perniagaan-perniagaan penting Kumpulan. Transaksi-transaksi utama yang diselesaikan oleh Kumpulan adalah seperti berikut:-

a. Penjualan MUI Continental Insurance Berhad

Pada 20 Disember 2004, Novimax (M) Sdn Bhd, sebuah anak syarikat penuh milik Syarikat menandatangani satu perjanjian untuk menjual 29.50% kepentingan ekuitinya dalam MUI Continental Insurance Berhad ("MCI") pada jumlah kasar RM55.3 juta. Menyusul itu,

kepentingan ekuiti Kumpulan dalam MCI menurun kepada 52.21%. Penjualan yang selesai pada 31 Disember 2004 itu telah menghasilkan keuntungan sebanyak lebih kurang RM20.3 juta bagi Kumpulan.

b. Penjualan Hotel-hotel

Corus Hotels plc ("Corus"), sebuah anak syarikat 99.9% milik Kumpulan menjalankan terus rancangan pemberhentian pelaburan di United Kingdom ("UK") dengan menjual lapan hotel, tanah lebih dan lain-lain aset pada jumlah £31.7 juta (lebih kurang RM220.7 juta). Pemberhentian pelaburan ini juga sejajar dengan strategi jangka panjang jenama Corus.

ditukar secara automatik menjadi 562,221,711 saham biasa baru RM1.00 tiap satu dalam PM Capital. Justeru itu, jumlah modal terbitan dan berbayar PM Capital meningkat kepada RM815,308,845 terdiri daripada 815,308,845 saham biasa RM1.00 tiap satu. Akibat penukaran automatik ICPS PM Capital ini, saham ekuiti Pan Malaysia Holding Berhad ("PM Holdings") dalam PM Capital menurun kepada 34.84% dan PM Capital tidak lagi menjadi anak syarikat PM Holdings dan menjadi sebuah syarikat sekutu.

4. Regularisasi Kedudukan Kewangan PM Holdings

Ekuiti para pemegang saham disatukan PM Holdings



• Brownsover Hall Hotel, UK.



• Hall Garth Golf and Country Club Hotel, Darlington, UK.

c. Penjualan Saham-saham Chemical Company of Malaysia Berhad ("CCM")

Pada 7 Januari 2005, Lembaran Megah Sdn Bhd, sebuah anak syarikat penuh milik PMC menjual kesemua sahamnya sebanyak 82,303,000 saham biasa RM1.00 tiap satu yang merupakan 21.8% modal terbitan dan berbayar CCM pada 31 Disember 2004 bagi jumlah kasar RM193.4 juta. Dengan penjualan ini, CCM tidak lagi menjadi syarikat sekutu Kumpulan.

d. Penjualan Hartanah Komersil

Penjualan MUI Plaza dan tanah berhampiran dengannya oleh anak-anak syarikat MPB pada jumlah kasar RM190.0 juta selesai pada 23 Jun 2004.

3. Penukaran Irredeemable Convertible Preference Shares ("ICPS") Pan Malaysia Capital Berhad ("PM Capital")

Pada 29 Disember 2004, 562,221,711 ICPS PM Capital

bertukar daripada kurang sebanyak RM278.1 juta pada 31 Disember 2003 kepada lebih sebanyak RM107.4 juta pada 31 Disember 2004. Pada 29 Mac 2005, Bursa Securities mengumumkan bahawa PM Holdings telah menjalani regularisasi kedudukan kewangannya dan ia tidak lagi menyentuh mana-mana kriteria perenggan 2.0 Practice Note (PN 4) yang dikeluarkan oleh Bursa Securities. Justeru itu, sekatan perniagaan di atas saham biasa PM Holdings diangkat dan PM Holdings tidak lagi dikenali sebagai sebuah syarikat PN4 berkuatkuasa 30 Mac 2005.

5. Penempatan Persendirian Saham-saham oleh PMC

Pada 21 Oktober 2003, PMC mencadangkan satu penempatan persendirian sehingga jumlah 73,950,000 saham biasa baru pada RM0.50 tiap satu dalam PMC yang merupakan 10% daripada modal saham terbitan dan berbayar PMC ("Private Placement"). Kesemua penempatan diterbitkan pada harga penempatan RM0.50 tiap satu dan penempatan persendirian selesai pada 11 Jun 2004.

Pada 1 Julai 2004, PMC mencadangkan satu lagi penempatan persendirian sehingga 81,345,000 saham biasa baru RM0.50 tiap satu dalam PMC yang merupakan 10% modal saham terbitan dan berbayar PMC ketika itu ("New Private Placement"). Kini, PMC telah menerbitkan saham-saham penempatan sebanyak 26,560,000 saham biasa baru RM0.50 tiap satu pada harga penempatan RM0.50 tiap satu saham biasa mengikut New Private Placement.

TINJAUAN OPERASI

Kumpulan MUI mempunyai operasi dan pelaburan perniagaan meliputi beberapa industri penting, iaitu peruncitan, hotel, makanan dan konfeksi,

Laura Ashley mengendalikan 385 kedai secara langsung dan melalui francais di United Kingdom, Eropah, Timur Tengah, Australia, Jepun dan lain-lain negara Asia. Operasi peruncitan Kumpulan di bawah Laura Ashley merakamkan perolehan £238.9 juta (RM1,663.0 juta) dan keuntungan sebelum cukai dan perkara-perkara luarbiasa sebanyak £4.8 juta (RM33.4 juta) bagi 52 minggu berakhir 29 Januari 2005 berbanding dengan perolehan sebanyak £283.5 juta (RM1,765.3 juta) dan keuntungan sebelum cukai dan perkara-perkara luarbiasa £3.1 juta (RM19.3 juta) bagi jangka waktu sama sebelumnya. Kenaikan keuntungan pada tahun 2004 adalah hasil tindakan pengurusan menitikberatkan peningkatan margin kasar dan mengurangkan kos dalam semua sektor perniagaan. Penurunan perolehan



• Vila Sri Ukay - exclusive high-end residential project developed amidst lush surroundings in the city of Kuala Lumpur.



• Bandar Springhill, a modern township.

perkhidmatan kewangan, hartanah, pelancongan dan pengembaraan. Operasi-operasi perniagaan ini meliputi banyak negara seperti Malaysia, Singapura, Hong Kong, China, Australia, United Kingdom, Eropah dan Amerika Utara.

Peruncitan

Kumpulan memiliki 34.31% kepentingan dalam Laura Ashley Holdings plc ("Laura Ashley"), sebuah peruncit antarabangsa bertempat di UK dan mempunyai kepentingan tidak langsung dalam Metrojaya Berhad, pengendali dan pemilik department store unggul dan kedai-kedai khusus di Malaysia.

Laura Ashley, yang tersenarai di Bursa Saham London banyak terlibat dengan merekabentuk, membuat, mencari sumber, mengedar dan menjual pakaian, perhiasan dan kemasan rumah yang terkenal dengan rekaan gaya hidup tradisional desa Inggeris.

adalah akibat penutupan dan proses memberi francais bagi kebanyakan kedai di Eropah serta pengecilan bahagian fesyen.

Perniagaan melalui pos bahagian fesyen dihentikan dalam tahun tersebut tetapi bahagian kemasan rumah terus menunjuk peningkatan. Namun, fesyen masih ditawarkan di Internet. Bagi tahun kewangan ini Laura Ashley meningkatkan jualan online sebanyak 20% dan jumlah pelanggan internetnya ditingkatkan sehingga lebih daripada 240,000 ahli berdaftar.

Laura Ashley (North America) Inc., sebuah anak syarikat Regent Corporation, iaitu syarikat sekutu Kumpulan, menunjukkan prestasi yang baik. Ia terus mengembangkan perniagaan pelesenannya di North America dan memanfaatkan kekuatan jenama terkenal Laura Ashley.

Metrojaya Berhad ("Metrojaya") terus menetapkan kedudukan unggulnya di pasaran peruncitan Malaysia, mengendalikan empat department store, sebuah

hypermarket dan lebih daripada 60 kedai khusus di bawah pelbagai jenama terkenal seperti East India Company, Somerset Bay, Living Quarters, Reject Shop dan La Senza Girl.

Oleh kerana jualan separuh tahun pertamanya kukuh, jualan disatukan Metrojaya bagi sembilan bulan berakhir 31 Disember 2004 adalah RM236.7 juta, suatu peningkatan sebanyak RM12.4 juta atau 5.5% berbanding dengan tahun lalu. Dengan peningkatan perolehan dan margin lebih baik, Metrojaya merakamkan keuntungan operasi yang lebih tinggi sebanyak RM15.3 juta bagi sembilan bulan berakhir 31 Disember 2004 berbanding dengan RM9.0 juta bagi jangka waktu yang sama tahun lalu.

Sydney dan Hobart merakamkan keuntungan bersih sebelum cukai yang kukuh berbanding dengan hasil kewangan pada tahun sebelumnya.

Makanan dan Konfeksi

Kepentingan Kumpulan dalam perniagaan makanan dan konfeksi adalah melalui anak syarikat yang tersenarai, PMC yang memegang 79.1% kepentingan ekuiti dalam Network Foods International Ltd ("NFL"), sebuah syarikat yang tersenarai di Bursa Saham Singapura. PMC juga mempunyai 92.9% kepentingan ekuiti dalam Network Foods Limited ("NFL"), sebuah syarikat Australia yang tersenarai di Bursa Saham Australia.



Bandar Springhill, one of Negeri Sembilan's largest township projects, incorporates modern-lifestyle concepts in its development.

Hotel

Kumpulan kini memiliki dan mengendalikan 56 hotel di United Kingdom dan dua hotel masing-masing di Australia dan Malaysia. Corus juga mengurus enam hotel di UK.

Setelah menghadapi tiga tahun yang mencabar, hotel-hotel Kumpulan di UK telah menikmati sedikit peningkatan bagi kadar penghunian dan purata bilik. Namun, jumlah perolehan bagi hotel-hotel di UK adalah lebih rendah berbanding dengan tahun lalu akibat pemberhentian pelaburan dalam hartanah yang tidak sesuai dengan jenama Corus.

Mencerminkan suasana perniagaan yang menggalakkan, hotel-hotel Kumpulan di Australia dan Malaysia menunjukkan prestasi yang baik dan telah mencapai kadar hunian, perolehan dan keuntungan operasi kasar lebih tinggi. Hotel-hotel di Kuala Lumpur,

NFIL merupakan syarikat pemegang Kumpulan Network Foods di Malaysia, Singapura dan Hong Kong, dan ia terlibat dalam pembikinan, pengedaran dan pemasaran makanan dan konfeksi. NFL merupakan pengedar nasional dan pemborong terkenal konfeksi dan lain-lain produk makanan di Australia.

Bagi tahun kewangan dalam tinjauan, NFIL mencapai keuntungan sebelum cukai dan perkara-perkara luarbiasa sebanyak S\$2.7 juta (RM6.1 juta) dengan perolehan S\$43.1 juta (RM96.9 juta) berbanding dengan keuntungan sebelum cukai tahun kewangan sebelumnya sebanyak S\$0.02 juta (RM\$0.05 juta) dengan perolehan sebanyak S\$45.0 juta (RM98.1 juta).

Operasi Kumpulan Network Foods di Malaysia terdiri daripada Network Foods Industries Sdn Bhd ("NFI") dan Network Foods (Malaysia) Sdn Bhd ("NFM"). NFI

memiliki kilang pembikinan coklat dan konfeksi seluas 10,800 meter persegi di Shah Alam, Selangor, yang menghasilkan jenama-jenama terkenal seperti Crispy, CrispyO, Tango, Kiddies, Tudor Gold dan pelbagai produk Van Houten yang dihasilkan di bawah pelesenan. Selaras dengan strategi perluasan pasaran bukan domestik, jualan eksport NFI telah meningkat sebanyak 12% dalam tahun kewangan ini. Produk-produk NFI dijual di 39 negara. NFI telah membeli 11.3 ekar tanah perindustrian di Kapar, Selangor untuk meluaskan operasinya yang akan melibatkan penempatan semula kilang pembuatan kini dan pembangunan kilang-kilang proses makanan yang baru.

Network Foods (Hong Kong) Ltd mencapai perolehan yang lebih baik sebanyak HK\$21.7 juta (RM10.6 juta) dan keuntungan sebelum cukai sebanyak HK\$1.3 juta (RM0.6 juta) masing-masing merupakan peningkatan 10% and 15%.

Di Australia, NFL telah mengujudkan satu rangkaian pasukan penjual dan gudang-gudang yang terletak dengan strategiknya di beberapa negeri utama untuk membantu usaha menembus pasaran. Ia mengedarkan produk-produk terkenal antarabangsa seperti Cadbury, Nestle dan Wrigley's, juga produk-produk coklat Kumpulan bernama Crispy. NFL merakamkan jumlah hasil sebanyak A\$81.2 juta (RM227.7 juta), satu penurunan sebanyak 13% berbanding dengan tahun



• Beautiful landscape of Canale DiVenezia, Phase VII of Morning Star Villa, Zhongshan, China.



• Morning Star Travel Hong Kong.

NFM menjalankan pemasaran dan pengedaran produk-produk Kumpulan Network Foods di Malaysia dan juga kain-lain produk agensi-agensinya. Pada tahun dalam tinjauan, NFM merasionalisasikan portfolio produknya dengan menghentikan pengeluaran jenama-jenama tidak menguntungkan serta menambah produk-produk lain yang baru. Strategi ini telah membantu syarikat kembali ke status beruntung pada tahun kewangan dalam tinjauan.

Network Foods Distribution Pte Ltd, sebuah anak syarikat NFL di Singapura telah mendapatkan beberapa produk agensi baru seperti pelbagai sos makanan keluaran Brahim's, biskut Munchy dan pizza Milano pada tahun dalam tinjauan. Langkah-langkah kawalan kos yang diambil oleh pengurusan telah menurunkan perbelanjaan operasi syarikat dengan berkesan sebanyak 12% berbanding dengan tahun kewangan sebelumnya. Hasilnya, prestasi syarikat meningkat berbanding dengan tahun kewangan sebelumnya.

kewangan sebelumnya Bagi tahun dalam tinjauan, NFL melaporkan kerugian yang lebih tinggi berbanding tahun kewangan sebelumnya disebabkan oleh keadaan trending yang mencabar dan kerugian stok.

Perkhidmatan Kewangan

Bahagian perkhidmatan kewangan Kumpulan di Malaysia kebanyakannya terdiri daripada perniagaan pemberokeran saham dan insurans am. Operasi pemberokeran saham Kumpulan dijalankan di Malaysia oleh PM Securities Sdn Bhd ("PM Securities"), sebuah anak syarikat PM Capital, sedangkan operasi insurans am Kumpulan diuruskan oleh MUI Continental Insurance Berhad ("MCI").

PM Securities merupakan Universal Broker yang beroperasi di pejabat induk di Kuala Lumpur, 6 pejabat cawangan di Penang, Melaka, Johor Bahru, Seremban, Klang dan Puchong (Selangor) dan 3 kemudahan

kemasukan elektronik di Jelevu (Negeri Sembilan), Batu Pahat dan Segamat (Johor). Berasaskan suasana pasaran yang menggalakkan, perniagaan pemberokeran saham PM Securities mencapai prestasi lebih baik pada tahun kewangan tersebut. Ditambah pula, perniagaan pendapatan tetap, kewangan korporat dan khidmat nasihat, dan khidmat pengurusan aset juga melaporkan hasil operasi lebih tinggi pada tahun 2004 berbanding dengan tahun kewangan sebelumnya. Apabila diambilkira keuntungan modal daripada penerimaan saham di Bursa Malaysia Berhad, PM Securities memperolehi keuntungan sebelum cukai sebanyak RM27.1 juta berbanding dengan RM3.3 juta pada tahun kewangan sebelumnya.

Bandar Springhill merupakan salah satu pembangunan bandar baru terbesar di Negeri Sembilan dan ia menyatukan konsep gaya hidup moden terancang. Selari dengan tema “Where Living Means Everything”, pembangunan ini mengujudkan kawasan-kawasan khusus untuk tasik, taman dan landskap, serta jalan-jalan lebar untuk kelancaran trafik.

Sejak dimulakan pada tahun 1997, Bandar Springhill telah melancarkan 1,905 unit hartanah campuran yang terdiri daripada pelbagai jenis rumah kontemporari dan ia telah pun menjual 1,675 unit, melambangkan kadar pembelian sebanyak 88%.



• Regent Park Golf Resort, USA.

MCI mengendalikan 14 pejabat cawangan di serata Malaysia dan menawarkan pelbagai produk insurans seperti insurans kebakaran, marin, kesihatan, kejuruteraan, motor, liabiliti dan lain-lain risiko. Bagi tahun kewangan berakhir 31 Disember 2004, MCI merakamkan premium tertulis kasar sebanyak RM111.0 juta, di mana semua kelas insurans mencatatkan peningkatan. Syarikat melaporkan keuntungan sebelum cukai sebanyak RM9.5 juta pada tahun 2004, iaitu sedikit lebih tinggi daripada RM9.4 pada tahun 2003.

Hartanah

Kumpulan terlibat dengan pembangunan dan pelaburan hartanah di Malaysia melalui syarikat tersenarainya, MUI Properties Berhad.

Lambang kekuatan pembangunan hartanah Kumpulan ialah Bandar Springhill, satu bandar bersepadu seluas 1,990 ekar yang sekaligus membangun kawasan baru di samping lebuhraya Seremban-Port Dickson.

Di Amerika Syarikat, Kumpulan memiliki sebuah padang golf dan pembangunan perumahan yang berhampiran di Regent Park, North Carolina, melalui syarikat sekutu 49% miliknya, iaitu Regent Corporation.

Pelancongan dan Pengembaraan

Operasi pelancongan dan pengembaraan Kumpulan diuruskan oleh Pan Malaysia Travel and Tours Sdn Bhd (PMTT), sebuah agensi pelancongan yang berlesen penuh, yang mengendalikan khidmat tiket, pakej domestik dan luar negara.

Pada tahun dalam tinjauan PMTT telah berjaya menjadi operasi yang menguntungkan daripada kedudukan merugikannya. Ini dicapai melalui perkembangan perolehan dan margin lebih baik.

Syarikat ini telah melancarkan strategi untuk mengembangkan operasi domestik di kalangan pasaran-pasaran muncul seperti Indonesia, India dan

Russia, sebagai tambahan kepada langganannya biasa dari Hong Kong dan Taiwan. Ia juga telah meningkatkan jumlah pakej luar negara dan merancang untuk mula menjual pakej popular ke Bali kepada lain-lain agensi pelancongan.

PERHUBUNGAN MASYARAKAT

Kumpulan MUI yang peka kepada tanggungjawab sosialnya bergiat cergas dalam projek-projek kemasyarakatan dan ia menawarkan sumbangan kewangan kepada pelbagai amal. Umpamanya, MUI Continental Insurance, Metrojaya, Corus dan Laura Ashley menyokong dengan kuat usaha industri dan Kerajaan untuk mengumpul dana bagi mangsa tsunami.

perniagaan-perniagaan penting pada tahun kewangan ini. Ia akan meneruskan strategi rasionalisasi dan korporat bertujuan menghentikan pelaburan dalam aset kurang penting dan tidak menguntungkan, dan mengecilkan kos pinjaman.

Dengan pelaksanaan strategi ini, Kumpulan yakin ia akan muncul lebih kukuh dan mantap untuk meningkatkan potensi perolehannya dalam jangka masa terdekat.

PENGHARGAAN

Bagi pihak Lembaga, saya ingin merakamkan penghargaan ikhlas saya kepada Pengurusan dan



• Main branch of MUI Continental Insurance at MUI Plaza.



• At MUI Continental Insurance, customer service counts.



• Pan Malaysia Travel office in MUI Plaza.

Melalui unit-unit operasinya, Kumpulan melibatkan diri dalam projek kemasyarakatan yang lain-lain seperti sumbangan wang dan tanah bagi pembinaan sebuah sekolah baru, menjadi tuan rumah kepada acara-acara meraikan kanak-kanak kurang bernasib baik pada musim perayaan, "mengambil sebagai anak angkat" sebuah rumah amal dan menyokong usaha-usaha kesenian tempatan.

PROSPEK BAGI 2005

Keluaran dan dagangan dunia masing-masing dijangka berkembang pada 4.0% dan 5.8% pada tahun 2005, mencerminkan kadar pertumbuhan ekonomi yang lebih malap di Amerika Syarikat dan China. Ekonomi Malaysia dianggar berkembang antara 5.0% hingga 6.0%. Perkembangan ekonomi Malaysia akan disokong oleh perluasan sektor swasta.

Tanpa sebarang halangan di luar jangkaan, Kumpulan berharap melihat prestasi operasi lebih baik daripada

kakitangan Kumpulan di atas sumbangan, dedikasi dan komitmen mereka. Saya juga berterimakasih kepada rakan-rakan ahli Lembaga di atas sokongan padat mereka, juga kepada para pemegang saham di atas sokongan berterusan yang mereka berikan kepada Lembaga dan Pengurusan Kumpulan.

Kepada TUHAN Kita Bertawakal

Tan Sri Dato' Dr Khoo Kay Peng
Pengerusi

3 Mei, 2005

主席獻詞

我謹代表董事部同仁向各位提呈本公司及集團截至2004年12月31日財政年度的年報及財務表。

經濟評論

全球經濟在2004年的成長率預料達到自1984年以來的新高，即4.8%。世界經濟表現堅穩乃是因為美國的經濟成長強勁、亞洲地區－特別是中國的經濟迅速擴展，以及日本和歐洲經濟體復蘇之故。馬來西亞的實際國民總產值在2004年增長了7.1%。國內私

配合下述的合理化計劃和依循馬來西亞會計標準局(MASB)對資產減損的第23項標準，集團再次檢討了投資及其他資產的帳面價值。鑑此，集團為慎重起見，而進一步提供資產減損及撥備款項共6億4540萬令吉。其中3億7860萬令吉是對集團淨有形資產沒有影響的商譽減損撥備。減損撥備和利息開銷導致集團在截至2004年12月31日財政年內蒙受稅前虧損共3億8710萬令吉，而上個財政年的稅前虧損共達1億6040萬令吉。然而子公司的股權沖淡、所收到的大馬交易所股份，以及脫售投資產業和外匯方面所



• PM Securities branch in Seremban, Negeri Sembilan.



• Securities trading at PM Securities, MUT Plaza.

人界消費和投資增加，以及有利的外界環境，帶動了強勁的經濟成長。在供應方面，除了建築業以外，各領域在2004年皆有成長。

由於來往帳項增加以及直接外資和證券投資的大幅提高，馬來西亞2004年的總收支平衡盈餘創下新高。截至2004年12月31日，我國的國際儲備金共達667億美元，比2003年底的數額增加了219億美元。此國際儲備金相等於8個月的持續人口和短期外債的5.9倍。

財務業績

截至2004年12月31日財政年，集團共獲取綜合收益14億6270萬令吉，而2003年的收益是13億9390萬令吉。2004年綜合收益增加，主要是保險業和證券經紀業務收益提高，以及外幣升值所致。集團的特殊項目前營業盈利則從2003年的1億5300萬令吉減至2004年的1億零550萬令吉。

獲得的盈餘緩和了集團以上的虧損。

截至2004年12月31日，集團總資產和股東資金分別達到58億8910萬令吉和6億8580萬令吉。

企業發展

在檢討的財政年期間及隨後，集團進行了以下企業計劃：

1. 攤還公司間欠款

在2004年1月16日，配合集團的合理化計劃，本公司與馬聯產業有限公司("MPB")及泛馬企業有限公司("PMC")個別簽署攤還合約，以攤還截至2003年12月31日分別欠于MPB集團和PMC集團的公司間款項5億5640萬令吉和10億6650萬令吉。攤還方式是由本公司按照每0.83令吉欠款，發行面值1令吉的A1級與A2級8年不可贖回可轉換無擔保

債券(「上述債券」)給MPB與PMC或其代理人。根據上述攤還合約，本公司在2004年12月30日發行了面值19億5540萬令吉的A1級與A2級8年債券給MPB子公司 Resona Resources 有限公司(「RRB」)，以及PMC子公司 Syahdu Pinta 有限公司(「SPB」)，以償還上述公司間欠款。

上述攤還計劃于2004年3月24日獲證券委員會批准，并分別于2004年9月30日及2004年10月28日獲得本公司以及MPB與PMC的股東通過。

2005年1月31日，MPB與PMC宣布RRB與SPB分別以股東自願清盤方式清盤。此清盤是攤還計劃的部份過程，以便在不收費下分配上述債券予RRB與

股權。在脫售了股權后，集團在MCI所持股權減至52.21%。上述脫售交易于2004年12月31日完成，并為集團帶來約2030萬令吉的溢余。

b. 脫售酒店

在英國，集團持有99.9%股權的子公司 Corus Hotels plc (「Corus」)繼續其脫售計劃，脫售了八間酒店、剩餘的土地及其他資產，帶來了共3170萬英鎊的收益(約2億2070萬令吉)。此脫售計劃也配合Corus建立品牌的長遠策略。

c. 脫售Chemical Company of Malaysia Berhad (「CCM」)股份



• Viewing gallery in PM Securities, Seremban.



• Online trading services available at PM Securities.

SPB股東。RRB與SPB的股東主要是MPB與PMC的股東。上述債券于2005年2月28日分配，并于2005年3月8日在馬來西亞證券交易所掛牌報價。

以上攤還計劃對集團的股東基金、淨有形資產和舉債率帶來了正面影響。

2. 脫售資產

集團的合理化計劃也包括出售非核心及收益低資產，以大幅度減少集團的借貸，并且把籌集的額外現金用以擴充集團核心業務。集團已完成的主要交易如下：—

a. 脫售馬聯大洲保險有限公司

2004年12月20日本公司獨資子公司Novimax(M)私人有限公司簽訂合約，以總售價5530萬令吉出售了在馬聯大洲保險有限公司(「MCI」)所持有的29.50%

2005年1月7日，PMC獨資子公司 Lembaran Megah 私人有限公司以總售價1億9340萬令吉，出售其所持有的全部82,303,000股每股面值1.00令吉的CCM股份。此股份占CCM2004年12月31日發出及繳足股本的21.8%。集團出售CCM股份后，該公司不再是集團的聯號公司。

d. 脫售商業產業

MPB子公司在2004年6月23日完成了以總售價1億9000萬令吉脫售馬聯大廈及毗鄰地皮的交易。

3. 泛馬資本有限公司(「泛馬資本」)不可贖回可轉換優先股的轉換

2004年12月29日泛馬資本的562,221,711不可贖回可轉換優先股自動轉換成該公司每股面值1令吉的562,221,711股新普通股，而使泛馬資本的發行及繳足股本增至815,308,845令吉，即815,308,845股每股面值1令吉的普通股。在泛馬資本優先股自動轉

換為普通股份后，泛馬控股有限公司（「泛馬控股」）在泛馬資本所持股權沖淡至34.84%，因此泛馬資本不再是泛馬控股的子公司，而變成聯號公司。

4. 泛馬控股財政狀況正常化

泛馬控股的綜合股東資金從2003年12月31日的不敷額2億7810萬令吉變成截至2004年12月31日的盈餘額共1億零740萬令吉。2005年3月29日，馬來西亞證券交易所宣布泛馬控股的財政狀況已正常化，而不再處於證交所發出的應用指引4(PN4)第二段所含任何條件。因此，針對泛馬控股普通股份所實施的交易限制加以解除，而泛馬控股于2005年3月30日起，不再被列為PN4公司。



• Network Foods (Malaysia) Sdn. Bhd., Shah Alam.



• CrispyO biscuits by Network Foods Industries Sdn. Bhd.



