



MULPHA INTERNATIONAL BHD



ANNUALREPORT2004



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Corporate Information

GENERAL

Mulpha International Bhd is a public-limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad.

DIRECTORS

Mr Lee Seng Huang
- *Executive Chairman*

Mr Chung Tze Hien
- *Chief Executive Officer*

Mr Law Chin Wat
- *Executive Director*

Dato' Robert Chan Woot Khoo
Mr Ooi Giap Ch'ng
Mr Kong Wah Sang
Mr Tan Peng Koon

COMPANY SECRETARY

Mr Ng Seng Nam

REGISTERED OFFICE

Bangunan Mulpha, 17 Jalan Semangat
46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel : (603) 7957 2233/7955 1344
Fax : (603) 7955 6685
E-mail : postmaster@mulpha.com.my
Website : <http://www.mulpha.com.my>

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Malayan Banking Berhad
Bumiputra-Commerce Bank Berhad
AmMerchant Bank Berhad
Southern Bank Berhad

REGISTRARS

Symphony Share Registrars Sdn Bhd (378993-D)
Level 26 Menara Multi-Purpose, Capital Square
No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur
Tel : (603) 2721 2222
Fax : (603) 2721 2530/1

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of Mulpha International Bhd will be held on Tuesday, 28 June 2005 at 10.00 am at Holiday Villa, 9 Jalan SS 12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited financial statements for the year ended 31 December 2004 and the Auditors' Report thereon.
2. To re-elect the following Directors who retire in accordance with Articles 92 and 101 of the Company's Articles of Association:
Mr Tan Peng Koon
Dato' Robert Chan Woot Khoon
Mr Law Chin Wat
3. To approve the payment of Directors' fees for the year ended 31 December 2004.
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Ordinary Resolution 1)

(Ordinary Resolution 2)
(Ordinary Resolution 3)
(Ordinary Resolution 4)

(Ordinary Resolution 5)

(Ordinary Resolution 6)

AS SPECIAL BUSINESS

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

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

"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 empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten (10) percent of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

(Ordinary Resolution 7)

Notice of Annual General Meeting



1

1. Leisure Farm Resort,
D'Rimbunan, The Village

6. To transact any other business of which due notice shall have been received.

By order of the Board

NG SENG NAM
Company Secretary

Petaling Jaya
3 June 2005

Note

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a 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 the hand of its attorney.
3. The instrument appointing the proxy must be deposited at the Company's Registered Office at No. 17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Notice of Annual General Meeting

Explanatory Note On Special Business

1. Ordinary Resolution 7 - Authority to issue shares pursuant to Section 132D of the Companies Act 1965.

The proposed Resolution is to empower the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for such purposes as they consider would be in the interest of the Company. This will avoid any delay and cost involved in convening a general meeting to approve such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.



2. *Hyatt Regency, Sanctuary Cove*
3. *Leisure Farm Clubhouse*
4. *Hayman Island Resort, Beach Villa*



Statement Accompanying Notice of Annual General Meeting

1. The Directors who are standing for re-election are as follows:-

Article 92
Mr Tan Peng Koon

Article 101
Dato' Robert Chan Woot Khoo
Mr Law Chin Wat

Please refer to "Directors' Profile" on pages 9 to 10 for information on the Directors who are standing for re-election.

(Ordinary Resolution 2)

(Ordinary Resolution 3)
(Ordinary Resolution 4)

2. Place, date and time of the Annual General Meeting

The Thirty-First Annual General Meeting of Mulpha International Bhd will be held at Holiday Villa, 9 Jalan SS12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2005 at 10.00 am.

5. *Leisure Farm Resort, Canal Park*

6. *InterContinental Hotel, Sydney*

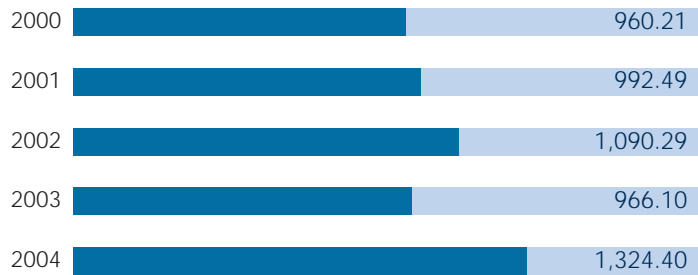


Five Years Financial Highlights

	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000
GROUP TOTAL ASSETS					
Property, Plant & Equipment	1,520,391	519,697	477,076	441,767	448,230
Leasehold Management Right	-	113,643	88,226	81,613	90,748
Associated Companies	53,633	10,268	6,327	3,487	60,534
Investment in Joint Ventures	-	-	2,190	2,516	10,786
Long Term Receivable	2,508	2,773	3,355	20,903	10,107
Long Term Investments	71,914	32,474	2,982	5,384	19,820
Land Held for Property Development	1,051,073	701,191	727,774	485,250	438,518
Goodwill	48,438	59,660	74,304	79,110	82,480
Net Current Assets	577,644	594,852	523,322	628,596	539,450
	3,325,601	2,034,558	1,905,556	1,748,626	1,700,673
FINANCED BY					
Share Capital	697,206	697,206	697,206	697,206	697,206
Reserves	1,108,640	1,000,488	742,828	718,081	685,719
Treasury Shares	(62,303)	(62,303)	(21,059)	(6,512)	-
Minority Interests	144,457	146,574	169,493	154,836	106,888
Long Term Liabilities	1,437,601	252,593	317,088	185,015	210,860
	3,325,601	2,034,558	1,905,556	1,748,626	1,700,673
GROUP RESULTS					
Profit/(Loss) before taxation	95,089	105,915	38,527	103,118	(5,736)
Taxation	(12,871)	(37,492)	(36,855)	(35,062)	(30,547)
Profit/(loss) after taxation	82,218	68,423	1,672	68,056	(36,283)
Minority Interests	(6,808)	8,760	(8,992)	(4,905)	(4,839)
Net Profit/(loss)	75,410	77,183	(7,320)	63,961	(41,122)
SELECTED RATIOS					
Earnings/(loss) per 50 sen share (sen)	6.01	5.85	(0.54)	4.60	(3.36)
Net tangible assets per share (RM)	1.35	1.26	1.00	0.97	0.93

Five Years Financial Highlights

RM MILLION



REVENUE

RM MILLION



PROFIT / (LOSS) BEFORE TAX

RM MILLION



SHAREHOLDERS' FUNDS

RM MILLION



TOTAL ASSETS

Directors' Profile

Mr Lee Seng Huang

- Non-Independent
Executive Chairman

Mr Lee, aged 30, a Malaysian, was appointed as Executive Chairman of the Company on 15 December 2003. He was educated at the University of Sydney in Australia and has previously served on the Boards of Lippo Ltd and Sun Hung Kai & Co Ltd in Hong Kong, Auric Pacific Ltd in Singapore as well as the Export and Industry Bank in the Philippines. He is also the Executive Chairman of Mulpha Australia Limited.

Mr Chung Tze Hien

- Non-Independent
Executive Director
- Chairman of Risk
Management and Tender
Committees
- Member of Remuneration
Committee

Mr Chung, aged 54, a Malaysian, was appointed as Chief Executive Officer of the Company on 27 February 2001. He graduated from the University of Otago, New Zealand with a Commerce Degree and later proceeded to qualify as an Associate Member of the Institute of Chartered Accountants of New Zealand and the Institute of Chartered Secretaries and Administrators of United Kingdom. Prior to joining the Company, Mr Chung worked for and held senior managerial positions in several public-listed companies in Hong Kong, Singapore and Malaysia involving a variety of industries and businesses. He is also a Director and Chairman of Mega Pascal Berhad, a Director of Greenfield Chemical Holdings Limited, Mulpha Australia Limited and Mudajaya Group Berhad.

Mr Law Chin Wat

- Non-Independent
Executive Director
- Member of Audit, Risk
Management and Tender
Committees

Mr Law, aged 53, a Malaysian, was appointed as Executive Director of the Company on 11 September 2000. Mr Law graduated with a Masters of Business Administration (MBA) degree from University of East Asia, Macau in 1986. He has broad experience in finance, auditing and taxation, having worked in a major international accounting firm for several years. Prior to his appointment, he was an Executive Director for several private companies dealing in property development, construction, timber, shares investment and trading.

Dato' Robert Chan Woot Khoon

- Non-Independent
Non-Executive Director
- Chairman of Nomination
Committee
- Member of Remuneration
Committee

Dato' Robert Chan, aged 66, a Malaysian, was appointed to the Board on 7 July 1997. He was the founder of the Palmco Group of companies and was its Chief Executive Officer from 1971 to 1992 and Executive Director from 1992 to 1995. He has been an office bearer in various palm oil-related statutory bodies and associations and is an Exco Member and Advisor to Penang Chinese Chamber of Commerce.

Directors' Profile

Mr Ooi Giap Ch'ng

- Independent Non-Executive Director
- Member of Audit and Nomination Committees

Mr Ooi, aged 46, a Malaysian, was appointed to the Board on 28 December 2001. He is a graduate of the Australian National University with a Bachelor of Law and Bachelor of Economics. He is an Advocate and Solicitor and is a partner of a legal firm in Kuala Lumpur. He is also a Director of Avenue Capital Resources Bhd, Meda Inc. Berhad and CME Group Bhd.

Mr Kong Wah Sang

- Independent Non-Executive Director
- Chairman of Audit and Remuneration Committees
- Member of Nomination Committee

Mr Kong, aged 46, a Malaysian, was appointed to the Board on 21 November 2002. Mr Kong is a graduate of Monash University, Melbourne, Australia with a Bachelor of Economics degree and a member of CPA Australia. He has broad experience in accounting, finance, management consultancy and information technology and is presently a director of a management consulting firm.

Mr Tan Peng Koon

- Non-Independent Non-Executive Director

Mr Tan, aged 34, a Malaysian, was appointed to the Board on 19 August 2004. He is also the head of Mulpha Capital Group, the financial services division of Mulpha. He graduated from Adelaide, Australia, with a Bachelor of Economics (Accounting). Mr Tan began his financial service industry career with D&C Bank Berhad (now known as RHB Bank Bhd), before moving to KAF Discount Bhd where he was involved in origination, structuring and underwriting of fixed income instruments. He later joined Phileo Allied Capital Partners Sdn Bhd, corporate finance arm of Phileo Allied Group (now known as Pos Malaysia & Services Holdings Bhd). From there he ventured into his own private corporate consultancy firm before joining the Company in June 2001.

Mr Tan is also the Executive Director of Mulpha Capital Holdings Sdn Bhd, a wholly-owned subsidiary of the Company and a director of Greenfield Chemical Holdings Limited, Hong Kong.

Other information on Directors

The abovenamed seven Directors have no family relationship with any director and/or major shareholder of the Company, no conflict of interest with the Company and no convictions for any offences within the past 10 years.

Statement on Corporate Governance

The Board of Directors is committed to the principles of corporate governance as set out in the Malaysian Code on Corporate Governance ("Code"). Set out below is a statement on how the Company has applied the principles and complied with the best practices laid down in the Code for the year ended 31 December 2004.



7. Leisure Farm Resort, Clubhouse

1 BOARD OF DIRECTORS

1.1 The Board

The Board leads and controls the Group. The Board is responsible for the overall performance of the Group and focuses on strategies, performance, standards of conduct, financial and major business matters.

The Board meets at least four times a year, with additional meetings convened when necessary. Due notice is given for the meetings and matters to be dealt with. In the intervals between Board meetings, Board decisions for urgent matters are obtained via circular resolutions to which are attached sufficient information required for an informed decision.

Seven Board meetings were held during the year ended 31 December 2004. The following is a record of the attendance of the Directors:-

Director	No. of meetings attended
Mr Lee Seng Huang	5/7
Mr Chung Tze Hien	7/7
Mr Law Chin Wat	7/7
Dato' Robert Chan Woot Khoon	5/7
Mr Ooi Giap Ch'ng	7/7
Mr Kong Wah Sang	7/7
Mr Tan Peng Koon (appointed on 19 August 2004)	2/2

Statement on Corporate Governance

1.2 Board Balance

The responsibilities of the Chairman and the Chief Executive Officer are clearly defined to ensure a proper balance of power and authority. The Chairman is primarily responsible for matters pertaining to the Board while the Chief Executive Officer oversees the day-to-day operations and implementation of the Board's policies and decisions.

The Board currently has seven members comprising three Executive Directors and four Non-Executive Directors. Of the four Non-Executive Directors, two are independent, thereby fulfilling the one-third requirement.

Collectively, the Directors bring a wide range of business, financial and legal experience relevant to the Group. The role of the Independent Directors provides independent judgement, check and balance on the Board. A brief profile of each Director is presented on pages 9 to 10.

Mr Kong Wah Sang has been appointed by the Board as the Independent Non-Executive Director to whom any concern regarding the Company may be conveyed.

1.3 Supply Of Information

All Directors are provided with an agenda and a set of Board papers at least one week prior to a Board meeting to enable the Directors to review and consider the items to be deliberated at the Board meeting. Sufficient time is given for the Directors to request for further explanations and/or information, where necessary.

The Board papers include, inter alia, the following:-

- i) quarterly progress report by the Chief Executive Officer
- ii) quarterly financial report and
- iii) minutes/decisions of meetings of the Committees of the Board.

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

1.4 Appointments To The Board

The Nomination Committee recommends the appointment of new Directors to the Board. All the current Directors have attended the Mandatory Accreditation Programme organised by Bursa Malaysia. The Directors have also attended some of the seminars and courses accredited by Bursa Malaysia.

The Company has in place, a familiarisation programme for new Board members, which includes visits to the Group's businesses and meetings with senior management, to facilitate their understanding of the Group.

Statement on Corporate Governance

1.5 Re-election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election at the next Annual General Meeting following their appointment. The Articles also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting, provided that all Directors shall retire from office at least once every three years and be eligible for re-election.

1.6 Board Committees

The Board has delegated specific responsibilities to the following Committees:-

a) Audit Committee

Please refer to the Audit Committee Report on pages 20 to 23.

b) Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, with Dato' Robert Chan Woot Khoo as Chairman and Mr Ooi Giap Ch'ng and Mr Kong Wah Sang as members.

The main responsibilities of the Nomination Committee are as follows:-

- i) recommend new nominees to the Board and Board Committees
- ii) assist the Board in annually reviewing its required mix of skills, experience and other qualities of the Non-Executive Directors and
- iii) assessing the effectiveness of the Board and Board Committees and the contribution of each Director.

The Nomination Committee held two meetings which were attended by all its members.

8. *Hayman Island Resort*



8

9. *Sanctuary Cove, Golf Course*



9

Statement on Corporate Governance

c) Remuneration Committee

The Remuneration Committee comprises mainly Non-Executive Directors, with Mr Kong Wah Sang as Chairman and Dato' Robert Chan Woot Khoon and Mr Chung Tze Hien as members.

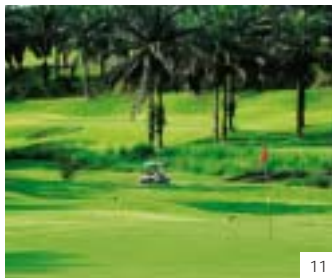
The main responsibilities of the Remuneration Committee are to recommend to the Board the following:-

- i) remuneration package of each Director and
- ii) incentive schemes, profit-sharing arrangements or the like for management or other employees.

The Remuneration Committee held one meeting which was attended by all its members.



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12

10. *Desa Aman, Nusa*

11. *Leisure Farm Resort, Golf Course*

12. *Hayman Island*

Statement on Corporate Governance

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, the remuneration is structured to link rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects their experience and level of responsibilities.

The Remuneration Committee recommends to the Board the remuneration (including fees) for each Director of the Company. Fees are subject to the approval of the shareholders.

The details of the Directors' remuneration of the Company for the year ended 31 December 2004 and the analysis into remuneration bands are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	9	63
Emoluments	1,515	474
Benefits-in-kind	46	4
	<u>1,570</u>	<u>541</u>

Range of remuneration (RM)	Executive	Non-Executive
Below 50,000		3
50,001 – 100,000		1
200,001 – 250,000	1	
350,001 – 400,000		1
400,001 – 450,000	1	
900,001 – 950,000	1	

3 SHAREHOLDERS

3.1 Communication Between The Company And Investors

The Board acknowledges the need for shareholders to be informed of all material business matters of the Company. Announcements to Bursa Malaysia are made on significant developments and matters within the Group. Financial results are released on a quarterly basis to provide shareholders with a regular overview of the Group's performance. The Corporate Communications Department of the Company also arranges press interviews and briefings and releases press announcements to provide information on the Group's business activities, performance and major developments.

Statement on Corporate Governance

3.2 Shareholders' Meeting

The Company's practice is to give as much notice as possible to shareholders of its general meetings. In addition, notices of general meetings with sufficient information of business to be dealt with thereat are published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. General meetings represent the principal forum for dialogue and interaction with shareholders. It is the policy of the Board to have all its members present at shareholders' meetings. At such meetings, shareholders have direct access to the Directors and are encouraged to participate in the question and answer session.