• A manufacturing line.

5. PMC私下配售股份

2003年10月21日，PMC提議私下配售高達73,950,000股每股面值0.50令吉的PMC普通股份。此股份占PMC當時發出及繳足股本的10%（「私下配售股份」）。所有配售股份以每股0.50令吉的配售價格發售。配售計劃于2004年6月11日完成。2004年7月1日，PMC建議進行另一次私下配售股份計劃，配售高達81,345,000股每股面值0.50令吉的PMC普通股份。上述配售股份占PMC當時發出及繳足股本的10%（「新配售股份」）。目前，PMC在新配售股份計劃下已發配售每股面值0.50令吉的新普通股份共達26,560,000股，配售價為每股0.50令吉。

業務檢討

馬聯工業集團業務及投資範圍廣泛，涵蓋幾個核心業務，即零售業、酒店業、食品及糖果業、金融服

務、房地及旅遊業等。營業地區遍及馬來西亞、新加坡、香港、中國、澳洲、英國、歐洲大陸及北美洲。

零售業

集團持有英國國際零售商 Laura Ashley Holdings plc（「Laura Ashley」）的34.31%股權，同時持有馬來西亞首要百貨商店及專賣店經營商美羅百貨有限公司間接股權。

在英國倫敦股市掛牌的 Laura Ashley 主要經營以英國田園生活設計而馳名的成衣、配件及家居裝飾品的設計、製造、供應、分銷及銷售業務。

Laura Ashley 直接或通過加盟方式在英國、歐洲大陸、西亞、澳洲、日本及亞洲其他地區經營385間商店。在截至2005年1月29日的52周內，Laura Ashley集團的零售業務共達2億3890萬英鎊（16億6300萬令吉）的營業額及稅金和特殊項目前盈利480萬英鎊（3340萬令吉），而上個同期的營業額共達2億8350萬英鎊（17億6530萬令吉）及稅金和特殊項目前盈利310萬英鎊（1930萬令吉）。Laura Ashley在截至2005年1月29日財政年內的盈利增加，是由于管理層在業務各方面採取開源節流措施和提升利潤所致。至于營業額減少，是由于服裝部縮減業務規模，關閉歐洲大陸大部份分店和改為加盟店所致。

在檢討年內郵購業務結束了其時裝部，而其家居部的業務繼續好轉。然而 Laura Ashley 繼續通過互聯網銷售服裝。在財政年度里，Laura Ashley的網上銷售額揚升20%，而且互聯網的顧客群已達到逾240,000個註冊會員。

集團聯號 Regent 公司在北美洲的 Laura Ashley (North America) Inc 業績可觀。該公司借助 Laura Ashley 的名牌優勢，繼續擴展在北美洲的特許權業務。

在馬來西亞的零售業方面，美羅有限公司("美羅")繼續保持前導地位。該公司目前經營四間百貨商店、一間超級市場以及逾60間以各種名牌如 East India Company, Somerset Bay, Living Quarters, Reject Shop 及 La Senza Girl 等為商號的專賣店。

由于上半年的業績強勁，在截至2004年12月31日的9個月內，美羅的綜合營業額共達2億3670萬令吉，

食品及糖果業

集團的食品及糖果業務由屬下的公共掛牌公司PMC負責經營。PMC持有新加坡證券交易所掛牌的 Network Foods International Limited ("NFIL") 的79.1%股權。此外，PMC也持有澳洲證券交易所掛牌的澳洲公司 Network Foods Limited ("NFL") 的92.9%股權。

NFIL是馬來西亞、新加坡及香港的 Network Foods集團的控股公司。NFIL從事食品和糖果的製造、分銷及銷售業務。NFL是澳洲全國性馳名的糖果及其他食品分銷及批發商。



• Some of the products distributed by the Network Foods Group.



• Network Foods (Malaysia) Sdn Bhd owns a fleet of fully air-conditioned trucks.

比去年增加了1240萬令吉或5.5%。營業額及利潤的增加，使美羅在截至2004年12月31日的9個月的盈利從去年同期的900萬令吉增至1530萬令吉。

酒店業

集團目前在英國擁有及經營56間酒店及在澳洲和馬來西亞各兩間酒店。Corus也在英國管理另外六間酒店。

集團在英國的酒店經過三年極具挑戰的時期後，在住客率及平均房價方面都略有改善。然而由于集團脫售不配合 Corus 品牌的資產，以致英國酒店的總營業額比上個財政年度遜退。

在馬來西亞和澳洲方面，行情好轉使集團旗下酒店的業績改善，住客率、營業額及毛營業盈利皆有提高。在吉隆坡、悉尼及荷巴特的酒店皆獲得比前年強的稅前淨利。

在檢討年內，NFIL獲取營業額共4310萬新元(9690萬令吉)，而上一年的營業額達4500萬新元(9810萬令吉)，稅前盈利達270萬新元(610萬令吉)，而上一年的稅前盈利為2萬新元(5萬令吉)。

Network Foods 集團在馬來西亞的業務包括 Network Foods Industries 私人有限公司 ("NFI") 與 Network Foods (Malaysia) 私人有限公司 ("NFM")。NFI 在雪蘭莪州沙阿南擁有面積10,800方米的巧克力及糖果廠，生產各名牌巧克力如 Crispy, CrispyO, Tango, Kiddies, Tudor Gold 以及以特許方式製造 Van Houten 系列巧克力。NFI 配合擴展非國內市場占有率的策略，使到出口銷售額比前個財政年增加12%，產品遠銷全球39個國家。NFI 已在雪蘭莪州巴生加埔收購一段11.3畝工業地皮，以擴充業務，包括把現有製造設備搬遷、建設新的食品加工廠及擴展其貨倉。

NFM 負責在馬來西亞分銷及銷售 Network Foods 集團的產品及其他代理的產品。在檢討年內，NFM 把

經銷產品組合合理化，停止經銷若干沒有營利的品牌和增加新的產品系列，進而協助使公司反虧為盈。

在檢討年內，NFIL的新加坡子公司Network Foods Distribution Pte Ltd獲取了多個新的代理權，包括Brahim系列醬料、Munchy系列餅干及Milano比薩等。在管理層采取的擯節措施下，公司的營運開銷減少12%，進而提升了公司的業績。

在檢討年內，Network Foods (Hong Kong) Ltd的營業額和稅前盈利分別增加10%和19%，達到2170萬港元(1060萬令吉)和130萬港元(60萬令吉)。

新山、芙蓉、巴生及蒲種(雪蘭莪)，並且另外在森美蘭州的日叻務、柔佛的峇株巴轄和昔加末等地設有電子交易設施。由於股市行情走高，PM證券的證券經紀業務在檢討年內的業績提升。此外，在2004年，債券交易部、企業金融及顧問服務、資產管理服務等部門的盈利也比前年提高。綜合PM證券在大馬交易所有限公司股份的資本盈利，PM證券在檢討年內的稅前盈利從上一個財政年的330萬令吉躍增至2710萬令吉。

MCI在馬來西亞各地設有14間分行，提供齊全的保險產品，如火險、水險、工程險、保健險、車險、責任險及其他風險等。截至2004年12月31日的財務年度，由於各類保險都有增長，以致MCI所獲取保



• Minister of Housing & Local Government, Dato' Ong Kah Ting, Mr. Wong Aun Phui and Ms Helen Ho of West Synergy Sdn Bhd at the groundbreaking event for a Chinese school in Bandar Springhill.

在澳洲，NFL在幾個主要省份的策略地點開設銷售組織和倉庫網絡，加強市場的深度。該公司經銷各種國際名牌產品如Cadbury、Nestle及Wrigley's以及集團本身生產的Crispy系列巧克力產品。在檢討年內，NFL的銷售額達8120萬澳元(2億2770萬令吉)，比前一個財政年減少13%，並由於市道艱巨和存貨損失而蒙受淨虧損。

金融服務

集團在馬來西亞的金融服務業主要包括證券及普通保險業。在馬來西亞的證券經紀業由泛馬資本屬下子公司PM證券有限公司("PM證券")負責經營；而集團保險業則由馬聯大洲保險有限公司("MCI")負責經營。

PM證券是一家全方位經紀公司。除了設在吉隆坡的總行以外，該公司設有六家分行遍及檳城、馬六甲、



• Mr John Middleton, GM of Corus hotel Kuala Lumpur with children from 2 orphanages.

費共達1億1100萬令吉，2004年的稅前盈利則達到950萬令吉，比2003年的940萬令吉稍高。

房地產業

集團通過旗下的上市公司馬聯產業有限公司，在馬來西亞從事房地產發展和投資。

集團的旗艦房地產發展計劃為春泉鎮，此占地1,990畝的新鎮成為了芙蓉-波德申大道旁的新成長區。

春泉鎮是森美蘭州其中一項最大規模的城鎮發展計劃。此項目以"美滿生活"的發展主題，結合了現代生活方式的概念，提供充裕的空間建造湖泊、公園、園林等，並建築寬敞的道路，有效疏散交通。

春泉鎮自1997推展以來，先後推出1,905單位的綜合房地產，包括各款式的時尚家居。目前售出的單位共達1,675單位，銷售率達到88%。

在美國方面，集團通過持有49%股權的聯號公司Regent公司而在北卡羅來納州的Regent公園擁有一座高爾夫球場及發展地皮。

旅遊業

集團的旅遊業由泛馬旅遊有限公司(PMTT)負責。PMTT為一家持有全面準證經營機票業務及國內外旅行團的旅遊社。

在檢討年內，PMTT的收益及利潤提高，使業績反虧為盈。

該公司已落實策略開展來自新興旅遊市場如印尼、

2005展望

基于美國和中國的經濟成長率放緩，全球產量及世界貿易量預計在2005年分別增長4.0%及5.8%。馬來西亞經濟預料增長5%至6%。馬來西亞的經濟成長將有賴于私人界的增長。

若無發生不可預視的情況，集團預計在本財政年度里，核心業務的營業業績將有所提升。同時，集團將持續落實合理化計劃和企業策略，進一步脫售非核心及收益低的資產以降低借貸成本。

在貫徹了此策略后，集團深信能加強實力，在可預視的將來提升盈利的潛能。



• Mr. Robert Hong, CEO of Metrojaya Berhad with local artists at the Tsunami fund raising event.



• Bringing cheer to orphanages and old folks homes.

印度及俄羅斯等的人境旅遊業務，以補充來自香港和台灣的旅客的傳統入境旅遊業務。此外，該公司也增加國外旅行配套，並計劃進軍旅行團批發業務，把極受歡迎的峇里旅行團批發給其他旅行社。

公益事業

馬聯集團秉承所肩負的社會責任，極積參與各項公益計劃，同時捐助各項慈善活動。集團成員，如MCI、美羅百貨公司、Corus酒店及Laura Ashley都極積配合政府和企業的努力，籌集義款賑濟亞洲海嘯災黎。

集團也通過各營業單位參與其他社會公益計劃，如捐助款項及土地興建學校、在佳節期間為不幸兒童舉辦活動、「領養」慈善組織以及扶助本地表演藝術等。

致謝

我在此代表董事部同人對集團全體管理層及員工的忠於職守及貢獻，表示由衷的謝意。我也對董事部同仁對我的鼎力支持及全體股東對董事部和管理層的極力支持，致予謝忱。

我們信賴主

丹斯里拿督邱繼炳博士
董事主席

3 May, 2005

ANALYSIS OF SHAREHOLDINGS

As at 25 April 2005

Class of Share: Ordinary share of RM1 each

Voting Rights: 1 vote per ordinary share

Substantial Shareholders as per Register of Substantial Shareholders

| Name | Direct interest | | Deemed interest | |
|------------------------------------|------------------------|----------|------------------------|----------|
| | No. of Shares | % | No. of Shares | % |
| 1. Pan Malaysian Industries Berhad | 199,490,000 | 10.28 | 704,002,500 | 36.28 |
| 2. KKP Holdings Sdn Bhd | – | – | 903,492,500 | 46.56 |
| 3. Soo Lay Holdings Sdn Bhd | – | – | 903,492,500 | 46.56 |
| 4. Tan Sri Dato' Dr Khoo Kay Peng | – | – | 903,492,500 | 46.56 |
| 5. Serveast Trading Sdn Bhd | 260,022,400 | 13.40 | – | – |
| 6. Favourmark Corporation Sdn Bhd | 155,900,000 | 8.03 | – | – |

Directors' Shareholdings In The Company And Related Corporations as per Register of Directors' Shareholdings

| | Direct interest | | Deemed interest | |
|--|------------------------|----------|------------------------|----------|
| | No. of Shares | % | No. of Shares | % |
| Ordinary shares of RM1 each in Malayan United Industries Berhad | | | | |
| Tan Sri Dato' Dr Khoo Kay Peng | – | – | 903,492,500 | 46.56 |
| Yong Ming Sang | 1,981,800 | 0.10 | 549,640 | 0.03 |
| Ang Guan Seng | – | – | 68,353,800 | 3.52 |
| Ordinary shares of 50 sen each in MUI Properties Berhad | | | | |
| Tan Sri Dato' Dr Khoo Kay Peng | – | – | 550,862,661 | 72.25 |
| Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad | | | | |
| Tan Sri Dato' Dr Khoo Kay Peng | – | – | 428,524,500 | 52.44 |
| Tan Sri Dato' Md Khir Johari | 94,082 | 0.01 | 219,000 | 0.03 |
| Ordinary shares of RM1 each in Pan Malaysia Holdings Berhad | | | | |
| Tan Sri Dato' Dr Khoo Kay Peng | – | – | 623,814,310 | 67.16 |
| Ordinary shares of RM1 each in MUI Continental Insurance Berhad | | | | |
| Tan Sri Dato' Dr Khoo Kay Peng | – | – | 52,226,568 | 52.21 |

Distribution of Shareholders

| Holdings | No. of Holders | % | No. of Shares | % |
|--|-----------------------|----------|----------------------|----------|
| Less than 100 shares | 100 | 0.18 | 2,606 | 0.00 |
| 100 - 1,000 shares | 7,705 | 13.72 | 7,568,001 | 0.39 |
| 1,001 - 10,000 shares | 36,471 | 64.95 | 170,874,753 | 8.80 |
| 10,001 - 100,000 shares | 10,949 | 19.50 | 322,072,359 | 16.60 |
| 100,001 to less than 5% of issued shares | 925 | 1.65 | 826,571,659 | 42.60 |
| 5% and above of issued shares | 3 | 0.00 | 613,442,400 | 31.61 |
| Total | 56,153 | 100.00 | 1,940,531,778 | 100.00 |



Thirty (30) Largest Registered Shareholders

| Name | No. of Shares | % |
|---|----------------------|--------------|
| 1. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Serveast Trading Sdn Bhd | 258,054,400 | 13.30 |
| 2. Pan Malaysian Industries Berhad | 199,490,000 | 10.28 |
| 3. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Favourmark Corporation Sdn Bhd | 155,898,000 | 8.03 |
| 4. Mayban Nominees (Asing) Sdn Bhd - Maybank International (L) Ltd, Labuan for Pamford Limited | 88,392,000 | 4.56 |
| 5. Plenary Investments Pte Ltd | 67,038,800 | 3.45 |
| 6. Permodalan Nasional Berhad | 64,000,000 | 3.30 |
| 7. Rigap Prima Sdn Bhd | 46,000,000 | 2.37 |
| 8. Peak Meadow Sdn Bhd | 45,846,100 | 2.36 |
| 9. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Good Proffer Sdn Bhd | 34,083,000 | 1.76 |
| 10. PM Nominees (Asing) Sdn Bhd - Morning Star Securities Limited for Morning Star Financial Services Limited | 23,584,000 | 1.21 |
| 11. Nada Saujana Sdn Bhd | 22,830,000 | 1.18 |
| 12. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Kiwiton Sdn Bhd | 20,000,000 | 1.03 |
| 13. Mayban Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd, Labuan for Scopebright (M) Sdn Bhd | 20,000,000 | 1.03 |
| 14. RC Nominees (Tempatan) Sdn Bhd - Hope Foundation | 19,370,000 | 1.00 |
| 15. PM Nominees (Tempatan) Sdn Bhd - Morning Star Securities Limited for Hope Foundation | 11,550,000 | 0.60 |
| 16. UOBM Nominees (Asing) Sdn Bhd - Securities account for Prime View International Limited | 10,000,000 | 0.52 |
| 17. PAB Nominee (Tempatan) Sdn Bhd - Securities account for Kop Mantap Sdn Bhd | 10,000,000 | 0.52 |
| 18. Lembaga Tabung Angkatan Tentera | 9,069,900 | 0.47 |
| 19. UOBM Nominees (Tempatan) Sdn Bhd - Securities account for Hope Foundation | 8,500,000 | 0.44 |
| 20. PM Nominees (Asing) Sdn Bhd - Morning Star Securities Limited for Prime View International Limited | 8,040,000 | 0.41 |
| 21. True Benefits Sdn Bhd | 7,432,000 | 0.38 |
| 22. Gan Thian Chin | 6,774,400 | 0.35 |
| 23. Employees Provident Fund Board | 6,204,000 | 0.32 |
| 24. Milikita Sdn Bhd | 5,279,000 | 0.27 |
| 25. Ke-Zan Nominees (Asing) Sdn Bhd - Kim Eng Securities Pte. Ltd. for Glen Holdings (Pte) Ltd | 4,674,000 | 0.24 |
| 26. Menteri Kewangan Malaysia | 4,112,417 | 0.21 |
| 27. Youn-Wen & Brothers Sdn Bhd | 3,750,000 | 0.19 |
| 28. Lee Hong Choon | 3,650,000 | 0.19 |
| 29. Amanah Ikhtiar Malaysia | 3,000,000 | 0.15 |
| 30. Wang Wei | 2,900,000 | 0.15 |
| Total | 1,169,522,017 | 60.27 |

ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS HOLDINGS

As at 25 April 2005

| | | |
|---|---|---|
| Class of Securities | : | Class A1, 8-year Irredeemable Convertible Unsecured Loan Stocks ("ICULS") |
| Nominal value of ICULS issued and outstanding | : | RM443,662,030 |
| Conversion Price | : | RM1.00 nominal value of ICULS for every one (1) new fully paid-up ordinary share in the Company, subject to any adjustment as may be made pursuant to the Trust Deed executed by the Company. The minimum value for conversion required is RM100 nominal value of ICULS. |
| Conversion Period | : | The Class A1 ICULS holders may exercise their rights to convert their ICULS into new ordinary shares in the Company during the first conversion period which is the period of six (6) months from the expiry of the fifth year of the date of issue (i.e. 30 December 2009 to 30 June 2010). Any Class A1 ICULS not converted then shall be convertible into new ordinary shares in the Company during the second conversion period which is the period of the last six (6) months of the eighth year from the date of issue (i.e. 27 June 2012 to 27 December 2012). |
| Voting Rights at Meeting of ICULS Holders | : | On a show of hands, one (1) vote per ICULS holder On a poll, one (1) vote for every RM1.00 nominal value of ICULS held by the holder |

Directors' Interests In Class A1 ICULS as per Register of Directors' Shareholdings

| | Direct interest | | Deemed interest | |
|--------------------------------|--|----------|--|----------|
| | Nominal value of ICULS (RM) | % | Nominal value of ICULS (RM) | % |
| Tan Sri Dato' Dr Khoo Kay Peng | – | – | 56,891,278 | 12.82 |
| Tan Sri Dato' Md Khir Johari | 70,727 | 0.02 | 164,636 | 0.04 |

Distribution Of Class A1 ICULS Holdings

| Holdings | No. of Holders | % | Nominal value of ICULS (RM) | % |
|---|-----------------------|----------|--|----------|
| Less than 100 | 309 | 1.39 | 9,874 | 0.00 |
| 100 to 1,000 | 5,142 | 23.03 | 3,471,833 | 0.78 |
| 1,001 to 10,000 | 13,479 | 60.38 | 48,053,147 | 10.83 |
| 10,001 to 100,000 | 3,110 | 13.93 | 78,623,656 | 17.72 |
| 100,001 to less than 5% of issued ICULS | 281 | 1.26 | 212,278,290 | 47.85 |
| 5% and above of issued ICULS | 2 | 0.01 | 101,225,230 | 22.82 |
| Total | 22,323 | 100.00 | 443,662,030 | 100.00 |



Thirty (30) Largest Registered Class A1 ICULS Holders

| <i>Name</i> | <i>Nominal value of ICULS (RM)</i> | <i>%</i> |
|---|---|-----------------|
| 1. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera | 78,935,382 | 17.79 |
| 2. PM Nominees (Asing) Sdn Bhd - For Lim Maria Yosita | 22,289,848 | 5.02 |
| 3. Bahtera Muhibbah Sdn Bhd | 16,483,212 | 3.72 |
| 4. Permodalan Nasional Berhad | 15,371,340 | 3.47 |
| 5. United Pace Sdn Bhd | 15,035,311 | 3.39 |
| 6. Pan Malaysia Corporation Berhad | 11,008,550 | 2.48 |
| 7. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Mohd Ariffin Bin Mohd Yusuf | 9,021,186 | 2.03 |
| 8. Yap Lim Sen | 7,517,655 | 1.70 |
| 9. Med-Bumikar Mara Sdn Bhd | 7,517,655 | 1.70 |
| 10. PM Nominees (Asing) Sdn Bhd - Morning Star Securities Limited for Noble Faith Foundation Inc | 7,134,856 | 1.61 |
| 11. Appreplex (M) Sdn Bhd | 5,953,983 | 1.34 |
| 12. RC Nominees (Tempatan) Sdn Bhd - Hope Foundation | 4,672,974 | 1.05 |
| 13. Lembaga Tabung Angkatan Tentera | 3,865,747 | 0.87 |
| 14. Chua Ah Moi @ Chua Sai Peng | 3,847,939 | 0.87 |
| 15. MUI Properties Berhad | 3,783,671 | 0.85 |
| 16. Ding Choo King | 3,377,963 | 0.76 |
| 17. Kim Hin Joo Private Limited | 3,157,415 | 0.71 |
| 18. UOBM Nominees (Asing) Sdn Bhd - Securities account for Prime View International Limited | 3,036,381 | 0.68 |
| 19. PM Nominees (Tempatan) Sdn Bhd - PCB Asset Management Sdn Bhd for Millionmart Sdn Bhd | 2,602,612 | 0.59 |
| 20. Mayban Nominees (Tempatan) Sdn Bhd - Securities account for Koperasi Polis DiRaja Malaysia Bhd | 2,168,843 | 0.49 |
| 21. Yu Kok Ann | 2,000,000 | 0.45 |
| 22. PM Nominees (Asing) Sdn Bhd - For Morning Star Securities Limited | 1,879,413 | 0.42 |
| 23. Hope Foundation | 1,821,461 | 0.41 |
| 24. Lim Kian Siong | 1,775,396 | 0.40 |
| 25. UOBM Nominees (Tempatan) Sdn Bhd - Securities account for Lee Soon Huat | 1,745,612 | 0.40 |
| 26. HDM Nominees (Tempatan) Sdn Bhd - Securities account for Lawrence Lee | 1,709,700 | 0.39 |
| 27. HDM Nominees (Asing) Sdn Bhd - UOB Kay Hian Pte Ltd for Neo Aik Soo | 1,692,932 | 0.38 |
| 28. Menteri Kewangan Malaysia | 1,655,932 | 0.37 |
| 29. Citicorp Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund | 1,526,067 | 0.34 |
| 30. Jomuda Sdn Bhd | 1,518,190 | 0.34 |
| Total | 244,107,226 | 55.02 |

| | | |
|---|---|--|
| Class of Securities | : | Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks ("ICULS") |
| Nominal value of ICULS issued and outstanding | : | RM443,662,030 |
| Conversion Price | : | RM1.00 nominal value of ICULS for every one (1) new fully paid-up ordinary share in the Company, subject to any adjustment as may be made pursuant to the Trust Deed executed by the Company. The minimum value for conversion required is RM100 nominal value of ICULS. |
| Conversion Period | : | The Class A2 ICULS holders may exercise their rights to convert their ICULS into new ordinary shares in the Company at any time during the last six (6) months of the eighth year from the date of issue (i.e. 27 June 2012 to 27 December 2012). |
| Voting Rights at Meeting of ICULS Holders | : | On a show of hands, one (1) vote per ICULS holder On a poll, one (1) vote for every RM1.00 nominal value of ICULS held by the holder |

Directors' Interests In Class A2 ICULS
as per Register of Directors' Shareholdings

| | Direct interest | | Deemed interest | |
|--------------------------------|------------------------------------|----------|------------------------------------|----------|
| | Nominal value of ICULS (RM) | % | Nominal value of ICULS (RM) | % |
| Tan Sri Dato' Dr Khoo Kay Peng | – | – | 56,891,278 | 12.82 |
| Tan Sri Dato' Md Khir Johari | 70,727 | 0.02 | 164,636 | 0.04 |

Distribution Of Class A2 ICULS Holdings

| Holdings | No. of Holders | % | Nominal value of ICULS (RM) | % |
|---|-----------------------|----------|------------------------------------|----------|
| Less than 100 | 305 | 1.36 | 9,795 | 0.00 |
| 100 to 1,000 | 5,140 | 22.99 | 3,471,313 | 0.78 |
| 1,001 to 10,000 | 13,489 | 60.32 | 48,109,155 | 10.84 |
| 10,001 to 100,000 | 3,140 | 14.04 | 80,401,303 | 18.12 |
| 100,001 to less than 5% of issued ICULS | 286 | 1.28 | 210,445,234 | 47.44 |
| 5% and above of issued ICULS | 2 | 0.01 | 101,225,230 | 22.82 |
| Total | 22,362 | 100.00 | 443,662,030 | 100.00 |



Thirty (30) Largest Registered Class A2 ICULS Holders

| <i>Name</i> | <i>Nominal value of ICULS (RM)</i> | <i>%</i> |
|---|---|-----------------|
| 1. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera | 78,935,382 | 17.79 |
| 2. PM Nominees (Asing) Sdn Bhd - For Lim Maria Yosita | 22,289,848 | 5.02 |
| 3. Bahtera Muhibbah Sdn Bhd | 16,483,212 | 3.72 |
| 4. Permodalan Nasional Berhad | 15,371,340 | 3.47 |
| 5. United Pace Sdn Bhd | 15,035,311 | 3.39 |
| 6. Pan Malaysia Corporation Berhad | 11,008,550 | 2.48 |
| 7. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Mohd Ariffin Bin Mohd Yusuf | 9,021,186 | 2.03 |
| 8. Yap Lim Sen | 7,517,655 | 1.70 |
| 9. Med-Bumikar Mara Sdn Bhd | 7,517,655 | 1.70 |
| 10. PM Nominees (Asing) Sdn Bhd - Morning Star Securities Limited for Noble Faith Foundation Inc | 7,134,856 | 1.61 |
| 11. Appreplex (M) Sdn Bhd | 5,953,983 | 1.34 |
| 12. RC Nominees (Tempatan) Sdn Bhd - Hope Foundation | 4,672,974 | 1.05 |
| 13. Ding Choo King | 4,285,063 | 0.97 |
| 14. Lembaga Tabung Angkatan Tentera | 3,865,747 | 0.87 |
| 15. Chua Ah Moi @ Chua Sai Peng | 3,847,939 | 0.87 |
| 16. MUI Properties Berhad | 3,783,671 | 0.85 |
| 17. Kim Hin Joo Private Limited | 3,157,415 | 0.71 |
| 18. UOBM Nominees (Asing) Sdn Bhd - Securities account for Prime View International Limited | 3,036,381 | 0.68 |
| 19. PM Nominees (Tempatan) Sdn Bhd - PCB Asset Management Sdn Bhd for Millionmart Sdn Bhd | 2,602,612 | 0.59 |
| 20. Mayban Nominees (Tempatan) Sdn Bhd - Securities account for Koperasi Polis DiRaja Malaysia Bhd | 2,168,843 | 0.49 |
| 21. UOBM Nominees (Tempatan) Sdn Bhd - Securities account for Lee Soon Huat | 1,910,612 | 0.43 |
| 22. PM Nominees (Asing) Sdn Bhd - For Morning Star Securities Limited | 1,879,413 | 0.42 |
| 23. Hope Foundation | 1,821,461 | 0.41 |
| 24. Lim Kian Siong | 1,775,396 | 0.40 |
| 25. Menteri Kewangan Malaysia | 1,655,932 | 0.37 |
| 26. Citicorp Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund | 1,526,067 | 0.34 |
| 27. Jomuda Sdn Bhd | 1,518,190 | 0.34 |
| 28. Citicorp Nominees (Asing) Sdn Bhd - MLPFS for Princeton Capital Limited | 1,503,531 | 0.34 |
| 29. Zulkifli Bin Hussain | 1,477,151 | 0.33 |
| 30. Universiti Malaya | 1,229,575 | 0.28 |
| Total | 243,986,951 | 54.99 |

GROUP FINANCIAL HIGHLIGHTS FIVE-YEAR SUMMARY

| As at 31 December | 2004 RM'000 | 2003 RM'000 | 2002 RM'000 | 2001 RM'000 | 2000 RM'000 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Property, Plant & Equipment And Land Held For Property Development | 2,948,873 | 3,037,105 | 2,962,033 | 2,908,350 | 668,075 |
| Investment Properties | – | 141,000 | 141,000 | 141,000 | 141,000 |
| Investments | 1,081,185 | 1,181,577 | 1,265,110 | 1,747,790 | 1,830,515 |
| Net Current Assets | 272,860 | 253,025 | 185,525 | 299,058 | 566,310 |
| Intangibles & Goodwill | 120,673 | 604,291 | 618,256 | 1,114,646 | 1,023,080 |
| Deferred Tax Assets | 8,715 | 15,456 | 14,111 | 14,111 | 14,111 |
| | 4,432,306 | 5,232,454 | 5,186,035 | 6,224,955 | 4,243,091 |
| Financed By :- | | | | | |
| Share Capital | 1,940,532 | 1,940,532 | 1,940,532 | 1,940,532 | 1,940,532 |
| Reserves | (1,254,759) | (892,714) | (750,083) | 166,543 | 205,224 |
| Minority Interests | 1,384,033 | 1,593,042 | 1,553,130 | 1,704,981 | 1,814,771 |
| Other Reserves And Deferred & Long Term Liabilities | 2,362,500 | 2,591,594 | 2,442,456 | 2,412,899 | 282,564 |
| | 4,432,306 | 5,232,454 | 5,186,035 | 6,224,955 | 4,243,091 |
| Financial year ended 31 December | 2004 RM'000 | 2003 RM'000 | 2002 RM'000 | 2001 RM'000 | 2000 RM'000 |
| Revenue | 1,462,746 | 1,393,946 | 1,358,885 | 692,839 | 705,111 |
| Operating Profit Before Exceptional Items | 105,511 | 152,970 | 137,489 | 96,507 | 70,126 |
| Exceptional Items | (294,546)* | (111,954) | (835,767)# | 81,339 | 35,911 |
| (Loss) / Profit Before Taxation | (387,123) | (160,394) | (1,063,111) | 35,257 | (12,263) |
| (Loss) / Profit After Taxation | (365,375) | (168,936) | (1,094,866) | (8,281) | (49,321) |
| Net (Loss) / Profit For The Financial Year | (405,474) | (174,043) | (996,893) | (35,700) | (71,086) |

* In conjunction with the rationalisation exercise and in compliance with MASB 23 "Impairment of Assets", the Group has taken the necessary steps to review again the carrying value of its investments and other assets. Exceptional items included the recognition of impairment of assets and allowances made amounting to RM645,383,000 as disclosed in Note 6 of the Notes to Financial Statements.

Exceptional items included the recognition of impairment of assets in compliance with MASB 23 "Impairment of Assets" which was effective in the financial year ended 31 December 2002 and allowances made totalling RM875,455,000.



DIRECTORS' REPORT

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

Principal Activities

The Company is an investment holding company. The principal activities of its subsidiary and associated companies are retailing, hotels, food and confectionery, property, financial services, and travel and tourism.

There have been no significant changes in the Group's activities during the financial year except for the disposal of the Group's major investment properties as mentioned in Note 38(c) of the Notes to the Financial Statements.

Financial Results

| | Group RM'000 | Company RM'000 |
|--|-------------------------|---------------------------|
| Profit from operations before exceptional items | 105,511 | 8,850 |
| Exceptional Items | | |
| - Impairment of assets | (466,141)* | - |
| - Allowance for diminution in value of long term investments | (75,676)* | - |
| - Others | 247,271 | (122,878) |
| | (294,546) | (122,878) |
| Loss from operations after exceptional items | (189,035) | (114,028) |
| Finance cost | (235,733) | (967) |
| Share of results of associated companies | 35,204 | - |
| Share of results of joint venture | 2,441 | - |
| Loss before taxation | (387,123) | (114,995) |
| Taxation | 21,748 | (1,998) |
| Loss after taxation | (365,375) | (116,993) |
| Minority interests | (40,099) | - |
| Net loss for the financial year | (405,474) | (116,993) |

* In conjunction with the rationalisation exercise and in compliance with MASB 23 on Impairment of Assets, the Group has taken the necessary steps to review again the carrying value of its investments and other assets. The details of the impairment and allowances are included in Note 6 of the Notes to the Financial Statements.

Movements In Reserves And Provisions

Material movements in reserves and provisions during the financial year are shown in the financial statements.

Dividends

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

DIRECTORS' REPORT (Cont'd)

Directors

The Directors of the Company in office since the date of the last report and at the date of this report are:-

Tan Sri Dato' Dr Khoo Kay Peng (Chairman & Chief Executive)
 Tan Sri Dato' Md Khir Johari
 Yong Ming Sang
 Ang Guan Seng
 Dato' Paduka Nik Hashim Nik Yusoff
 Loy Yet King
 Khet Kok Yin (resigned on 4 June 2004, re-appointed on 3 March 2005)
 Mohamad Faiz bin Abdul Hamid (Alternate to Yong Ming Sang)
 Dr Ngui Chon Hee (resigned on 4 June 2004)

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

| Ordinary shares of RM1 each in Malayan United Industries Berhad | Number of shares | | | Balance at 31.12.2004 |
|--|--------------------------------|---------------|-------------|----------------------------------|
| | Balance at 1.1.2004 | Bought | Sold | |
| Tan Sri Dato' Dr Khoo Kay Peng Indirect | 903,492,500 | – | – | 903,492,500 |
| Yong Ming Sang Direct | 1,981,800 | – | – | 1,981,800 |
| Indirect | 549,640 | – | – | 549,640 |
| Ang Guan Seng Indirect | 68,353,800 | – | – | 68,353,800 |
| Ordinary shares of 50 sen each in MUI Properties Berhad | Number of shares | | | Balance at 31.12.2004 |
| | Balance at 1.1.2004 | Bought | Sold | |
| Tan Sri Dato' Dr Khoo Kay Peng Indirect | 540,612,661 | 19,722,700 | 47,472,700 | 512,862,661 |
| Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad | Number of shares | | | Balance at 31.12.2004 |
| | Balance at 1.1.2004 | Bought | Sold | |
| Tan Sri Dato' Dr Khoo Kay Peng Indirect | 420,364,500 | 16,059,100 | 7,899,100 | 428,524,500 |
| Tan Sri Dato' Md Khir Johari Direct | 94,082 | – | – | 94,082 |
| Indirect | 219,000 | – | – | 219,000 |



| Ordinary shares of RM1 each in Pan Malaysia Holdings Berhad | Number of shares | | | |
|--|--------------------------------|---------------|-------------|----------------------------------|
| | Balance at 1.1.2004 | Bought | Sold | Balance at 31.12.2004 |
| Tan Sri Dato' Dr Khoo Kay Peng Indirect | 588,109,498 | 20,000,000 | – | 608,109,498 |

| Ordinary shares of RM1 each in MUI Continental Insurance Berhad | Number of shares | | | |
|--|--------------------------------|---------------|-------------|----------------------------------|
| | Balance at 1.1.2004 | Bought | Sold | Balance at 31.12.2004 |
| Tan Sri Dato' Dr Khoo Kay Peng Indirect | 81,733,500 | – | 29,506,932 | 52,226,568 |

By virtue of his deemed interests in the shares of the Company, Tan Sri Dato' Dr Khoo Kay Peng is deemed to have an interest in the shares of all the other subsidiary companies of the Company to the extent that the Company has an interest.

In accordance with Section 129(2) of the Companies Act, 1965, Tan Sri Dato' Md Khir Johari and Mr Yong Ming Sang retire from the Board at the forthcoming Annual General Meeting, and the Directors recommend their re-appointment under Section 129(6) of the said Act.

Pursuant to Article 109 of the Company's Articles of Association, Mr Ang Guan Seng retires from the Board at the forthcoming Annual General Meeting, and he being eligible, offers himself for re-election.

Pursuant to Article 90 of the Company's Articles of Association, Mr Khet Kok Yin retires from the Board at the forthcoming Annual General Meeting, and he being eligible, offers himself for re-election.

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any 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 at the end of the financial year, nor at any time during the year, did there subsist any arrangement, to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (Cont'd)

Other Statutory Information

- (a) In the opinion of the Directors:-
 - (i) the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 6 of the Notes to the Financial Statements;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made; and
 - (iii) no contingent liability or other liability has become enforceable or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Company or of the Group to meet their obligations as and when they fall due.
- (b) Before the income statements and balance sheets of the Company and of the Group were made out, the Directors took reasonable steps:-
 - (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (c) At the date of this report, the Directors are not aware of any circumstances which would render:-
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company and of the Group inadequate to any material extent; and
 - (ii) the values attributed to current assets in the financial statements of the Company and of the Group misleading.
- (d) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.
- (e) At the date of this report there does not exist:-
 - (i) any charge on the assets of the Company or of the Group which has arisen since the end of the financial year to secure the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Company or of the Group which has arisen since the end of the financial year.



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

Significant Corporate Developments

The significant corporate developments are disclosed in Note 38 of the Notes to the Financial Statements.

Auditors

The auditors, BDO Binder, have expressed their willingness to accept re-appointment as auditors.

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

Yong Ming Sang

Khet Kok Yin

Kuala Lumpur
29 April 2005

INCOME STATEMENTS

For the financial year ended 31 December 2004

| | <i>Note</i> | Group | | Company | |
|--|-------------|--------------------|---------------|------------------|---------------|
| | | 2004 | 2003 | 2004 | 2003 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 5 | 1,462,746 | 1,393,946 | 10,756 | 19,963 |
| Cost of sales | | (948,213) | (915,894) | – | – |
| Gross profit | | 514,533 | 478,052 | 10,756 | 19,963 |
| Other operating income | | 44,186 | 43,334 | – | – |
| Distribution costs | | (24,857) | (22,753) | – | – |
| Administrative expenses | | (370,581) | (303,886) | (1,906) | (1,359) |
| Other operating expenses | | (57,770) | (41,777) | – | – |
| Profit from operations before exceptional items | | 105,511 | 152,970 | 8,850 | 18,604 |
| Exceptional items | 6 | | | | |
| - Impairment of assets | | (466,141)* | (43,841) | – | – |
| - Allowance for diminution in value of long term investments | | (75,676)* | (34,821) | – | – |
| - Others | | 247,271 | (33,292) | (122,878) | (115,590) |
| (Loss) / Profit from operations after exceptional items | | (294,546) | (111,954) | (122,878) | (115,590) |
| Finance cost | | (189,035) | 41,016 | (114,028) | (96,986) |
| Share of results of associated companies | | (235,733) | (238,761) | (967) | (3,313) |
| Share of results in joint venture | 14 | 35,204 | 32,787 | – | – |
| | | 2,441 | 4,564 | – | – |
| Loss before taxation | 7 | (387,123) | (160,394) | (114,995) | (100,299) |
| Taxation | 8 | 21,748 | (8,542) | (1,998) | 146 |
| Loss after taxation | | (365,375) | (168,936) | (116,993) | (100,153) |
| Minority interests | | (40,099) | (5,107) | – | – |
| Net Loss For The Financial Year | | (405,474) | (174,043) | (116,993) | (100,153) |
| Loss Per Share | 9 | Sen (20.89) | Sen (8.97) | | |

* In conjunction with the rationalisation exercise and in compliance with MASB 23 on Impairment of Assets, the Group has taken the necessary steps to review again the carrying value of its investments and other assets. The details of the impairment and allowances are included in Note 6 of the Notes to the Financial Statements.

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



BALANCE SHEETS

As at 31 December 2004

| | Note | Group | | Company | |
|--------------------------------------|------|--------------------|----------------|------------------|----------------|
| | | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Property, Plant And Equipment | 10 | 2,912,724 | 2,981,989 | – | – |
| Investment Properties | 11 | – | 141,000 | – | – |
| Subsidiary Companies | 12 | – | – | 1,110,415 | 1,116,858 |
| Associated Companies | 13 | 689,962 | 708,848 | – | – |
| Joint Venture | 14 | 1,728 | 18,376 | – | – |
| Investments | 15 | 389,495 | 454,353 | – | – |
| Land Held for Property Development | 16 | 36,149 | 55,116 | – | – |
| Intangible Assets | | – | 144,037 | – | – |
| Goodwill On Consolidation | 17 | 120,673 | 460,254 | – | – |
| Deferred Tax Assets | 32 | 8,715 | 15,456 | – | – |
| Current Assets | | | | | |
| Property development costs | 16 | 89,408 | 105,066 | – | – |
| Inventories | 18 | 83,596 | 68,633 | – | – |
| Trade and other receivables | 19 | 620,818 | 655,164 | 2,221,794 | 744,043 |
| Amounts owing by brokers and clients | 20 | – | 187,354 | – | – |
| Government securities and bonds | 21 | 24,589 | 28,041 | – | – |
| Short term investments | 22 | 26,715 | 34,167 | – | – |
| Tax recoverable | | 26,904 | 23,704 | – | – |
| Deposits, bank balances and cash | 23 | 857,606 | 910,578 | 250 | 264 |
| | | 1,729,636 | 2,012,707 | 2,222,044 | 744,307 |
| Less: Current Liabilities | | | | | |
| Trade and other payables | 24 | 219,487 | 420,953 | 108 | 104 |
| Provisions | 25 | 44,343 | 46,947 | – | – |
| ICULS * | 29 | – | – | 517,799 | – |
| Borrowings | 26 | 1,170,070 | 1,266,599 | 20,000 | 20,000 |
| Redeemable convertible bond | 30 | – | 1,000 | – | – |
| Provision for taxation | | 22,876 | 24,183 | 16,551 | 16,848 |
| | | 1,456,776 | 1,759,682 | 554,458 | 36,952 |
| Net Current Assets | | 272,860 | 253,025 | 1,667,586 | 707,355 |
| | | 4,432,306 | 5,232,454 | 2,778,001 | 1,824,213 |
| Financed by:- | | | | | |
| Share Capital | 27 | 1,940,532 | 1,940,532 | 1,940,532 | 1,940,532 |
| ICULS * (Equity component) | 29 | – | – | 1,105,175 | – |
| Reserves | 28 | (1,254,759) | (892,714) | (267,706) | (150,713) |
| Shareholders' Funds | | 685,773 | 1,047,818 | 2,778,001 | 1,789,819 |
| Minority Interests | | 1,384,033 | 1,593,042 | – | – |
| Reserves For Unearned Premium | | 25,948 | 25,659 | – | – |
| Deferred And Long Term Liabilities | | | | | |
| Borrowings | 26 | 2,171,869 | 2,383,468 | – | – |
| Employee benefits | 31 | 3,985 | 2,862 | – | – |
| Deferred taxation | 32 | 160,698 | 179,605 | – | – |
| Amount owing to subsidiary company | 33 | – | – | – | 34,394 |
| | | 2,336,552 | 2,565,935 | – | 34,394 |
| | | 4,432,306 | 5,232,454 | 2,778,001 | 1,824,213 |

* ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks issued by the Company.

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2004

Group

| Note | Non-Distributable | | | | Distributable | | | Total RM'000 |
|---|----------------------------|----------------------------|----------------------------------|--|------------------------------|------------------------------|---------------------------------|------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Exchange Fluctuation Reserve RM'000 | Capital Reserve RM'000 | General Reserve RM'000 | Accumulated Losses RM'000 | |
| At 1 January 2003 | | | | | | | | |
| - as previously stated | 1,940,532 | 220,305 | 27,430 | 88,064 | 73,968 | 25,257 | (1,185,777) | 1,189,779 |
| - prior year adjustments | 39 | - | (8,061) | - | (295) | - | 9,024 | 668 |
| - as restated | 1,940,532 | 220,305 | 19,369 | 88,064 | 73,673 | 25,257 | (1,176,753) | 1,190,447 |
| Group's share of post-acquisition reserves of associated companies | - | - | - | 5,166 | - | - | - | 5,166 |
| Difference on translation of net assets of overseas subsidiary and associated companies | - | - | - | 27,349 | - | - | - | 27,349 |
| Impairment on property | - | - | (1,530) | - | - | - | - | (1,530) |
| Reversal of deferred tax | - | - | 429 | - | - | - | - | 429 |
| Net profit/(loss) not recognised in income statement | - | - | (1,101) | 32,515 | - | - | - | 31,414 |
| Net loss for the financial year | - | - | - | - | - | - | (174,043) | (174,043) |
| At 31 December 2003 | 1,940,532 | 220,305 | 18,268 | 120,579 | 73,673 | 25,257 | (1,350,796) | 1,047,818 |
| At 1 January 2004 | 1,940,532 | 220,305 | 18,268 | 120,579 | 73,673 | 25,257 | (1,350,796) | 1,047,818 |
| Group's share of post-acquisition reserves of associated companies | - | - | - | (277) | (2,624) | - | - | (2,901) |
| Difference on translation of net assets of overseas subsidiary and associated companies | - | - | - | 36,136 | - | - | - | 36,136 |
| Net profit/(loss) not recognised in income statement | - | - | - | 35,859 | (2,624) | - | - | 33,235 |
| Reserve realised on dilution of equity interest in a subsidiary company | - | - | - | - | (77,145) | - | 77,145 | - |
| Reserve realised on winding-up of a subsidiary company | - | - | - | 77,145 | - | - | (77,145) | - |
| Minority share of capital reserve | - | - | - | - | (2,209) | - | - | (2,209) |
| Reserve realised on disposal of shares in subsidiary companies | - | - | - | (697) | (2,306) | - | 3,003 | - |
| Reserve arising from investment in a subsidiary company's ICPS * | - | - | - | - | 12,403 | - | - | 12,403 |
| Net loss for the financial year | - | - | - | - | - | - | (405,474) | (405,474) |
| At 31 December 2004 | 1,940,532 | 220,305 | 18,268 | 232,886 | 1,792 | 25,257 | (1,753,267) | 685,773 |

* ICPS refers to Irredeemable Convertible Preference Shares.

Company

| | Non-Distributable | | | | Accumulated Losses RM'000 | Total RM'000 |
|----------------------------------|----------------------------|-------------------|----------------------------|-----------------------------------|---------------------------------|------------------|
| | Share Capital RM'000 | ICULS # RM'000 | Share Premium RM'000 | Revaluation Reserves RM'000 | | |
| At 1 January 2003 | 1,940,532 | - | 220,305 | 26,264 | (297,129) | 1,889,972 |
| Net loss for the financial year | - | - | - | - | (100,153) | (100,153) |
| At 31 December 2003 | 1,940,532 | - | 220,305 | 26,264 | (397,282) | 1,789,819 |
| At 1 January 2004 | 1,940,532 | - | 220,305 | 26,264 | (397,282) | 1,789,819 |
| Issuance of Class A1 ICULS # | - | 665,768 | - | - | - | 665,768 |
| Issuance of Class A2 ICULS # | - | 665,768 | - | - | - | 665,768 |
| Discounts on ICULS - unamortised | - | (226,361) | - | - | - | (226,361) |
| Net loss for the financial year | - | - | - | - | (116,993) | (116,993) |
| At 31 December 2004 | 1,940,532 | 1,105,175 | 220,305 | 26,264 | (514,275) | 2,778,001 |

ICULS refers to 8-year Irredeemable Convertible Uncesured Loan Stocks.

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



CASH FLOW STATEMENTS

For the financial year ended 31 December 2004

| | Group | | Company | |
|---|------------------|---------------|------------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash Flows From Operating Activities | | | | |
| Loss before taxation | (387,123) | (160,394) | (114,995) | (100,299) |
| Adjustments for:- | | | | |
| Exceptional items <i>[See (b) below]</i> | 294,652 | 118,157 | 122,878 | 115,590 |
| Amortisation of / (Accretion of discounts) of premiums on government securities and bonds | 367 | (210) | - | - |
| Allowance for / (Writeback of) diminution in value of short term investments | 6,964 | (4,931) | - | - |
| Depreciation | 79,923 | 78,459 | - | - |
| Plant and equipment written off | 112 | 1,059 | - | - |
| Interest expense | 235,733 | 238,761 | 967 | 3,313 |
| Dividend income | (4,400) | (5,282) | (9,709) | (14,736) |
| Interest income | (62,178) | (61,761) | (1,047) | (5,227) |
| Gain on disposal of plant and equipment | (199) | (44) | - | - |
| Gain on disposal of long term investments | (185) | - | - | - |
| Gain on disposal of short term investments | (3,967) | (1,738) | - | - |
| Provision for employee benefits | 3,764 | 1,101 | - | - |
| Reserves for unearned premiums | 289 | 5,785 | - | - |
| Share of results of associated companies | (35,204) | (32,787) | - | - |
| Share of results of joint venture | (2,441) | (4,564) | - | - |
| Writeback of doubtful debts | - | (4,935) | - | - |
| Operating profit / (loss) before working capital changes | 126,107 | 166,676 | (1,906) | (1,359) |
| Increase in short term investments | (32,920) | (15,794) | - | - |
| Increase in inventories | (4,776) | (633) | - | - |
| (Increase) / Decrease in receivables and amounts owing by brokers and clients | (81,521) | (206,519) | 15,000 | (16,992) |
| Decrease / (Increase) in property development cost | 2,437 | (253) | - | - |
| Increase / (Decrease) in payables | 61,951 | 120,400 | 4 | (21) |
| Cash generated from / (used in) operations | 71,278 | 63,877 | 13,098 | (18,372) |
| Deposits received from dealers and remisiers maintained as trust monies | (1,941) | (5,234) | - | - |
| Interest paid | (235,733) | (204,682) | (967) | (1,513) |
| Interest received | 62,178 | 61,761 | 13 | 2,731 |
| Employee benefits paid | (911) | (683) | - | - |
| Tax refund | 15,102 | 6,910 | - | - |
| Tax paid | (27,253) | (49,988) | (260) | (11,560) |
| Net cash (used in) / generated from operating activities | (117,280) | (128,039) | 11,884 | (28,714) |

CASH FLOW STATEMENTS (Cont'd)

For the financial year ended 31 December 2004

| | Group | | Company | |
|--|-----------------|---------------|-----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash Flows From Investing Activities | | | | |
| Advances to subsidiary companies | – | – | (49,166) | (24,151) |
| Repayments from subsidiary companies | – | – | 19,627 | 39,222 |
| Dividends received | 33,394 | 16,196 | 3,982 | 13,598 |
| Purchase of investments in subsidiary companies | (22,752) | (11,164) | – | – |
| Purchase of government bonds and securities | (34,703) | (19,385) | – | – |
| Purchase of long term investments | (6,333) | – | – | – |
| Purchase of property, plant and equipment | (53,374) | (33,138) | – | – |
| Proceeds from disposal of shares in subsidiary companies | 79,181 | – | 13,659 | – |
| Proceeds from disposal of an associated company | 6,094 | – | – | – |
| Proceeds from disposal of other investments | 29,422 | 142,236 | – | – |
| Proceeds from disposal of government bonds and securities | 37,787 | 21,138 | – | – |
| Proceeds from disposal of property, plant and equipment and investment property | 383,801 | 160,092 | – | – |
| Proceeds from disposal of development properties | 19,000 | – | – | – |
| Proceeds from disposal of subsidiary company <i>[See (d) below]</i> | – | 247 | – | – |
| Proceeds from winding up of an associated company | – | 61 | – | – |
| Subscription of rights issue of an associated company | – | (78,746) | – | – |
| Withdrawal / (Placement) of term deposits with licensed companies as sinking funds | 120,790 | (192,768) | – | – |
| Capital distribution from investments | – | 898 | – | – |
| Bank overdrafts net of deposits, bank balances and cash disposed of on disposal of subsidiary companies <i>[See (d) below]</i> | – | 812 | – | – |
| Bank balances and cash of subsidiary companies not consolidated upon dilution into associated companies <i>[See (e) below]</i> | (29,049) | – | – | – |
| Bank balances and cash of subsidiary company not consolidated <i>[See (c) below]</i> | (320) | – | – | – |
| Net cash generated from / (used in) investing activities | 562,938 | 6,479 | (11,898) | 28,669 |



| | Group | | Company | |
|--|------------------|---------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash Flows From Financing Activities | | | | |
| Proceeds from issue of shares to minority shareholders in subsidiary companies | 54,298 | 16,122 | – | – |
| Proceeds from drawdown of term loans and utilisation of revolving credits | 419,432 | 281,953 | – | – |
| Repayment of bank borrowings | (811,259) | (371,143) | – | – |
| Redemption of bonds | (1,000) | – | – | – |
| Dividends paid to minority shareholders of subsidiary companies | (6,197) | (4,869) | – | – |
| Share issue expenses of a subsidiary company | – | (145) | – | – |
| Net cash used in financing activities | (344,726) | (78,082) | – | – |
| Effects of exchange rate changes | (18,715) | 19,479 | – | – |
| Net increase / (decrease) in cash and cash equivalents | 82,217 | (180,163) | (14) | (45) |
| Cash and cash equivalents as at 1 January:- | | | | |
| As previously stated | 305,406 | 464,242 | 264 | 309 |
| Effect of exchange rate changes on cash and cash equivalents | 29,530 | 21,327 | – | – |
| As restated | 334,936 | 485,569 | 264 | 309 |
| Cash and cash equivalents as at 31 December [See (a) below] | 417,153 | 305,406 | 250 | 264 |

(a) Cash and cash equivalents consist of the following:-

| | Group | | Company | |
|--|------------------|---------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits, bank balances and cash | 857,606 | 910,578 | 250 | 264 |
| Bank overdrafts | (138,400) | (200,484) | – | – |
| | 719,206 | 710,094 | 250 | 264 |
| Less: Term deposits with licensed companies as sinking funds | (302,053) | (390,905) | – | – |
| Less: Dealers and remisiers' deposits maintained as trust monies included in:- | | | | |
| - bank balances and cash | – | (2,475) | – | – |
| - term and call deposits | – | (11,308) | – | – |
| | – | (13,783) | – | – |
| | 417,153 | 305,406 | 250 | 264 |

CASH FLOW STATEMENTS (Cont'd)