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13. Leisure Farm Resort, Honua

14. Vietnam Indochine Park Tower

4 ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. The Board considers that in preparing the financial statements and announcements, the Group has used appropriate accounting policies and standards, consistently applied and supported by reasonable and prudent judgements and estimates.

4.2 Internal Control

The Board affirms its overall responsibility for the Group's system of internal controls covering not only financial controls but also controls relating to operational, compliance and risk management. The system, by its nature, can only provide reasonable and not absolute assurance against material mis-statement, loss or fraud. Please refer to the Statement on Internal Control on pages 18 to 19.

4.3 Audit Committee

The information on the Audit Committee is presented in the Audit Committee Report on pages 20 to 23.

Through the Audit Committee, the Company has established an appropriate relationship with the Company's auditors, both internal and external. The external auditors attended the Audit Committee's meetings when necessary.

Statement on Corporate Governance

5 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 1965 to prepare financial statements which are in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cashflows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- ensured that the financial statements are in accordance with the provisions of the Companies Act 1965, the applicable accounting standards and the Listing Requirements of Bursa Malaysia
- adopted the appropriate accounting policies and applied them consistently and
- made judgements and estimates that are prudent and reasonable.

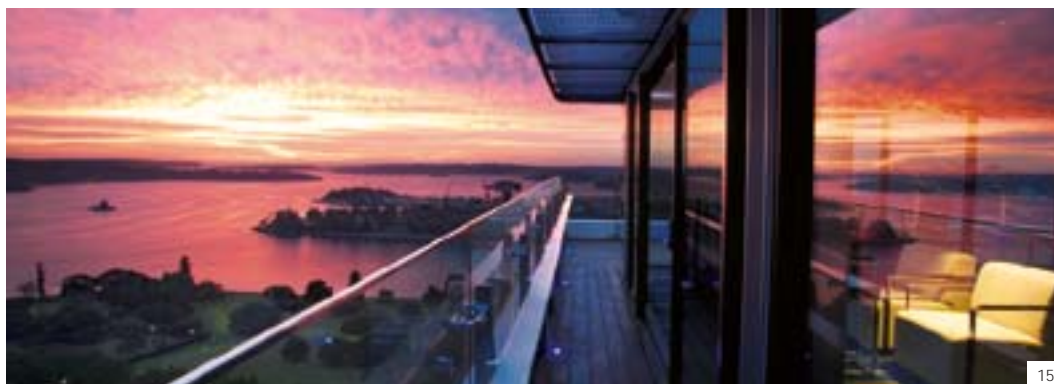
The Directors are responsible for ensuring that the Group and Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 1965.

6 OTHER INFORMATION

6.1 Material Contracts

Other than those disclosed in the financial statements, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors and major shareholders.

15. *InterContinental Hotel, Sydney*



15

Statement on Internal Control

Responsibility

The Board of Directors is responsible for maintaining a sound system of internal control and for reviewing its adequacy and integrity. The system of internal control, designed to safeguard shareholders' investments and the Group's assets, covers not only financial controls but also operational and compliance controls and risk management. Such systems, however, are designed to manage rather than eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, the systems can only provide reasonable and not absolute assurance against material mis-statement, loss and fraud.

Risk Management

The Group has established a risk management framework. There is an ongoing process for identifying, evaluating, monitoring and managing risks that may affect the Group's businesses. The process is facilitated by the Organisation and Risk Management Department ("ORMD").

The Group adopts a decentralised approach to risk management whereby individual Risk Management Unit ("RMU") is established at the business unit level. The RMUs are led by the Heads of Department while the members are appointed employees. The RMUs are responsible for identifying and monitoring risks at their respective levels. Risks and control measures of each RMU are documented in a Risk Register for periodic review by the ORMD.

The outcome of the review is reported to the Risk Management Committee ("RMC") which provides risk management support for the Group as a whole. The RMC reports to the Board of Directors on the risk profile of the business units, including new risks identified and mitigating measures taken.

During the year, the Group continued to implement its risk management process. RMUs were established for more business units including a few of the Group's overseas operations. Review of Risk Registers was undertaken on a periodic basis. To further strengthen the risk management process, the ORMD installed a risk information management system, an application software for maintenance of risk data.

16. *Bimbadgen Estate, Australia*



16

17. *Sanctuary Cove Homes*



17

18. *Leisure Farm Resort, Garden Court*



18

Statement on Internal Control

Key Elements Of Internal Control

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

- clearly defined delegation of responsibilities, organisation structure and appropriate authority limits have been established by the Board of Directors for the Board Committees and management
- internal policies and procedures are in place which are updated as and when necessary
- reporting systems are in place which generate financial and other reports for the Board of Directors and management. Monthly and quarterly management meetings are held during which the reports are discussed and follow up action taken
- annual business plans and budgets are prepared by all units within the Group. Actual performance is monitored against budget on a monthly basis, with major variances followed up and the necessary action taken and
- the adequacy and effectiveness of the system of internal control are continuously reviewed and assessed by the Audit Committee, assisted by the Internal Audit Department.

Internal Audit

The Internal Audit Department undertakes review of the system of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily. The main functions carried out by the Department during the year were as follows:-

- preparing an Annual Audit Plan
- performing audits on selected areas covering different types of operations and companies
- reporting the audit outcome upon completion of each audit
- submitting reports to the Audit Committee on a quarterly basis and
- monitoring and ensuring that matters highlighted are addressed or rectified by management.

Monitoring And Review Of The System Of Internal Control

During the year, a number of improvements to internal controls were identified and implemented. No weaknesses were noted which have a material impact on the Group's financial performance or operations.

The monitoring, review and reporting procedures and systems in place give reasonable assurance that the controls are adequate and appropriate to the Group's operations and that the risks are at an acceptable level. Such procedures and systems however, do not eliminate the possibility of human error, the deliberate circumvention of control procedures by employees and others and the occurrence of unforeseeable circumstances.

This Statement on Internal Control does not deal with the Group's associated companies as the Group does not have management control over their operations.

Audit Committee Report

Constitution

The Audit Committee ("the Committee") was established pursuant to a resolution of the Board of Directors passed on 28 July 1994. The current members of the Committee are as follows:-

Mr Kong Wah Sang (Chairman)	- Independent Non-Executive director
Mr Ooi Giap Ch'ng	- Independent Non-Executive director
Mr Law Chin Wat	- Non-Independent Executive director

Terms Of Reference

The terms of reference of the Committee are as follows:-

Composition

The Committee shall be appointed by the Board of Directors from amongst the directors of the Company. The Committee shall comprise of not less than three members, a majority of whom are Independent Directors. One of the members of the Committee who is an Independent Director shall be appointed Chairman of the Committee by the members of the Committee.

Meetings And Minutes

The Committee shall meet at least four times a year. A quorum shall be at least two members present, the majority of whom shall be Independent Directors. The Committee may request any member of the management and representatives of the external auditors to be present at meetings of the Committee. Minutes of each Committee meeting are to be prepared and distributed to each member of the Committee and Board of Directors. The Company Secretary or his Assistant shall be the Secretary of the Committee.

Authority

The Committee is authorised by the Board of Directors:-

- a) to investigate any activity of the Company and its subsidiaries within its terms of reference
- b) to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities and all employees are directed to cooperate with any request made by the Committee and
- c) to obtain legal or other independent professional advice and to secure the attendance of outsiders with the experience and expertise if it considers it necessary to do so.

Audit Committee Report



19

19. Sanctuary Cove Home, Azura Hero



20

20. Hayman Island Resort, Marina

Duties And Responsibilities

The duties and responsibilities of the Committee shall be as follows and will cover the Company and its subsidiaries:-

- a) to consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal
- b) to review with the external auditors their audit plan, scope and nature of audit
- c) to review the quarterly and annual financial statements before submission to the Board of Directors, focusing particularly on:-
 - any changes in accounting policies and practices
 - major judgemental areas
 - significant adjustments resulting from the audit
 - the going concern assumption
 - compliance with accounting standards and
 - compliance with stock exchange and legal requirements.
- d) to review and assess the adequacy and effectiveness of the systems of internal control and accounting control procedures by reviewing the external auditors' management letters and management response

Audit Committee Report

- e) to hear from and discuss with the external auditors any problem and reservation arising from their interim and final audits or any other matter that the external auditors may wish to highlight
- f) to review the internal audit programme, consider the findings of internal audit and the actions and steps taken by management in response to such findings and ensure co-ordination between the internal and external auditors
- g) to review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures relating to such transactions are adequate
- h) to undertake such other responsibilities as may be delegated by the Board of Directors from time to time and
- i) to report to the Board of Directors its activities and findings.

Attendance At Meetings

During the financial year, the Committee held five meetings. The three members attended all the meetings.

21. Leisure Farm Resort, Honua



21

Audit Committee Report



22



23

22. Greenfield Chemical Holdings Limited,
Shenzhen, China

23. Greenfield Chemical Holdings Limited,
Production Facilities

24. Greenfield Chemical Holdings Limited,
Quality Control



24

Activities

During the financial year, the Committee carried out its activities in line with its terms of reference

Internal Audit Functions

The Company has an Internal Audit Department whose principal objective is to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

The attainment of such objective involves the following major activities being carried out by the Department:-

- a) review and appraise the adequacy, effectiveness and reliability of internal control systems, policies and procedures
- b) monitor the adequacy, reliability, integrity, security and timeliness of financial and other management information systems
- c) determine the extent of compliance with relevant laws, codes, standards, regulations, policies, plans and procedures and
- d) review and verify the means used to safeguard assets.

Chairman's Statement

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

FINANCIAL HIGHLIGHTS

The Group had another solid year, recording a net profit of RM75.41 million for the year ended 31 December 2004 as compared to the net profit of RM77.183 million for 2003. This was a commendable achievement considering the fact that the 2003 result was the highest ever recorded by the Group since the Company was listed in 1983.

The Group's foreign investments particularly in Australia and Hong Kong continued to contribute significantly to the earnings for 2004. On the domestic front, profitability continued to be hampered by weak demand and restructuring costs arising from the closure and disposal of non-performing businesses. The Group rationalisation process, which took almost two years, is largely over now, and we look forward to a more streamlined, focused and dynamic Group from 2005.

Despite the distraction of the restructuring process, Mulpha's balance sheet continues to strengthen with shareholders' funds increasing to RM1.744 billion from RM1.635 billion over the year in review. Consequently, the Group net tangible assets per share has increased by 7% to RM1.35 from RM1.26.

The Board of Directors has resolved to cancel 139,441,200 treasury shares held by the Company. The shares were repurchased for approximately RM62.3 million from 2001 to 2003 pursuant to its shares buyback programme. The average cost of 44.7 sen per share is at a substantial discount to the net tangible assets ("NTA") per share of the Company. In light of the market price of the Company's shares continuing to trade at a substantial discount to the Company's NTA, coupled with the ongoing capital management programme of the Company, the Board of Directors will be seeking your approval at the forthcoming Annual General Meeting for a new mandate to buy back up to 10% of the issued shares. If approved and completed, this buyback will once again enhance the NTA and earnings per share of the Company.

25. Leisure Farm Resort, Colonade



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26. Hayman Island



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Chairman's Statement



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27. Leisure Farm Resort, Flamenco

REVIEW OF OPERATIONS

Property

The Group's flagship project in Malaysia is Leisure Farm, an exclusive residential cum resort development in Gelang Patah, Johor. In 2004, while demand for bungalow lots was weak, sales of gated medium density product were encouraging. Leisure Farm continued to progress with new developments and facilities. The projects launched or in the pipeline are as follows:-

- Pinggiran Bayou Village Homes, our second double-gated residential community comprising 122 units is expected to be completed by mid 2005.
- Banyan Water Village, a cluster of 213 low rise two-storey residential units spread over 22 acres of undulating hills in a tropical surrounding, is expected to be launched by the fourth quarter of 2005.
- Link 25, comprising 25 exclusively designed residences perched atop a hill and with a view of the 36-hole golf course, is expected to be launched by mid 2005.

Despite the busy development launch schedule, Leisure Farm continued to invest substantial sums in ancillary resort facilities, adapted from our sister resort, Sanctuary Cove in Gold Coast, Australia. These include :-

- The award winning Balé Equestrian & Country Club that offers a retreat for relaxation and fun-filled activities
- The Canal Park which provides sports and recreational spaces with supporting facilities within an eco-friendly environment
- D' Rimbunan The Village, a one-stop centre to make inquiries, obtain information and seek advice on home purchase, construction and beautification, providing the ultimate in customer service.

Chairman's Statement



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28. Leisure Farm Resort, Canal Park



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29. Bukit Panchor, Seri Bayu

Taman Desa Aman is a 426-acre mixed development project located in Kulim, Kedah, a 20-minute drive from Penang via the Butterworth-Kulim Expressway. Development in the initial phases have focused on the affordable housing units in the form of low cost houses, medium cost houses and semi-detached houses. To-date, a total of 1,216 of such houses have been launched of which 78% have been sold.

Bandar Seri Ehsan ("BSE") will be developed into a 1,200-acre township mainly comprising low and medium cost residential, commercial and industrial units. BSE is located in Sepang, within the vicinity of the Kuala Lumpur International Airport. The initial development has centred on single storey houses, double storey houses and shops. To-date, a total of 1,309 residential units and shops have been completed of which 98% have been sold. The next planned launches will cover higher value products. Bungalow lots are expected to be launched by the third quarter of 2005, followed by semi-detached houses by the first quarter of 2006.

Manufacturing

Mega Pascal Berhad ("MPB") incurred a loss for 2004 mainly due to the provision made for impairment of quarry and ready-mixed assets and associated goodwill being written off. In terms of operating results, the ready-mixed concrete industry remained very competitive with razor thin margins. MPB will continue its revenue diversification program in property-related opportunities that commenced in 2001.

Financial Services

In 2001, the financial services division via Mulpha Capital Markets Sdn Bhd ("MCM") was established to provide corporate and financial advisory services to the Group and external corporations. MCM continued its strong performance in 2004. To-date, MCM has advised external corporations on raising funds in excess of RM1 billion through the Malaysian debt capital markets. MCM also has a track record in leveraged buyout deals and aims to be a key player in this market segment. At the same time, resources are being put in place to extend into the funds management industry.

Chairman's Statement

Trading

Overall market conditions remained very competitive in 2004. The Consumer Goods Division marketed branded products such as apparels, sports goods and equipment. The Engineering Products Division traded mainly in quarry equipment such as crushers. In addition to operational losses, the results of the two Divisions were affected by the provisions made for stocks, debtors and termination costs arising from the expected cessation of the businesses subsequent to year end.

Overseas' Investments

Australia

The net profit of Mulpha Australia Limited ("MAL") decreased by 26%. Mitigated partially by the appreciation of the Australian dollar, the contribution of the MAL group in terms of Ringgit was down by 15%.

Mulpha Norwest Limited ("Norwest"), owner and developer of one of Australia's largest business parks, the 377-hectare world class Norwest Business Park at Baulkham Hills in the northwest of Sydney, continued to be the major earner. Norwest sells vacant land for industrial, commercial and residential use and also develops residential properties. Despite an easing in demand attributable to the successive interest rate hikes, and the uncertainty caused by the Australian Federal elections in October, Norwest reported a satisfactory performance in 2004. Norwest continues to pursue its vision to be recognised as a leading property developer achieving best practice in urban development.

30. Sanctuary Cove Homes



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31. Norwest Business Park Home

32. Leisure Farm Resort, Garden Court



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Chairman's Statement

Sanctuary Cove, acquired in January 2002, is a unique, award-winning integrated lifestyle residential resort, measuring 474 hectares, located along the Gold Coast in Queensland. As with Norwest, a tightening monetary policy along with the uncertainty of the elections, similarly affected the sales rate of property. In addition, planning delays resulted in some projects being postponed. Consequently, 2004 was a year of consolidation. A new foundation masterplan has been put in place, providing a clear development plan going forward and sales should accelerate as new releases are launched in 2005.

The Group's hotel portfolio was enlarged in June 2004 upon the completion of the purchase of Mulpha Hotel Investments (Australia) Pty Limited (formerly known as Principal Financial Group Investments (Australia) Pty Limited). The hotels purchased comprise Hayman Island Resort on the Great Barrier Reef, InterContinental Hotel Sydney, Hilton Melbourne Airport and the Sheraton Brisbane. These hotels are all leaders in their respective markets and will benefit strongly from the recovering hotel industry in Australia. In addition, the award-winning Hayman Island is recognised as the premier resort in Australia and one of the leading private islands in the world. The performance of these hotels for the remainder of 2004 was satisfactory. This portfolio complements MAL's existing two hotels, namely Hyatt Regency Sanctuary Cove and Novotel Century Sydney.

Due to the strong offers received and in line with the strategy to reposition the asset portfolio of MAL for long-term growth by focusing on freehold properties, the Novotel Century Sydney, the Sheraton Brisbane and the Sydney Opera House Car Park were sold for substantial gains.

Hong Kong

Greenfield Chemical Holdings Limited ("Greenfield"), listed on the Main Board of the Hong Kong Stock Exchange, is engaged in the manufacture and sale of industrial paints in Hong Kong and China. The recovery of the Hong Kong economy and the strong growth of the Chinese economy led to increased demand for the Greenfield group products in 2004, resulting in a 30% increase in revenue. Net profit was, however, maintained at the level for 2003. Margins were reduced in 2004 due to the persistently high crude oil prices which resulted in higher costs of petroleum based raw materials. The rising consumer spending in China which will boost demand and the expansion of its production capacity augur well for the prospects of the Greenfield group in 2005.