For the financial year ended 31 December 2004

(b) Exceptional items as presented in the cash flow statements comprise:-

| | Group | | Company | |
|--|------------------|---------------|------------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Impairment of assets | | | | |
| - goodwill | (378,615) | (18,334) | - | - |
| - investments in associated companies | (84,900) | (8,380) | - | - |
| - property, plant and equipment | (2,626) | (10,157) | - | - |
| - development property | - | (6,970) | - | - |
| | (466,141) | (43,841) | - | - |
| Allowance for diminution in value of long term investments | (75,676) | (34,821) | - | - |
| Allowance for doubtful debts on amounts owing by subsidiary companies | - | - | (126,404) | (115,590) |
| Allowance for doubtful debts | (103,566) | (122,103) | - | - |
| Bad debts written off | (103) | (1,640) | - | - |
| Capital gain arising from the receipt of shares in Bursa Malaysia Berhad | 25,000 | - | - | - |
| Unrealised gain in foreign exchange | 54,825 | 94,540 | - | - |
| Gain on dilution of interest in a subsidiary company | 262,255 | - | - | - |
| Gain on disposal of an associated company | 3,727 | - | - | - |
| Gain on disposal of investment property | 25,000 | - | - | - |
| Interest waived | - | 34,354 | - | - |
| Investments written off | (331) | - | - | - |
| Loss on dilution of interest in an associated company | (641) | (9,346) | - | - |
| Loss on disposal of other investments | - | (34,945) | - | - |
| (Loss) / Gain on disposal of interests in subsidiary companies | (10,214) | (2,582) | 3,526 | - |
| (Loss) / Gain on disposal of properties | (11,233) | 5,666 | - | - |
| Provision for corporate guarantee no longer required | 1,141 | - | - | - |
| Surplus on winding up of an associated company | - | 61 | - | - |
| Surplus arising from subsidiary company not consolidated | 4,305 | - | - | - |
| Writing down of property development costs to its net realisable value | (3,000) | (3,500) | - | - |
| | (294,652) | (118,157) | (122,878) | (115,590) |

(c) The effects of subsidiary company under winding up not consolidated are analysed as follows:-

| | Group |
|---|----------------|
| | 2004 |
| | RM'000 |
| Assets and liabilities not consolidated | |
| Investments | 12 |
| Current assets | 38 |
| Current liabilities | (8,467) |
| Minority interests | 3,792 |
| Surplus arising from subsidiary company not consolidated | 4,305 |
| Bank balances and cash of subsidiary company not consolidated | (320) |



(d) The effects of the disposal of subsidiary companies are analysed as follows:-

| | <i>Group 2003 RM'000</i> |
|--|----------------------------------|
| Assets and liabilities disposed | |
| Property, plant and equipment | 5,411 |
| Inventories | 1,091 |
| Trade and other receivables | 1,912 |
| Deposits, bank balances and cash | 34 |
| Tax recoverable | 56 |
| Trade and other payables | (2,031) |
| Bank overdrafts | (846) |
| Deferred and long term liabilities | (2,798) |
| Net assets disposed | 2,829 |
| Loss on disposal of subsidiary companies | (2,582) |
| Net proceeds received | 247 |

(e) The effects of dilution of equity interest in subsidiary companies during the financial year are analysed as follows:-

| | <i>Group 2004 RM'000</i> |
|--|----------------------------------|
| Effects of dilution on assets and liabilities | |
| Property, plant and equipment | 14,302 |
| Intangible assets | 144,037 |
| Goodwill on consolidation | 7,809 |
| Investments | 26,691 |
| Deferred tax assets | 11,000 |
| Short term investments | 8,138 |
| Trade and other receivables | 169,071 |
| Deposits, bank balances and cash | 44,773 |
| Trade and other payables | (258,201) |
| Bank borrowings | (5,003) |
| Taxation | (370) |
| Minority interests | (370,491) |
| Gain on dilution of equity interest in subsidiary companies | 262,255 |
| | 54,011 |
| Less: Group share of net assets accounted for as an associated company | (54,011) |
| | - |
| Less: Cash and cash equivalents of subsidiary companies diluted net of monies held in trust (Dealers' and remisiers' deposits) | (29,049) |
| Net cash outflow on dilution of equity interest in subsidiary companies | (29,049) |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

1. Principal Activities And General Information

The principal activity of the Company is investment holding whilst that of its subsidiary and associated companies are primarily engaged in retailing, hotels, food and confectionery, property, financial services, and travel and tourism. There have been no significant changes in the Group's principal activities during the financial year except for the disposal of the Group's major investment properties as mentioned in Note 38 (c).

The number of employees in the Group as at 31 December 2004 is approximately 10,500 (2003 : 11,000).

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

The registered office of the Company is at 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

The Financial Statements are presented in Ringgit Malaysia.

2. Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its financial risks. The Board reviews and adopts policies for managing the financial risks and the Group's policy is generally not to engage in speculative transactions.

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

(a) Foreign Currency Risk

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

(b) Interest Rate Risk

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

(c) Credit Risk

This is the risk that a counter party is unable to pay its debts or meet its obligations. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Term and call deposits and bank balances are held with financial institutions of good standing.

The management believes that concentration of credit risk is limited due to ongoing credit evaluations on all customers and maintaining an allowance for doubtful debts, which management believes will adequately provide for potential credit risks.

(d) Market Risk

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



(e) Liquidity And Cash Flow Risks

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

3. Significant Accounting Policies

(a) Basis Of Preparation

The financial statements of the Company and of the Group have been prepared under the historical cost convention (as modified by the revaluation of land and buildings, investment properties and investments in certain subsidiary companies) unless otherwise indicated in the accounting policies.

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

The new accounting standard adopted in these financial statements is MASB 32 "Property Development Activities". Adoption of this new accounting standard has not given rise to any material adjustments to the net profit or shareholders' fund or changes in comparatives.

(b) Basis Of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies for the financial year ended 31 December 2004, with the exception of those subsidiary companies referred to in Note 12. Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated using the acquisition method of accounting. Under this method, the results of the subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiary companies' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation. Any negative goodwill arises from consolidation shall be deducted against the goodwill on consolidation. Goodwill on consolidation is stated at cost less impairment losses, if any.

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

All intercompany transactions, balances and unrealised gains or transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

3. Significant Accounting Policies (Cont'd)

(c) Associated Companies

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Associated companies are companies in which the Group has a long term equity interest and exercises significant influence over the financial and operating policies of the investee company.

Equity accounting involves recognising in the income statement the Group's share of the results of associated companies for the period. The Group's investments in associated companies are carried in the balance sheet at an amount that includes the Group's share of post-acquisition reserves and retained earnings less losses which reflects the Group's share of the net assets of the associated companies and goodwill on acquisition. The goodwill on acquisition of associated companies is the difference between the cost of acquisition over the fair values of the Group's share of the net assets of the associated companies at the date of acquisition.

The results and reserves of the associated companies are based on the latest available audited or management financial statements.

(d) Joint Ventures

Investments in joint ventures are accounted for in the consolidated financial statements by the equity method of accounting. The joint ventures are jointly controlled entities over which there is contractually agreed sharing of control by the Group with one or more parties.

Equity accounting involves recognising in the income statement the Group's share of the results of joint ventures for the period. The Group's investments in joint ventures are carried in the balance sheet at an amount that reflects its share of the net assets of the joint ventures and includes goodwill or reserves on acquisition.

(e) Ordinary Shares

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

(f) Intangible Assets

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

(g) Trade And Other Receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when known. Specific allowance is made for those debts considered doubtful. In respect of the stockbroking subsidiary companies, allowance for doubtful debts is made in accordance with the Rules of Bursa Securities.



(h) Investments

Investments in subsidiary companies, associated companies and joint ventures held on a long term basis are stated at cost, except for certain investments in subsidiary companies which are stated at valuation, less impairment losses, if any.

Investments in other long term investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments.

Malaysian Government Securities and Bonds are stated at cost adjusted for amortisation of premiums or accretion of discounts to maturity date.

(i) Investment Properties

Investment properties, principally comprising office buildings, are held for long term rental yields.

The Group has not adopted a policy of regular revaluation. However, the Directors periodically assess the carrying value of its investment properties based upon the advice of professional valuers. Where an indication of impairment exists, the carrying value of an investment property is assessed and written down to its recoverable amount.

(j) Property, Plant and Equipment

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

Freehold land is not depreciated. Leasehold land is amortised in equal instalments over the period of the lease ranging from 11 to 150 years.

All other property, plant and equipment are depreciated on a straight line basis to write off the costs of the assets over their estimated useful lives at the following annual rates: -

| | % |
|---------------------------------|------------|
| Buildings | 0.7 to 2.5 |
| Plant & machinery | 4 to 10 |
| Motor vehicles | 15 to 30 |
| Furniture, fittings & equipment | 5 to 33.3 |
| Renovation | 5 to 20 |

Depreciation on assets under construction commences when the assets are ready for their intended use.

Where an indication of impairment exists, the carrying amount of an asset is assessed and written down immediately to its recoverable amount.

(k) Liabilities

Trade and other payables are stated at costs which is the fair value of the consideration to be paid in the future for goods and services received. Borrowings are interests-bearing and are recorded at the amount of proceeds received, net of transaction costs.

3. Significant Accounting Policies (Cont'd)

(l) Leases And Hire-purchase Commitments

Assets under finance leases and hire-purchase contracts which in substance transfer the risks and benefits of ownership of the assets to the Group have been capitalised under property, plant and equipment and the corresponding liabilities are taken up under lease and hire-purchase creditors. The assets are depreciated on the same basis as that of the Group's other assets. The finance charges are allocated to the income statement so as to give a constant periodic rate of charge on the remaining leases and hire-purchase liabilities.

Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statement as incurred.

(m) General Insurance Underwriting Results

The general insurance underwriting results, other than those arising from inward treaty business, are determined for each class of business after taking into account inter alia reinsurances, commissions, unearned premiums and claims incurred.

Premium is recognised in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers while facultative reinsurance premiums are recognised on inception date.

Underwriting results relating to reinsurance inward treaty transactions, regardless of the underwriting years to which they pertain, are included in current operations to the extent that such transactions are reported by the brokers and reinsurers in their statements of accounts received by the Group as at the end of the financial year.

The unearned premium reserve ("UPR") represent the portion of net premium of insurance policies written that relate to the unexpired period of the policies at the end of the financial year. UPR is computed on the 25% method for marine business; 1/24th method for all other classes of general Malaysian business; and 1/8th method for all other classes of overseas inward treaty business. The UPR calculation is adjusted for additional UPR as required under the guidelines issued by Bank Negara Malaysia in respect of premium ceded to overseas reinsurers.

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with the related expenses less recoveries to settle the present obligation at the balance sheet date.

Provision is also made for the cost of claims, together with related expenses incurred but not reported ("IBNR") at balance sheet date, using a mathematical method of estimation.

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

(n) Provisions

Provisions, other than provision for outstanding insurance claims, are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



(o) Employee Benefits

(i) Short term benefits

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

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

(ii) Defined contribution plans

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

(p) Income Taxes

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

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

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

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

(q) Short Term Investments

Short term investments are stated at the lower of cost and market value.

(r) Cash And Cash Equivalents

Cash and cash equivalents comprise bank balances and cash, deposits, bank overdrafts and other short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

3. Significant Accounting Policies (Cont'd)

(s) Currency Translation

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

Foreign currency transactions in Group companies are accounted for at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:-

| Foreign Currencies | 31.12.2004 | 31.12.2003 |
|---------------------------|-------------------|------------|
| 1 US Dollar | RM3.800 | RM3.800 |
| 1 Singapore Dollar | RM2.322 | RM2.232 |
| 1 Sterling Pound | RM7.308 | RM6.756 |
| 1 Australian Dollar | RM2.961 | RM2.845 |
| 1 Hong Kong Dollar | RM0.489 | RM0.490 |

(t) Revenue Recognition

Revenue from sale of goods and rendering of services is recognised upon delivery of products and customer acceptance, if any, or performance of service, net of sales taxes and discounts.

Revenue from hotels is recognised upon occupancy of rooms and delivery of food and beverages.

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

Interest income is recognised on an accrual basis. For the stockbroking subsidiary companies, where margin accounts and contra losses of share trading accounts are considered non-performing in accordance with the Rules of Bursa Securities, the recognition of interest income is suspended. In this case, interest income is recognised upon receipt until all arrears have been paid.

Revenue from development properties is recognised on percentage of completion method as described in Note 3 (u).

Property rental income is recognised on an accrual basis.

Dividends from subsidiary and associated companies and other investments are included in the income statements of the Company and the Group when the shareholder's right to receive payment is established.

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

Corporate finance and advisory fees are recognised progressively in accordance with the terms of engagement.

(u) Land Held For Property Development And Property Development Costs

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less accumulated impairment, if any.

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



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

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

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

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

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

(v) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to its present location and condition. Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation.

Completed properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and comprises cost of land, construction and appropriate development overheads.

(w) Impairment Of Assets

The carrying amounts of the Group's assets, other than deferred tax assets, inventories and financial assets (other than investments in subsidiaries, associated companies and joint ventures), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued assets where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

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

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

3. Significant Accounting Policies (Cont'd)

(x) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

ICULS are regarded as equity instrument except for those ICULS to be held by wholly-owned subsidiary companies which are to be acquired by the Company for subsequent cancellation in which case the said ICULS are recorded as liability instrument. ICULS are stated at the nominal value net of discount upon issuance. The discount on the ICULS under equity instrument will be debited to retained profits when the ICULS are converted into new ordinary shares of the Company. The ICULS that have been recorded under liability instrument were cancelled subsequent to the balance sheet date.

(y) Capitalisation Of Borrowing Costs

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Borrowing costs incurred to finance property development activities are accounted for in a similar manner. All other borrowing costs are expensed as and when incurred.

(z) Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and bank borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

4. Authorisation Of Issue Of Financial Statements

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 29 April 2005.

5. Revenue

| | Group | | Company | |
|--|------------------|---------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue of the Group and the Company comprises the following:- | | | | |
| Revenue from hotel operations | 875,041 | 819,114 | - | - |
| Sales of goods | 348,760 | 348,786 | - | - |
| Gross written insurance premium | 110,190 | 103,535 | - | - |
| Brokerage fees | 39,278 | 27,510 | - | - |
| Income from sales of tickets and travel related services | 27,383 | 25,024 | - | - |
| Income recognised on property development | 27,225 | 28,352 | - | - |
| Interest income | 25,326 | 25,508 | 1,047 | 5,227 |
| Corporate advisory fees, underwriting commission & other commissions | 3,239 | 3,429 | - | - |
| Property rental income | 3,074 | 8,132 | - | - |
| Dividend income | 3,119 | 4,470 | 9,709 | 14,736 |
| Others * | 111 | 86 | - | - |
| | 1,462,746 | 1,393,946 | 10,756 | 19,963 |

* Comprise mainly revenue from share registration and secretarial services, computer related services and equipment rental.



6. Exceptional Items

| | <i>Group</i> | | <i>Company</i> | |
|---|------------------|---------------|------------------|---------------|
| | <i>2004</i> | <i>2003</i> | <i>2004</i> | <i>2003</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Impairment of assets | | | | |
| - goodwill | (378,615) | (18,334) | - | - |
| - investments in associated companies | (84,900) | (8,380) | - | - |
| - property, plant and equipment | (2,626) | (6,970) | - | - |
| - development properties | - | (10,157) | - | - |
| | (466,141) | (43,841) | - | - |
| Allowance for diminution in value of long term investments | (75,676) | (34,821) | - | - |
| Allowance for doubtful debts | (103,566) | (122,103) | (126,404) | (115,590) |
| Bad debts written off | (103) | (1,640) | - | - |
| Bad debts recovered | - | 6,460 | - | - |
| Capital gain arising from the receipt of shares in Bursa Malaysia Berhad | 25,000 | - | - | - |
| Gain / (Loss) in foreign exchange | | | | |
| - unrealised | 54,825 | 94,540 | - | - |
| - realised | 106 | (257) | - | - |
| Gain on dilution of interest in subsidiary companies | 262,255 | - | - | - |
| Gain on disposal of an associated company | 3,727 | - | - | - |
| Gain on disposal of investment property | 25,000 | - | - | - |
| Interest waived | - | 34,354 | - | - |
| Investments written off | (331) | - | - | - |
| Provision for corporate guarantee no longer required | 1,141 | - | - | - |
| (Loss) / Gain on disposal of properties | (11,233) | 5,666 | - | - |
| (Loss) / Gain on disposal of subsidiary companies | (10,214) | (2,582) | 3,526 | - |
| Loss on dilution of interest in an associated company | (641) | (9,346) | - | - |
| Loss on disposal of other investments | - | (34,945) | - | - |
| Surplus arising from subsidiary company not consolidated | 4,305 | - | - | - |
| Surplus on winding up of an associated company | - | 61 | - | - |
| Writing down of property development costs to its net realisable value | (3,000) | (3,500) | - | - |
| | (294,546) | (111,954) | (122,878) | (115,590) |

7. Loss Before Taxation

Loss before taxation is stated after charging:-

| | Group | | Company | |
|---|----------------|---------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Auditors' remuneration | | | | |
| - current | 2,584 | 2,434 | 51 | 51 |
| - under / (over) provision in prior years | 28 | (12) | - | 1 |
| Allowance for diminution in value of short term investments | 6,964 | 191 | - | - |
| Amortisation of premiums net of accretion of discounts on government securities and bonds | 367 | - | - | - |
| Depreciation | 79,923 | 78,459 | - | - |
| Directors' remuneration:- | | | | |
| Directors of the Company | | | | |
| - fees | 145 | 197 | - | - |
| - other emoluments | 4,191 | 4,650 | 257 | 255 |
| - defined contribution plan | 175 | 119 | - | - |
| Other Directors | | | | |
| - fees | 76 | 573 | - | - |
| - other emoluments | 4,345 | 3,177 | - | - |
| Interest expense | | | | |
| - bank overdrafts | 13,097 | 13,817 | - | - |
| - term loans | 76,652 | 71,856 | - | - |
| - other borrowings | 145,984 | 153,088 | 967 | 1,513 |
| - subsidiary company | - | - | - | 1,800 |
| Plant and equipment written off | 112 | 1,059 | - | - |
| Provision for employee benefits (<i>net</i>) | 3,764 | 1,101 | - | - |
| Rental of buildings | 5,773 | 3,270 | - | - |
| Rental of equipment | 2,830 | 1,734 | - | - |
| Staff costs | | | | |
| - Defined contribution plan | 9,034 | 7,347 | - | - |
| - Salary, wages and other costs | 351,780 | 350,842 | - | - |



| | Group | | Company | |
|---|---------------|---------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| and after crediting:- | | | | |
| Accretion of discounts net of amortisation of premiums on government securities and bonds | - | 210 | - | - |
| Gross dividends | | | | |
| Subsidiary companies | | | | |
| - quoted in Malaysia | - | - | 9,669 | 4,028 |
| - unquoted | - | - | 40 | 10,708 |
| Other investments | | | | |
| - quoted in Malaysia | 1,090 | 714 | - | - |
| - quoted overseas | 3,265 | 4,523 | - | - |
| - unquoted | 45 | 45 | - | - |
| Interest income | | | | |
| - subsidiary companies | - | - | 1,034 | 5,226 |
| - government securities | 1,817 | 1,749 | - | - |
| - others | 60,361 | 60,012 | 13 | 1 |
| Gain on disposal of long term investments | 185 | - | - | - |
| Gain on disposal of short term investments | 3,967 | 1,738 | - | - |
| Gain on disposal of plant and equipment | 199 | 44 | - | - |
| Property rental income | 4,216 | 6,369 | - | - |
| Writeback of diminution in value of short term investments | - | 5,122 | - | - |
| Writeback of doubtful debts | - | 4,935 | - | - |

The estimated monetary value of benefits-in-kind received by the Directors of the Company, otherwise than in cash from the Group and the Company, amounted to RM38,000 and RM3,000 (2003 : RM67,000 and RM3,000) respectively.

The number of Directors of the Company whose remuneration during the financial year fell within the following bands is analysed as below:-

| | Number of Directors | |
|----------------------------|----------------------------|-------------|
| | 2004 | 2003 |
| Executive | | |
| RM2,350,001 to RM2,400,000 | 1 | - |
| RM2,900,000 to RM2,950,000 | - | 1 |
| Non-executive | | |
| Below RM50,000 | 3 | 2 |
| RM50,001 to RM100,000 | - | 1 |
| RM300,001 to RM350,000 | 1 | - |
| RM500,001 to RM550,000 | - | 1 |
| RM1,400,001 to RM1,450,000 | - | 1 |
| RM1,750,001 to RM1,800,000 | 1 | - |

8. Taxation

| | Group | | Company | |
|---|-----------------|---------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current taxation | | | | |
| - Malaysia | 9,220 | 23,428 | 2,047 | 1,157 |
| - Foreign | 2,177 | 2,726 | - | - |
| Recoverable effect of tax credit in respect of dividends received from subsidiary companies | (5,594) | (3,991) | - | - |
| Deferred taxation (Note 32) | (33,768) | (14,821) | - | - |
| | (27,965) | 7,342 | 2,047 | 1,157 |
| Group's share of taxation of associated companies | 4,698 | 2,465 | - | - |
| Group's share of taxation of joint venture | 587 | (2,764) | - | - |
| | (22,680) | 7,043 | 2,047 | 1,157 |
| Under / (Over) provision in respect of prior years | 932 | 1,499 | (49) | (1,303) |
| | (21,748) | 8,542 | 1,998 | (146) |

A reconciliation between the average effective tax rate and the applicable tax rate to the loss before taxation of the Group and the Company is as follows:-

| | Group | | Company | |
|--|----------------|-------------|----------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| | % | % | % | % |
| Tax at applicable tax rate on loss before taxation | (28.00) | (28.00) | (28.00) | (28.00) |
| Tax effects of: | | | | |
| Different tax rates | 2.60 | 3.28 | - | - |
| Changes in tax rates on opening deferred tax assets | - | (0.09) | - | - |
| Tax exempt income | (3.19) | (1.68) | (0.59) | - |
| Utilisation of current year's tax losses, capital allowances and reinvestment allowances | (1.58) | (0.14) | - | - |
| Movement in deferred tax assets not recognised during the financial year | 17.13 | (17.73) | - | - |
| Non-allowable expenses | 44.84 | 72.51 | 31.23 | 32.80 |
| Losses not available to set-off | 0.77 | 6.96 | - | - |
| Income not subject to tax | (38.43) | (30.72) | (0.86) | (3.65) |
| | (5.86) | 4.39 | 1.78 | 1.15 |
| Under / (Over) provision in respect of prior years | 0.24 | 0.94 | (0.04) | (1.30) |
| Average effective tax rate | (5.62) | 5.33 | 1.74 | (0.15) |

9. Loss Per Share

Loss per share of the Group is calculated by dividing the net loss for the financial year of RM405,474,000 (2003: RM174,043,000) by the number of ordinary shares in issue during the financial year of 1,940,531,778 (2003 : 1,940,531,778).



10. Property, Plant And Equipment

Group

| | Freehold Land | Long Term Leasehold Land | Short Term Leasehold Land | Buildings | Plant & Machinery | Motor Vehicles | Furniture Fittings & Equipment | Construction Work-In Progress | Renovation | 2004 | 2003 |
|---|----------------|--------------------------|---------------------------|------------------|-------------------|----------------|--------------------------------|-------------------------------|---------------|------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Cost or valuation | | | | | | | | | | | |
| At 1 January | 840,268 | 21,756 | 1,203 | 1,905,969 | 57,763 | 15,922 | 788,366 | 8,034 | 21,476 | 3,660,757 | 3,487,775 |
| Exchange difference | 58,493 | (16) | 14 | 126,276 | 51 | 117 | 56,455 | 25 | - | 241,415 | 341,297 |
| Reclassifications | - | - | - | - | (2,225) | - | 2,225 | - | - | - | - |
| | 898,761 | 21,740 | 1,217 | 2,032,245 | 55,589 | 16,039 | 847,046 | 8,059 | 21,476 | 3,902,172 | 3,829,072 |
| Additions | 10,448 | - | - | 16,052 | 1,474 | 307 | 24,990 | - | 103 | 53,374 | 33,138 |
| Disposals | (68,755) | (917) | - | (145,730) | (11,170) | (1,791) | (54,640) | (7,348) | - | (290,351) | (187,220) |
| Written off | - | - | - | - | (58) | (7) | (1,226) | - | - | (1,291) | (6,196) |
| Transfer from development properties | - | - | - | - | - | - | - | - | - | - | 4,727 |
| Subsidiary companies not consolidated upon dilution into associated companies | (2,410) | (1,580) | - | (9,896) | - | (3,441) | (19,938) | - | (5,666) | (42,931) | - |
| Subsidiary companies under winding up not consolidated | - | - | - | - | - | - | (184) | - | (69) | (253) | - |
| Disposal of subsidiary companies | - | - | - | - | - | - | - | - | - | - | (12,764) |
| At 31 December | 838,044 | 19,243 | 1,217 | 1,892,671 | 45,835 | 11,107 | 796,048 | 711 | 15,844 | 3,620,720 | 3,660,757 |
| Accumulated Depreciation | | | | | | | | | | | |
| At 1 January | - | 1,393 | 162 | 172,777 | 43,838 | 14,686 | 402,022 | - | 15,557 | 650,435 | 570,789 |
| Exchange difference | - | (8) | 7 | 8,838 | (25) | 68 | 29,376 | - | - | 38,256 | 52,299 |
| Reclassifications | - | - | - | - | (2,305) | - | 2,305 | - | - | - | - |
| | - | 1,385 | 169 | 181,615 | 41,508 | 14,754 | 433,703 | - | 15,557 | 688,691 | 623,088 |
| Charge for the financial year | - | 242 | 15 | 8,521 | 2,377 | 530 | 65,640 | - | 2,598 | 79,923 | 78,459 |
| Disposals | - | (121) | - | (8,360) | (7,537) | (1,787) | (38,711) | - | - | (56,516) | (38,622) |
| Written off | - | - | - | - | - | (7) | (1,172) | - | - | (1,179) | (5,137) |
| Subsidiary companies not consolidated upon dilution into associated companies | - | (46) | - | (5,734) | - | (3,375) | (15,556) | - | (3,918) | (28,629) | - |
| Subsidiary companies under winding up not consolidated | - | - | - | - | - | - | (184) | - | (69) | (253) | (7,353) |
| Disposal of subsidiary companies | - | - | - | - | - | - | - | - | - | - | - |
| At 31 December | - | 1,460 | 184 | 176,042 | 36,348 | 10,115 | 443,720 | - | 14,168 | 682,037 | 650,435 |
| Accumulated Impairment | | | | | | | | | | | |
| At 1 January | 7,242 | - | - | 16,091 | 3,630 | - | 1,370 | - | - | 28,333 | 19,832 |
| Addition | - | - | - | 2,626 | - | - | - | - | - | 2,626 | 8,501 |
| Disposals | - | - | - | - | (3,630) | - | (1,370) | - | - | (5,000) | - |
| At 31 December | 7,242 | - | - | 18,717 | - | - | - | - | - | 25,959 | 28,333 |
| Net Book Value | | | | | | | | | | | |
| At 31 December 2004 | 830,802 | 17,783 | 1,033 | 1,697,912 | 9,487 | 992 | 352,328 | 711 | 1,676 | 2,912,724 | - |
| At 31 December 2003 | 833,026 | 20,363 | 1,041 | 1,717,101 | 10,295 | 1,236 | 384,974 | 8,034 | 5,919 | - | 2,981,989 |

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

(a) Property, plant and equipment stated at valuation are as follows:-

| | Group | |
|------------------------------------|----------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| <i>Freehold land and buildings</i> | | |
| Valuation in 1982 | 150 | 150 |
| Valuation in 1983 | 91,413 | 91,413 |
| Valuation in 1986 | 16,960 | 16,960 |
| | 108,523 | 108,523 |

The valuations for 1982 and 1983 were based on valuations by independent professional valuers whilst that for 1986 was based on valuation by the Directors then. All valuations were on the basis of open market. The valuations have not been updated as the Group has not adopted a policy of regular revaluation. The said assets are stated at their valuation less accumulated depreciation. The carrying amounts of the said assets that would have carried at cost less accumulated depreciation cannot be determined from available records.

- (b) The impairment of the property, plant and equipment of the Group is recognised during the financial year to reflect its recoverable amount which is based on the estimated market value.
- (c) Certain land and buildings, furniture, fittings and equipment, and plant and machinery of the subsidiary companies with net book value totalling RM2,522,849,000 (2003: RM2,596,893,000) are pledged to financial institutions for banking facilities granted to these subsidiary companies.
- (d) Plant and equipment of the Group with net book value totalling RM1,551,000 (2003: RM193,000) have been acquired under hire-purchase and lease arrangements.

11. Investment Properties

| | Group | |
|--------------------------------|---------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| At Directors' valuation (1983) | | |
| Freehold land | – | 56,004 |
| Building | – | 84,996 |
| | – | 141,000 |

The valuation in 1983 was on the basis of open market.

The Group has not adopted a policy of regular revaluation. However, the Directors periodically assess the carrying value of the Group's investment properties based upon the advice of professional valuers. The investment properties are stated at valuation less impairment losses, if any.

During the financial year, the investment properties were disposed of for a cash consideration of RM166,000,000. The details of the disposal are disclosed in the Note 38 (c).



12. Subsidiary Companies

| | <i>Company</i> | |
|-------------------------------------|------------------|---------------|
| | <i>2004</i> | <i>2003</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Investments in subsidiary companies | | |
| Quoted shares | | |
| At cost | 500,098 | 500,098 |
| At Directors' valuation (1983) | 46,396 | 56,529 |
| | 546,494 | 556,627 |
| Unquoted shares | | |
| At cost | 696,064 | 692,374 |
| At Directors' valuation:- | | |
| -1983 | 38,718 | 38,718 |
| -1987 | 6,900 | 6,900 |
| | 741,682 | 737,992 |
| Total investments | 1,288,176 | 1,294,619 |
| Less: Impairment | (177,761) | (177,761) |
| | 1,110,415 | 1,116,858 |
| Market value of quoted shares | 138,890 | 181,729 |

- (a) Certain investments in subsidiary companies are carried at revalued amounts based on valuations made by Directors in 1983 and 1987. The valuation of the quoted investments in subsidiary companies were based on the market values of the shares in the relevant subsidiary companies at that point in time, whereas the valuations of the unquoted investments in subsidiary companies were based on the adjusted net tangible assets of the relevant subsidiary companies. The valuations have not been updated as the Company has not adopted a policy of regular revaluation. As IAS 25 "Accounting For Investments" became operative in Malaysia for financial statements covering period beginning on or after 1 January 1993, the investments in subsidiary companies are stated at its previous valuations less impairment losses, if any.
- (b) The impairment of certain investments in subsidiary companies is recognised to reflect their recoverable amounts which are based on the adjusted net assets of each subsidiary company.
- (c) The consolidated financial statements do not deal with the following subsidiary companies:-

Asia Entertainment Network Sdn Bhd
Cocoa Specialities (Malaysia) Sdn Bhd
Fibercorp (Sarawak) Sdn Bhd
Grand Union Insurance Company Limited
Office Business Systems (Malacca) Sdn Bhd
Office Business Systems (Penang) Sdn Bhd
Office Business Systems Sdn Bhd
Pengkalan Building Materials Sdn Bhd
Pengkalan Electronics Industries Sdn Bhd
Pengkalan Engineering & Construction Sdn Bhd

12. Subsidiary Companies (Cont'd)

- (c) The consolidated financial statements do not deal with the following subsidiary companies:- (Cont'd)

Pengkalen Heights Sdn Bhd
Pengkalen Pasar Borong Sdn Bhd
Pengkalen Raya Sdn Bhd
Sensor Equipment Sdn Bhd
Technitone (M) Sdn Bhd

These companies are subsidiary companies of Pan Malaysia Holdings Berhad ("PM Holdings") and were placed under winding-up or receivership prior to 2003.

- (d) The consolidated financial statements of the Group do not deal with the following subsidiary companies from the date its control in these subsidiary companies ceased:-

2004

- (i) Pengkalen (UK) Plc ("PUK") and its subsidiary companies

As part of the continuing rationalisation efforts to divest or wind-up unprofitable businesses, PUK, a subsidiary company of PM Holdings, was placed under creditors' voluntary winding-up on 26 August 2004. Accordingly, for accounting purpose, the consolidated financial statements of the Group did not include PUK and its subsidiary companies with effect from the date when PUK was placed under winding-up. PUK was an investment holding company and its subsidiary companies are listed on page 117.

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

| | Group | |
|--|--------------------------|---------------|
| | 2004 | 2003* |
| | Up to the date of | |
| | non-consolidation | |
| | RM'000 | RM'000 |
| Revenue | - | 418 |
| Operating costs | (88) | (1,574) |
| Other operating income | 1,321 | 17,309 |
| Surplus arising from subsidiary companies not consolidated | 4,305 | - |
| Profit before taxation | 5,538 | 16,153 |
| Taxation | 2 | 1,110 |
| Decrease in Group net loss | 5,540 | 17,263 |



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

| | Group | |
|---|--------------------------|---------------|
| | 2004 | 2003* |
| | At the date of | |
| | non-consolidation | |
| | RM'000 | RM'000 |
| Assets and liabilities not consolidated | | |
| Investments | 12 | 38 |
| Current assets | 358 | 301 |
| Trade and other payables | (8,467) | (81,339) |
| Minority interests | 3,792 | 3,792 |
| | <hr/> | <hr/> |
| Decrease in Group net liabilities | (4,305) | (77,208) |

The effects of the non-consolidation of PUK and its subsidiary companies on the cash flows of the Group are disclosed in Note (c) to the cash flow statements.

* These are the comparative financial results/position for the financial year ended/as at 31 December 2003 in respect of the above subsidiary companies not consolidated.

2003

(i) Marcel's Patisserie (S) Pte Ltd ("MP(S)") and MUI Internet (Singapore) Pte Ltd ("MI(S)")

MP(S) and MI(S) were wholly-owned subsidiary companies of Network Foods International Ltd and were de-registered on 5 May 2003 from the Registrar of Companies and Business of Singapore following the applications by the said companies for de-registration as MP(S) and MI(S) had been dormant since 1987 and 1981 respectively. There were no financial effects arising on the de-registration.

(e) Disposals of subsidiary companies

In 2003, the Group disposed of Lotus Chocolate Company Limited ("Lotus").

The effects of the disposal of Lotus on the financial results of the Group for the financial year ended 31 December 2003 were as follows:-

| | 2003 |
|--|-----------------------------------|
| | Up to the date of disposal |
| | RM'000 |
| Revenue | 3,734 |
| Operating costs | (4,420) |
| | <hr/> |
| Loss from operations | (686) |
| Loss on disposal of subsidiary company | (2,582) |
| Finance cost | (320) |
| | <hr/> |
| Loss before taxation | (3,588) |
| Taxation | - |
| | <hr/> |
| Increase in Group net loss | (3,588) |

12. Subsidiary Companies (Cont'd)

The effects of the disposal of Lotus on the financial position of the Group as at 31 December 2003 were as follows:-

| | <i>2003</i> <i>At the date of disposal</i> <i>RM'000</i> |
|---------------------------------|--|
| Assets and liabilities disposed | |
| Property, plant and equipment | 5,411 |
| Inventories | 1,091 |
| Trade and other receivables | 1,912 |
| Bank balances and cash | 34 |
| Tax recoverable | 56 |
| Trade and other payables | (2,031) |
| Bank borrowings | (3,644) |
| Net assets disposed | <u>2,829</u> |

The effects of the disposal of Lotus on the cash flow of the Group at the date of disposal are disclosed in Note (d) to the cash flow statements.

(f) Dilution of interests in subsidiary companies

During the financial year, Pan Malaysia Corporation Berhad ("PMC") issued in total 100,510,000 new ordinary shares pursuant to the Private Placements as detailed in Note 38(d) and (e). The Group's shareholding in PMC was diluted from 56.84% to 50.04%.

On 29 December 2004, the 562,221,711 Irredeemable Convertible Preference Shares ("ICPS") in Pan Malaysia Capital Berhad ("PM Capital") were automatically converted into 562,221,711 new ordinary shares of RM1.00 each in the capital of PM Capital pursuant to the terms of the ICPS. The total issued and paid-up shares capital of PM Capital increased to RM815,308,845 comprising of 815,308,845 ordinary shares of RM1.00 each. Arising from the said conversion of the ICPS, PM Holdings's equity interest in PM Capital was diluted from 73.89% to 34.84%.

The effects of the dilution of equity interests in the above subsidiary companies on the financial results of the Group are as follows:-

| | Group 2004 Up to the date of dilution RM'000 | 2003* RM'000 |
|--|---|-----------------------------------|
| Revenue | 34,633 | 11,715 |
| Operating costs | (47,561) | (26,697) |
| Other operating income | 33,605 | 5,167 |
| Gain on dilution of interest in subsidiary companies | 262,255 | - |
| Profit before taxation | 282,932 | (9,815) |
| Taxation | (1,780) | (305) |
| Profit after taxation | 281,152 | (10,120) |
| Minority interests | - | - |
| Decrease / (Increase) in Group net loss | 281,152 | (10,120) |



The effects of the dilution in equity interests in the above subsidiary companies on the financial position of the Group are as follows:-

| | Group | |
|--|--------------------|---------------|
| | 2004 | 2003* |
| | At the date | |
| | of dilution | |
| | RM'000 | RM'000 |
| Effects of dilution on assets and liabilities | | |
| Property, plant and equipment | 14,302 | 16,231 |
| Intangible assets | 144,037 | 144,037 |
| Goodwill on consolidation | 7,809 | 7,809 |
| Investments | 26,691 | 9,113 |
| Deferred tax assets | 11,000 | 11,000 |
| Short term investments | 8,138 | 10,043 |
| Trade and other receivables | 169,071 | 173,127 |
| Deposits, bank balances and cash | – | 49,389 |
| Trade and other payables | (258,201) | (275,413) |
| Bank borrowings | (5,003) | (3,003) |
| Taxation | (370) | (427) |
| Minority interests | (370,491) | (465,162) |
| Share of net assets now accounted for as an associated company | (54,011) | – |
| Decrease in Group net liabilities | (307,028) | (323,256) |

The effects of the dilution of equity interest in the above subsidiary companies on the cash flows of the Group are disclosed in Note (e) to the cash flow statements.

* These are the comparative financial results/position for the financial year ended/as at 31 December 2003 in respect of the dilution in equity interests in the above subsidiary companies.

(g) The subsidiary companies consolidated are listed on pages 109 to 119.

13. Associated Companies

| | Group | |
|---|------------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Investments in associated companies:- | | |
| Quoted shares, at cost | | |
| Malaysian | 875,367 | 821,356 |
| Overseas | 336,279 | 336,278 |
| | 1,211,646 | 1,157,634 |
| Unquoted shares, at cost | 111,114 | 123,771 |
| | 1,322,760 | 1,281,405 |
| Group's share of post-acquisition reserves and retained profits less losses | (317,525) | (342,184) |
| | 1,005,235 | 939,221 |
| Less : Impairment of investments | (315,273) | (230,373) |
| | 689,962 | 708,848 |

13. Associated Companies (Cont'd)

| | Group | |
|---|----------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Market value of quoted shares | | |
| Malaysian | 319,595 | 320,707 |
| Overseas | 244,185 | 186,960 |
| | 563,780 | 507,667 |
| <hr/> | | |
| (a) The Group's interests in associated companies comprises:- | | |
| Group share of net assets | 443,168 | 460,685 |
| Goodwill on acquisition | 246,794 | 248,163 |
| | 689,962 | 708,848 |
| <hr/> | | |
| (b) Certain quoted shares in an overseas associated company held by an overseas subsidiary company were pledged to overseas financial institutions for credit facilities of HK\$801.2 million (RM391.7 million) (which are included in the credit facilities as mentioned in Note 26) granted to another overseas subsidiary company. | | |
| (c) The impairment of certain investments in associated companies is recognised during the financial year to reflect their recoverable amounts based on the market prices of the shares or net assets of the associated companies. | | |
| (d) The associated companies are listed on pages 110 to 117. | | |

14. Joint Venture

| | Group | |
|---|-----------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Investment in joint venture | | |
| Unquoted shares, at cost | 2,377 | 2,197 |
| Group's share of post-acquisition reserves and retained profits less losses | (649) | 16,179 |
| | 1,728 | 18,376 |
| <hr/> | | |
| (a) The Group's share of the assets, liabilities and capital commitments of the joint venture are as follows: | | |
| Property, plant and equipment | 129,498 | 121,322 |
| Current assets | 11,004 | 2,947 |
| Current liabilities | (88,585) | (10,624) |
| Non-current liabilities | (50,189) | (95,269) |
| Net assets | 1,728 | 18,376 |
| <hr/> | | |
| Capital commitments | - | - |
| <hr/> | | |



| | <i>Group</i> | |
|---|----------------------|----------------------|
| | <i>2004</i> | <i>2003</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| (b) The Group's share of the revenue and expenses of the joint venture are as follows:- | | |
| Revenue | 49,239 | 41,456 |
| Expenses | (46,798) | (36,892) |
| Profit before taxation | 2,441 | 4,564 |
| Taxation | (587) | 2,764 |
| Profit after taxation | 1,854 | 7,328 |

(c) The joint venture is listed on page 119.

15. Investments

| | <i>Group</i> | |
|--|----------------------|----------------------|
| | <i>2004</i> | <i>2003</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Quoted shares | | |
| Malaysian, at cost | 90,476 | 93,612 |
| Overseas, at cost | 256,826 | 256,095 |
| | 347,302 | 349,707 |
| Less : Allowance for diminution in value | (182,750) | (129,117) |
| | 164,552 | 220,590 |
| Unquoted shares, at cost | 400,127 | 484,142 |
| Less : Allowance for diminution in value | (175,184) | (250,379) |
| | 224,943 | 233,763 |
| Net amount | 389,495 | 454,353 |
| Market value of quoted shares | | |
| Malaysian | 18,901 | 36,663 |
| Overseas | 117,990 | 127,368 |
| | 136,891 | 164,031 |

Certain overseas quoted investments held by overseas subsidiary companies are pledged to overseas financial institutions for credit facilities of HK\$801.2 million (RM391.7 million) (which are included in the credit facilities as mentioned in Note 26) granted to another overseas subsidiary company.

16. Land Held For Property Development And Property Development Costs

| | <i>Group</i> | |
|--|------------------|---------------|
| | <i>2004</i> | <i>2003</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| (a) Land held for property development | | |
| Freehold land, at cost | | |
| At 1 January | 65,273 | 64,879 |
| Addition | 33 | 394 |
| Disposal | (29,157) | – |
| At 31 December | 36,149 | 65,273 |
| Accumulated Impairment | | |
| At 1 January | 10,157 | – |
| Addition | – | 10,157 |
| Disposal | (10,157) | – |
| At 31 December | – | 10,157 |
| Net amount | 36,149 | 55,116 |
| (b) Property development costs | | |
| At 1 January | | |
| Freehold Land, at cost | 41,714 | 41,166 |
| Development costs | 200,389 | 187,892 |
| Exchange differences | 2 | – |
| | 242,105 | 229,058 |
| Costs incurred during the financial year | | |
| Development costs | 17,079 | 21,271 |
| | 17,079 | 21,271 |
| Costs recognised in income statement | | |
| At 1 January | (122,556) | (101,419) |
| Addition | (19,553) | (21,137) |
| At 31 December | (142,109) | (122,556) |
| Writing down to net realisable value | (3,000) | (3,500) |
| Transfers at 31 December:- | | |
| To Property, Plant and Equipment | – | (4,727) |
| To Inventories | (24,667) | (14,480) |
| | (24,667) | (19,207) |
| Property Development Costs at 31 December | 89,408 | 105,066 |
| Included in property development costs incurred during the financial year is:- | | |
| Interest expense | 14,004 | 16,088 |



17. Goodwill On Consolidation

| | Group | |
|----------------------------|------------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Positive goodwill, at cost | 1,129,162 | 1,090,571 |
| Less: Impairment | (897,506) | (518,891) |
| | 231,656 | 571,680 |
| Negative goodwill, at cost | (110,983) | (111,426) |
| | 120,673 | 460,254 |

The impairment of goodwill in certain subsidiary companies is recognised to reflect their recoverable amounts being the higher of their value in use and the net realisable value.

18. Inventories

Inventories are stated at cost and comprise the following:-

| | Group | |
|--------------------------------------|---------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Food, beverages and hotel supplies | 5,901 | 7,467 |
| Sundry stores and consumables | 1,486 | 1,295 |
| Raw materials | 4,974 | 4,057 |
| Finished goods | 45,474 | 40,901 |
| Completed development property units | 24,667 | 14,480 |
| Work-in-progress | 1,094 | 433 |
| | 83,596 | 68,633 |

19. Trade And Other Receivables

| | Group | | Company | |
|--|------------------|---------------|------------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade receivables | 636,331 | 567,980 | - | - |
| Less: Allowance for doubtful debts net of bad debts written off of RM221,000 (2003: RM2,000) for the Group | (248,051) | (130,010) | - | - |
| | 388,280 | 437,970 | - | - |
| Other receivables | 92,651 | 148,926 | 2,062 | 61 |
| Less: Allowance for doubtful debts | (3,189) | (50,728) | - | - |
| | 89,462 | 98,198 | 2,062 | 61 |
| Amounts owing by associated companies | 114,534 | 25,099 | - | - |
| Less: Allowance for doubtful debts | (26) | (1,120) | - | - |
| | 114,508 | 23,979 | - | - |
| Amounts owing by subsidiary companies | - | - | 3,015,026 | 1,395,872 |
| Less: Allowance for doubtful debts | - | - | (795,294) | (668,890) |
| | - | - | 2,219,732 | 726,982 |
| Sundry deposits & prepayments | 28,568 | 40,048 | - | 17,000 |
| Amounts owing by joint venture | - | 54,969 | - | - |
| | 620,818 | 655,164 | 2,221,794 | 744,043 |

19. Trade And Other Receivables (Cont'd)

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

| | Group | |
|-------------------|----------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Sterling Pound | 69,866 | 40,673 |
| Australian Dollar | 26,084 | 25,939 |
| US Dollar | 7,251 | 5,367 |
| Hong Kong Dollar | 2,877 | 3,108 |
| Singapore Dollar | 2,334 | 803 |
| Brunei Dollar | - | 40 |
| | 108,412 | 75,930 |

- (b) The amounts owing by associated companies represent balances arising from advances, which are unsecured, bear interest at 6.75% to 6.8% (2003 : 6.8%) per annum and are repayable on demand.
- (c) The amounts owing by subsidiary companies, which represent balances arising from advances and payments made on behalf by the Company, are unsecured, have no fixed terms of repayment and are interest-free except for amounts totalling RM20,310,000 (2003 : RM136,118,000) which bear interest at 3.2% to 5% per annum (2003 : 2% to 8% per annum).

It is not practical to estimate the fair value of the amounts owing by subsidiary companies principally due to the lack of fixed repayment terms entered into by the parties involved and without involving excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received.

- (d) The amount owing by joint venture as at 31 December 2003, which represented balances arising from advances by overseas subsidiary companies, were secured, and bore interest at 3.5% per annum above LIBOR.
- (e) Normal trade credit terms ranges from 7 days to 130 days. Other credit terms are assessed and approved on a case-by-case basis.

Concentration of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are internationally dispersed.

20. Amounts Owing By Brokers And Clients

The amounts owing by brokers and clients as at 31 December 2003 were stated net of allowance for doubtful debts amounting to RM441,413,000 after netting of bad debts written off amounting to RM80,000. The settlement term for the amount owing to brokers and clients was transaction date plus three market days.



21. Government Securities And Bonds

| | Group | |
|---|----------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| At Cost | | |
| Malaysian Government Securities - quoted | 18,477 | 18,456 |
| Cagamas Bonds - quoted | – | 3,040 |
| Corporate Bonds - unquoted | 7,022 | 7,022 |
| | 25,499 | 28,518 |
| Accretion of discounts / (Amortisation of premiums) | | |
| Malaysian Government Securities | (1,004) | (546) |
| Cagamas Bonds | – | (34) |
| Corporate Bonds | 94 | 103 |
| | (910) | (477) |
| | 24,589 | 28,041 |
| Market value of quoted securities and bonds | | |
| Malaysian Government Securities | 17,927 | 17,910 |
| Cagamas Bonds | – | 3,005 |
| | 17,927 | 20,915 |

| | Effective annual interest rate % | Amount RM'000 | Maturity | | |
|------------------------------------|---|--------------------------|--------------------------|------------------------------------|-------------------------------------|
| 2004 | | | 1 year RM'000 | 1 to 5 years RM'000 | After 5 years RM'000 |
| Debt securities held to maturity:- | | | | | |
| Malaysian Government Securities | 5.78 | 17,473 | 3,127 | 14,346 | – |
| Corporate Bonds | 6.94 | 7,116 | 1,000 | 1,016 | 5,100 |
| 2003 | | | | | |
| Debt securities held to maturity:- | | | | | |
| Malaysian Government Securities | 6.26 | 17,910 | 2,621 | 15,289 | – |
| Cagamas Bonds | 6.00 | 3,006 | 3,006 | – | – |
| Corporate Bonds | 6.94 | 7,125 | – | 2,025 | 5,100 |

22. Short Term Investments

| | Group | |
|--|---------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Quoted shares, at cost less allowance for diminution in value of RM5,441,006 (2003 : RM12,317,671) | 26,715 | 34,167 |
| Market value of quoted shares | 26,798 | 34,167 |

23. Deposits, Bank Balances And Cash

| | Group | | Company | |
|------------------------------|----------------|---------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Term deposits with:- | | | | |
| - Licensed banks | 340,818 | 373,006 | 220 | 223 |
| - Licensed finance companies | 433,781 | 505,439 | - | - |
| - Other corporations | 250 | 250 | - | - |
| Call deposits | 220 | 3,013 | - | - |
| Bank balances and cash | 82,537 | 28,870 | 30 | 41 |
| | 857,606 | 910,578 | 250 | 264 |

- (a) The foreign currency exposure profile of deposits, bank balances and cash is as follows:-

| | | | | |
|-------------------|----------------|---------|------------|-----|
| Sterling Pound | 346,979 | 381,523 | 9 | - |
| Singapore Dollar | 16,620 | 31,033 | - | - |
| Australian Dollar | 29,086 | 30,508 | - | - |
| Hong Kong Dollar | 2,487 | 629 | 200 | 201 |
| US Dollar | 493 | 173 | 22 | 22 |
| Canadian Dollar | 42 | 80 | - | - |
| | 395,707 | 443,946 | 231 | 223 |

- (b) The weighted effective average interest rates of deposits, bank balances and cash during the financial year are as follows:-

| | % | % | % | % |
|--|-------------|----------|-------------|----------|
| Term and call deposits with licensed banks | 2.38 | 2.83 | 0.19 | 0.21 |
| Term and call deposits with licensed finance companies | 4.11 | 3.68 | - | - |
| Term and call deposits with other corporations | 2.70 | 2.70 | - | - |
| Bank balances & cash | 0.44 | 0.49 | - | - |

The average maturity for deposits ranges from 1 day to 30 days.

- (c) Included in deposits, bank balances and cash of the Group are the following:-
- Amounts totalling RM7,117,000 (2003: RM4,866,000) held under the Housing Development Accounts which are interest bearing pursuant to Section 7A of the Housing Developers Act, 1966.
 - Amounts totalling Nil (2003 : RM36,024,000) maintained as trust monies in accordance with the requirement of Bursa Securities and the Security Industry Act, 1983.
 - Amounts totalling RM302,053,000 (2003 : RM390,905,000) of certain overseas subsidiary companies are placed as sinking funds.



24. Trade And Other Payables

| | Group | | Company | |
|---|----------------|---------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade payables | 92,411 | 226,543 | - | - |
| Other payables | 66,046 | 76,200 | 108 | 104 |
| Accrued administrative & other expenses | 50,869 | 70,760 | - | - |
| Dealers' and remisiers' commission & deposits | - | 12,438 | - | - |
| Tenant deposits | 429 | 4,010 | - | - |
| Amounts owing to associated companies | 9,732 | 31,002 | - | - |
| | 219,487 | 420,953 | 108 | 104 |

- (a) The amounts owing to associated companies represent balances arising from advances received by overseas subsidiary companies and are unsecured, have no fixed terms of repayment and interest-free.

It is not practical to estimate the fair value of the amounts owing to associated companies principally due to the lack of fixed repayment terms entered into by the parties involved and without involving excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

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

| | Group | |
|--------------------|---------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Sterling Pound | 29,229 | 41,904 |
| Australian Dollar | 22,471 | 18,597 |
| Hong Kong Dollar | 1,266 | 1,875 |
| US Dollar | 1,199 | 1,070 |
| Singapore Dollar | 88 | 413 |
| New Zealand Dollar | 644 | 240 |
| Euro Dollar | 274 | 58 |
| Others | 11 | 10 |
| | 55,182 | 64,167 |

- (c) The normal trade credit term ranges from 14 to 90 days.