33. Melbourne Airport Hilton Hotel



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34. Sheraton Hotel, Brisbane



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35. Leisure Farm Resort, Pinggir Bayou Village Homes



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Chairman's Statement



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36. Hayman Island Resort

37. Melbourne Airport Hilton Hotel

In contrast, the Manta group incurred a loss due to poor demand and low rental rates. The Manta group is involved in the sale, rental and servicing of construction equipment. Its recent venture into the overseas markets in South Korea, Vietnam and Middle East is expected to have a greater impact on its performance in 2005.

Singapore

The Manta group improved its performance in 2004 as demand for its products increased in tandem with the recovery of the economy. The increased demand is expected to extend into 2005.

Vietnam

The Indochine Park Tower ("IPT"), an 18-storey service apartment with 55 units, continued its good performance in 2004 with an average occupancy rate of 91%. Having established itself as one of the most prestigious addresses in Ho Chi Minh City, the IPT will continue to attract clients comprising largely of diplomatic missions and multinational companies.

CORPORATE DEVELOPMENTS

Malaysia

During the year, the Group continued to rationalise and restructure its trading division and I am pleased to report that the exercise has been largely completed. With the completion of the exercise, human resources and capital can be redirected to more profitable sectors.

In line with the rationalisation exercise and in light of the sustained low margins and increasing industry competition and consolidation, the ready-mixed concrete assets of MPB were sold after receiving a strong offer. MPB had already put in place a revenue diversification strategy several years back and is slowly making headway in the property sector. However, MPB is still hampered by the weak geographic spread as well as limited size of its land bank. The current rights issue will provide funds for MPB to accelerate the development of its property project, increase working capital and strengthen its balance sheet to allow for further land bank and project acquisitions as it embarks on its new business direction.

Chairman's Statement

In March 2005, your Company also embarked on an important capital raising exercise; successfully completing the issuance of RM100 million Islamic debt securities. The debt securities comprise two tranches of which one tranche is bank-guaranteed with ratings of MARC-1/A+ and the other tranche on a stand-alone strength of Mulpha with ratings of MARC-2/A(flat). This maiden capital raising exercise enables Mulpha to tap into the cheaper debt capital markets with a combination of fixed and floating rate debt instruments. The strong initial credit rating will allow the Group to meet future funding requirements at lower costs.

Australia

Your Group completed the acquisition of Mulpha Hotel Investments (Australia) Pty Limited ("MHIA") on 1 June 2004. The acquisition won the "Deal of the Year" award at the 15th Annual Hotel Investment Conference Asia Pacific held in Hong Kong in October 2004. MAL was adjudged as having completed the most innovative and visionary hotel real estate transaction in the Asia Pacific region during the past year. The acquisition of MHIA has significantly enlarged the assets base and the portfolio of hotels will be an increasing contributor to Group earnings.

In March 2004, the Group acquired a 4.99% equity interest in FKP Limited ("FKP") and as I had noted in my Statement for 2003, it was expected that FKP and our own Australian operations could potentially be able to pursue a range of opportunities. This potential has materialised with the Group entering into a conditional agreement in April 2005 with FKP to restructure Norwest. Upon the completion of the restructuring, the Group's interest in Norwest will be reduced from 100% to 50% while FKP will hold the balance 50%. Norwest will then be a jointly-controlled entity and its results equity accounted. At the same time, the Group will hold a 14.2% interest in FKP, which is a public-listed company in Australia and component stock of the S&P/ASX 200 index, with an established track record in the property related and construction sectors. The financials of the Group will be strengthened by the net inflow of approximately AUD 74 million (approximately RM218 million) from the exercise. More importantly, the link up with FKP enables Norwest to tap onto the resources and expertise of FKP to develop its existing land bank and venture into other property-related activities, including the burgeoning retirement industry.

38. *Norwest, Waterfront*



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Chairman's Statement



39. Norwest, Aerial View

PROSPECTS

With the bulk of the disruptive realignment of our core businesses completed in 2004, coupled with the anticipated satisfactory growth of the economies of Malaysia and the countries in which the Group operates, 2005 will be a financially rewarding year. Additionally, substantial gains have been or will be generated from the completion of the agreements to dispose the Sheraton Brisbane Hotel and Sydney Opera House Car Park and the proposed restructuring of Norwest. Based on this scenario and barring any unforeseen circumstances, the performance of the Group is expected to be significantly stronger in 2005.

APPRECIATION

Mr Tan Peng Koon was appointed a Director of the Company on 19 August 2004 and on behalf of the Board of Directors, I extend him a warm welcome.

I wish to also express my appreciation to the management and staff for their efforts and dedication. To our shareholders, financiers and customers, I thank them for their continued support.

LEE SENG HUANG
Chairman
20 May 2005

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and international trading.

The principal activities of the subsidiaries are:-

- property development and investments
- hotels and service apartments ownership and operations
- manufacture and distribution of paints and
- trading, servicing and rental of construction equipments.

Other activities include production and sale of ready-mixed concrete, quarry operation, contracting and dealing in granite product, marketing and distribution of fashionwear, sports equipment, sportswear and engineering equipment and car park operations.

There have been no significant changes in the nature of the principal activities during the financial year other than changes in activities resulting from the acquisition and disposal of subsidiaries as disclosed in Note 36 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit before taxation	95,089	31,616
Taxation	(12,871)	-
Profit after taxation	82,218	31,616
Minority interests	(6,808)	-
Net profit for the year	75,410	31,616

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

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

Directors' Report

DIVIDEND

No dividend has been paid or declared by the Company since 31 December 2003. The Directors do not recommend any dividend for the financial year ended 31 December 2004.

DIRECTORS

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

Lee Seng Huang
Chung Tze Hien
Law Chin Wat
Dato' Robert Chan Woot Khoo
Ooi Giap Ch'ng
Kong Wah Sang
Tan Peng Koon
Low Jau Foo

(Appointed 19 August 2004)
(Resigned 12 May 2004)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that 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.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown 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, except that RM11,500 was paid as legal fees to a firm of which a Director is a member.

DIRECTORS' INTERESTS

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

Director's Report

DIRECTORS' INTERESTS (CONTD.)

	Ordinary Shares of 50 sen each			As at 31.12.04
	As at 1.1.04	Bought During the year	Sold	
Indirect interest in shares of the Company				
Law Chin Wat	271,690,000	-	-	271,690,000
Lee Seng Huang	36,588,000	2,859,000	-	39,447,000
Warrants issued pursuant to a Deed Poll dated 13 April 2000 exercisable at any time from 26 July 2000 to 25 July 2010				
	As at 1.1.04	Bought During the year	Sold	As at 31.12.04
Indirect interest in warrants of the Company				
Law Chin Wat	100,173,000	-	-	100,173,000
Lee Seng Huang	12,500	-	-	12,500
	As at 1.1.04	Bought During the year	Sold	As at 31.12.04
Direct interest in shares of Bukit Punchor Development Sdn. Bhd., a subsidiary				
Dato' Robert Chan Woot Khoo	1,800,000	-	-	1,800,000

SIGNIFICANT EVENTS

The significant events that occurred during the financial year are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

The significant events that occurred subsequent to the balance sheet date are disclosed in Note 37 to the financial statements.

OTHER STATUTORY INFORMATION

- a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

Director's Report

OTHER STATUTORY INFORMATION (CONTD.)

- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts and
 - ii) to ensure that any current assets which were unlikely to realise their 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.
- b) At the date of this report, the Directors are not aware of any circumstances which would render:-
- i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent and
 - ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e) As at the date of this report, there does not exist:-
- i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person or
 - ii) any contingent liabilities of the Group or of the Company which have arisen since the end of the financial year.
- f) In the opinion of the Directors:-
- i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due and
 - ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution dated 26 April 2005

CHUNG TZE HIEN

LAW CHIN WAT

Petaling Jaya, Malaysia
26 April 2005

Statement By Directors

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, CHUNG TZE HIEN and LAW CHIN WAT, being two of the Directors of MULPHA INTERNATIONAL BHD, do hereby state that in the opinion of the Directors, the accompanying financial statements set out on pages 38 to 119 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution dated 26 April 2005

CHUNG TZE HIEN

LAW CHIN WAT

Petaling Jaya, Malaysia
26 April 2005

Statutory Declaration

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, NG SENG NAM, the person primarily responsible for the financial management of MULPHA INTERNATIONAL BHD, do solemnly and sincerely declare that the financial statements set out on pages 38 to 119 are in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed NG SENG NAM at
Petaling Jaya in the State of Selangor
Darul Ehsan on 26 April 2005

Before me,

SELVARAJAH A/L SIVALINGAM
Commissioner of Oaths
Petaling Jaya

Auditors' Report

REPORT OF THE AUDITORS TO THE MEMBERS OF MULPHA INTERNATIONAL BHD (INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 38 to 119. 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 for any other person for the content of this report.

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

In our opinion:-

- a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of :-
 - i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and
- b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors as indicated in Note 42 to the financial statements; being financial statements that have been included in the consolidated financial statements.

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

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

Ernst & Young
AF:0039
Chartered Accountants

Tan Soo Yan
No.1307/03/06(J/PH)
Partner

Kuala Lumpur, Malaysia
26 April 2005

Income Statements

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM '000	2003 RM '000	2004 RM '000	2003 RM '000
Revenue	3	1,324,373	966,100	39,719	37,731
Other operating income		61,709	40,693	48,764	58,537
Changes in inventories of finished goods, shares and work in progress		860	(13,809)	(12,328)	3,898
Property work in progress expensed		(286,393)	(214,164)	-	-
Construction work in progress expensed		-	(6,623)	-	-
Finished goods, shares purchased and raw materials used		(335,029)	(248,157)	(27,044)	(39,754)
Staff costs	5(b)	(271,179)	(134,281)	(4,331)	(2,823)
Depreciation and amortisation expensed		(67,654)	(50,402)	(244)	(199)
Operating expenses		(268,049)	(201,912)	(5,877)	(129,441)
Loss on disposal of discontinuing operations	4	-	(7,376)	-	-
Profit/(loss) from operations	5	158,638	130,069	38,659	(72,051)
Finance costs	6	(74,611)	(29,277)	(7,043)	(7,091)
Share of results of associates		11,062	5,123	-	-
Profit/(loss) before taxation		95,089	105,915	31,616	(79,142)
Taxation:	7	(12,871)	(37,492)	-	-
Subsidiaries		(11,282)	(35,646)	-	-
Associates		(1,589)	(1,846)	-	-
Profit/(loss) after taxation		82,218	68,423	31,616	(79,142)
Minority interests		(6,808)	8,760	-	-
Net profit/(loss) for the year		75,410	77,183	31,616	(79,142)
Earnings per share (sen):	8				
Basic		6.01	5.85		
Diluted		6.01	5.85		

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

Balance Sheets

BALANCE SHEETS AS AT 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM '000	2003 RM '000	2004 RM '000	2003 RM '000
NON-CURRENT ASSETS					
Property, plant and equipment	9	1,493,924	493,829	677	416
Investment properties	10	26,467	25,868	-	-
Leasehold management right	11	-	113,643	-	-
Investments in subsidiaries	12	-	-	386,781	388,612
Investments in associates	13	53,633	10,268	--	-
Investments in a jointly controlled entity	14	-	-	-	-
Long term receivables	15	2,508	2,773	-	-
Long term investments	16	71,914	32,474	2,160	2,160
Land held for property development	17	1,051,073	701,191	-	-
Goodwill	18	48,438	59,660	-	-
		2,747,957	1,439,706	389,618	391,188
CURRENT ASSETS					
Property development costs	17	364,005	411,265	-	-
Inventories	19	108,614	111,339	794	12,023
Receivables	20	311,788	273,723	1,001,138	936,813
Short term investments	21	50,208	42,141	-	-
Other assets	22	369,359	-	-	-
Tax recoverable		3,373	6,610	8,050	9,157
Deposits with licensed financial institutions	23	30,723	99,336	2,418	36,611
Cash and bank balances		125,838	79,095	29	25
		1,363,908	1,023,509	1,012,429	994,629
CURRENT LIABILITIES					
Payables	24	349,021	200,860	82,312	89,693
Provisions for liabilities	25	19,844	4,845	233	-
Bank borrowings	26	409,604	174,109	104,210	114,335
Other borrowings	33	956	-	-	-
Tax payable		6,839	48,843	-	-
		786,264	428,657	186,755	204,028
NET CURRENT ASSETS					
		577,644	594,852	825,674	790,601
		3,325,601	2,034,558	1,215,292	1,181,789

Balance Sheets

BALANCE SHEETS AS AT 31 DECEMBER 2004 (CONTD.)

	Note	Group		Company	
		2004 RM '000	2003 RM '000	2004 RM '000	2003 RM '000
FINANCED BY:-					
Share capital	27	697,206	697,206	697,206	697,206
Share premium		772,146	772,146	772,146	772,146
Reserves	28	282,830	234,759	(6,206)	(8,093)
Treasury shares	29	(62,303)	(62,303)	(62,303)	(62,303)
Retained earnings/ (Accumulated losses)		53,664	(6,417)	(185,551)	(217,167)
Shareholders' equity		1,743,543	1,635,391	1,215,292	1,181,789
Minority interests		144,457	146,574	-	-
		1,888,000	1,781,965	1,215,292	1,181,789
NON-CURRENT LIABILITIES					
Provisions for staff benefits	25	4,657	3,035	-	-
Deferred tax liabilities	30	63,937	67,916	-	-
Bank borrowings	26	1,097,271	178,498	-	-
Other borrowings	33	117,296	-	-	-
Other payables	31	149,776	-	-	-
Finance lease and hire purchase payables	32	4,664	3,144	-	-
		1,437,601	252,593	-	-
		3,325,601	2,034,558	1,215,292	1,181,789

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

Statement Of Changes In Equity

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2004

Company	<i>Non - distributable</i>			<i>Distributable</i>		Total RM '000
	Share Capital RM'000	Share Premium RM '000	Exchange Reserve RM '000	Accumulated Losses RM '000	Treasury Shares RM '000	
At 1 January 2003	697,206	772,146	(15,519)	(138,025)	(21,059)	1,294,749
Surplus arising on translation of foreign currency amounts due from foreign entities	-	-	7,426	-	-	7,426
Shares repurchased	-	-	-	-	(41,244)	(41,244)
Net loss for the year	-	-	-	(79,142)	-	(79,142)
At 31 December 2003	697,206	772,146	(8,093)	(217,167)	(62,303)	1,181,789
Surplus arising on translation of foreign currency amounts due from foreign entities	-	-	1,887	-	-	1,887
Net profit for the year	-	-	-	31,616	-	31,616
At 31 December 2004	697,206	772,146	(6,206)	(185,551)	(62,303)	1,215,292

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

Statement of Changes In Equity

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2004

Group	<i>Non Distributable</i>						<i>Distributable</i>			Total
	Share	Share	Revaluation	Exchange	Capital	Other	Other	Accumulated	Treasury	
	Capital	Premium	Reserve	Reserve	Reserve	Reserve	Reserve	Losses	Shares	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2003	697,206	772,146	728	26,041	11,456	4,106	12,150	(83,799)	(21,059)	1,418,975
Surplus arising on translation of net investments in foreign entities	-	-	-	178,630	-	-	-	-	-	178,630
Transfer (to) / from income statement	-	-	132	-	(331)	-	-	199	-	-
Deferred taxation	-	-	(1,195)	-	-	-	-	-	-	(1,195)
Impairment losses	-	-	3,042	-	-	-	-	-	-	3,042
Shares repurchased	-	-	-	-	-	-	-	-	(41,244)	(41,244)
Net profit for the year	-	-	-	-	-	-	-	77,183	-	77,183
At 31 December 2003	697,206	772,146	2,707	204,671	11,125	4,106	12,150	(6,417)	(62,303)	1,635,391
Surplus arising on translation of net investments in foreign entities	-	-	-	32,742	-	-	-	-	-	32,742
Transfer (to) / from income statement	-	-	(375)	-	220	-	15,484	(15,329)	-	-
Net profit for the year	-	-	-	-	-	-	-	75,410	-	75,410
At 31 December 2004	697,206	772,146	2,332	237,413	11,345	4,106	27,634	53,664	(62,303)	1,743,543