25. Provisions

| | Group | |
|--|-----------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Provision for outstanding insurance claims | | |
| At 1 January | 39,161 | 37,224 |
| Net claims incurred | 30,878 | 29,085 |
| Less: Net claims paid | (30,085) | (27,148) |
| Net outstanding claims | 39,954 | 39,161 |
| Provision for corporate guarantees | | |
| At 1 January | 5,184 | 5,184 |
| Settlement | (4,043) | - |
| Writeback of provision no longer required (refer Note 6) | (1,141) | - |
| Net outstanding claims | - | 5,184 |
| Employee benefits (refer Note 31) | 4,389 | 2,602 |
| | 44,343 | 46,947 |

26. Borrowings

| | <i>Group</i> | | <i>Company</i> | |
|---|------------------|---------------|------------------|---------------|
| | <i>2004</i> | <i>2003</i> | <i>2004</i> | <i>2003</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Current | | | | |
| Bank overdrafts | | | | |
| - secured | 6,558 | – | – | – |
| - unsecured | 131,842 | 200,484 | – | – |
| Bills payable | | | | |
| - secured | 14,352 | 6,884 | – | – |
| - unsecured | 2,924 | 4,168 | – | – |
| Bank revolving credits | | | | |
| - secured | 64,799 | 50,000 | – | – |
| - unsecured | 898,850 | 907,976 | 20,000 | 20,000 |
| Current portion of term loans | 50,152 | 96,978 | – | – |
| Hire-purchase and lease liabilities | 593 | 109 | – | – |
| | 1,170,070 | 1,266,599 | 20,000 | 20,000 |
| | | | | |
| | | | <i>Group</i> | |
| | | | <i>2004</i> | <i>2003</i> |
| | | | <i>RM'000</i> | <i>RM'000</i> |
| Non-Current | | | | |
| Term loans | | | | |
| - secured | | | 1,356,678 | 1,117,994 |
| - unsecured | | | 23,960 | 193,581 |
| Debenture and loan notes | | | 840,420 | 1,168,788 |
| Hire-purchase and lease liabilities | | | 963 | 83 |
| Current portion of term loans | | | (50,152) | (96,978) |
| | | | 2,171,869 | 2,383,468 |
| (a) The maturities of non-current term loans, debenture and loan notes are as follows:- | | | | |
| Between 1 year to 5 years | | | 2,059,442 | 2,173,527 |
| More than 5 years | | | 111,463 | 209,858 |
| | | | 2,170,905 | 2,383,385 |
| (b) Details of hire-purchase and finance lease liabilities are as follows:- | | | | |
| Hire-purchase and minimum lease payments | | | | |
| Within 1 year | | | 620 | 132 |
| Between 1 year to 5 years | | | 978 | 110 |
| | | | 1,598 | 242 |
| Future finance charges | | | (42) | (50) |
| Present value of hire-purchase and finance lease liabilities | | | 1,556 | 192 |
| Portion payable:- | | | | |
| Within 1 year (current) | | | 593 | 109 |
| Between 1 year to 5 years (non-current) | | | 963 | 83 |
| | | | 1,556 | 192 |



(c) The foreign currency exposure profile of borrowings is as follows:-

| | Group | |
|-------------------|------------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Sterling Pound | 1,755,359 | 1,897,024 |
| Hong Kong Dollar | 390,727 | 396,199 |
| Australian Dollar | 46,881 | 43,764 |
| Singapore Dollar | 1,526 | 257 |
| Others | 409 | – |
| | 2,194,902 | 2,337,244 |

(d) The weighted effective annual interest rates of borrowings during the financial year are as follows:-

| | Group | | Company | |
|-------------------------------------|--------------|-------------|----------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| | % | % | % | % |
| Bank overdrafts | 7.4 | 7.1 | – | – |
| Bills payable | 6.3 | 6.5 | – | – |
| Bank revolving credits | 4.7 | 4.8 | 4.7 | 4.6 |
| Term loans | 5.0 | 5.2 | – | – |
| Debenture & loan notes | 9.5 | 8.8 | – | – |
| Hire-purchase and lease liabilities | 5.6 | 7.2 | – | – |

(e) The interest risk exposure of the above borrowings (excluding hire-purchase and lease liabilities) is as follows:-

| | Group | | Company | |
|--------------------------|------------------|---------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Fixed rate borrowings | 909,380 | 1,296,441 | – | – |
| Floating rate borrowings | 2,431,002 | 2,353,626 | 20,000 | 20,000 |
| | 3,340,382 | 3,650,067 | 20,000 | 20,000 |

(f) Bills payable, bank overdrafts and bank revolving credits bear interests at between 0.5% to 3.4% per annum (2003: 0.5% to 2.5% per annum) above base lending rates/cost of funds of the lending institutions.

(g) The banking facilities of certain subsidiary companies are secured by the following:-

(i) fixed charges over certain landed properties, fixed deposits, marketable securities and plant and machinery of the subsidiary companies.

(ii) floating charges over all the other assets of these subsidiary companies.

(h) Term loans in respect of certain subsidiary companies amounting to RM87,324,000 (2003 : RM120,577,000) bear interests at between 6.7% to 8.0% per annum (2003: 6.7% to 9.0% per annum). The other term loans bear interests at between 1.25% to 3.5% per annum (2003 : 1.25% to 2.5% per annum) above the base lending rates/cost of funds of the lending institutions.

(i) The debenture is secured by fixed and floating charges over the assets of certain overseas subsidiary companies and bears interest at 9% (2003: 9%) per annum. The debenture is repayable at par in June 2006 if not already previously redeemed. The loan notes, which were secured by fixed and floating charges over the assets of certain overseas subsidiary companies and bore interest at 8.5% per annum, were redeemed during the financial year.

27. Share Capital

| | <i>Group/Company</i> | |
|---|----------------------|---------------|
| | <i>2004</i> | <i>2003</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| Authorised | | |
| 3,000,000,000 ordinary shares of RM1 each | 3,000,000 | 3,000,000 |
| Issued & fully paid | | |
| 1,940,531,778 ordinary shares of RM1 each | 1,940,532 | 1,940,532 |

28. Reserves

| | <i>Group</i> | | <i>Company</i> | |
|------------------------------|--------------------|---------------|------------------|---------------|
| | <i>2004</i> | <i>2003</i> | <i>2004</i> | <i>2003</i> |
| | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> | <i>RM'000</i> |
| Non-Distributable | | | | |
| Share premium | 220,305 | 220,305 | 220,305 | 220,305 |
| Revaluation reserve | 18,268 | 18,268 | 26,264 | 26,264 |
| Exchange fluctuation reserve | 232,886 | 120,579 | – | – |
| Capital reserve | 1,792 | 73,673 | – | – |
| Distributable | | | | |
| General reserve | 25,257 | 25,257 | – | – |
| Accumulated losses | (1,753,267) | (1,350,796) | (514,275) | (397,282) |
| | (1,254,759) | (892,714) | (267,706) | (150,713) |

- (a) The capital reserve comprises mainly the Group's portion of the share premium arising from special issues to approved Bumiputera investors by subsidiary companies in previous years.

The general reserve comprises mainly gains from disposal of property, plant and equipment by subsidiary companies in previous years.

- (b) Accumulated losses are absorbed by:-

| | <i>Group</i> | |
|----------------------|--------------------|---------------|
| | <i>2004</i> | <i>2003</i> |
| | <i>RM'000</i> | <i>RM'000</i> |
| The Company | (514,275) | (397,282) |
| Subsidiary companies | (947,819) | (644,347) |
| Associated companies | (291,173) | (309,167) |
| | (1,753,267) | (1,350,796) |

- (c) As at 31 December 2004, the Company has tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt accounts of approximately RM16.5 million and RM49.2 million respectively, subject to agreement by the Inland Revenue Board.



29. Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

| | Group | |
|---|------------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| <i>Equity Instrument</i> | | |
| At nominal value | | |
| Class A1, 8-year ICULS ("Class A1 ICULS") | 665,768 | – |
| Class A2, 8-year ICULS ("Class A2 ICULS") | 665,768 | – |
| Total | 1,331,536 | – |
| Less: Discount portion of ICULS | (226,361) | – |
| Net value of ICULS | 1,105,175 | – |
| <i>Liability Instrument</i> | | |
| At nominal value | | |
| Class A1 ICULS | 311,927 | – |
| Class A2 ICULS | 311,927 | – |
| Total | 623,854 | – |
| Less: Discount portion of ICULS | (106,055) | – |
| Net value of ICULS | 517,799 | – |

The details of the issuance of the ICULS are disclosed in Note 38 (a).

The portion of the ICULS classified as equity instrument is classified in accordance with the provision of MASB 24 "Financial Instruments: Disclosure and Presentation" where the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

The portion of the ICULS classified as liability instrument are those ICULS to be held by wholly-owned subsidiary companies which will be acquired by the Company for subsequent cancellation as detailed in Note 38 (a).

The salient features of the ICULS are as follows:-

- The ICULS are non-interest bearing for their entire tenures;
- The ICULS which were issued on 30 December 2004 ("Issue Date") shall mature on the day immediately preceding the eighth (8th) anniversary of their Issue Date. The maturity date shall be 28 December 2012. ("Maturity Date")
- The holders of the Class A1 ICULS may exercise their rights to convert their Class A1 ICULS into New MUIB Shares during the period of six (6) months from the expiry of the fifth (5th) year from the Issue Date ("First Conversion Period"). Any Class A1 ICULS not converted then shall be convertible into New MUIB Shares during the period being the last six (6) months of the eighth (8th) year from Issue Date ("Second Conversion Period");
- The holders of Class A2 ICULS may exercise their rights to convert their ICULS into New MUIB Shares at any time during the Second Conversion Period;
- The ICULS shall be convertible into New MUIB Shares on the basis of RM1.00 nominal value of ICULS for one (1) new fully paid-up ordinary share in MUIB;

29. Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (Cont'd)

- (vi) All outstanding ICULS on Maturity Date shall be automatically and mandatorily converted into New MUIB Shares;
- (vii) The Company shall issue additional ICULS designated as Class A3, 2¹/₂-year ICULS at nominal value upfront in year 6 as compensation in place of interest in cash for the 3-year period from years 6 to 8 on the outstanding unconverted Class A1 ICULS and Class A2 ICULS as at the end of the First Conversion Period. The amount of Class A3, 2¹/₂-year ICULS to be issued is calculated by reference to an implied interest rate of 5% per annum for the 3 year period for years 6 to 8, discounted to net present value by applying a discount rate of 7% per annum. The Board shall also retain the sole discretion to pay interest in cash for years 6 to 8 instead of the compensation as referred to above on the remaining unconverted Class A1 ICULS and Class A2 ICULS. If the Board so decides to pay interest in cash, then such interest shall be paid annually in arrears from years 6 to 8; and
- (viii) The New MUIB Shares to be allotted and issued upon conversion of the ICULS shall rank pari passu in all respects with existing MUIB Shares except that they will not rank for any dividends or other distributions declared or to be declared in respect of the financial period prior to the date of conversion into New MUIB Shares or any interim dividend or distribution, the declaration date of which is on or before the conversion date.

30. Redeemable Convertible Bond

The principal terms of the redeemable convertible bond ("Bond") were as follows:-

- (a) convertible up to 1,000,000 ordinary shares of RM1 each in Pan Malaysia Capital Berhad ("PM Capital") within a five (5) year period to 28 December 2004 or redeemable for cash at maturity on 29 December 2004; and
- (b) no coupon rate is attached to and no interest is payable on the Bond.

On 29 December 2004, the Bond has been redeemed for cash at the issue price.

31. Employee Benefits

| | Group | |
|---|----------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| At 1 January | | |
| - as previously stated | 5,464 | 2,157 |
| - prior year adjustments (<i>refer Note 39</i>) | - | 2,730 |
| - as restated | 5,464 | 4,887 |
| Exchange adjustments | 57 | 295 |
| Provision for the financial year | 3,764 | 1,101 |
| Paid during the financial year | (911) | (683) |
| Disposal of subsidiary companies | - | (136) |
| At 31 December | 8,374 | 5,464 |
| Less : Current portion included in provision (<i>refer Note 25</i>) | (4,389) | (2,602) |
| | 3,985 | 2,862 |



32. Deferred Taxation

| | Group | |
|--|-----------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| At 1 January | | |
| - as previously stated | 164,149 | 166,564 |
| - prior year adjustments (<i>refer Note 39</i>) | - | (3,829) |
| - as restated | 164,149 | 162,735 |
| Exchange adjustments | 11,984 | 16,986 |
| Subsidiary companies not consolidated upon dilution into associated companies | 11,000 | - |
| Transfer to tax provision account | (1,382) | (322) |
| Transfer to income statement (<i>refer Note 8</i>) | (33,768) | (14,821) |
| Transfer to revaluation reserve | - | (429) |
| At 31 December | 151,983 | 164,149 |
| (a) The amounts, determined after appropriate offsetting, are as follows: | | |
| Deferred tax liabilities | 160,698 | 179,605 |
| Deferred tax assets | (8,715) | (15,456) |
| | 151,983 | 164,149 |
| (b) The component of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: | | |
| Deferred Tax Liabilities | | |
| Property, plant and equipment | | |
| - Capital allowance in excess of depreciation | 165,994 | 170,284 |
| - Revaluation, net of related depreciation | 61,481 | 59,199 |
| | 227,475 | 229,483 |
| Deferred Tax Assets | | |
| Unutilised tax losses and capital allowances | (53,063) | (42,811) |
| Advance corporate taxation | (19,739) | (18,248) |
| Provisions | (1,978) | (2,730) |
| Others | (712) | (1,546) |
| | (75,492) | (65,335) |

32. Deferred Taxation (Cont'd)

| | Group | |
|--|----------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| (c) The Group has not recognised the following deferred tax assets in the financial statements:- | | |
| Unutilised tax losses | 202,616 | 254,920 |
| Unutilised capital allowances | 98,564 | 6,411 |
| Deductible temporary differences | 1,011 | 1,364 |
| | 302,191 | 262,695 |

The deferred tax assets are not recognised in the balance sheets as the Group is uncertain of the extent that is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

33. Amount Owing To Subsidiary Company

The amount owing to subsidiary company represented advance from a subsidiary company which was unsecured, bore interest at 6.0% per annum. The amount was settled during the financial year.

34. Segment Information Of The Group

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments while the secondary information is reported geographically.

(i) Business Segments

The Group's operations comprise the following segments:

- Retailing
 - Design, manufacture, sourcing, distribution & sale of garments, accessories & home furnishings
- Hotels
 - Holding of hotel properties and hotel operations
- Food & confectionery
 - Manufacturing, marketing & distribution of confectionery and other food products
- Property
 - Property development and investment
- Financial services
 - Stockbroking and general insurance
- Travel & Tourism
 - Travel agent & provision of travel-related services
- Investment holding
 - Investment activities

The inter-segment transactions were entered in the normal course of business and at terms mutually agreed between the parties.



34. Segment Information Of The Group (Cont'd)

(i) Business Segment (Cont'd)

2004

| REVENUE | Retailing RM'000 | Hotels RM'000 | Foods & Confectionery RM'000 | Financial Services RM'000 | Property RM'000 | Travel & Investment Tourism RM'000 | Investment Holding RM'000 | Total RM'000 | Elimination RM'000 | Group RM'000 |
|---|---------------------|------------------|------------------------------------|---------------------------------|--------------------|--|---------------------------------|-----------------|-----------------------|-----------------|
| External revenue | 528,550 | 924,436 | 345,005 | 178,031 | 37,420 | 47,163 | 269,927 | 2,330,532 | - | 2,330,532 |
| Inter-segment revenue | - | 106 | 10 | 1,196 | 2,213 | 601 | 309 | 4,435 | (4,435) | - |
| Total revenue | 528,550 | 924,542 | 345,015 | 179,227 | 39,633 | 47,764 | 270,236 | 2,334,967 | | 2,330,532 |
| Less: Group's share of associated companies' revenue | | | | | | | | | | (818,547) |
| Less: Group's share of joint venture's revenue | | | | | | | | | | (49,239) |
| | | | | | | | | | | 1,462,746 |
| RESULTS | | | | | | | | | | |
| Segment results (external) | - | 71,010 | 795 | 6,668 | 306 | 269 | (10,098) | 68,950 | | 68,950 |
| Interest income | - | 18,716 | 636 | 5,546 | 1,360 | 13 | 10,290 | 36,561 | | 36,561 |
| Profit from operations before exceptional items | - | 89,726 | 1,431 | 12,214 | 1,666 | 282 | 192 | 105,511 | | 105,511 |
| Exceptional items (refer note 6) | - | (17,010) | 42 | 24,440 | 33,583 | - | (335,601) | (294,546) | | (294,546) |
| Profit/(Loss) from operations after exceptional items | - | 72,716 | 1,473 | 36,654 | 35,249 | 282 | (335,409) | (189,035) | | (189,035) |
| Finance cost | - | (130,382) | (1,795) | (5,163) | (4,414) | (44) | (93,935) | (235,733) | | (235,733) |
| Share of results of associated companies | 7,693 | (113) | - | 275 | (145) | (686) | 28,180 | 35,204 | | 35,204 |
| Share of results of joint venture | - | 2,441 | - | - | - | - | - | 2,441 | | 2,441 |
| Profit/(Loss) before taxation | 7,693 | (55,338) | (322) | 31,766 | 30,690 | (448) | (401,164) | (387,123) | | (387,123) |
| Income tax | | | | | | | | | | 21,748 |
| Loss after taxation before minority interests | | | | | | | | | | (365,375) |
| Minority interests | | | | | | | | | | (40,099) |
| Net loss for the financial year | | | | | | | | | | (405,474) |
| OTHER INFORMATION | | | | | | | | | | |
| Segment assets | - | 3,143,746 | 257,252 | 472,856 | 188,074 | 3,468 | 1,096,377 | 5,161,773 | | 5,161,773 |
| Investments in associated companies | 226,644 | 95 | - | 55,483 | 670 | 52,524 | 354,546 | 689,962 | | 689,962 |
| Joint venture | - | 1,728 | - | - | - | - | - | 1,728 | | 1,728 |
| Unallocated corporate assets | | | | | | | | 35,619 | | 35,619 |
| Consolidated total assets | | | | | | | | 5,889,082 | | 5,889,082 |
| Segment liabilities | - | 1,610,771 | 79,255 | 60,172 | 21,244 | 1,906 | 1,836,406 | 3,609,754 | | 3,609,754 |
| Unallocated corporate liabilities | | | | | | | | 183,574 | | 183,574 |
| Consolidated corporate liabilities | | | | | | | | 3,793,328 | | 3,793,328 |
| Capital expenditure | - | 38,146 | 12,479 | 2,635 | 35 | 10 | 69 | 53,374 | | 53,374 |
| Depreciation | - | 69,880 | 3,132 | 4,432 | 557 | 63 | 1,859 | 79,923 | | 79,923 |
| Non-cash expenses other than depreciation | - | 2,642 | 114 | 10,101 | 3,060 | - | 646,210 | 662,127 | | 662,127 |

34. Segment Information Of The Group (Cont'd)

(i) Business Segment (Cont'd)

2003

REVENUE

| | | | | | | | | | |
|-----------------------|---------|---------|---------|---------|--------|--------|---------|-----------|-----------|
| External revenue | 642,529 | 862,321 | 346,645 | 162,149 | 40,583 | 42,914 | 262,886 | 2,360,027 | 2,360,027 |
| Inter-segment revenue | - | 724 | 41 | 1,375 | 3,078 | 600 | 1,041 | (6,859) | - |
| Total revenue | 642,529 | 863,045 | 346,686 | 163,524 | 43,661 | 43,514 | 263,927 | 2,366,886 | 2,360,027 |

Less: Group's share of associated companies' revenue
Less: Group's share of joint ventures' revenue

RESULTS

| | | | | | | | | | |
|--|-------|-----------|---------|---------|----------|-------|-----------|-----------|-----------|
| Segment results (external) | - | 90,017 | (661) | 2,545 | 23,306 | (87) | 1,623 | 116,743 | 116,743 |
| Interest income | - | 17,697 | 441 | 5,122 | 340 | 5 | 12,620 | 36,225 | 36,225 |
| Profit/(Loss) from operations before exceptional items | - | 107,714 | (220) | 7,667 | 23,646 | (82) | 14,243 | 152,968 | 152,968 |
| Exceptional items (refer note 6) | - | 2,491 | (3,233) | 6,436 | (18,662) | - | (98,985) | (111,953) | (111,953) |
| Profit/(Loss) from operations after exceptional items | - | 110,205 | (3,453) | 14,103 | 4,984 | (82) | (84,742) | 41,015 | 41,015 |
| Finance cost | - | (131,551) | (2,411) | (4,105) | (8,145) | (49) | (92,499) | (238,760) | (238,760) |
| Share of results of associated companies | 6,761 | 208 | - | 57 | (271) | (264) | 26,296 | 32,787 | 32,787 |
| Share of results of joint ventures | - | 4,564 | - | - | - | - | - | 4,564 | 4,564 |
| Profit/(Loss) before taxation | 6,761 | (16,574) | (5,864) | 10,055 | (3,432) | (395) | (150,945) | (160,394) | (160,394) |

Income tax

Loss after taxation before minority interests
Minority interests

Net loss for the financial year

OTHER INFORMATION

| | | | | | | | | | |
|---|---------|-----------|---------|---------|---------|--------|-----------|-----------|-----------|
| Segment assets | - | 3,236,673 | 173,088 | 906,194 | 690,718 | 4,351 | 1,214,729 | 6,225,753 | 6,225,753 |
| Investments in associated companies | 221,642 | 208 | - | 1,197 | 815 | 68,599 | 416,386 | 708,847 | 708,847 |
| Joint venture | - | 18,376 | - | - | - | - | - | 18,376 | 18,376 |
| Unallocated corporate assets | - | - | - | - | - | - | - | 39,160 | 39,160 |
| Consolidated total assets | - | 1,833,283 | 66,874 | 690,242 | 168,014 | 3,217 | 1,360,199 | 6,992,136 | 6,992,136 |
| Segment liabilities | - | - | - | - | - | - | - | 4,121,829 | 4,121,829 |
| Unallocated corporate liabilities | - | - | - | - | - | - | - | 203,788 | 203,788 |
| Consolidated corporate liabilities | - | - | - | - | - | - | - | 4,325,617 | 4,325,617 |
| Capital expenditure | - | 30,038 | 1,536 | 1,105 | 50 | 271 | 138 | 33,138 | 33,138 |
| Depreciation | - | 66,337 | 4,209 | 4,023 | 1,081 | 60 | 2,749 | 78,459 | 78,459 |
| Non-cash expenses other than depreciation | - | 2,247 | 3,756 | 2,714 | 13,754 | - | 230,967 | 253,438 | 253,438 |



34. Segment Information of the Group (Cont'd)

(ii) Geographical segments

| | Revenue | | Assets Employed | | Capital Expenditure | |
|--|------------------|---------------|------------------------|---------------|----------------------------|---------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 521,334 | 464,203 | 1,927,733 | 2,581,485 | 2,961 | 1,834 |
| Asia-Pacific | 123,486 | 122,924 | 502,472 | 794,867 | 12,283 | 1,005 |
| Australia | 296,371 | 286,502 | 218,561 | 214,052 | 598 | 1,086 |
| North America | 13,340 | 60,420 | 209,861 | 133,981 | 1 | – |
| United Kingdom | 1,376,001 | 1,425,978 | 3,030,455 | 3,267,751 | 37,531 | 29,213 |
| | 2,330,532 | 2,360,027 | 5,889,082 | 6,992,136 | 53,374 | 33,138 |
| Less: Group's share of associated companies' revenue | (818,547) | (924,625) | – | – | – | – |
| Less: Group's share of joint ventures' revenue | (49,239) | (41,456) | – | – | – | – |
| | 1,462,746 | 1,393,946 | 5,889,082 | 6,992,136 | 53,374 | 33,138 |

35. Financial Instruments

(a) Recognised financial instruments

Fair values

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

| | Group | |
|----------------------|------------------------|-------------------|
| | Carrying amount | Fair value |
| | RM'000 | RM'000 |
| 2004 | | |
| Unquoted investments | 224,943 | * |
| 2003 | | |
| Unquoted investments | 233,763 | * |

* A reasonable estimate of fair value could not be made without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable value. Such investments are stated at cost less diminution in value, if any.

The fair values of the financial assets and liabilities maturing within 12 months approximate their values due to the relatively short term maturity of these financial instruments.

The fair values of quoted investments are estimated based on its recoverable amount by reference to its adjusted net assets.

The fair values of the borrowings of the Group are estimated based on the quoted market prices for the similar issues or on the current rates offered to the Group for loans of the same remaining maturities and are not significantly different from the carrying amounts recorded at the balance sheet date.

The fair value of equity component of ICULS is determined by deducting the fair value of the liability component from the nominal amount of the ICULS and is included in shareholders' equity.

35. Financial Instruments (Cont'd)

(b) Off balance sheet financial instruments

In accordance with the scheme of arrangement by Pan Malaysia Holdings Berhad ("PM Holdings"), the indebtedness to the class of creditors referred to as the secured creditors and unsecured guarantee creditors were settled by issuance of new ordinary shares of RM1 each in PM Holdings ("New Shares") at par on a Ringgit-to-Ringgit basis.

Also, in accordance with the scheme, the Company and Loyal Design Sdn Bhd ("LDSB"), a wholly-owned subsidiary company, have on 27 December 1999 entered into put option agreements with the said creditors whereby the Company and LDSB granted put options to buy these New Shares at a maximum of RM1 per share. These New Shares were issued on 29 December 1999. The details of the put options are as follows:-

| Put Options Granted By | No. Of New Shares Under The Put Options | Exercise Period |
|---------------------------|--|---|
| The Company | 23,500,000 | Commencing thirty-six (36) months from the date of issuance of the New Shares and ending on the day falling fourteen (14) trading days thereafter (inclusive of the commencement date and the day it ends), unless otherwise extended by the Company. |
| LDSB | 32,961,431 | Commencing thirty-six (36) months from the date of issuance of the New Shares and ending on the day falling on the second anniversary thereafter (inclusive of the commencement date and the day it ends). |

The Company and LDSB are in the process of finalising new arrangements on the put option matters with the said creditors. In the event that the put options are exercised, a potential loss would arise from the impairment of the carrying value of the additional investment in PM Holdings of approximately RM17.7 million based on its net realisable value as at 31 December 2004.

36. Capital And Other Commitments

- (a) At 31 December 2004, the Group has commitments in respect of capital expenditure contracted but not provided for amounting to RM0.4 million (2003 : RM32.8 million) and capital expenditure authorised but not contracted for amounting to RM4.7 million (2003 : RM10.3 million).

(b) Operating Lease Commitments

| | Group | |
|---|---------------|---------------|
| | 2004 | 2003 |
| | RM'000 | RM'000 |
| Non cancellable operating lease commitments not provided for in the financial statements: | | |
| Within 1 year | 2,757 | 1,509 |
| Between 1 year to 5 years | 3,929 | 2,512 |
| More than 5 years | 13,676 | 12,749 |
| | 20,362 | 16,770 |



37. Contingent Liabilities - Unsecured

Group

- (a) A suit was filed on 17 May 1996, in the High Court of Kuala Lumpur by LDSB against PM Holdings and all its former directors for breach of directors' duties in conducting the affairs of PM Holdings during the period involved with the takeover offer by the Company for PM Holdings. The suit also seeks to declare, inter alia, that various options granted by PM Holdings under the PM Holdings' Executive Share Option Scheme are void. The case has now been fixed for further case management on 28 July 2005. The Group's solicitors are of the opinion, based on the documents available, that LDSB's chance of success on the claim is good.
- (b) London Vista Hotel Limited ("LVH"), a subsidiary company, has an Inland Revenue ("IR") enquiry in the United Kingdom ("UK") which is unresolved. The enquiry relates to interest payments by LVH and the IR has suggested tax up to £2.1 million (RM14.6 million) is due in respect of previous years. This has not been accepted by LVH. It is likely to be some time before this matter is resolved. The eventual outcome is uncertain. As advised by tax adviser, the Directors are of the opinion that they have valid grounds to defend the claim made by IR and accordingly, no additional provision for tax liability is provided in the financial statements.

Company

At 31 December 2004, the Company has guaranteed bank credit facilities of subsidiary companies for a total of RM656.0 million (2003 : RM808.1 million). The guarantees are unsecured.

38. Significant Corporate Developments

The significant corporate developments of the Group during and subsequent to the financial year ended 31 December 2004 are as follows:-

- (a) On 16 January 2004, the Company entered into two settlement agreements with MUI Properties Berhad ("MPB") and Pan Malaysia Corporation Berhad ("PMC") respectively whereby the Company proposed to settle the inter-company amounts owing to MPB Group and PMC Group amounting to approximately RM556.4 million and RM1,066.5 million respectively as at 31 December 2003 by the issuance of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") on the basis of RM1.00 nominal value of Class A1 and Class A2, 8-year ICULS for every RM0.83 of inter-company amounts owing. ("Settlement")

The details of the Settlement are contained in the Company's Circular to Shareholders dated 15 September 2004. The Settlement was approved by Securities Commission ("SC") on 24 March 2004, the shareholders of the Company on 30 September 2004, and the shareholders of MPB and PMC respectively on 28 October 2004.

On 30 December 2004, pursuant to the Settlement, the Company issued a total of RM1,955.4 million nominal value of Class A1 and Class A2, 8-year ICULS to Resona Resources Berhad ("RRB"), a subsidiary company of MPB, and Syahdu Pinta Berhad ("SPB"), a subsidiary company of PMC, for the settlement of the inter-company amounts owing.

On 31 January 2005, MPB and PMC announced the winding-ups of RRB and SPB respectively by way of members' voluntary winding-up. The members' voluntary winding ups of RRB and SPB constituted part of the process under the arrangement of the Settlement to distribute the ICULS to the shareholders of RRB and SPB at no cost to them. The shareholders of RRB and SPB comprised substantially entitled shareholders of MPB and PMC. The ICULS were distributed on 28 February 2005.

MUIB and its wholly-owned subsidiaries, being shareholders of both RRB and SPB, received in aggregate up to RM1,068,066,410 nominal value of Class A1 and Class A2, 8-year ICULS. Upon receipt of the said ICULS, MUIB cancelled the ICULS.

The balance of RM887,324,060 nominal value of Class A1 and Class A2, 8-year ICULS were listed on Bursa Securities on 8 March 2005.

38. Significant Corporate Developments (Cont'd)

- (b) In 1997, MPB implemented a special issue of 78,977,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share to Bumiputera investors approved by the MITI. A total of 71,899,934 shares were applied for and issued to the approved Bumiputera investors. The issuance of the balance 7,077,066 shares is still pending completion in view of the prevailing market conditions. On 21 July 2004, SC had vide its letter approved a further extension of time to 31 December 2004 to fully complete the special issue. As the prevailing market conditions has remained the same, MPB decided not to seek further extension.

- (c) On 25 March 2004, MUI Plaza Sdn Bhd ("MPSB"), a wholly-owned subsidiary of MPB, entered into a sale and purchase agreement with Menara Hap Seng Sdn Bhd (formerly known as Euro-Asia Agrochemicals Sdn Bhd) (the "Purchaser") for the disposal of two pieces of freehold land held under Lot Nos. 593 and 594 of Section 57, Town and District of Kuala Lumpur, Wilayah Persekutuan together with a building erected thereon and known as MUI Plaza for a cash consideration of RM166.0 million.

On the same date, Ming Fung Sendirian Berhad ("Ming Fung") and Shun Fung Sendirian Berhad ("Shun Fung"), both wholly-owned subsidiary companies of MPSB, entered into a sale and purchase agreement with Ski Star Sdn Bhd (formerly known as Oriental Horticulture (Malaysia) Sdn Bhd) (the "Purchaser") for the disposal of two pieces of freehold vacant land held under the Geran No. 26089 No. 1246 and Geran No. 1031 Lot No. 546 both situated at Section 57, Town and District of Kuala Lumpur, Wilayah Persekutuan for a cash consideration of RM24.0 million.

The disposals were completed on 23 June 2004 in accordance with the terms and conditions contained in the sale and purchase agreements.

- (d) On 21 October 2003, PMC proposed to undertake a private placement of up to 73,950,000 new ordinary shares of RM0.50 each in PMC representing 10% of the then existing issued and paid-up share capital of PMC ("Private Placement"). The Private Placement was to raise additional working capital for PMC. The Private Placement was approved by SC on 16 February 2004. All the placement shares were issued at placement price of RM0.50 per share and the Private Placement was fully completed on 11 June 2004.
- (e) On 1 July 2004, PMC proposed to undertake a private placement of up to 81,345,000 new ordinary shares of RM0.50 each in PMC representing 10% of the existing issued and paid-up share capital of PMC ("New Private Placement"). The New Private Placement is to raise additional working capital for PMC and its subsidiaries. The SC, vide its letter dated 28 July 2004, approved the New Private Placement. During the period from 5 October 2004 to 15 October 2004, PMC issued placement shares comprising 26,560,000 new ordinary shares of RM0.50 each at placement price of RM0.50 per ordinary share pursuant to the New Private Placement. PMC has written to seek SC's approval for an extension of time to 28 January 2006 to fully place out the remaining placement shares and the said approval is pending.
- (f) As part of continuing rationalisation exercise to divest and wind-up non-core businesses and focus on financial services activities, Pan Malaysia Holdings Berhad ("PM Holdings") had placed Pengkalen (UK) Plc, a subsidiary company, under creditors' voluntary winding-up on 26 August 2004.
- (g) On 20 December 2004, Novimax (M) Sdn Bhd, a wholly-owned subsidiary, entered into a share sale agreement for the disposal of 29,506,932 ordinary shares representing 29.5% of issued and paid-up share capital of MUI Continental Insurance Berhad ("MCI") for an aggregate consideration of RM55.3 million. The disposal was completed on 31 December 2004 and the Group's shareholdings in MCI reduced from 81.71% to 52.21%.



- (h) On 29 December 2004, 562,221,711 Irredeemable Convertible Preference Shares ("ICPS") in Pan Malaysia Capital Berhad ("PM Capital") were automatically converted into 562,221,711 new ordinary shares of RM1.00 each in the capital of PM Capital pursuant to the term of the ICPS. The total issued and paid-up shares capital of PM Capital increased to RM815,308,845 comprising 815,308,845 ordinary shares of RM1.00 each. Arising from the said conversion of the ICPS, Pan Malaysia Holdings Berhad's ("PM Holdings") equity interest in PM Capital was diluted from 73.89% to 34.84%. As such, PM Capital ceased to be a subsidiary and became an associated company of PM Holdings.
- (i) On 7 January 2005, Lembaran Megah Sdn Bhd ("LMSB"), a wholly-owned subsidiary of PMC, disposed of its entire shareholding of 82,303,000 ordinary shares of RM1.00 each representing 21.8% of the issued and paid-up share capital of Chemical Company of Malaysia Berhad ("CCM") as at 31 December 2004 for a total gross consideration of RM193.4 million. With the disposal, CCM ceases to be an associated company of the Group.

39. Prior Year Adjustments

During the financial year ended 31 December 2003, the Group adopted MASB 25 "Income Taxes" and MASB 29 "Employee Benefits", which became effective from 1 January 2003 and accordingly, the said accounting policies had been modified as described in Note 3(o) and (p). The changes in accounting policies had been applied retrospectively and the comparatives had been restated.

40. Significant Related Party Transactions

The significant related party transactions undertaken by the Group during the financial year and the respective balances outstanding as at the financial year end are as follows:-

| | Transactions | | Balance Outstanding | |
|--|---------------------|---------------|----------------------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Insurance premium income from:- | | | | |
| - Pan Malaysian Industries Berhad ("PMI") | 1 | 163 | - | - |
| - Metrojaya Berhad ("MJ") and its subsidiary companies | 93 | 343 | - | - |
| Travel related revenue from:- | | | | |
| - Laura Ashley Holdings plc | 486 | 388 | - | - |
| - Morning Star Travel Services Ltd | 3,136 | 3,058 | - | - |
| - MJ and its subsidiary companies | 177 | 155 | - | - |
| - Morning Star Resources Limited | 15 | - | - | - |
| Office rental income from:- | | | | |
| - PMI | 48 | 104 | - | - |
| - MJ | 616 | 1,287 | - | - |
| Corporate advisory services fee income from:- | | | | |
| - PMI | 17 | 175 | - | - |
| - MJ | - | 25 | - | - |
| Provision of asset management services to MJ | 18 | - | - | - |
| Share registration fee income from MJ | 7 | 13 | 7 | 13 |
| Interest income from Regent Corporation | 656 | 654 | - | 654 |

40. Significant Related Party Transactions (Cont'd)

| | Transactions | | Balance Outstanding | |
|--|---------------------|---------------|----------------------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Hotel management fees charged by:- | | | | |
| Vista Hotel Management Sdn Bhd | - | 589 | - | - |
| Vista International Hotels Pty Ltd | 1,093 | 750 | 970 | 564 |
| Advance to Regent Corporation | - | 11,755 | - | 11,755 |
| Advance from Firstway International Investment Limited | - | 3,916 | - | 3,916 |

The relationship between the Group and the related parties are as follows:-

| <u>Related parties</u> | <u>Relationship with the Group</u> |
|--|--|
| Pan Malaysian Industries Berhad ("PMI") Metrojaya Berhad ("MJ") | PMI is a major shareholder of the Company. MJ is a subsidiary company of PMI. |
| Laura Ashley Holdings plc Regent Corporation Morning Star Travel Services Ltd Morning Star Resources Limited Vista Hotel Management Sdn Bhd Vista International Hotels Pty Ltd Firstway International Investment Limited | These companies are associated companies of the Group. |

The related party transactions are in the normal course of business and at terms mutually agreed between the parties.



STATEMENT BY DIRECTORS

We, Yong Ming Sang and Khet Kok Yin, being two of the Directors of Malayan United Industries Berhad, state that in the opinion of the Directors, the financial statements set out on pages 56 to 106 are drawn up in accordance with the applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

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

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

Yong Ming Sang

Khet Kok Yin

Kuala Lumpur
29 April 2005

STATUTORY DECLARATION

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

I, Lai Chee Leong, the person primarily responsible for the financial management of Malayan United Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 106 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lai Chee Leong at Kuala Lumpur in the Federal Territory on 29 April 2005.

Lai Chee Leong

Before me

Robert Lim Hock Kee
Commissioner for Oaths

REPORT OF THE AUDITORS

To the Members of Malayan United Industries Berhad

We have audited the financial statements set out on pages 56 to 106.

These financial statements are the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
 - (i) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2004 and of their results and cash flows for the financial year then ended.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors as indicated on pages 109 to 119 being financial statements that have been included in the consolidated financial statements.

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

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

BDO Binder

AF: 0206

Chartered Accountants

Tan Kim Leong, JP

235/06/05 (J/PH)

Partner

Kuala Lumpur

29 April 2005



SUBSIDIARY AND ASSOCIATED COMPANIES OF MALAYAN UNITED INDUSTRIES BERHAD

At 31 December 2004

| <i>Subsidiary Company</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--|-------------------------------|--------------------|------------------------------------|--|
| | <i>2004</i> | <i>2003</i> | | |
| | <i>%</i> | <i>%</i> | | |
| 1. Acquiline Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 2. Alameda Enterprises Limited | 100 | 100 | Investment holding | British Virgin Islands |
| 3. Ample Line Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 4. Ascada Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 5. Carulli Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 6. Continental Capitals Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 7. Creative Vest (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| + 8. CSB-Canada Trading Ltd | 100 | 100 | Investment holding | Canada |
| + 9. Davson Limited | 100 | 100 | Investment holding | Hong Kong |
| 10. Farrago Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 11. Fuchsia Enterprises Limited | 100 | 100 | Investment holding | British Virgin Islands |
| 12. Grand Oak Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 13. Honoraire Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| 14. Libertyray (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 15. London Vista Hotel Limited | 100 | 100 | Investment holding | United Kingdom |
| 16. Loyal Design Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 17. Malayan United Management Sdn Bhd | 100 | 100 | Management services | Malaysia |
| 18. Malayan United Nominees (Asing) Sdn Bhd | 100 | 100 | Dormant | Malaysia |
| 19. Malayan United Nominees (Tempatan) Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| 20. Malayan United Security Services Sdn Bhd | 100 | 100 | Security services | Malaysia |
| 21. Malayan United Trading Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 22. Marco Polo Trading Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 23. Mayang Unggul Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 24. Megah Nominees (Tempatan) Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| 25. Merchant Network Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 26. Ming Court Beach Hotel (P.D.) Sdn Bhd | 100 | 100 | Hotel ownership | Malaysia |
| 27. Ming Court Hotel (KL) Sdn Bhd | 100 | 100 | Hotel operations | Malaysia |
| 28. Ming Court Inn (Penang) Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| + 29. Ming Court Hotels International Limited | 100 | 100 | Dormant | Hong Kong |
| 30. Ming Court Hotels International Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| + 31. MUI Asia Limited | 100 | 100 | Investment holding | Hong Kong |
| 32. MUI Capital Sdn Bhd | 100 | 100 | Moneylending | Malaysia |
| + 33. MUI China Limited | 100 | 100 | Investment holding | Hong Kong |
| * 34. MUI Continental Insurance Berhad | 52.21 | 81.71 | General insurance | Malaysia |
| 35. MUI dotCom Sdn Bhd | 100 | 100 | Information technology | Malaysia |
| + 36. MUI Enterprises Limited | 100 | 100 | Investment holding | Hong Kong |
| 37. MUI Enterprises Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| + 38. MUI Resources Limited | 100 | 100 | Investment holding | Hong Kong |
| + 39. MUI Media Limited | 100 | 100 | Dormant | United Kingdom |
| 40. MUI Media Ltd | 100 | 100 | Investment holding | British Virgin Islands |

| <i>Subsidiary Company</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--|-------------------------------|-------|---|--|
| | 2004 | 2003 | | |
| | % | % | | |
| + 41. MUI Philippines, Inc | 100 | 100 | Investment holding | Philippines |
| * 42. MUI Properties Berhad | 66.34 | 70.75 | Investment holding | Malaysia |
| 43. MUI Property Management Sdn Bhd | 100 | 100 | Dormant | Malaysia |
| 44. MUI Security Services Sdn Bhd | 100 | 100 | Dormant | Malaysia |
| 45. MUI Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| + 46. MUI Singapore Pte Ltd | 100 | 100 | Dormant | Singapore |
| + 47. MUI (UK) Limited | 100 | 100 | Investment holding | United Kingdom |
| 48. Natloyal (M) Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| 49. Novimax (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 50. Oriental Omega Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 51. Pan Malaysia Corporation Berhad | 51.01 | 56.84 | Investment holding | Malaysia |
| 52. Pan Malaysia Holdings Berhad | 65.40 | 63.52 | Investment, property holding & management company | Malaysia |
| 53. Prizewood Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 54. Pure Capital Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 55. Regal Classic Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 56. Sergap Makmur Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 57. Southern Challenger (M) Sdn Bhd | 100 | 100 | Investment holding & trading | Malaysia |
| 58. Tarrega Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 59. United Continental Properties Sdn Berhad | 52.21 | 81.71 | Property investment | Malaysia |
| 60. United Review (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 61. Universal Growth Limited | 100 | 100 | Investment holding | British Virgin Islands |
| 62. Vista Hotels Sdn Bhd | 100 | 100 | Investment holding | Malaysia |

| <i>Associated Company</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--|-------------------------------|-------|--|--|
| | 2004 | 2003 | | |
| | % | % | | |
| 1. Asia Pacific Media Corporation | 50 | 50 | Inactive | U.S.A. |
| 2. Asian Capital Equities, Inc | 20 | 20 | Inactive | Philippines |
| 3. Farrago Holdings, Inc | 40 | 40 | Investment holding | Philippines |
| 4. Firstway International Investment Limited | 25 | 25 | Investment holding | Hong Kong |
| 5. Laura Ashley Holdings plc | 34.31 | 34.31 | Design, manufacture, sourcing, distribution & sale of garments, accessories & home furnishings | United Kingdom |
| 6. Mansara International Limited | 35 | 35 | Investment holding | British Virgin Islands |
| 7. Porchlight Entertainment, Inc | – | 50 | Development & production of animation entertainment | U.S.A. |
| 8. Regent Corporation | 49 | 49 | Investment holding | U.S.A. |
| 9. Zhaodaola Limited | 26.25 | 26.25 | Inactive | Bermuda |



Subsidiary Companies of Regent Corporation

(The list comprises major subsidiary companies only)

At 31 December 2004

| Subsidiary Company | Equity Interest | | Principal Activities | Country of Incorporation |
|--------------------------------------|------------------------|-------------|--|---------------------------------|
| | 2004 | 2003 | | |
| | % | % | | |
| 1. Laura Ashley (North America), Inc | 69.01 | 69.01 | Licensing and sub-licensing trademarks and copyright designs | U.S.A. |
| 2. Regent Carolina Corporation | 100 | 100 | Resort operation & property investment | U.S.A. |
| 3. Regent Park Corporation | 100 | 100 | Golf course operation & property investment | U.S.A. |

SUBSIDIARY COMPANIES OF MUI PROPERTIES BERHAD

At 31 December 2004

| Subsidiary Company | Equity Interest | | Principal Activities | Country of Incorporation |
|---|------------------------|-------------|------------------------------|---------------------------------|
| | 2004 | 2003 | | |
| | % | % | | |
| * 1. AIGM Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 2. Appreplex (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 3. Bahtera Muhibbah Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 4. Bashan Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 5. Cesuco Trading Limited | 100 | 100 | Investment holding | Hong Kong |
| * 6. C.S. Investments Private Limited | 100 | 100 | Inactive | Singapore |
| * 7. CSB Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 8. CSB Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 9. Delray Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| * 10. Dirnavy Pty Limited | 100 | 100 | Hotel operations | Australia |
| * 11. Dondang Sayang Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 12. Elegantplex (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 13. Green Nominees (Tempatan) Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 14. Heritage Challenger (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 15. Indanas Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 16. Integrated Mark (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 17. Intercontinental Properties Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 18. Lambaian Maju Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 19. Lembaran Makmur Sdn Bhd | 100 | 100 | Investment holding & trading | Malaysia |
| * 20. Lunula Pty Limited | 100 | 100 | Hotel operations | Australia |

| <i>Subsidiary Company</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--|-------------------------------|--------------------|--|--|
| | <i>2004</i> | <i>2003</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 21. Malayan United Properties Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 22. Malayan United Realty Sdn Bhd | 100 | 100 | Property investment & investment holding | Malaysia |
| * 23. Mecomas Pty Limited | 100 | 100 | Hotel operations | Australia |
| + 24. Ming Court Hotel (Vancouver) Ltd | 100 | 100 | Investment holding | Canada |
| * 25. Ming Fung Sendirian Berhad | 100 | 100 | Property investment | Malaysia |
| * 26. Miranex Sdn Bhd | 100 | 100 | Moneylending | Malaysia |
| * 27. MUI Australia Pty Ltd | 100 | 100 | Investment holding | Australia |
| + 28. MUI Investments (Canada) Ltd | 100 | 100 | Investment holding | Canada |
| * 29. MUI Plaza Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| * 30. MUI Property Services Sdn Bhd | 100 | 100 | Property services | Malaysia |
| * 31. MUI Resorts Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 32. MUP Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| * 33. MUR Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 34. Peristal Enterprise Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 35. Pistole Holdings Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 36. Polacre Sdn Bhd | 100 | 100 | Property development | Malaysia |
| * 37. Portico Sdn Bhd | 100 | 100 | Property development | Malaysia |
| * 38. Prescada Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| ^* 39. Resona Resources Berhad (formerly known as Resona Resources Sdn Bhd and prior to that, Peters Ice Cream (M) Sdn Bhd) | 100 | 100 | Investment holding | Malaysia |
| * 40. Resort & Leisure Homes Sdn Bhd | 100 | 100 | Property development | Malaysia |
| * 41. Shun Fung Sendirian Berhad | 100 | 100 | Property investment | Malaysia |
| * 42. Superex Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| * 43. Two Holdings Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| * 44. Unique Octagon Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 45. West Synergy Sdn Bhd | 60 | 60 | Property investment & development | Malaysia |



SUBSIDIARY AND ASSOCIATED COMPANIES OF PAN MALAYSIA CORPORATION BERHAD

At 31 December 2004

| <i>Subsidiary Company</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--|------------------------|-------------|---|---------------------------------|
| | <i>2004</i> | <i>2003</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 1. Acmes Investment Limited | 100 | 100 | Investment holding | Hong Kong |
| * 2. Baiduri Pertama Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 3. Bidou Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 4. Chalpillar (M) Sdn Bhd | 100 | 100 | Property management | Malaysia |
| * 5. Cherubim Nominees (Tempatan) Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 6. Clacton Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 7. Delight Consolidated Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 8. Faith Nominees (Tempatan) Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| + 9. GCIH Trademarks Limited | 100 | 100 | Licensing of trademarks | Hong Kong |
| * 10. Gelombang Sinar Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 11. Jaguh Padu Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 12. Jerico Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 13. Jomuda Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 14. Lembaran Megah Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 15. Megafine Nominees (Asing) Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 16. Megafort Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 17. Megawise Sdn Bhd | 100 | 100 | Moneylending | Malaysia |
| * 18. Mikonwadi Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| + 19. Network Foods International Ltd | 79.09 | 79.09 | Investment holding | Singapore |
| + 20. Network Foods Limited | 92.92 | 92.92 | Marketing & distribution of confectionery & other food products | Australia |
| * 21. Pan Malaysia Management Sdn Bhd | 100 | 100 | Management services | Malaysia |
| + 22. Pan Malaysia-Singapore Holdings (Pte) Ltd | 100 | 100 | Investment holding | Singapore |
| * 23. Panorama Scope Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 24. Plumblin Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 25. PMCW Enterprises Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 26. PMCW Holdings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| + 27. PMRI Investments (Singapore) Pte Ltd | 100 | 100 | Investment holding | Singapore |
| ^* 28. Syahdu Pinta Berhad (formerly known as Syahdu Pinta Sdn Bhd) | 100 | 100 | Investment holding | Malaysia |
| * 29. Taraf Sanjung (M) Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 30. Tunas Juara Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 31. Ultipac Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| * 32. United Pace Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| * 33. Uniwell Nominees (Tempatan) Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| <i>Associated Company</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
| | <i>2004</i> | <i>2003</i> | | |
| | <i>%</i> | <i>%</i> | | |
| @ 1. Pan Malaysian Industries Berhad | 32.90 | 32.90 | Investment holding | Malaysia |
| 2. Chemical Company of Malaysia Berhad | 21.78 | 22.65 | Investment holding and management company | Malaysia |

Subsidiary Companies of Network Foods Limited

At 31 December 2004

| <i>Subsidiary Company</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|--------------------------------------|------------------------|-------------|-----------------------------|---------------------------------|
| | <i>2004</i> | <i>2003</i> | | |
| | <i>%</i> | <i>%</i> | | |
| + 1. Balfour Grange Pty Ltd | 100 | 100 | Property investment | Australia |
| + 2. Dinnie Rundle Pty Ltd | 100 | 100 | Dormant | Australia |
| + 3. Universal Confectionery Pty Ltd | 100 | 100 | Dormant | Australia |

Subsidiary Companies of Network Foods International Limited

At 31 December 2004

| <i>Subsidiary Company</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|---|------------------------|-------------|---|---------------------------------|
| | <i>2004</i> | <i>2003</i> | | |
| | <i>%</i> | <i>%</i> | | |
| 1. Danau Gelombang Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| + 2. Network Foods Distribution Pte Ltd | 100 | 100 | Warehousing and distribution of frozen/chilled products, confectionery products and snack foods | Singapore |
| + 3. Network Foods (Hong Kong) Limited | 100 | 100 | Distribution of chocolates and other food and beverage products | Hong Kong |
| 4. Network Foods Industries Sdn Bhd | 81.54 | 81.54 | Manufacturing and trading of consumer chocolate products | Malaysia |
| 5. Network Foods (Malaysia) Sdn Bhd | 100 | 100 | Marketing and distribution of chocolates, confectionery and beverage products | Malaysia |
| + 6. Quintrinox Pte Ltd | 100 | 100 | Investment holding | Singapore |
| + 7. Specialist Food Retailers Pte Ltd | 100 | 100 | Inactive | Singapore |
| 8. Tiffany Enterprise Sdn Bhd | 100 | 100 | Dormant | Malaysia |
| + 9. Tiffany Hampers & Gifts Pte Ltd | 100 | 100 | Inactive | Singapore |



SUBSIDIARY AND ASSOCIATED COMPANIES OF PAN MALAYSIA HOLDINGS BERHAD

At 31 December 2004

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

Subsidiary Companies of Pan Malaysia Capital Berhad

At 31 December 2004

| <i>Subsidiary Company</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|---|-------------------------------|--------------------|--|--|
| | <i>2004</i> | <i>2003</i> | | |
| | <i>%</i> | <i>%</i> | | |
| 1. Bayan Niaga Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| 2. KESB Nominees (Asing) Sdn Bhd | 99.99 | 99.99 | Dormant | Malaysia |
| 3. KESB Nominees (Tempatan) Sdn Bhd | 99.99 | 99.99 | Nominee & custodian services | Malaysia |
| 4. Meridian Nominees (Tempatan) Sdn Bhd | 99.99 | 99.99 | Share registration, nominee & custodian services | Malaysia |
| 5. Pan Malaysia Equities Sdn Bhd | 99.99 | 99.99 | Property & investment holding | Malaysia |
| 6. PCB Asset Management Sdn Bhd | 100 | 100 | Research & fund management services | Malaysia |
| 7. PM Asset Management Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| 8. PM Nominees (Asing) Sdn Bhd | 99.99 | 99.99 | Nominee & custodian services | Malaysia |
| 9. PM Nominees (Tempatan) Sdn Bhd | 99.99 | 99.99 | Nominee & custodian services | Malaysia |
| 10. PM Options & Futures Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| 11. PM Securities Sdn Bhd | 99.99 | 99.99 | Stock and sharebroking and corporate advisory services | Malaysia |

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

At 31 December 2004

| <i>Subsidiary Company</i> | <i>Equity Interest</i> | | <i>Country of Incorporation</i> |
|---|-------------------------------|--------------------|--|
| | <i>2004</i> | <i>2003</i> | |
| | <i>%</i> | <i>%</i> | |
| 1. Asia Entertainment Network Sdn Bhd | 60 | 60 | Malaysia |
| 2. Cocoa Specialities (Malaysia) Sdn Bhd | 84.12 | 84.12 | Malaysia |
| 3. Grand Union Insurance Company Limited | 55 | 55 | Hong Kong |
| 4. Office Business Systems (Malacca) Sdn Bhd | 41.67 | 41.67 | Malaysia |
| 5. Office Business Systems (Penang) Sdn Bhd | 64.10 | 64.10 | Malaysia |
| 6. Office Business Systems Sdn Bhd | 64.10 | 64.10 | Malaysia |
| 7. Pengkalen Building Materials Sdn Bhd | 100 | 100 | Malaysia |
| 8. Pengkalen Electronics Industries Sdn Bhd | 67 | 67 | Malaysia |
| 9. Pengkalen Engineering & Construction Sdn Bhd | 100 | 100 | Malaysia |
| 10. Pengkalen Heights Sdn Bhd | 70 | 70 | Malaysia |
| 11. Pengkalen Pasar Borong Sdn Bhd | 80 | 80 | Malaysia |
| 12. Pengkalen Raya Sdn Bhd | 100 | 100 | Malaysia |
| + 13. Pengkalen (UK) Plc | 84.12 | 84.12 | United Kingdom |
| 14. Sensor Equipment Sdn Bhd | 64.10 | 64.10 | Malaysia |
| 15. Technitone (M) Sdn Bhd | 64.10 | 64.10 | Malaysia |
| | | | |
| <i>Associated Company</i> | <i>Equity Interest</i> | | <i>Country of Incorporation</i> |
| | <i>2004</i> | <i>2003</i> | |
| | <i>%</i> | <i>%</i> | |
| 1. Schwartau (Far East) Sdn Bhd | 42.06 | 42.06 | Malaysia |
| ++2. Pufrut Preserving Works (Malaysia) Sdn Bhd | – | 42.06 | Malaysia |



Subsidiary and Associated Companies of Pengkalen (UK) Plc which are not consolidated

At 31 December 2004

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

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

SUBSIDIARY COMPANIES AND JOINT VENTURE OF LONDON VISTA HOTEL LIMITED

At 31 December 2004

| <i>Subsidiary Company</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|---|------------------------|-------------|---|---------------------------------|
| | <i>2004</i> | <i>2003</i> | | |
| | <i>%</i> | <i>%</i> | | |
| * 1. Belsfield Hotels Limited | 99.99 | 99.99 | Dormant | United Kingdom |
| * 2. Bistro Bistrot Limited | 62.49 | 62.49 | Dormant | United Kingdom |
| * 3. Catermax Limited | 99.99 | 99.99 | Dormant | United Kingdom |
| * 4. Corus Hotels plc | 99.99 | 99.99 | Investment holding and hotel operations | United Kingdom |
| * 5. Corus Corporation UK Limited | 99.99 | 99.99 | Dormant | United Kingdom |
| * 6. Regal Hotels Limited | 99.99 | 99.99 | Dormant | United Kingdom |
| * 7. County Hotels Group Plc | 99.99 | 99.99 | Investment holding and hotel operations | United Kingdom |
| * 8. County Hotels Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 9. Delaquest Limited | 99.99 | 99.99 | Investment holding and hotel operations | United Kingdom |
| * 10. Dionball Limited | 99.99 | 99.99 | Investment holding and hotel operations | United Kingdom |
| * 11. Dudley Hotels Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 12. Earl Grey Tea Rooms Limited | 62.49 | 62.49 | Dormant | United Kingdom |
| * 13. Echostand Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 14. Etrop Grange Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 15. Experience Inns Limited | 62.49 | 62.49 | Dormant | United Kingdom |
| * 16. Flamepro Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 17. Historic Country Inns Limited | 62.49 | 62.49 | Dormant | United Kingdom |
| * ^A 18. No. 1 Cigar Club Limited | 36.83 | 36.75 | Restaurant operations | United Kingdom |
| * 19. Patrolmake Limited | 99.99 | 99.99 | Investment holding and hotel operations | United Kingdom |
| *# 20. Plaza On Hyde Park Limited | 51.00 | 60.00 | Hotel operations | United Kingdom |
| * 21. Pub (Nico) Limited | 62.49 | 62.49 | Dormant | United Kingdom |
| * 22. Rose & Crown VCT Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 23. Shandwick Leisure Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 24. Simply Nico Limited | 62.49 | 62.49 | Dormant | United Kingdom |
| * 25. Styletune Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 26. The Bowler Hat Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 27. The Imperial Crown Hotel Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 28. The Reservation Company Limited | 99.99 | 99.99 | Reservation bookings | United Kingdom |
| * 29. The Restaurant Partnership plc | 62.49 | 62.49 | Restaurant operations | United Kingdom |
| * 30. TRP Belgium S.A. NV | 62.49 | 62.49 | Restaurant operations | Belgium |
| * 31. TRP (Langan's) Limited | 62.49 | 62.49 | Dormant | United Kingdom |
| * 32. TRP (Nico) Limited | 62.49 | 62.49 | Dormant | United Kingdom |
| * 33. Woodmount Limited | 99.99 | 99.99 | Dormant | United Kingdom |
| * 34. Wright Hotels (North Queensferry) Limited | 99.99 | 99.99 | Hotel operations | United Kingdom |
| * 35. Wright Hotels Limited | 99.99 | 99.99 | Investment holding and hotel operations | United Kingdom |



| <i>Joint Venture</i> | <i>Equity Interest</i> | | <i>Principal Activities</i> | <i>Country of Incorporation</i> |
|-----------------------------|-------------------------------|--------------------|------------------------------------|--|
| | <i>2004</i> | <i>2003</i> | | |
| | <i>%</i> | <i>%</i> | | |
| 1. Elmville Limited | 50.00 | 50.00 | Hotel and leisure club operations | United Kingdom |

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

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

London Vista Hotel Limited has a direct equity interest of 2% whilst Corus Hotels plc has a direct equity interest of 49%.

^ The Restaurant Partnership plc held 58.81% equity interest in No. 1 Cigar Club Limited.

@ Pan Malaysian Industries Berhad held 46.56% equity interest in Malayan United Industries Berhad as at 31 December 2004.

^ These subsidiaries are under members' voluntary winding-up as disclosed in Note 38 (a) to the financial statements.

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

PROPERTIES OWNED BY THE MUI GROUP

At 31 December 2004

| <i>Location, Description and Usage</i> | <i>Approximate Land Area Sq. Metres</i> | <i>Approximate Age of Building Years</i> | <i>Net Book Value RM'000</i> |
|--|---|--|--------------------------------------|
| M A L A Y S I A | | | |
| Federal Territory of Kuala Lumpur | | | |
| 1 lot of freehold land with a 13-storey hotel, known as Corus hotel Kuala Lumpur, Jalan Ampang, Kuala Lumpur (Date of last valuation: December 1982) | 7,289 | 20 | 69,084 |
| 1 lot of freehold land at Section 43, Jalan Mayang, Kuala Lumpur, held for proposed condominium development (Date of acquisition: May 1981) | 1,478 | – | 886 |
| 3 lots of leasehold land with a 4-storey shophot each at nos.14, 16 & 18, Taman Indrahana, Jalan Kuchai Lama, Kuala Lumpur (Lease expires in 2077) (Date of acquisition: June/November 1990) | 468 | 21 | 1,480 |
| 1 lot of freehold land with two units of double-storey buildings at 189, Jalan Ampang, Kuala Lumpur (Date of acquisition: August 1991) | 3,540 | 12 | 9,383 |
| 1 lot of freehold land with a 15-storey office building known as Menara Pengkalen at No. 2, Jalan Changkat Ceylon, Kuala Lumpur (Date of acquisition: September 1996) | 2,459 | 18 | 31,594 |
| State of Selangor Darul Ehsan | | | |
| 6 lots of freehold land with 1 unit 2-storey pre-war shophouse at Seksyen 3, Pekan Satu Tiga, Mukim Damansara, Selangor Darul Ehsan, held for future development (Date of acquisition: December 1982) | 771 | * | 165 |
| Balance of freehold land held for residential development known as Vila Sri Ukay at Mukim Ulu Kelang, Selangor Darul Ehsan (Date of acquisition: April 1995) | 12,380 | – | 15,116 |
| 1 lot of leasehold industrial land with a factory and office building at Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2071) (Date of acquisition: September 1996) | 10,800 | 34 | 10,004 |
| 1 lot of freehold industrial land for proposed development into a factory with warehouse and office building at Mukim of Kapar, District of Klang, Selangor Darul Ehsan (Date of Acquisition: June 2004) | 40,300 | – | 10,448 |



| <i>Location, Description and Usage</i> | <i>Approximate Land Area Sq. Metres</i> | <i>Approximate Age of Building Years</i> | <i>Net Book Value RM'000</i> |
|---|--|---|---|
| 1 lot of freehold industrial land at lot 1811, Mukim Cheras, Daerah Ulu Langat, Selangor Darul Ehsan, held for development into a factory building (Date of acquisition: April 1996) | 7,333 | – | 2,095 |
| State of Pulau Pinang | | | |
| 1 lot of freehold land at Lot 773, TS 12 NED, Jalan Macalister, Pulau Pinang (Date of acquisition: 6 November 1974) | 380 | * | 215 |
| 1 lot of leasehold land with an office and warehouse at No. 101-G, Lintang Kampong Jawa, Lot 4, Kawasan MIEL, Bayan Baru, Pulau Pinang (Lease expires in 2041) (Date of acquisition: September 1996) | 976 | 23 | 1,234 |
| State of Johor Darul Takzim | | | |
| 1 lot of freehold land with a warehouse at No. 35, Jalan Mashyur 3, Taman Perindustrian Cemerlang, Ulu Tiram, Johor Bahru, Johor Darul Takzim (Date of acquisition: September 1996) | 446 | 11 | 554 |
| State of Negeri Sembilan Darul Khusus | | | |
| 3 lots of freehold land with a 4-storey hotel building, at 7½ Mile, Jalan Pantai, Teluk Kemang, Port Dickson, Negeri Sembilan Darul Khusus (Year of last valuation: 1983) | 11,892 | 30 | 12,868 |
| 1 lot of freehold land at 5½ Mile, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus held for development into 366 units of resort condominiums known as Pasirindu (Date of acquisition: June 1980) | 20,259 | – | 6,474 |
| Balance of freehold land held for township development known as Bandar Springhill at Mukim of Jimah, District of Port Dickson, Negeri Sembilan Darul Khusus (Date of acquisition: January 1995) | 5,927,199 | – | 119,151 |
| 3 lots of leasehold land with a hotel known as Corus Paradise resort Port Dickson at Lots 286, 288 & 289, PT 5855 Batu 2 1/2, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus (Lease expires in 2059/2087) (Date of acquisition: September 1996) | 55,745 | 9 | 59,905 |

| <i>Location, Description and Usage</i> | <i>Approximate Land Area Sq. Metres</i> | <i>Approximate Age of Building Years</i> | <i>Net Book Value RM'000</i> |
|--|--|---|---|
| State of Pahang Darul Makmur | | | |
| 1 lot of freehold bungalow land at HS 10468 PT 11291, Bentong, Pahang Darul Makmur (Date of acquisition: September 1996) | 1,115 | – | 180 |
| A U S T R A L I A | | | |
| 1 lot of freehold land with a 27-storey 268-room deluxe hotel known as Corus hotel Sydney at nos. 7-9, York Street, Sydney, New South Wales (Date of acquisition: July 1995) | 1,011 | 35 | 93,045 |
| 1 lot of freehold land with a factory and office building at no. 31, Fargo Way, Welshpool, Perth, Western Australia (Date of acquisition: September 1996) | 4,000 | 22 | 2,530 |
| 1 lot of freehold land with a factory and office building at nos. 57-61, Meadow Avenue, Coopers Plains, Queensland (Date of acquisition: September 1996) | 4,113 | 25 | 2,505 |
| 1 lot of freehold land with a 60-room hotel known as Pacific Vista Hotel at no. 20, Kirby Court, West Hobart, Tasmania, currently undergoing redevelopment into a luxurious boutique hotel (Date of acquisition: October 1996) | 24,970 | 27 | 6,152 |
| 1 lot of freehold land with a 140-room hotel known as Corus hotel Hobart at no. 156, Bathurst Street, Hobart, Tasmania (Date of acquisition: September 1996) | 3,569 | 28 | 24,316 |
| U N I T E D S T A T E S O F A M E R I C A | | | |
| A condominium complex with 110 units in a freehold 7-storey residential building located within the Regent Park Complex in Fort Mill, South Carolina (Date of acquisition: December 1990) | 33,913 | 9 | 8,596 |
| H O N G K O N G | | | |
| 1 unit of leasehold warehouse at Block 1, Unit C, 23rd Floor, Kingsford Industrial Building, nos. 26-32 Kwai Hei Street, Kwai Chung, New Territories (Lease expires in 2038) (Date of acquisition: September 1996) | 771 | 26 | 1,367 |



| <i>Location, Description and Usage</i> | <i>Approximate Land Area Sq. Metres</i> | <i>Approximate Age of Building Years</i> | <i>Net Book Value RM'000</i> |
|--|--|---|---|
| S I N G A P O R E | | | |
| 1 lot of leasehold land with a warehouse and office at no. 12, Woodlands Link, Singapore (Lease expires in 2055) (Date of acquisition: September 1996) | 7,442 | 7 | 17,703 |
| 1 unit of leasehold residential apartment at no. 152, Prince Charles Crescent, Singapore (Lease expires in 2096) (Date of acquisition: July 1999) | 194 | – | 4,009 |
| U N I T E D K I N G D O M | | | |
| 1 lot of leasehold apartment at Flat 53, 5th Floor, Park Mansion, 141-149, Knightsbridge, London (Lease expires in 2252) (Date of acquisition: September 1996) | 111 | 11 | 1,013 |
| 1 lot of freehold land with a 48-room hotel known as The Barns Hotel, Bedford at Cardington Road, Bedford MK44 3SA (Date of acquisition: November 2001) | 12,800 | 903 | 31,429 |
| 1 lot of freehold land with a 56-room hotel known as The Beverley Arms Hotel, Beverley at North Bar Within, Beverley HU17 8DD (Date of acquisition: November 2001) | 3,227 | 203 | 26,502 |
| 1 lot of freehold land with a 58-room hotel known as Westmead Hotel at Redditch Road, Hopwood, Birmingham B48 7AL (Date of acquisition: November 2001) | 17,700 | 78 | 30,479 |
| 1 lot of leasehold land with a 44-room hotel known as The Plough & Harrow Hotel at 135, Hagley Road, Edgbaston, Birmingham B16 8LS (Leases expires in 2141) (Date of acquisition: November 2001) | 6,769 | 153 | 26,007 |
| 1 lot of freehold land with a 112-room hotel known as Redwood Lodge Hotel & Country Club at Beggar Bush Lane, Failand, Bristol BS8 3TG (Date of acquisition: November 2001) | 62,840 | 63 | 142,232 |
| 1 lot of freehold land with a 56-room hotel known as The Roman Way Hotel at Watling Street, Hatherton, Cannock, Staffordshire WS11 1SH (Date of acquisition: November 2001) | 11,570 | 78 | 29,562 |

| <i>Location, Description and Usage</i> | <i>Approximate Land Area Sq. Metres</i> | <i>Approximate Age of Building Years</i> | <i>Net Book Value RM'000</i> |
|--|--|---|---|
| 1 lot of freehold land with 48-room hotel known as The Falstaff Hotel at 8-10 St Dunstan Street, Canterbury, Kent CT2 8AF (Date of acquisition: November 2001) | 10,000 | 403 | 21,056 |
| 1 lot of freehold land with a 57-room hotel known as Hotel de la Bere at Southam, Cheltenham, Gloucestershire GL52 3NH (Date of acquisition: November 2001) | 54,250 | 203 | 26,694 |
| 1 lot of freehold land with a 97-room hotel known as Hoole Hall Hotel at Warrington Road, Hoole, Chester, Cheshire CH2 3PD (Date of acquisition: November 2001) | 26,660 | 153 | 51,492 |
| 1 lot of freehold land with a 66-room hotel known as The Chace Hotel at London Road, Toll Bar End, Coventry CV3 4EQ (Date of acquisition: November 2001) | 13,240 | 153 | 24,266 |
| 1 lot of freehold land with a 58-room hotel known as Corus Bracknell at Duke's Ride, Crowthorne, Berkshire RG45 6DW (Date of acquisition: November 2001) | 5,530 | 153 | 40,804 |
| 1 lot of freehold land with a 41-room hotel known as Hall Garth Golf & Country Club Hotel at Coatham Mundeville, Darlington, Co. Durham DL1 3LU (Date of acquisition: November 2001) | 265,310 | 403 | 40,055 |
| 1 lot of leasehold land with a 73-room hotel known as The Himley Country Hotel at School Road, Himley, Dudley, West Midlands DY3 4LG (Leases expires in 2018) (Date of acquisition: November 2001) | 15,000 | 78 | 8,009 |
| 1 lot of freehold land with a 62-room hotel known as The West Retford Hotel at 24, North Road, East Retford, Nottinghamshire DN22 7XG (Date of acquisition: November 2001) | 14,540 | 83 | 22,782 |
| 1 lot of freehold land with a 121-room hotel known as Corus Glasgow at 377 Argyle Street, Glasgow G2 8LL (Date of acquisition: November 2001) | 928 | 53 | 52,391 |



| <i>Location, Description and Usage</i> | <i>Approximate Land Area Sq. Metres</i> | <i>Approximate Age of Building Years</i> | <i>Net Book Value RM'000</i> |
|--|--|---|---|
| 1 lot of leasehold land with a 124-room hotel known as The St James' Hotel at St James Square, Grimsby DN31 1EP (Leases expires in 2071) (Date of acquisition: November 2001) | 3,709 | 53 | 1,596 |
| 1 lot of freehold land with a 56-room hotel known as Imperial Crown Hotel at 42-46 Horton Street, Halifax, West Yorkshire HX1 1QE (Date of acquisition: November 2001) | 1,001 | 253 | 20,476 |
| 1 lot of freehold land with a 55-room hotel known as The Green Man Hotel at Mulberry Green, Old Harlow, Essex CM17 0ET (Date of acquisition: November 2001) | 5,227 | 603 | 22,515 |
| 1 lot of freehold land with a 121-room hotel known as The Crown Hotel at Crown Place, Harrogate HG1 2RZ (Date of acquisition: November 2001) | 6,631 | 153 | 43,367 |
| 1 lot of freehold land with a 52-room hotel known as The Old Golf House Hotel at New Hey Road, Outlane, Near Huddersfield, West Yorkshire HD3 3YP (Date of acquisition: November 2001) | 15,040 | 63 | 30,418 |
| 1 lot of freehold land with a 48-room hotel known as Time Out at Enderby Road, Blady, Leicester LE8 4GD (Date of acquisition: November 2001) | 6,824 | 53 | 24,325 |
| 1 lot of freehold land with a 47-room hotel known as Edgwarebury Hotel at Barnet Lane, Elstree, Hertfordshire WD6 3RE (Date of acquisition: November 2001) | 40,000 | 153 | 43,473 |
| 1 lot of freehold land with a 91-room hotel known as The Chiltern Hotel at Waller Avenue, Luton, Bedfordshire LU4 9RU (Date of acquisition: November 2001) | 6,958 | 53 | 33,397 |
| 1 lot of freehold land with a 52-room hotel known as Larkfield Priory Hotel at London Road, Larkfield, near Maidstone, Kent ME20 6HJ (Date of acquisition: November 2001) | 7,086 | 103 | 23,143 |
| 1 lot of freehold land with a 57-room hotel known as The Chequers Hotel at Oxford Street, Newbury, Berkshire RG14 1JB (Date of acquisition: November 2001) | 3,772 | 203 | 24,547 |

| <i>Location, Description and Usage</i> | <i>Approximate Land Area Sq. Metres</i> | <i>Approximate Age of Building Years</i> | <i>Net Book Value RM'000</i> |
|---|--|---|---|
| 1 lot of freehold land with a 77-room hotel known as Queensferry Lodge Hotel at St Margaret's Head, North Queensferry, Fife KY11 1HP (Date of acquisition: November 2001) | 27,880 | 53 | 40,081 |
| 1 lot of freehold land with a 54-room hotel known as The Potters Heron Hotel at Ampfield, Nr. Romsey, Hampshire SO51 9ZF (Date of acquisition: November 2001) | 13,200 | 253 | 31,634 |
| 1 lot of freehold land with a 47-room hotel known as Brownsover Hall Hotel at Brownsover Lane, Old Brownsover, Rugby CV21 1HU (Date of acquisition: November 2001) | 20,000 | 153 | 22,819 |
| 1 lot of freehold land with a 48-room hotel known as The Chimney House Hotel at Congleton Road, Sandbach, Cheshire CW11 4ST (Date of acquisition: November 2001) | 28,360 | 53 | 32,599 |
| 1 lot of freehold land with a 50-room hotel known as The Beauchief Hotel at 161 Abbeydale Road South, Sheffield, South Yorkshire S7 2QW (Date of acquisition: November 2001) | 16,940 | 53 | 40,379 |
| 1 lot of leasehold land with a 103-room hotel known as Grosvenor House Hotel at Charter Square, Sheffield, South Yorkshire S1 3EH (Leases expires in 2065) (Date of acquisition: November 2001) | 1,500 | 53 | 19,948 |
| 1 lot of freehold land with a 59-room hotel known as The Lion Hotel at Wyle Cop, Shrewsbury, Shropshire SY1 1UY (Date of acquisition: November 2001) | 1,000 | 303 | 29,120 |
| 1 lot of freehold land with a 112-room hotel known as The Regency Hotel at Stratford Road, Shirley, Solihull B90 4EB (Date of acquisition: November 2001) | 16,400 | 53 | 100,667 |
| 1 lot of freehold land with a 60-room hotel known as The Garth Hotel at Wolverhampton Road, Stafford ST17 9JR (Date of acquisition: November 2001) | 15,560 | 53 | 29,552 |
| 1 lot of freehold land with a 50-room hotel known as Stone House Hotel at Stafford Road, Stone, Staffordshire ST15 0BQ (Date of acquisition: November 2001) | 40,990 | 53 | 35,025 |



| <i>Location, Description and Usage</i> | <i>Approximate Land Area Sq. Metres</i> | <i>Approximate Age of Building Years</i> | <i>Net Book Value RM'000</i> |
|---|--|---|---|
| 1 lot of freehold land with a 94-room hotel known as The Madison Inn at Oxford Road, Stratton St Margaret, Swindon, Wiltshire SN3 4TL (Date of acquisition: November 2001) | 19,330 | 53 | 42,722 |
| 1 lot of freehold land with a 78-room hotel known as Tewkesbury Park Hotel Golf & Country Club at Lincoln Green Lane, Tewkesbury, Gloucestershire GL20 7DN (Date of acquisition: November 2001) | 689,610 | 53 | 74,188 |
| 1 lot of freehold land with a 62-room hotel known as Corus Warwick at Meer End Road, Honiley, Nr. Warwick, Warwickshire CV8 1NP (Date of acquisition: November 2001) | 15,040 | 53 | 28,426 |
| 1 lot of freehold land with a 50-room hotel known as The Hillcrest Hotel at Cronton Lane, Widnes, Cheshire WA8 9AR (Date of acquisition: November 2001) | 2,000 | 53 | 28,106 |
| 1 lot of freehold land with a 64-room hotel known as The Belsfield Hotel at Kendal Road, Bowness-on Windermere, Cumbria LA23 3EL (Date of acquisition: November 2001) | 28,050 | 153 | 35,960 |
| 1 lot of freehold land with a 48-room hotel known as Clumber Park Hotel at Clumber Park, near Worksop, Nottinghamshire S80 3PA (Date of acquisition: November 2001) | 28,210 | 53 | 25,646 |
| 1 lot of freehold land with a 64-Room hotel known as The County Hotel at Bramhall Lane South, Bramhall, Stockport, Cheshire SK7 2EB (Date of acquisition: November 2001) | 6,441 | 53 | 30,843 |
| 1 lot of freehold land with a 82-room hotel known as Burnham Beeches Hotel at Grove Road, Burnham, Buckinghamshire SL1 8DP (Date of acquisition: November 2001) | 31,830 | 53 | 90,853 |
| 1 lot of freehold land with a 110-room hotel known as The Blackwell Grange Hotel at Blackwell Grange, Darlington, Co. Durham DL3 8QH (Date of acquisition: November 2001) | 26,830 | 53 | 43,314 |

| <i>Location, Description and Usage</i> | <i>Approximate Land Area Sq. Metres</i> | <i>Approximate Age of Building Years</i> | <i>Net Book Value RM'000</i> |
|--|--|---|---|
| 1 lot of freehold land with a 108-room hotel known as The Forth Bridges Hotel at 1 Ferrymuir Gait, South Queensferry, Edinburgh, West Lothian EH30 9SF (Date of acquisition: November 2001) | 40,940 | 53 | 30,442 |
| 1 lot of freehold land with a 99-room hotel known as The County Hotel at Epping Forest, Oak Hill, Woodford Green, Essex IG8 9NY (Date of acquisition: November 2001) | 7,214 | 53 | 38,273 |
| 1 lot of freehold land with a 76-room hotel known as Harpenden House at 18 Southdown Road, Harpenden, Hertfordshire AL5 1PE (Date of acquisition: November 2001) | 11,700 | 253 | 54,793 |
| 1 lot of freehold land with a 84-room hotel known as The Maids Head Hotel at Tombland, Norwich, Norfolk NR3 1LB (Date of acquisition: November 2001) | 12,000 | 603 | 52,718 |
| 1 lot of freehold land with a 28-room hotel known as The Rose & Crown Hotel at Harnham Road, Salisbury, Wiltshire SP2 8JQ (Date of acquisition: November 2001) | 4,911 | 603 | 20,457 |
| 1 lot of freehold land with a 54-room hotel known as Briggens House Hotel at Briggens Park, Stanstead Road (A414), Stanstead Abbots, Nr. Harlow, Herts SG12 8LD (Date of acquisition: November 2001) | 294,510 | 303 | 54,245 |
| 1 lot of freehold land with a 76-room hotel known as The Cromwell Hotel at High Street, Old Town, Stevenage, Hertfordshire SG1 3AZ (Date of acquisition: November 2001) | 5,626 | 303 | 37,352 |
| 1 lot of freehold land with a 84-room hotel known as The Falcon Hotel at Chapel Street, Stratford-upon Avon, Warwickshire CV37 6HA (Date of acquisition: November 2001) | 4,407 | 503 | 53,533 |
| 1 lot of freehold land with a 70-room hotel known as The Charlecote Pheasant Hotel at Charlecote, Nr. Stratford - upon - Avon, Warwickshire CV35 9EW (Date of acquisition: November 2001) | 37,070 | 103 | 31,411 |



| <i>Location, Description and Usage</i> | <i>Approximate Land Area Sq. Metres</i> | <i>Approximate Age of Building Years</i> | <i>Net Book Value RM'000</i> |
|---|--|---|---|
| 1 lot of freehold land with a 96-room hotel known as Telford Golf & Country Club at Great Hay Drive, Sutton Heights, Telford, Shropshire TF7 4DT (Date of acquisition: November 2001) | 579,420 | 53 | 50,950 |
| 1 lot of freehold land with 1 45-room hotel known as Windlestrae Hotel, The Muirs, Kinross, KY13 8AS (Date of acquisition: November 2001) | 30,000 | 63 | 24,776 |
| 1 lot of freehold land with a 401-room hotel known as The Plaza on Hyde Park Hotel at Lancaster Gate, London W2 3LG (Date of acquisition: February 2001) | 2,010 | 103 | 385,805 |
| 1 lot of freehold land with a 64-room hotel known as Etrop Grange at Thorley Lane, Manchester Airport M90 4EG (Date of acquisition: November 2001) | 4,773 | 203 | 56,532 |
| 1 lot of leasehold land with a 4-storey restaurant at 30 Charlott Street, London W1 1HP (Lease expires in 2019) (Date of acquisition: November 2001) | 87 | 103 | 2,521 |
| 1 lot of leasehold land with a 3-storey restaurant at 2 Greek Street, London W1V 6NB (Lease expires in 2021) (Date of acquisition: November 2001) | 36 | 103 | 1,034 |
| 1 lot of leasehold land with a 2-storey restaurant at 342 Kings Road, London SW3 5UR (Lease expires in 2012) (Date of acquisition: November 2001) | 30 | 83 | 1,039 |
| 1 lot of leasehold land with a single storey restaurant at 48a Rochester Row, London SW1P 1JU (Lease expires in 2011) (Date of acquisition: November 2001) | 57 | 83 | 3,402 |
| 1 lot of leasehold land with a 2 storey restaurant at 35 Great Portland Street, London W1N 5NN (Lease expires in 2008) (Date of acquisition: November 2001) | 149 | 32 | 895 |
| 1 lot of leasehold land with a single storey restaurant at Midland Hotel Conference Centre Mount Street, Manchester M60 20S (Lease expires in 2008) (Date of acquisition: November 2001) | 377 | 102 | 369 |
| 1 lot of leasehold land with a single storey restaurant at Crown Plaza, Heathrow Stockley Road, West Drayton Middlesex UB7 9NA (Lease expires in 2008) (Date of acquisition: November 2001) | 213 | 28 | 253 |



Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

FORM OF PROXY

No. of Shares Held

I/We _____ NRIC No. _____
of _____ Tel. No. _____
being a member of MALAYAN UNITED INDUSTRIES BERHAD, hereby appoint * THE CHAIRMAN
OF THE MEETING or _____ NRIC No. _____
of _____ Occupation _____
or failing him, _____ NRIC No. _____
of _____ Occupation _____

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 24 June 2005 at 4.00 p.m. and at any adjournment thereof, and to vote as indicated below:-

| Resolutions | For | Against |
|---|-----|---------|
| 1. To receive the audited financial statements for the financial year ended 31 December 2004 and the Reports of the Directors and the Auditors thereon. | | |
| 2. To re-appoint Tan Sri Dato' Md Khir Johari as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965. | | |
| 3. To re-appoint Mr Yong Ming Sang as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965. | | |
| 4. To re-elect Mr Ang Guan Seng as Director of the Company. | | |
| 5. To re-elect Mr Khet Kok Yin as Director of the Company. | | |
| 6. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration. | | |
| 7. As special business:- Approval of Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965. | | |

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

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

Signature

Seal

Date:

Notes:-

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

Stamp

The Company Secretary
Malayan United Industries Berhad
14th Floor, MUI Plaza
Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia