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

Cash Flow Statements

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	95,089	105,915	31,616	(79,142)
Adjustments for:				
Amortisation of goodwill and goodwill written off	7,887	7,688	-	-
Amortisation of leasehold management right	2,961	2,551	-	-
Allowance for amount due from an associate	126	-	-	-
Bad debts written off	-	3,539	-	-
Depreciation of property, plant and equipment	58,288	40,163	244	199
Impairment of goodwill	2,921	-	-	-
Net gain on disposal of property, plant and equipment / property, plant and equipment written off	(28,177)	(18)	(261)	(45)
Net provision and write off of inventories	6,973	1,457	1,276	534
Provision for warranty, maintenance and assembly	358	2,234	-	-
Net allowance for doubtful debts	8,370	14,885	4,564	14,162
Provision for staff benefits	14,534	5,089	-	-
Provision for termination benefits	2,253	-	233	-
Net liquidated ascertained damages (receivable) / payable	(1,086)	7,595	-	-
Net unrealised foreign exchange (gain) / loss	(216)	1,276	304	(390)
Impairment losses of assets	-	21,946	-	-
(Write back) / provision for amounts due from subsidiaries	-	-	(4,770)	56,188
Realisation of provision for amounts due from subsidiaries following disposal	2,744	-	385	-
(Gain) / loss on disposal of subsidiaries	(3,148)	7,376	-	-
Net gain on dissolution of joint-venture / subsidiary	(2,728)	-	-	-
Reversal of impairment losses in investments	(140)	(949)	-	-
Impairment losses in investment in subsidiaries	-	-	1,832	55,146
Write back of provision for foreseeable losses	(2,173)	(427)	-	-
Interest expense	74,611	29,277	7,043	7,091
Interest income	(6,428)	(8,185)	(16,335)	(15,040)
Dividend income	(4,449)	(18,100)	(31,228)	(41,499)
Gain retained in associates	(11,062)	(5,123)	-	-
Operating profit / (loss) before working capital changes	217,508	218,189	(5,097)	(2,796)

Cash Flow Statements

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Changes in working capital:				
Long term receivables	-	721	-	-
Development properties	(279,643)	33,682	-	-
Inventories	(13,338)	7,248	9,952	(5,641)
Receivables	8,325	121,864	(1,510)	2,206
Short term investments	(7,073)	(34,915)	-	-
Payables	189,025	(22,909)	(412)	(363)
Net change in working capital	(102,704)	105,691	8,030	(3,798)
Cash generated from / (used in) operations	114,804	323,880	2,933	(6,594)
Interest paid	(74,611)	(29,277)	(7,043)	(7,091)
Interest received	6,428	8,185	16,335	15,040
Income tax (paid) / refunded	(53,940)	(58,196)	1,107	358
Staff benefits paid	(13,585)	(4,305)	-	(3)
Net cash (used in) / generated from operating activities	(20,904)	240,287	13,332	1,710
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(64,683)	(48,436)	(507)	(27)
Proceeds from sale of property, plant and equipment	137,006	14,002	263	45
Acquisition of investment property	(73)	(4,134)	-	-
Acquisition of subsidiaries, net of cash (Note 12(a))	(546,256)	-	-	-
Disposal of a subsidiary, net of cash (Note 12(b) / Note 4)	182	71,013	-	-
Proceeds from dissolution of joint-venture/ subsidiary (Note 12(c))	134	-	-	-
Acquisition of investments	(67,663)	(6)	-	-
Additional investments in associate	(6,405)	-	-	-
Purchased goodwill	-	(42)	-	-
Dividends received	4,449	18,100	31,228	41,499
Dividends received from associates	616	621	-	-
Net cash (used in) / generated from investing activities	(542,693)	51,118	30,984	41,517

Cash Flow Statements

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares repurchased	-	(41,244)	-	(41,244)
Deposits uplifted / (pledged)	27,462	(26,487)	25,961	(26,471)
Associates	-	(12,630)	-	-
Jointly controlled entity	-	(243)	-	-
Intercompany balances	-	-	(68,380)	34,430
Dividend paid to minority interests	(7,171)	(6,032)	-	-
Payment of finance lease liabilities	(7,264)	(7,083)	-	-
Net drawdown / (repayment) of borrowings	549,781	(287,204)	(12,326)	(41,354)
Net cash generated from / (used in) financing activities	562,808	(380,923)	(54,745)	(74,639)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(789)	(89,518)	(10,429)	(31,412)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	135,909	212,960	7,069	38,481
Foreign exchange differences on opening cash and cash equivalents	2,434	12,467	-	-
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER (Note a)	137,554	135,909	(3,360)	7,069

a) Cash and cash equivalents

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash and bank balances	125,838	79,095	29	25
Overdrafts	(13,308)	(9,361)	(5,297)	(3,096)
Deposits	30,723	99,336	2,418	36,611
	143,253	169,070	(2,850)	33,540
Less: Deposits pledged	(5,699)	(33,161)	(510)	(26,471)
	137,554	135,909	(3,360)	7,069

Included in the cash and bank balances of the Group is RM455,843 (2003: RM543,679) maintained under the Housing Developers Account pursuant to the Housing Developers (HDA) Regulations 1991.

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

Notes To The Financial Statements -

31 December 2004

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and international trading. The principal activities of the subsidiaries are property development and investments, hotels and service apartments ownership and operations, manufacture and distribution of paints and trading, servicing and rental of construction equipments. Other activities include production and sale of ready-mixed concrete, quarry operation, contracting and dealing in granite product, marketing and distribution of fashionwear, sports equipment, sportswear and engineering equipment and car park operations. There have been no significant changes in the nature of the principal activities during the financial year other than changes in activities resulting from the acquisition and disposal of subsidiaries as disclosed in Note 36 to the financial statements.

The Company is a public-limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Bangunan Mulpha, 17 Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 3,540 (2003: 2,368) and 54 (2003: 48) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 April 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings, and unless otherwise indicated in this summary of significant accounting policies.

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

The Group applied certain transitional provisions in IAS 16 (Revised), Property, Plant and Equipment, by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount) if it does not further revalue its property, plant and equipment.

During the financial year ended 31 December 2004, the Group adopted the applicable new standard, MASB 32 : Property Development Activities.

The adoption of MASB 32 has not given rise to any adjustments to the opening balances of retained profits of the prior and current year. Comparatives, however, have been restated, as disclosed in Note 41 to conform to changes in presentation required by MASB 32 that have been applied retrospectively.

Notes To The Financial Statements - 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

b) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the financial year to 31 December. Subsidiaries 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.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposals, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

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

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

Investments in subsidiaries in the financial statements of the Company are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

c) Associates

Associates are those companies in which the Group has a long-term equity interest and where it exercises significant influence but not control, through participation in the financial and operating policy decisions of the companies.

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

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

Notes To The Financial Statements - 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

c) Associates (Contd.)

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Investments in associates in the financial statements of the Company are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

d) Jointly-Controlled Entities

A jointly-controlled entity is a joint-venture that involves the establishment of a corporation, partnership or other entity in which the Group has joint-control over its economy activity established under a contractual arrangement.

Investments in jointly-controlled entities are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the Group's share of the results of jointly-controlled entities for the year is included in the consolidated income statement. The Group's interest in jointly-controlled entities is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

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

e) Property, Plant and Equipment, Leasehold Management Right and Depreciation

Property, plant and equipment are stated at cost modified by the revaluation of certain land and buildings less accumulated depreciation, amortisation and impairment losses. The policy for the recognition and measurement of the impairment losses is in accordance with Note 2(o).

No amortisation is provided on the freehold land and long leasehold land. The non-amortisation of long leasehold land has no material effect as disclosed in Note 9 to the financial statements.

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

Depreciation of other property, plant and equipment is provided for on a straight line and reducing balance basis, as appropriate, to write off the cost or valuation of the property, plant and equipment to its residual value over their estimated useful lives. The annual rates of depreciation used are as follows:-

Freehold buildings	2.5-5%
Long leasehold buildings	1-5%
Short leasehold land and buildings (under 50 years)	over the period of the lease
Plant, machinery, office equipment and furniture	5-33%
Motor vehicles	15-25%

Notes To The Financial Statements - 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

e) **Property, Plant and Equipment, Leasehold Management Right and Depreciation (Contd.)**

Leasehold management right is amortised over the remaining term of the right on the straight line basis.

Upon disposal of property, plant and equipment, gains and losses on disposals, which is the difference between the net disposal proceeds and the net carrying amount, are recognised in the income statement and the unutilised revaluation surplus relating to those assets are taken directly to retained earnings.

f) **Goodwill and Purchased Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill on consolidation and purchased goodwill are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of the impairment losses is in accordance with Note 2(o).

Goodwill on consolidation and purchased goodwill are amortised on a straight line basis over their estimated useful lives ranging from 5 to 25 years.

g) **Investment Properties**

Investment properties are land and buildings held for long term rental yields and are not substantially occupied for use by, or in the operations of the Group.

Investment properties are treated as long term investments and are stated at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

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

h) **Land Held for Property Development and Property Development Costs**

i) Land held for property development

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

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.

Notes To The Financial Statements - 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

h) Land Held for Property Development and Property Development Costs (Contd.)

ii) Property development costs

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

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

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

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

Property development costs not recognised as an expense are recognised as an asset which is measured at 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.

i) Inventories

Inventories comprise the following:-

- i) Finished goods, work-in-progress and raw materials are valued at the lower of cost and net realisable value.

Cost includes direct materials, direct labour and appropriate production overheads and is determined on a weighed average, first-in-first-out basis or specific identification method, as appropriate, according to the category of inventories concerned. In arriving at net realisable value, due allowance is made for all obsolete and slow moving items. Net realisable value represents the estimated selling price less all estimated cost to completion and costs to be incurred in marketing, selling and distribution.

- ii) Golf memberships are valued at the lower of cost and net realisable value.

Cost is determined principally using the specific identification method.

- iii) Completed properties are stated at the lower of cost and net realisable value.

Completed properties comprise land and development expenditure and are determined on a specific identification method.

Notes To The Financial Statements - 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

j) Foreign Currencies

i) Foreign currency transactions

Transactions in foreign currencies are recorded in Ringgit Malaysia at exchange rates ruling at the time of transactions or at contracted rates, where applicable. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date or at contracted rates. All exchange rate differences are taken into the income statement except those relating to foreign currency loans that provide a hedge against net investments in foreign entities and those relating to the Group's net investments in foreign entities which are taken to exchange reserve until the disposal of the net investment, at which time they are recognised in the income statement.

ii) Foreign entities

Assets and liabilities of foreign subsidiaries are translated into Ringgit Malaysia at the year-end exchange rates. Income statements of foreign subsidiaries are translated into Ringgit Malaysia at the average exchange rates for the year. All resulting translation differences are recognised in exchange reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

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

Foreign currency	2004 RM	2003 RM
1 US Dollar	3.80	3.80
1 Singapore Dollar	2.32	2.23
1 Australian Dollar	2.96	2.84
100 Hongkong Dollar	48.87	48.94

k) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provision is made for construction equipments sold under warranty at the balance sheet date based on the past history of the level of repairs and replacements.

Provision for maintenance and assembly is made for construction equipments sold or rented out based on the past history of the level of maintenance costs incurred or costs to be incurred in assembling the construction equipments.

Provision for termination benefits is made for termination of employees' services resulting from identified closure of businesses.

Notes To The Financial Statements - 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

l) Employee Benefits

i) Short-term benefits

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

Provision is made by the Company's subsidiaries in Australia for amounts expected to be paid to employees for annual leave and long service leave at balance sheet date at current pay rates having regard to the period of service.

ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Certain of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

The subsidiaries in Australia contribute to superannuation funds operated under defined contribution plans set up by these companies, where benefits are based on accumulation. The employers contribute at varying percentages of the salaries of members and the employees contribute at their own election. Such contributions are recognised as an expense in the income statement when incurred.

m) Leases

i) Finance Leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incident to ownership are classified as finance leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of the fair values and the present value of the minimum lease payments at the inception date, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payment, the discount factor used is the interest rate implicit in the lease.

Each lease payment is apportioned between the reduction of the outstanding liability and finance charges. The interest element, which represents the difference between the total leasing commitments and the fair value of the assets acquired, is recognised as an expense in the income statement over the lease term so as to produce a constant rate of charge on the balance outstanding.

Property, plant and equipment acquired under finance lease is depreciated over the useful life of the asset consistent with that for depreciable property, plant and equipment as disclosed in Note 2(e).

Notes To The Financial Statements - 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

m) Leases (Contd.)

ii) Operating Leases

Where the Group is the lessee

Leases of assets under which substantially all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised as an expense in the income statement on a straight line basis over the term of the lease.

Where the Group is the lessor

Assets subject to operating leases are included in the property, plant and equipment in the balance sheet. These assets are depreciated over their expected useful lives on a basis consistent with that for depreciable property, plant and equipment as disclosed in Note 2(e). Rental income is recognised in the income statement on a straight line basis over the lease term.

n) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is computed 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 principle, 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 provided 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 in equity, in which case the deferred tax is also recognised 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.

Notes To The Financial Statements - 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

o) Impairment of Assets

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

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

p) Financial Instruments

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

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

i) Investments

Long term investments are stated at cost unless in the opinion of the Directors, there has been a permanent decline in value in which case, allowance is made for the diminution in value.

Short term investments in marketable securities are stated at the lower of cost and market value. Cost is determined based on weighed average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement.

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

Notes To The Financial Statements - 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

p) Financial Instruments (Contd.)

ii) Receivables

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

iii) Payables

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

iv) Interest-bearing borrowings

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

v) Equity instruments

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

Shares repurchased that have not been cancelled are classified as treasury shares, presented as deduction from equity and are accounted for using the cost method. No gain or loss is recognised in the income statement on the sales, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

q) Revenue Recognition

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

- i) Revenue from sale of goods is recognised net of discounts upon the transfer of risks and rewards.
- ii) Revenue from performance of services is recognised when services are rendered.
- iii) Revenue from sale of development properties is recognised on a percentage of completion basis or when unconditional contracts are exchanged whereby the outcome can be reliably estimated. The percentage of completion is determined based on works certified. Provision is made for all anticipated losses on development properties.
- iv) Rental income from machineries is recognised over the period of lease. Revenue from sale of short-term investments is recognised on the sale contract date.

Notes To The Financial Statements - 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

q) Revenue Recognition (Contd.)

- v) Interest income is recognised as it accrues on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.
- vi) Dividend income is included in the income statement when the right to receive payment is established.

r) Cash Flow Statements and Cash and Cash Equivalents

The statement of cash flows classifies the changes in cash and cash equivalents according to operating, investing and financing activities and is prepared using the indirect method.

For the purposes of cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call (excluding deposits pledged) and short-term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

3. REVENUE

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Sales of goods	343,961	323,707	39,719	37,731
Performance of services	483,744	173,565	-	-
Property	473,534	432,798	-	-
Construction contracts	-	12,951	-	-
Rental of machineries	20,575	19,938	-	-
Shares trading	2,559	3,141	-	-
	1,324,373	966,100	39,719	37,731

Notes To The Financial Statements - 31 December 2004

4. DISCONTINUING OPERATIONS

On 1 July 2002, Tiararibu (M) Sdn. Bhd. ("Tiara"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with United Flagship Sdn Bhd and Dataran Sentral Sdn Bhd to dispose of an 80% interest in Mudajaya Corporation Berhad ("MCB") for a cash consideration of RM113.6 million. Tiara retains the balance 19.5 % interest it holds in MCB as a long-term investment. The principal activities of the MCB group are contracting and civil engineering, production of concrete products and building materials and property management and development. The MCB group operated mainly under the construction segment in Malaysia. The disposal was completed on 19 February 2003 and the Group financial statements for the year ended 31 December 2003 included the results of the MCB group for January 2003 only. The results for the period from 1 February 2003 to 19 February 2003 have no material impact on the Group's financial results.

The revenue, results and cash flows of the subsidiary disposed in 2003 were as follows:

	1.1.2003 - 31.1.2003 RM'000
Revenue	15,882
Other operating income	283
Operating costs	(15,003)
Profit from operations	1,162
Finance costs	(38)
Share of profit from associates	(13)
Profit before tax	1,111
Taxation	(307)
Profit after tax	804
Minority interests	(14)
Net profit attributable to shareholders	790
Cash flows used in operating activities	(888)
Cash flows from investing activities	634
Cash flows used in financing activities	(4,407)
Total cash flows	(4,661)

Notes To The Financial Statements - 31 December 2004

4. DISCONTINUING OPERATIONS (CONTD.)

The net assets of the subsidiary disposed of in 2003 were as follows:

	31.1.2003 RM'000
Property, plant and equipment	13,965
Investments in associates	(3,113)
Investments in jointly-controlled entities	2,433
Long-term investments	134
Development properties	38,035
Inventories	420
Receivables	122,916
Short-term investments	3,865
Short-term deposits	39,573
Cash and bank balances	3,014
Payables	(68,988)
Tax payables	(2,125)
Minority interests	(7,448)
Deferred tax liabilities	(716)
	<hr/> 141,965
Attributable unamortised goodwill	9,213
Attributable to shares retained and treated as long-term investment	(29,492)
Minority interests share of reserves	(710)
Loss on disposal to the Group	(7,376)
Total consideration	<hr/> 113,600
Less: Cash and cash equivalents of subsidiary disposed	(42,587)
Net cash inflow on disposal of subsidiary	<hr/> <hr/> 71,013

There were no discontinuing operations in financial year ended 2004.

Notes To The Financial Statements - 31 December 2004

5. PROFIT / (LOSS) FROM OPERATIONS

a) This is arrived at after charging:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Auditors' remuneration				
- statutory audits	1,681	1,495	83	65
- other services	99	15	99	15
Amortisation of goodwill	6,405	7,688	-	-
Amortisation of leasehold management right	2,961	2,551	-	-
Allowance for amount due from an associate	126	-	-	-
Impairment of goodwill	2,921	-	-	-
Goodwill written off	1,482	-	-	-
Depreciation of property, plant and equipment (Note 9)	58,288	40,163	244	199
Rental of land and buildings				
- subsidiaries	-	-	297	304
- others	11,049	8,452	-	-
Hire of plant and equipment	1,400	687	-	-
Liquidated ascertained damages paid and payable	834	7,664	-	-
Lease rental	2,696	1,999	-	-
Loss on disposal of a subsidiary	-	7,376	-	-
Net loss on foreign exchange				
- realised	272	-	21	4
- unrealised	775	1,276	304	-
Net allowance for doubtful debts	8,370	14,885	4,563	14,162
Bad debts written off	-	920	-	-
Net provision for inventories and inventories written off	6,973	1,457	176	534
Realisation of provision for amounts due from subsidiaries following disposal	2,744	-	385	-
Staff costs (Note b)	271,179	134,281	4,331	2,823
Provision for amounts due from subsidiaries	-	-	-	56,188
Impairment losses of assets	-	21,946	-	-
Impairment losses in investment in subsidiaries	-	-	1,832	55,146

Notes To The Financial Statements - 31 December 2004

5. PROFIT / (LOSS) FROM OPERATIONS (CONTD.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
And crediting:				
Bad debts recovered	1,178	521	-	-
Dividend income (gross)				
- subsidiaries				
- unquoted Malaysian	-	-	2,200	17,877
- unquoted foreign (tax exempt)	-	-	29,028	23,622
- quoted shares outside Malaysia	4,425	217	-	-
- quoted shares in Malaysia	24	6	-	-
- unquoted shares in Malaysia	-	17,877	-	-
Gain on disposal of short term investments	799	-	-	-
Interest income				
- deposits with licensed financial institutions	3,740	5,530	65	813
- advances to subsidiaries	-	-	16,270	14,227
- others	2,688	2,655	-	-
Liquidated ascertained damages received	1,920	69	-	-
Rental of land and buildings	3,219	1,751	-	-
Rental of machinery	476	160	-	-
Net gain on disposal of property, plant and equipment				
- hotel assets (Note 36(e))	27,596	-	-	-
- others	581	18	261	45
Net gain on foreign exchange				
- realised	349	199	-	-
- unrealised	991	-	-	390
Provision for foreseeable losses written back	2,173	427	-	-
Net write-back of impairment losses in investments	140	949	-	-
Net write-back of provision for amounts due from subsidiaries	-	-	4,770	-
Gain on dissolution of joint-venture / Subsidiary	2,728	-	-	-
Gain on disposal of a subsidiary	3,148	-	-	-

Notes To The Financial Statements - 31 December 2004

5. PROFIT / (LOSS) FROM OPERATIONS (CONTD.)

b) Staff Costs

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Wages and salaries	197,020	106,508	3,485	2,326
Termination benefits	5,193	36	233	-
Social security costs	279	293	18	18
Short-term accumulating compensated absences	12,760	4,442	-	-
Pension costs - defined contribution plans	32,748	13,998	457	315
Other staff-related expenses	23,179	9,004	138	164
	271,179	134,281	4,331	2,823

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM17,674,000 (2003: RM13,082,000) and RM1,425,000 (2003: RM656,000) respectively which are analysed as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of the Company:				
Executive:				
Emoluments	1,359	586	1,272	586
Fees	9	12	-	-
Pension costs - defined contribution plan	156	70	153	70
Benefits-in-kind	46	25	46	25
	1,570	693	1,471	681
Non-Executive:				
Emoluments	458	382	76	322
Fees	63	60	60	60
Pension costs - defined contribution plan	16	24	9	24
Benefits-in-kind	4	22	1	22
	541	488	146	428

Notes To The Financial Statements - 31 December 2004

5. PROFIT / (LOSS) FROM OPERATIONS (CONTD.)

b) Staff Costs (Contd.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Other Directors of subsidiaries				
Executive:				
Emoluments	15,349	10,249	-	-
Fees	107	1,559	-	-
Pension costs - defined contribution plan	694	606	-	-
Benefits-in-kind	5	527	-	-
	16,155	12,941	-	-
Other Directors of subsidiaries				
Non-Executive:				
Emoluments	12	-	-	-
Fees	107	78	-	-
Pension costs - defined contribution plan	-	-	-	-
Benefits-in-kind	7	12	-	-
	126	90	-	-
Total	18,392	14,212	1,617	1,109
Analysis excluding benefits-in-kind:				
Total Executive Directors' remuneration	17,674	13,082	1,425	656
Total Non-Executive Directors' remuneration	656	544	145	406
Total Directors' remuneration excluding benefits-in-kind	18,330	13,626	1,570	1,062

Notes To The Financial Statements - 31 December 2004

5. PROFIT / (LOSS) FROM OPERATIONS (CONTD.)

b) Staff Costs (Contd.)

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

	Number of Directors	
	2004	2003
Executive Directors:		
Below RM50,000	-	1
RM200,001 - RM250,000	1	1
RM400,001 - RM450,000	1	1
RM900,001 - RM950,000	1	-
Non-Executive Directors:		
Below RM50,000	3	4
RM50,001 - RM100,000	1	-
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	-	1
RM350,001 - RM400,000	1	-

6. FINANCE COSTS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- overdrafts	646	817	268	428
- subsidiary	-	-	39	-
- other bank borrowings	69,446	26,571	6,736	6,652
- others	4,519	1,889	-	11
	74,611	29,277	7,043	7,091

Notes To The Financial Statements - 31 December 2004

7. TAXATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income tax:-				
Current				
- Malaysian	730	6,495	-	-
- Foreign	24,336	61,962	-	-
Under / (Over) provided in prior years				
- Malaysian	173	(4,557)	-	-
- Foreign	(13,165)	(12,897)	-	-
	(12,992)	(17,454)	-	-
Deferred tax (Note 30)	(792)	(15,357)	-	-
	11,282	35,646	-	-
Share of taxation of associates	1,589	1,846	-	-
	12,871	37,492	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Group	
	2004 RM'000	2003 RM'000
Profit before taxation	95,089	105,915
Taxation at Malaysian statutory tax rate of 28% (2003:28%)	26,625	29,656
Effect of different tax rates in other countries	(1,468)	2,297
Effect on opening deferred tax arising from increase in foreign income tax rate	427	444
Effect of utilisation of previously unrecognised tax losses	(16,464)	-
Income not subject to tax	(9,516)	(6,593)
Tax rebate	(89)	(571)
Effect on share of results of associates	(33)	801
Expenses not deductible for tax purposes	19,418	18,040
Deferred tax assets not recognised during the year	6,963	10,872
Over provided in prior years	(12,992)	(17,454)
Tax expense for the year	12,871	37,492

Notes To The Financial Statements - 31 December 2004

7. TAXATION (CONTD.)

	Company	
	2004 RM'000	2003 RM'000
Profit/(loss) before taxation	31,616	(79,142)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	8,852	(22,160)
Income not subject to tax	(9,463)	(6,605)
Expenses not deductible for tax purposes	987	31,227
Utilisation of previously unrecognised deferred tax assets	(376)	(2,462)
Tax expense for the year	-	-

8. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit after taxation and minority interests of RM75,410,000 (2003: RM77,183,000) for the Group on the weighed average number of 1,254,971,579 (2003: 1,320,025,404) ordinary shares of 50 sen each in issue.

The effect on the basic earnings per share for the current financial year arising from the assumed conversion of the warrants is anti-dilutive. Accordingly, the diluted earnings per share for the current year is presented as equal to basic earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land RM'000	Long leasehold land RM'000	Short leasehold land RM'000	Buildings RM'000	Plant, machinery, office equipment, furniture and motor vehicles RM'000	Capital work-in- progress RM'000	Total	
							2004 RM'000	2003 RM'000
Cost and Valuation								
At 1 January:	125,261	4,308	10,076	272,520	344,778	2,505	759,448	723,598
Exchange adjustments	15,037	-	(31)	138,950	8,252	-	162,208	72,083
Additions	3,255	-	-	25,939	33,702	5,996	68,892	50,478
Acquisition of subsidiaries	110,540	-	-	1,046,936	19,554	293	1,177,323	-
Disposal/dissolution of subsidiaries	-	(41)	(1,571)	-	(452)	-	(2,064)	(49,761)
Disposals/Written off	(457)	-	-	(117,876)	(39,774)	-	(158,107)	(36,964)
Transfers/Reclassifications [^]	5,901	-	-	(234,105)	(1,927)	(2,826)	(232,957)	14
At 31 December	259,537	4,267	8,474	1,132,364	364,133	5,968	1,774,743	759,448
Representing:								
At cost	259,537	767	8,474	1,129,664	364,133	5,968	1,768,543	753,248
At valuation	-	3,500	-	2,700	-	-	6,200	6,200
	259,537	4,267	8,474	1,132,364	364,133	5,968	1,774,743	759,448

Notes To The Financial Statements - 31 December 2004

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group (Contd.)

	Long		Short	Plant, machinery, office equipment, furniture and motor vehicles		Capital work-in- progress	2004 RM'000	Total 2003 RM'000
	Freehold land RM'000	leasehold land RM'000	leasehold land RM'000	Buildings RM'000	RM'000	RM'000		
Accumulated Depreciation and Impairment Losses								
At 1 January:								
Accumulated depreciation	-	-	1,440	56,594	173,508	-	231,542	234,097
Accumulated impairment losses	23,853	-	-	3,043	7,181	-	34,077	32,089
	23,853	-	1,440	59,637	180,689	-	265,619	266,186
Exchange adjustments	-	-	(4)	1,587	2,087	-	3,670	16,058
Charge for the year	-	-	180	25,620	32,488	-	58,288	40,163
Acquisition of subsidiaries	-	-	-	-	5,148	-	5,148	-
Disposal/dissolution of subsidiaries	-	-	-	(311)	(949)	-	(1,260)	(35,796)
Disposals	-	-	-	(24,292)	(24,986)	-	(49,278)	(22,980)
Impairment losses	-	-	-	-	-	-	-	1,988
Transfers/Reclassifications	-	-	-	(8)	(1,360)	-	(1,368)	-
At 31 December	23,853	-	1,616	62,233	193,117	-	280,819	265,619
Accumulated Depreciation and Impairment Losses								
Analysed as:								
Accumulated depreciation	-	-	1,616	59,190	186,124	-	246,930	231,542
Accumulated impairment losses	23,853	-	-	3,043	6,993	-	33,889	34,077
	23,853	-	1,616	62,233	193,117	-	280,819	265,619
Net Book Value								
At 31 December 2004:								
At cost	235,684	767	6,858	1,068,025	171,016	5,968	1,488,318	-
At valuation	-	3,500	-	2,106	-	-	5,606	-
	235,684	4,267	6,858	1,070,131	171,016	5,968	1,493,924	-
At 31 December 2003:								
At cost	101,408	808	8,636	210,723	164,089	2,505	-	488,169
At valuation	-	3,500	-	2,160	-	-	-	5,660
	101,408	4,308	8,636	212,883	164,089	2,505	-	493,829
Depreciation charge for 2003	-	-	181	10,491	29,491	-	-	40,163

^ Included in transfers / reclassifications for 2004 are reclassification of building with net book value of RM253,268,000 (2003: RM Nil) from non-current to current assets as disclosed in Note 22 to the financial statements.

Notes To The Financial Statements - 31 December 2004

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- i) Net book values of assets pledged to financial institutions as security for banking facilities granted as disclosed in Note 26 to the financial statements are as follows:-

	Group	
	2004 RM'000	2003 RM'000
Land	196,000	70,284
Buildings	1,228,913	43,829
Plant, machinery, office equipment, furniture and motor vehicles	22,613	18,014
	1,447,526	132,127

- ii) The following are assets held by the Group which earn rental income under operating leases. The details of future annual rentals receivable under the operating leases are included in Note 35.

	Group	
	2004 RM'000	2003 RM'000
Plant and Machineries:		
Cost	34,316	59,168
Accumulated depreciation	(17,994)	(28,646)
Net book value	16,322	30,522

- iii) No amortisation is provided on the long leasehold land. The net book value of long leasehold land had these assets been amortised is as follows:

	Group	
	2004 RM'000	2003 RM'000
Cost	4,266	4,308
Accumulated amortisation	(1,662)	(1,611)
Net book value	2,604	2,697

- iv) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM68,892,000 (2003: RM50,478,000) of which RM4,209,000 (2003: RM2,042,000) were acquired by means of hire purchase and finance lease arrangements.
- v) Included in the property, plant and equipment of the Group are plant, machinery, office equipment, furniture and motor vehicles held under hire purchase and finance lease with net book value of RM15,721,387 (2003 :RM17,978,047).

Notes To The Financial Statements - 31 December 2004

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Included in property, plant and equipment are long leasehold land and building which were revalued by the Directors based on an independent valuation carried out on an existing use basis in 1983 as follows:

	Group	
	2004 RM'000	2003 RM'000
At valuation:		
Long leasehold land and building	6,200	6,200

The net book values of revalued land and building, had these assets been carried at cost less accumulated depreciation, are as follows :-

	Group	
	2004 RM'000	2003 RM'000
Net book value		
- long leasehold land	564	564
- building	382	410
	946	974

	Office equipment, furniture and motor vehicles Total	
	2004 RM'000	2003 RM'000
Company		
Cost		
At 1 January:	5,632	5,861
Additions	507	27
Disposals	(1,017)	(256)
At 31 December	5,122	5,632
Accumulated Depreciation		
At 1 January:	5,216	5,273
Current year charge	244	199
Disposals	(1,015)	(256)
At 31 December	4,445	5,216
Net Book Value		
At 31 December 2004	677	-
At 31 December 2003	-	416

Notes To The Financial Statements - 31 December 2004

10. INVESTMENT PROPERTIES

	Group	
	2004 RM'000	2003 RM'000
Investment properties, at cost	29,101	28,395
Accumulated impairment losses	(2,634)	(2,527)
	26,467	25,868
Investment properties, at fair value	26,556	26,524

The fair value of the investment properties were represented by valuations carried out by independent professional valuers. The dates of the valuations were as follows:

Type of Property	Date of valuation	Group	
		2004 RM'000	2003 RM'000
Apartments	31 December 2002	8,880	8,890
Residential buildings	18 October 2000	13,500	13,500
Condominium unit	9 October 2003	4,176	4,134
		26,556	26,524

11. LEASEHOLD MANAGEMENT RIGHT

	Group	
	2004 RM'000	2003 RM'000
Cost:		
At 1 January:	129,538	98,065
Exchange adjustments	6,142	31,473
Reclassification to assets held for sale (Note 22)	(135,680)	-
At 31 December	-	129,538
Accumulated amortisation:		
At 1 January:	15,895	9,839
Amortisation during the year	2,961	2,551
	18,856	12,390
Exchange adjustments	733	3,505
Reclassification to assets held for sale (Note 22)	(19,589)	-
At 31 December	-	15,895
	-	113,643

Notes To The Financial Statements - 31 December 2004

11. LEASEHOLD MANAGEMENT RIGHT (CONTD.)

Leasehold management right represents the right to operate and manage the Sydney Opera House Car Park ("the Car Park") up to 13 March 2043 and is amortised based on the straight line method. As disclosed in Note 37(a) to the financial statements, the Group had on 9 July 2004 entered into a deed for the disposal of the Car Park for a cash consideration of AUD 75 million (approximately RM 225 million). Pending the completion of the disposal, the leasehold management right has been reclassified from non-current to current asset. The disposal of the Car Park was completed after the financial year end on 11 March 2005.

The leasehold management right is pledged to a financial institution as security for banking facilities granted as disclosed in Note 26 to the financial statements.

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2004 RM'000	2003 RM'000
At cost:		
Quoted shares in Malaysia	43,436	43,436
Unquoted shares in Malaysia	232,332	232,332
Unquoted shares outside Malaysia	247,820	247,820
	523,588	523,588
Accumulated impairment losses	(136,807)	(134,976)
	386,781	388,612
Market value of quoted shares in Malaysia	15,298	26,618

Details of the subsidiaries are set out in Note 42.

a) Acquisition of Subsidiaries

On 1 June 2004, the Group acquired 100% equity interest in Mulpha Hotel Investments (Australia) Pty. Limited (formerly known as Principal Financial Group Investments (Australia) Pty. Limited) ("MHIA") for a cash consideration of AUD 213.5 million (approximately RM561.7 million). The MHIA group owns and operates hotels in Australia.

The acquisition had the following effect on the Group's financial results for the year:

	2004 RM'000
Revenue	280,169
Profit from operations	16,089
Net profit for the year	10,988

Notes To The Financial Statements - 31 December 2004

12. INVESTMENTS IN SUBSIDIARIES (CONTD.)

a) Acquisition of Subsidiaries (Contd.)

The acquisition had the following effect on the financial position of the Group as at the end of the year:

	2004 RM'000
Property, plant and equipment	1,057,128
Trade and other receivables	31,557
Inventories	12,160
Cash at bank	29,526
Other assets	258,805
Trade and other payables	(48,716)
Interest bearing liabilities	(661,945)
Other liabilities	(35,135)
Group's share of net assets	643,380

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiaries were as follows:

	1 June 2004 RM'000
Property, plant and equipment	1,172,175
Trade and other receivables	18,830
Inventories	12,265
Cash at bank	15,429
Deferred tax assets	3,487
Other assets	4,921
Trade and other payables	(81,874)
Interest bearing liabilities	(570,791)
Tax liability	(1,023)
Other liabilities	(11,734)
Cost of acquisition	561,685
Less: Cash at bank	(15,429)
Net cash used for acquisition of subsidiaries	546,256

There were no acquisition of subsidiaries in the financial year ended 31 December 2003.

Notes To The Financial Statements - 31 December 2004

12. INVESTMENTS IN SUBSIDIARIES (CONTD.)

b) Disposal of a Subsidiary

On 31 May 2004, the Group completed the disposal of its 91% equity interest in Johnson Shoes Berhad ("JSB") for a total cash consideration of RM 357,288. The effects of the disposal of JSB on the results of the Group for the financial year to the date of disposal were as follows:

	2004 RM'000	2003 RM'000
Revenue	863	3,057
Loss from operations	257	1,363
Net loss for the year	390	1,531

The disposal had the following effect on the financial position of the Group as at the end of the year:

	2004 RM'000	2003 RM'000
Net liabilities disposed:		
Property, plant and equipment	150	164
Inventories	1,126	1,569
Trade and other receivables	401	416
Cash and bank balances	175	46
Borrowings	(37)	-
Trade and other payables	(5,738)	(5,728)
Net liabilities disposed	(3,923)	(3,533)
Attributable unamortised goodwill	779	
Minority interest share of reserves	353	
Gain on disposal	3,148	
Consideration received from disposal	357	
Less: Cash and bank balances	(175)	
Net cash from disposal of a subsidiary	182	

Notes To The Financial Statements - 31 December 2004

12. INVESTMENTS IN SUBSIDIARIES (CONTD.)

c) Dissolution of Joint-Venture / Subsidiary

During the financial year 2004, the Group completed the dissolution of the following joint venture / subsidiary

- i) 70% interest in a joint-venture company, Hotel Indochine (Danang), which was held through the Company's wholly-owned subsidiary, Mulpha Hotels (Vietnam) Sdn Bhd.
- ii) 51% equity interest in a subsidiary, Pinefield Coatings Company, which was held through the Company's 51% equity interest in Pacific Orchid Investments Limited.

There were no effects of the above dissolutions on the results of the Group for the financial year to the date of dissolutions.

The dissolutions have the following effect on the financial position of the Group as at the end of the year:

	2004 RM'000
Property, plant and equipment	1,570
Payables	(1,519)
Minority interests	(2,351)
Exchange reserve	(294)
	(2,594)
Gain on dissolution	2,728
Consideration received from dissolution	134

Notes To The Financial Statements - 31 December 2004

13. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
a) Interest in associates:				
At cost:				
Quoted shares in Malaysia	35,902	-	-	-
Unquoted shares in Malaysia	874	879	-	-
Unquoted shares outside Malaysia	8,364	8,364	5,766	5,766
	45,140	9,243	5,766	5,766
Share of post-acquisition profits	10,644	3,176	-	-
	55,784	12,419	5,766	5,766
Accumulated impairment losses	(2,151)	(2,151)	(5,766)	(5,766)
	53,633	10,268	-	-
Market value of quoted shares	39,927	-	-	-
Share of contingent liabilities (Note 34)	955	-	-	-

b) The Group's investments in associates comprise:-

	Group	
	2004 RM'000	2003 RM'000
Group's share of net assets	55,853	12,488
Discount on acquisition	(69)	(69)
	55,784	12,419

The details of the associates are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Associate of Mulpha International Bhd				
Sembawang Mulpha Pte Ltd	Singapore	Inactive	42.0	42.0
Associate of Leisure Farm Corporation Sdn Bhd				
LF Polo Management Pte Ltd	Singapore	Inactive	50.0	50.0

Notes To The Financial Statements - 31 December 2004

13. INVESTMENTS IN ASSOCIATES (CONTD.)

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Associates of Mulpha Land & Property Sdn Bhd				
Mulpha Engineering & Construction Sdn Bhd	Malaysia	Contracting	20.0	20.0
Sama Wira Mulpha Industries Sdn Bhd	Malaysia	Manufacture and sale of wire mesh	30.0	30.0
Associates of Manfield Coatings Company Limited				
Chemfield Trading Company Limited	Hong Kong	Trading in paints	18.7	18.7
Anshan Eastern Chemicals Company Limited	People's Republic of China	Manufacturing and trading of paints and related products	9.6	9.6
# Cashew Manfield Weilburger (Guangzhou) Ltd	PRC	Trading in paints and related products	17.2	-
Associates of Manfield Chemical Limited				
Weilburger Manfield Limited	Hong Kong	Trading in paints and related products	17.2	17.2
Weilburger Manfield Chemical (Shenzen) Ltd	PRC	Trading in paints and related products	17.2	17.2
Associate of Mega Pascal Berhad				
Haikon Sdn Bhd	Malaysia	In members' voluntary liquidation	-	15.2
Associate of Tiararibu (M) Sdn Bhd				
Mudajaya Group Berhad	Malaysia	Building contractor and civil engineering	21.0	-

Associate company incorporated in 2004

Notes To The Financial Statements - 31 December 2004

14. INVESTMENTS IN A JOINTLY-CONTROLLED ENTITY

	Group	
	2004 RM'000	2003 RM'000
Capital contribution	50	50
Share of post-acquisition losses	(460)	(460)
	(410)	(410)
Amount due from a jointly controlled entity	653	653
Allowance for doubtful debts	(243)	(243)
	-	-

The Group has a 50% (2003: 50%) interest in the Farlin-Mega Pascal Joint Venture ("the JV"). The JV, which was involved in the supply of ready-mixed concrete, ceased operations in 2002.

The following amounts represent the Group's share of the assets and liabilities of the jointly-controlled entity:

	Group	
	2004 RM'000	2003 RM'000
Long-term assets	20	20
Current assets	96	96
Current liabilities	(526)	(526)
Net liabilities	(410)	(410)

There were no Group share of revenue and expenses recorded for the jointly-controlled entity in the financial years 2004 and 2003.

There are no contingencies relating to the Group's interest in the jointly-controlled entity.

15. LONG-TERM RECEIVABLES

	Group	
	2004 RM'000	2003 RM'000
Amounts receivable on sale of land	2,508	2,773

The long-term receivables are interest-free and are receivable based on the terms of the sale and purchase agreements.

Notes To The Financial Statements - 31 December 2004

16. LONG-TERM INVESTMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At cost:				
Foreign quoted shares	68,971	9	-	-
Unquoted shares				
- Malaysian	1,200	30,692	1,000	1,000
- Foreign	291	291	-	-
Other investments	1,652	1,682	1,160	1,160
	72,114	32,674	2,160	2,160
Accumulated impairment losses	(200)	(200)	-	-
	71,914	32,474	2,160	2,160
Market value of foreign quoted shares	94,948	9	-	-

Foreign quoted shares amounting to RM68,971,000 (2003: NIL) of the Group are pledged to a financial institution for credit facilities granted to a subsidiary.

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

a) Land Held for Property Development

	Freehold Land RM'000	Leasehold Land RM'000	Total RM'000
Group			
At 31 December 2004:			
Cost:			
At 1 January 2004:	468,971	262,748	731,719
Additions	366,272	3,174	369,446
Transfer to property, plant and equipment	(19,387)	-	(19,387)
Transfer to property development costs	(10,432)	-	(10,432)
Exchange differences	10,255	-	10,255
At 31 December 2004	815,679	265,922	1,081,601
Accumulated Impairment Losses			
At 1 January / 31 December	30,528	-	30,528
Carrying Amount at 31 December 2004	785,151	265,922	1,051,073

Notes To The Financial Statements - 31 December 2004

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

a) Land Held for Property Development (Contd.)

	Freehold Land RM'000	Leasehold Land RM'000	Total RM'000
Group			
At 31 December 2003:			
Cost:			
At 1 January 2003:	450,082	255,577	705,659
Additions	68,856	7,230	76,086
Transfer to property development costs	(125,394)	(59)	(125,453)
Exchange differences	75,427	-	75,427
At 31 December 2003	468,971	262,748	731,719
Accumulated Impairment Losses			
At 1 January / 31 December	30,528	-	30,528
Carrying Amount at 31 December 2003	438,443	262,748	701,191

b) Property Development Costs

	Group	
	2004 RM'000	2003 RM'000
Property development costs at 1 January		
Freehold land	486,440	352,780
Leasehold land	19,720	19,662
Development Costs	664,721	396,150
Exchange difference	24,446	68,213
	1,195,327	836,805
Costs incurred during the year		
Freehold land	-	33,023
Development costs	126,760	178,110
	126,760	211,133
Costs recognised in income statement		
At 1 January	(759,615)	(496,705)
Recognised during the year	(189,919)	(225,309)
Exchange difference	(15,975)	(37,601)
At 31 December	(965,509)	(759,615)

Notes To The Financial Statements - 31 December 2004

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

b) Property Development Costs (Contd.)

	Group	
	2004 RM'000	2003 RM'000
Transfers:		
From land held for property development	10,432	125,453
To inventories	(3,005)	(2,511)
	7,427	122,942
Property development costs at 31 December	364,005	411,265

Certain development properties amounting to RM506,284,654 (2003: RM479,084,465) are pledged to financial institutions as security for banking facilities granted as disclosed in Note 26 to the financial statements. In addition, certain development properties amounting to RM314,352,000 (2003: RM Nil) were pledged as collateral to the vendor upon purchase of the land as disclosed in Notes 24 and 31 to the financial statements.

18. GOODWILL

	Group	
	2004 RM'000	2003 RM'000
Purchased goodwill		
At 1 January:	9,896	8,784
Additions during the year	-	42
Exchange adjustments	365	2,213
Amortisation	(1,235)	(1,143)
Goodwill written off	(1,482)	-
At 31 December	7,544	9,896
Goodwill on consolidation		
Cost :		
At 1 January:	93,574	119,049
Additions	-	2
Disposal of subsidiary	(2,200)	(25,477)
At 31 December	91,374	93,574
Accumulated amortisation and Impairment losses		
At 1 January:		
Accumulated amortisation	43,810	53,529
Amortisation during the year	5,170	6,545
Impairment losses for the year	2,921	-
Disposal of subsidiary	(1,421)	(16,264)
At 31 December	50,480	43,810
Net Book Value	40,894	49,764
Total goodwill	48,438	59,660

Purchased goodwill mainly arose from the acquisition of management right and real estate franchise of a property in Australia.

Notes To The Financial Statements - 31 December 2004

19. INVENTORIES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At net realisable value:				
Completed properties, at cost	29,413	31,238	-	-
Provision for obsolescence	(3,013)	(3,161)	-	-
	26,400	28,077	-	-
Finished goods, at cost	58,040	61,629	2,939	13,992
Provision for obsolescence	(13,895)	(8,325)	(2,145)	(1,969)
	44,145	53,304	794	12,023
At net realisable value	70,545	81,381	794	12,023
At cost:				
Completed properties	3,005	2,511	-	-
Raw materials	23,545	16,485	-	-
Work-in-progress	6,052	5,437	-	-
Goods-in-transit	1,067	1,115	-	-
Golf memberships	4,400	4,410	-	-
	38,069	29,958	-	-
	108,614	111,339	794	12,023

20. RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	241,184	241,545	6,484	4,686
Allowance for doubtful debts	(12,838)	(10,755)	(1,378)	(818)
	228,346	230,790	5,106	3,868
Other receivables	91,615	63,464	35,615	39,494
Allowance for doubtful debts	(50,075)	(39,606)	(34,712)	(30,709)
	41,540	23,858	903	8,785
Deposits and prepayments	20,052	9,610	178	215
Amount due from subsidiaries	-	-	1,081,866	1,019,512
Allowance for doubtful debts	-	-	(90,541)	(95,567)
	-	-	991,325	923,945
Amount due from associates	27,955	15,444	9,210	5,584
Allowance for doubtful debts	(6,105)	(5,979)	(5,584)	(5,584)
	21,850	9,465	3,626	-
	311,788	273,723	1,001,138	936,813

Notes To The Financial Statements - 31 December 2004

20. RECEIVABLES (CONTD.)

The Group's normal credit terms range from 30 to 90 days.

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

The amounts due from associates are unsecured, interest-free and have no fixed repayment term.

The amounts due from subsidiaries are unsecured, certain amounts bear interest at 8% to 10% per annum and have no fixed repayment term.

21. SHORT-TERM INVESTMENTS

	Group	
	2004 RM'000	2003 RM'000
At cost:		
Quoted shares		
- Malaysian	4,169	4,153
- Foreign	33,699	20,378
Quoted debt securities		
- Foreign	3,257	4,825
Unquoted investment funds	11,562	15,362
	52,687	44,718
Provision for impairment in value of investments	(2,479)	(2,577)
	50,208	42,141
Market value of :		
Quoted shares		
- Malaysian	1,908	1,533
- Foreign	61,158	46,477
Quoted debt securities		
- Foreign	3,258	4,867
	66,324	52,877
Net assets value in unquoted investment funds	12,802	15,514

Notes To The Financial Statements - 31 December 2004

21. SHORT-TERM INVESTMENTS (CONTD.)

The following investments of the Group are pledged to financial institutions for credit facilities granted to subsidiary companies:

	Group	
	2004 RM'000	2003 RM'000
Quoted shares - Malaysian	4,133	3,044
Quoted shares - foreign	12,460	-
Unquoted investment funds	11,562	-
	<u>28,155</u>	<u>3,044</u>

22. OTHER ASSETS

	Group	
	2004 RM'000	2003 RM'000
Assets held for sale:		
Leasehold management right (Note 11)	116,091	-
Property, plant and equipment (Note 9)	253,268	-
	<u>369,359</u>	<u>-</u>

Leasehold management right represents the right to operate and manage the Sydney Opera House Car Park ("the Car Park") up to 13 March 2004. As disclosed in Note 37(a) to the financial statements, a deed for the disposal of the Car Park for a cash consideration of AUD 75 million (approximately RM 225 million) has been entered on 9 July 2004. Pending the completion of the disposal, the asset has been reclassified from non-current asset to current asset. The disposal of the Car Park was completed after the financial year end on 11 March 2005.

The property, plant and equipment represents the assets of Sheraton Brisbane Hotel ("the Hotel"). As disclosed in Note 37(b) to the financial statements, a contract for the disposal of the Hotel for a cash consideration of AUD 100 million (approximately RM300 million) has been entered on 20 August 2004. Pending the completion of the disposal, the property, plant and equipment have been reclassified from non-current asset to current asset. The disposal of the Hotel was completed after the financial year end on 1 February 2005.

Notes To The Financial Statements - 31 December 2004

23. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits placed in:-				
Licensed banks	30,723	94,236	2,418	36,611
Other financial institutions	-	5,100	-	-
	30,723	99,336	2,418	36,611

Deposits amounting to RM5,728,586 (2003: RM33,160,706) of the Group and RM510,183 (2003: RM26,470,682) of the Company are pledged to licensed financial institutions as security for banking facilities granted to certain subsidiaries and the Company as disclosed in Note 26 to the financial statements.

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

	Group		Company	
	2004 RM'000 %	2003 RM'000 %	2004 RM'000 %	2003 RM'000 %
Licensed banks	0.20-7.74	0.01-4.98	0.20-2.72	0.03-0.92
Other financial institutions	-	2.70	-	-

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

	Group		Company	
	2004 RM'000 Days	2003 RM'000 Days	2004 RM'000 Days	2003 RM'000 Days
Licensed banks	7-366	7-365	7-32	14-31
Other financial institutions	-	14	-	-

Notes To The Financial Statements - 31 December 2004

24. PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	92,273	76,062	133	558
Other payables	247,008	114,098	2,145	2,133
Amount due to a director	3,482	3,482	-	-
Progress billings in respect of property development costs	379	1,441	-	-
Finance lease and hire purchase payables (Note 32)	2,961	5,777	-	-
Amount due to subsidiaries	-	-	80,034	87,002
Amount due to an associate	2,918	-	-	-
	349,021	200,860	82,312	89,693

The normal credit terms granted to the Group range from 30-90 days.

Included in other payables is vendor finance of RM100,640,000 (2003: RM Nil) in respect of land acquired by a subsidiary. The amount owing is interest free and secured against land bought for development.

The amount due to a director of the Company is unsecured, interest-free and has no fixed repayment terms.

The amounts due to associates and subsidiaries are unsecured, interest-free except for an amount due to a subsidiary which bears interest at 8.0% per annum and have no fixed repayment term.

Notes To The Financial Statements - 31 December 2004

25. PROVISIONS FOR LIABILITIES

	Provision for staff benefits RM'000	Provision for termination benefits RM'000	Provision for warranty RM'000	Provision for maintenance and assembly RM'000	Total RM'000
Group					
At 1 January 2004	7,223	-	442	215	7,880
Exchange adjustments	2,061	-	-	-	2,061
Provision for the year	14,534	2,253	83	275	17,145
Acquisition of subsidiaries	11,598	-	-	-	11,598
Payments during the year	(13,585)	-	(119)	(479)	(14,183)
At 31 December 2004	21,831	2,253	406	11	24,501
Analysed as:					
2004					
Current	17,174	2,253	406	11	19,844
Non-current	4,657	-	-	-	4,657
	21,831	2,253	406	11	24,501
2003					
Current	4,188	-	442	215	4,845
Non-current:	3,035	-	-	-	3,035
	7,223	-	442	215	7,880

Company

	2004 RM'000	2003 RM'000
Provision for staff benefits		
Non-current:		
At 1 January	-	3
Provision for the year	-	-
Payments during the year	-	(3)
At 31 December	-	-
Provision for termination benefits		
Current:		
At 1 January	-	-
Provision for the year	233	-
At 31 December	233	-

Notes To The Financial Statements - 31 December 2004

26. BANK BORROWINGS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Short-Term Bank Borrowings				
Secured:				
Bank overdrafts	8,011	6,265	-	-
Bills payable and bankers' acceptance	218,587	22,747	-	-
Revolving credit	110,383	120,113	91,899	98,899
Term loans	55,957	4,200	-	-
	392,938	153,325	91,899	98,899
Unsecured:				
Bank overdrafts	5,297	3,096	5,297	3,096
Bills payable and bankers' acceptance	9,807	16,125	6,014	11,340
Revolving credit	1,000	1,000	1,000	1,000
Term loans	562	563	-	-
	16,666	20,784	12,311	15,436
	409,604	174,109	104,210	114,335
Long-Term Bank Borrowings				
Secured:				
Bills payable and bankers' acceptance	1,091,352	170,400	-	-
Term loans	3,738	4,100	-	-
	1,095,090	174,500	-	-
Unsecured:				
Bills payable and bankers' acceptance	2,181	3,998	-	-
	1,097,271	178,498	-	-
Total Bank Borrowings				
Bank overdrafts	13,308	9,361	5,297	3,096
Bills payable and bankers' acceptance	1,321,927	213,270	6,014	11,340
Revolving credit	111,383	121,113	92,899	99,899
Term loans	60,257	8,863	-	-
	1,506,875	352,607	104,210	114,335
Maturity of bank borrowings:				
Within one year	409,604	174,109	104,210	114,335
More than 1 year and less than 5 years	1,097,271	178,498	-	-
	1,506,875	352,607	104,210	114,335

Notes To The Financial Statements - 31 December 2004

26. BANK BORROWINGS (CONTD.)

The interest rates at the balance sheet date for bank borrowings were as follows:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Bank overdrafts	6.0-8.5	7.0-8.5	7.3-8.5	7.3-8.5
Bills payable and bankers' acceptance	3.4-8.5	3.0-8.3	3.6-4.8	3.0-3.8
Revolving credit	4.5-7.5	4.2-7.1	4.5-6.8	4.2-7.1
Term loans	3.5-8.0	3.0-6.0	-	-

The bank borrowings are secured by the followings:

- a) corporate guarantees by the Company
- b) pledge of land and buildings of certain subsidiaries, as disclosed in Note 9 to the financial statements
- c) a pledge of machineries of certain subsidiaries as disclosed in Note 9 to the financial statements
- d) a charge over the leasehold management right of the Sydney Opera House Car Park, as disclosed in Note 11 to the financial statements
- e) legal charge over the land held for development and land and buildings of certain subsidiaries as disclosed in Note 17 to the financial statements
- f) lien on fixed deposits of the Company and certain subsidiaries, as disclosed in Note 23 to the financial statements and
- g) floating charge over assets of certain subsidiaries.

27. SHARE CAPITAL

	2004		2003	
	Number of shares	RM'000	Number of shares	RM'000
Authorised:				
Ordinary shares of 50 sen each				
At 1 January / 31 December	2,000,000,000	1,000,000	2,000,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of 50 sen each				
At 1 January / 31 December	1,394,412,779	697,206	1,394,412,779	697,206

Notes To The Financial Statements - 31 December 2004

27. SHARE CAPITAL (CONTD.)

Warrants

A total of 348,603,195 warrants were issued by the Company in conjunction with the Rights Issue exercise completed in 2000. Each warrant is convertible into one new ordinary share of RM0.50 each at the exercise price of RM1.50 per share. The warrants are valid for a period of ten years and shall expire on 25 July 2010. To-date, none of the warrants has been exercised.

28. RESERVES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<u>Non-Distributable</u>				
Revaluation reserve	2,332	2,707	-	-
Exchange reserve	237,413	204,671	(6,206)	(8,093)
Capital reserve	11,345	11,125	-	-
Other reserve	4,106	4,106	-	-
	255,196	222,609	(6,206)	(8,093)
<u>Distributable</u>				
Other reserve	27,634	12,150	-	-
	282,830	234,759	(6,206)	(8,093)

The movements in reserves are shown in the statement of changes in equity.

The nature and purpose of each category of reserve are as follows:

a) Revaluation Reserve

This reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of properties above their cost.

b) Exchange Reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries as well as from the translation of foreign currency loans used to hedge investments in foreign subsidiaries.

Notes To The Financial Statements - 31 December 2004

28. RESERVES (CONTD.)

c) Capital Reserve

This reserve includes the contributed surplus of a subsidiary, representing the difference between the aggregate net assets of group companies acquired pursuant to a group reorganisation over the nominal value of the subsidiary's share capital issued for the acquisition.

d) Other Reserve (Non-Distributable)

This reserve includes the excess of tax depreciation on investment properties over the book depreciation in a controlled trust of a subsidiary.

e) Other Reserve (Distributable)

This reserve includes the excess of the proceeds (net of income tax) on disposal of non-current assets by a subsidiary over their carrying amount. It is available to be distributed as dividends or for issue of shares.

29. TREASURY SHARES

Under the Company's share buyback scheme approved by its shareholders, the Company proposed to purchase up to a maximum of 139,441,278 ordinary shares of RM0.50 each representing ten percent of its existing issued and paid-up share capital. The purpose of the scheme is to stabilise the supply and demand of the Company's shares on the stock exchange.

As at 31 December 2004, the Company repurchased a total of 139,441,200 shares costing RM62,302,502 at an average price of 44.7 sen per share, as follows:-

Year purchased	Number of shares purchased	Total consideration RM	Highest price RM	Lowest price RM	Average price RM
2001	19,371,000	6,512,027	0.430	0.275	0.336
2002	31,858,000	14,546,681	0.710	0.365	0.457
2003	88,212,200	41,243,794	0.570	0.330	0.468
	139,441,200	62,302,502			

The repurchase was funded by internal and external funds. The shares repurchased have been retained as treasury shares.

Notes To The Financial Statements - 31 December 2004

30. DEFERRED TAX LIABILITIES

	Group	
	2004 RM'000	2003 RM'000
At 1 January	67,916	77,248
Transfer to income statement (Note 7)	(792)	(15,357)
Charged to equity	-	1,195
Acquisition of subsidiary (Note 12 (a))	(3,487)	-
Disposal of a subsidiary	-	(716)
Exchange adjustments	300	5,546
At 31 December	63,937	67,916

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

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Revaluation of Land RM'000	Receivables and Others RM'000	Total RM'000
At 1 January 2004	16,014	52,675	25,437	94,126
Recognised in the income statement	897	(3,257)	(90)	(2,450)
Exchange adjustments	431	-	1,068	1,499
At 31 December 2004	17,342	49,418	26,415	93,175
At 1 January 2003	15,025	54,941	22,772	92,738
Recognised in the income statement	(625)	(3,461)	(4,054)	(8,140)
Charged to equity	-	1,195	-	1,195
Disposal of subsidiaries	(716)	-	-	(716)
Exchange adjustments	2,330	-	6,719	9,049
At 31 December 2003	16,014	52,675	25,437	94,126

Notes To The Financial Statements - 31 December 2004

30. DEFERRED TAX LIABILITIES (CONTD.)

Deferred Tax Assets of the Group:

	Provision for Liabilities and Other Payables RM'000	Unabsorbed Capital Allowances RM'000	Tax Losses RM'000	Total RM'000
At 1 January 2004	(6,387)	(232)	(19,591)	(26,210)
Recognised in the income statement	(5,331)	(88)	7,077	1,658
Acquisition of subsidiaries	(3,487)	-	-	(3,487)
Exchange adjustments	(807)	-	(392)	(1,199)
At 31 December 2004	(16,012)	(320)	(12,906)	(29,238)
At 1 January 2003	(4,457)	(232)	(10,801)	(15,490)
Recognised in the income statement	(441)	-	(6,776)	(7,217)
Exchange adjustments	(1,489)	-	(2,014)	(3,503)
At 31 December 2003	(6,387)	(232)	(19,591)	(26,210)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unutilised tax losses	218,827	256,372	14,643	14,539
Unabsorbed capital allowances	54,651	65,172	2,777	3,552

The unutilised tax losses and unabsorbed capital allowances are available for offset against future taxable profits, subject to and in accordance with the relevant tax legislation of the countries where the Group operates.

31. OTHER PAYABLES

	Group	
	2004 RM'000	2003 RM'000
Other payable	149,776	-

Other payable comprising vendor finance in respect of land acquired by a subsidiary, is interest-free and secured against the land bought for development.

Notes To The Financial Statements - 31 December 2004

32. FINANCE LEASE AND HIRE PURCHASE PAYABLES

	Group	
	2004 RM'000	2003 RM'000
Future minimum lease payments:-		
Within 1 year	3,434	6,238
After 1 year but not later than 5 years	4,822	3,260
	8,256	9,498
Deferred finance charges	(631)	(577)
	7,625	8,921
Present value:		
Within 1 year (Note 24)	2,961	5,777
After 1 year but not later than 5 years	4,664	3,144
	7,625	8,921

The finance lease and hire purchase payables bear interests at between 3.3% to 7.5% (2003: 3.3% to 7.5%) per annum.

33. OTHER BORROWINGS

	Group	
	2004 RM'000	2003 RM'000
Bonds (secured)	118,252	-
Representing Bonds:		
Due within 12 months	956	-
Due after 12 months	117,296	-
	118,252	-
Analysis of the Bonds:		
Payable within one year	956	-
Payable between one and two years	1,033	-
Payable between two and five years	3,629	-
Payable after five years	112,634	-
	118,252	-

The Group assumed the Bonds liability of RM118,252,000 when it acquired Mulpha Hotel Investments (Australia) Pty. Limited as disclosed in Note 36(c) to the financial statements. The effective interest rate for the Bonds is 8.15% per annum and is payable quarterly in arrears each year. The Bonds are secured against the freehold property of a subsidiary.

Notes To The Financial Statements - 31 December 2004

34. CONTINGENT LIABILITIES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unsecured				
Guarantees given to financial institutions in respect of facilities granted to subsidiaries	-	-	40,587	39,154
Guarantees given to third parties	11,129	11,429	-	-
Share of contingent liabilities of an associate (Note 13)	955	-	-	-
	12,084	11,429	40,587	39,154

35. COMMITMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
i) Capital expenditure				
Authorised and contracted for	25,249	37,972	-	-
Authorised but not contracted for	6,699	292	-	-
ii) Inventories				
Repurchase of inventories previously sold	-	4,494	-	-
iii) Investments				
Authorised and contracted for				
- unquoted investments outside Malaysia	8,594	8,594	-	-
- quoted investments within Malaysia	-	-	15,297	-
	8,594	8,594	15,297	-
iv) Non-Cancellable Operating Lease Commitments - Group as Lessee				
Future minimum rentals payable:				
Not later than one year	5,053	8,990	-	-
Later than one year but not later than five years	8,305	24,734	-	-
Later than five years	14,904	243,610	-	-
	28,262	277,334	-	-

Notes To The Financial Statements - 31 December 2004

35. COMMITMENTS (CONTD.)

iv) Non-Cancellable Operating Lease Commitments - Group as Lessee (Contd.)

The future minimum rentals payable included the rentals payable for the Sydney Opera House Car Park ("the Car Park") up to 28 February 2005. The Car Park was disposed of after the financial year end on 11 March 2005.

v) Non-Cancellable Operating Lease Commitments - Group as Lessor

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Future minimum rentals receivable:				
Not later than one year	15,914	10,005	-	-
Later than one year but not later than five years	534	1,837	-	-
	16,448	11,842	-	-

vi) Other Commitment

Mulpha Sepang Land Sdn Bhd ("MSL") holds a 65% interest in Mulpha PPNS Sdn Bhd ("MPPNS") via Spanstead Sdn Bhd while the other 35% is held by Pertubuhan Peladang Negeri Selangor ("PPNS"). An agreement entered into between Sunrise Holdings Sdn Bhd and PPNS on 15 June 1994 was novated to MSL on 8 August 1997. The agreement provides for MSL to pay PPNS up to RM120 million less amount received and to be received by PPNS, if the development of Bandar Seri Ehsan ("BSE") is not completed by November 2019, or having been completed earlier than November 2019, the amount received by PPNS is less than the amount stipulated in the agreement and PPNS will transfer its 35% shareholding in MPPNS to MSL. The agreement also provides for MSL to pay PPNS a sum of RM35 million less amount received and to be received by PPNS, at a date not earlier than November 2014.

The development of BSE commenced in November 1999 and as at 31 December 2004, an amount of RM22.5 million has been received by PPNS pursuant to the agreement.

The Directors are of the opinion that no events have materialised during the financial year which render MSL liable to pay the amount(s) to PPNS provided for under the agreement.

36. SIGNIFICANT EVENTS

a) Acquisition of shares in Mudajaya Group Berhad ("MGB")

On 19 February 2003, Tiararibu (M) Sdn Bhd ("Tiararibu"), a wholly-owned subsidiary of the Company, completed the disposal of an 80% equity interest in Mudajaya Corporation Berhad ("MCB") and retained remaining 5,880,000 shares in MCB. Subsequent to the disposal, MCB was restructured whereby MGB emerged as the holding company of MCB and the 5,880,000 shares representing 19.50% interest in MCB held by Tiararibu were exchanged for 23,519,600 shares representing 19.50% interest in MGB. The acquisition was completed on 1 March 2004.

Notes To The Financial Statements - 31 December 2004

36. SIGNIFICANT EVENTS (CONTD.)

a) Acquisition of shares in Mudajaya Group Berhad ("MGB") (Contd.)

Subsequently, upon the issuance of public shares pursuant to the listing of the MGB shares, interest of Tiararibu in MGB was diluted to 17.29%. The shares of MGB were listed on the Main Board of Bursa Malaysia Securities Berhad on 10 May 2004.

On 17 May 2004, Tiararibu acquired 5,000,000 shares in MGB from the open market, bringing its holding in MGB to 28,519,600 shares or 20.97%. MGB has since been accounted for as an associated company.

b) Disposal of Johnson Shoes Berhad ("JSB")

On 18 December 2003, Mulpha Trading Sdn Bhd and Mulpha Land and Property Sdn Bhd (which are wholly-owned subsidiaries of the Company) entered into a Share Sale Agreement with Casa Tegas Sdn Bhd to dispose of 2,552,055 shares of RM1.00 each in JSB, representing 91% of equity interest in JSB for a cash consideration of RM357,288. The principal activity of JSB is in manufacturing and trading of leather shoes under the "Johnson" brand. The disposal was completed on 31 May 2004.

c) Acquisition of Mulpha Hotel Investments (Australia) Pty. Limited ("MHIA")

Mulpha Australia Limited, a wholly-owned subsidiary of the Company, has on 16 March 2004 entered into an agreement to acquire the entire issued and paid up share capital of 90,000,001 shares in MHIA (formerly known as Principal Financial Group Investments (Australia) Pty. Limited). The cash consideration for the acquisition was AUD 213.6 million (approximately RM561.7 million). The MHIA group owns and operates hotels in Australia. The acquisition was completed on 1 June 2004 and ratified by the shareholders of the Company at the Extraordinary General Meeting held on 23 December 2004.

d) Acquisition of securities in FKP Property Group ("FKP")

Mulpha Strategic Limited (formerly known as King's Chemical Products Inc), an indirect wholly-owned subsidiary of the Company, has in 2004 acquired 8,288,673 securities, representing a 4.7% equity interest in FKP at a total cost of AUD 23.3 million (approximately RM69 million). FKP, a public company listed on the Australian Stock Exchange, is involved in property-related activities and construction.

e) Disposal of the Novotel Century Sydney Hotel ("the Hotel")

Tank Stream (Darling Harbour) Pty. Limited, an indirect wholly-owned subsidiary of the Company, has on 20 August 2004 entered into a contract for the disposal of the Hotel for a cash consideration of AUD 41 million (approximately RM 121 million). The disposal was completed on 23 December 2004.

37. SUBSEQUENT EVENTS

a) Disposal of the Sydney Opera House Car Park ("the Car Park")

Enacon Parking Pty. Limited, an indirect wholly-owned subsidiary of the Company, has on 9 July 2004 entered into a deed for the disposal of the Car Park for a cash consideration of AUD 75 million (approximately RM225 million). The disposal was completed on 11 March 2005.

Notes To The Financial Statements - 31 December 2004

37. SUBSEQUENT EVENTS (CONTD.)

b) Disposal of the Sheraton Brisbane Hotel ("the Hotel")

Mulpha Hotel Pty. Limited ("MHL") (formerly known as Principal Hotel Limited) together with Permanent Trustee Australia Limited, the trustee for Mulpha Hotel Trust ("MHT") (formerly known as Principal Hotel Trust) have on 20 August 2004 entered into a contract for the disposal of the Hotel for a cash consideration of AUD 100 million (approximately RM300 million). MHL and MHT are indirect wholly-owned subsidiaries of the Company. The disposal was completed on 1 February 2005.

c) Disposal of Young Marketing Sdn Bhd ("YMSB")

Mulpha Trading Sdn Bhd, a wholly-owned subsidiary of the Company, has on 13 January 2005 entered into a Shares Sale Agreement for the disposal of the entire issued and paid-up share capital of 500,002 shares of RM1.00 each in YMSB for a cash consideration of RM23,225. The principal activity of YMSB is the trading of footwear products. The disposal was completed on 13 January 2005.

d) Disposal of assets by Mega Pascal Berhad ("MPB")

MPB, a 50.58% owned subsidiary of the Company, has on 25 February 2005 entered into an agreement for the disposal of its assets involved in its ready-mixed concrete business for a cash consideration of RM9.5 million. The assets comprise batching plants, associated equipments and motor vehicles. The disposal was completed on 3 March 2005.

e) Rights issue of Mega Pascal Berhad ("MPB")

MPB, a 50.58% owned subsidiary of the Company, has on 1 March 2004 proposed a renounceable two-call rights issue of up to 90,735,000 irredeemable convertible preference shares of RM1.00 each ("ICPS") on the basis of one ICPS for every existing MPB ordinary share of RM1.00 each. The ICPS will be issued at a price of RM1.00 each whereby the first call of RM0.50 will be payable in cash and the second call of RM0.50 will be capitalised from the share premium account. The proceeds from the rights issue will be used mainly to develop a property project. The Company has undertaken to subscribe for the whole of its entitlement of 30,595,000 ICPS amounting to RM15,297,500. The rights issue is expected to be completed in June 2005.

f) Disposal of 80% equity interest in Mulpha Sports Sdn Bhd ("MSSB")

The Company had on 23 March 2005 entered into a Shares Sale Agreement for the disposal of 800,000 shares of RM1.00 each in MSSB, representing 80% of the equity interest in MSSB, for a cash consideration of RM40,000. The principal activity of MSSB is the distribution of sports goods and sportswear. The disposal was completed on 23 March 2005.

g) Listing Status of Mega Pascal Berhad ("MPB")

MPB, a 50.58% owned subsidiary of the Company, had on 15 March 2005 announced that it is an affected listed issuer pursuant to Paragraph 8.14C and Practice Note 17/2005 of the Listing Requirements as it had disposed off its ready-mixed concrete operations, which contributed or generated 70% or more of MPB's revenue on a consolidated basis based on its latest annual audited financial statements for the financial year ended 31 December 2003.

Notes To The Financial Statements - 31 December 2004

37. SUBSEQUENT EVENTS (CONTD.)

g) Listing Status of Mega Pascal Berhad ("MPB") (Contd.)

The Board of MPB is deliberating on the regularisation plan for MPB. Once completed, the requisite announcement outlining the regularisation plan will be made to Bursa Malaysia Securities Berhad.

h) Proposed Restructuring of Mulpha Norwest Limited

Mulpha Norwest Limited ("Norwest"), Mulpha Norwest Investments Pty. Limited ("MNI") and Mulpha Australia Limited ("MAL") have on 21 April 2005 entered into a conditional Sale and Subscription Agreement with FKP Limited ("FKP") for the proposed restructuring of Norwest. MAL is a direct wholly-owned subsidiary of the Company while Norwest and MNI are indirect wholly-owned subsidiaries of the Company. Norwest is a property owner and developer. FKP, a public company listed on the Australian Stock Exchange, is involved in property related activities and construction. A subsidiary of the Company currently owns a 4.7% equity interest in FKP.

The proposed restructuring involves the following:-

- i) the sale of 2,575,479 ordinary shares and 5,495,200 preference shares in Norwest by MNI to FKP for a total consideration of AUD 33,054,952 (approximately RM97.2 million) to be satisfied by such number of new FKP securities at an issue price to be determined on completion at the lower of (1) AUD 3.60 each; or (2) 93% of the 15-day volume weighed average price of FKP securities on completion, less any adjustment for declared but unpaid dividends of FKP.

The said total consideration is subject to adjustment in the event that Norwest were to declare and pay additional dividends in respect of its earnings for the period from 1 January 2005 to completion;

- ii) the issuance of 8,587,041 new ordinary shares in Norwest to FKP at AUD 12.81 per share amounting to AUD 110 million (approximately RM323 million) to be paid in cash; and
- iii) the subscription by MAL of such number of new FKP securities at a subscription price, both of which are to be determined on completion. The subscription price will be determined by the same mechanism set out in paragraph (i) above.

The completion of the proposed restructuring will result in the following:-

- i) MNI's interest in Norwest will be reduced from 100% to 50.1% and both MNI and FKP will have equal voting rights and board representation in Norwest; and
- ii) the Mulpha Group will own approximately 14.2% of the total issued FKP securities.

The proposed restructuring is subject to the approvals of the shareholders of the Company and the relevant authorities.

Notes To The Financial Statements - 31 December 2004

38. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, credit, liquidity, foreign exchange and market risks. The Group's policy is not to engage in speculative transactions.

a) Interest Rate Risk

The Group's primary interest rate risk relates to interest bearing debt, as the Group had no substantial long-term interest bearing assets as at 31 December 2004. The investment in financial assets are mainly short-term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or in short-term commercial papers which yield better returns than cash at bank.

b) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Trade receivables are monitored on an ongoing basis via the Group management reporting procedures.

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

c) Liquidity Risk

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

d) Foreign Currency Risk

The Group operates internationally and is exposed to various currencies, mainly Australian Dollar, Hong Kong Dollar, Singapore Dollar and US Dollar. Foreign currency denominated assets and liabilities, together with expected cash flows from highly probable purchases and sales, give rise to foreign exchange exposures.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Notes To The Financial Statements - 31 December 2004

38. FINANCIAL INSTRUMENTS (CONTD.)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:-

At 31 December 2004:

Functional currency of Group companies	Euro Dollar RM'000	Australian Dollar RM'000	Hong Kong Dollar RM'000	Chinese Renminbi RM'000	US Dollar RM'000	Pound Sterling RM'000	Singapore Dollar RM'000	Total RM'000
Trade receivable								
Ringgit Malaysia	-	-	-	-	5,106	-	-	5,106
Hong Kong Dollar	132	-	-	423	1,213	150	-	1,918
	132	-	-	423	6,319	150	-	7,024
Trade payables								
Ringgit Malaysia	-	-	-	-	44	-	1,531	1,575
Singapore Dollar	133	-	-	-	197	-	-	330
Hong Kong Dollar	703	-	-	-	1,106	66	105	1,980
	836	-	-	-	1,347	66	1,636	3,885
Other payables								
Hong Kong Dollar	67	-	-	242	2,006	182	454	2,951
Fixed deposits								
Ringgit Malaysia	-	-	1,636	-	272	-	-	1,908
Hong Kong Dollar	-	-	-	-	38,416	-	-	38,416
Vietnamese Dong	-	-	-	-	826	-	-	826
	-	-	1,636	-	39,514	-	-	41,150
At 31 December 2003:								
Trade receivable								
Ringgit Malaysia	-	-	-	-	3,332	-	-	3,332
Hong Kong Dollar	145	-	-	1,522	266	362	-	2,295
	145	-	-	1,522	3,598	362	-	5,627
Trade payables								
Ringgit Malaysia	15	-	-	-	296	18	-	329
Singapore Dollar	13	-	-	-	351	-	-	364
Vietnamese Dong	-	-	-	-	924	-	-	924
Hong Kong Dollar	1,516	-	-	-	1,281	212	4,635	7,644
	1,544	-	-	-	2,852	230	4,635	9,261
Other payables								
Ringgit Malaysia	-	-	-	-	71	-	-	71
Hong Kong Dollar	162	329	-	1,418	127	182	-	2,218
Vietnamese Dong	-	-	-	-	188	-	-	188
	162	329	-	1,418	386	182	-	2,477
Fixed deposits								
Ringgit Malaysia	-	-	34,381	-	760	-	-	35,141
Vietnamese Dong	-	-	-	-	1,319	-	-	1,319
	-	-	34,381	-	2,079	-	-	36,460

Notes To The Financial Statements - 31 December 2004

38. FINANCIAL INSTRUMENTS (CONTD.)

The net unhedged financial assets of the Company that are not denominated in the functional currency of the Company are as follows:-

Functional currency of the Company - Ringgit Malaysia	Australian Dollar RM'000	Hong Kong Dollar RM'000	US Dollar RM'000
At 31 December 2004:			
Short-term deposits	-	1,636	272
Trade receivables	-	-	5,106
Amount due from subsidiaries	60,918	84,883	-
At 31 December 2003:			
Short-term deposits	-	34,381	760
Trade receivables	-	-	3,331
Amount due from subsidiaries	28,821	57,828	-

e) Market Risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices of the financial instrument or its security assets. For security assets, the Group maintains sufficient financial resources to offer its lenders should the market value of the security assets fall below the margin required by the lenders.

f) Fair Values

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

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial Assets				
At 31 December 2004:				
Short-term quoted investments	38,646	66,324	-	-
Short-term unquoted investments	11,562	12,802	-	-
Long-term unquoted investments	2,943	*	2,160	*
Long-term quoted investments	68,971	94,948	-	-
Long-term receivables	2,507	*	-	-

Notes To The Financial Statements - 31 December 2004

38. FINANCIAL INSTRUMENTS (CONTD.)

f) Fair Values (Contd.)

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 December 2003:				
Short-term quoted investments	26,779	52,877	-	-
Short-term unquoted investments	15,362	15,514	-	-
Long-term unquoted investments	32,465	*	2,160	*
Long-term quoted investments	9	9	-	-
Long-term receivables	2,773	*	-	-

- * It is not practical to estimate the fair value of the Group's long-term unquoted investments and receivables as there are no close comparison to determine their fair values. However, the Directors are of the opinion that the carrying amounts represent the recoverable values.

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

i) Trade and Other Receivables/Payables

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

ii) Marketable securities

The fair values of publicly traded instruments are determined based on quoted market prices at the close of business on the balance sheet date.

iii) Cash and cash equivalents

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

iv) Short-term borrowings and Bonds

The carrying amounts of short-term borrowings and bonds approximate their fair values due to the short periods to maturity of these financial instruments.

v) Long-term bank borrowings, bonds, hire purchase and lease payables

The carrying amounts of the above financial instruments approximate their fair values as their interest rates approximate the current interest rates of liabilities with similar risk profiles.

Notes To The Financial Statements - 31 December 2004

39. SEGMENT INFORMATION

Segmental Reporting

a) Primary reporting format - business segments

The Group is organised into four main business segments in the Asia Pacific region as follows:

Property – property development and investments and car park operations

Hospitality – hotel and service apartments ownership and operations

General Trading – marketing and distribution of timber, fashionwear, sports equipment, sportswear, footwear, engineering and construction equipments

Manufacturing – manufacture and sale of paints and ready-mixed concrete

Other operations of the Group for 2004 and 2003 mainly comprise provision of financial services and securities trading. None of the other operations are of sufficient size to be reported separately.

Transactions between segments are carried out on an arm-length basis. All intersegment turnover and profit are eliminated at Group level.

b) Secondary reporting format - geographical segments

The Group operates in six main geographical areas in the Asia Pacific region:-

Australia – mainly property, hotel and car park operations

Hong Kong and China – trading in construction equipments and manufacturing of paints

Malaysia – property development and ownership, general trading and manufacturing of ready-mixed concrete

Singapore – trading in sportswear, sports equipment, engineering and construction equipments

Vietnam – hotel and service apartments ownership and operations

The disclosures in the geographical segments of the Group are determined based on the country in which the subsidiary is located.

Notes To The Financial Statements - 31 December 2004

39. SEGMENT INFORMATION (CONTD.)

Primary reporting format - business segment

2004	General						Group RM'000
	Manufacturing RM'000	Trading RM'000	Property RM'000	Hospitality RM'000	Others RM'000	Eliminations RM'000	
Revenue							
External sales	253,122	106,441	401,943	557,899	4,968	-	1,324,373
Intersegment sales	-	-	-	-	-	-	-
Total revenue	253,122	106,441	401,943	557,899	4,968	-	1,324,373
Results							
Segment results	16,503	(23,999)	124,443	40,337	753	-	158,037
Unallocated income							12,047
Unallocated costs							(11,446)
Profit from operations							158,638
Finance costs							(74,611)
Share of results of associates							11,062
Taxation							(12,871)
Profit after taxation							82,218
Minority interests							(6,808)
Net profit for the year							75,410
Assets							
Segment assets	194,405	117,980	1,982,543	1,587,671	1,245		3,883,844
Investments in associates	9,741	-	6,271	-	37,621		53,633
Unallocated assets							174,388
Total assets							4,111,865
Liabilities							
Segment liabilities	50,202	30,501	457,931	107,318	990		646,942
Unallocated liabilities							1,576,923
Total liabilities							2,223,865
Other Information							
Capital expenditure	11,834	12,907	24,601	18,780	770		68,892
Depreciation and amortisation	7,284	14,103	9,170	31,059	6,038		67,654
Impairment losses	2,921	-	-	-	-		2,921
Non-cash expenses other than depreciation, amortisation and impairment losses	2,557	11,545	(495)	9,150	140		22,897

Notes To The Financial Statements - 31 December 2004

39. SEGMENT INFORMATION (CONTD.)

Primary reporting format - business segment

2003	General							Group
	Manufacturing	Construction	Trading	Property	Hospitality	Others	Eliminations	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
External sales	218,398	12,951	122,934	472,793	133,611	5,413	-	966,100
Intersegment sales	-	-	4,368	2,134	-	1,264	(7,766)	-
Total revenue	218,398	12,951	127,302	474,927	133,611	6,677	(7,766)	966,100
Results								
Segment results before exceptional items	22,639	6,445	(30,080)	136,305	6,047	1,278	-	142,634
Segment exceptional items	(1,800)	-	-	(19,591)	-	-	-	(21,391)
Segment results	20,839	6,445	(30,080)	116,714	6,047	1,278	-	121,243
Loss on disposal of discontinuing operations								(7,376)
Unallocated income								27,565
Unallocated costs								(8,744)
Unallocated exceptional item								(2,619)
Profit from operations								130,069
Finance costs								(29,277)
Share of results of associates	4,146	(13)	-	990				5,123
Taxation								(37,492)
Profit after taxation								68,423
Minority interests								8,760
Net profit for the year								77,183
Assets								
Segment assets	164,418	-	163,350	1,632,523	279,822	3,002		2,243,115
Investments in associates	4,479	-	-	5,789	-	-		10,268
Unallocated assets								209,832
Total assets								2,463,215
Liabilities								
Segment liabilities	35,423	-	24,751	118,223	29,376	1,233		209,006
Unallocated liabilities								472,244
Total liabilities								681,250
Other Information								
Capital expenditure	6,346	1,586	17,071	12,768	12,848	4,037		54,656
Depreciation and amortisation	5,484	263	15,924	9,495	12,523	6,713		50,402
Impairment losses	1,800	-	188	19,958	-	-		21,946
Non-cash expenses other than depreciation, amortisation and impairment losses	628	-	16,455	7,007	1,123	-		25,213

Notes To The Financial Statements - 31 December 2004

39. SEGMENT INFORMATION (CONTD.)

Secondary reporting format - geographical segment

2004	Australia	Hong Kong and China	Malaysia	Singapore	Vietnam	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	885,747	207,808	200,228	20,971	9,619	1,324,373
Segment results	178,420	15,208	(32,973)	(2,985)	367	158,037
Segment assets	2,769,524	196,426	836,271	39,732	41,891	3,883,844
Capital expenditure	40,582	18,414	3,235	6,073	588	68,892
2003						
Revenue	549,083	175,131	215,108	17,093	9,685	966,100
Segment results	172,988	12,636	(62,575)	(1,343)	(463)	121,243
Segment assets	1,109,716	172,612	870,266	43,608	46,913	2,243,115
Capital expenditure	20,089	17,987	7,535	8,778	267	54,656

Notes To The Financial Statements - 31 December 2004

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions other than intragroup transactions and remuneration paid to directors which were disclosed in Note 5 to the financial statements were as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Construction costs paid to an associate				
- Mudajaya Corporation Berhad	11,971	-	-	-
Rental income from an associate				
- Mudajaya Corporation Berhad	268	-	-	-
Management fee from subsidiaries	-	-	809	804
Management fee received from associates				
- Sama Wira Sdn Bhd	-	300	-	300
- Weilburger Manfield Ltd	1,017	787	-	-
Sales to an associate				
- Weilburger Manfield Chemical (Shenzhen) Ltd	52,593	6,015	-	-
- Weilburger Manfield Ltd	7,948	7,327	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

41. COMPARATIVE FIGURES

During the financial year, the Group adopted MASB 32: Property Development Activities. The adoption of MASB 32 did not give rise to any adjustments to the opening balances of retained earnings/(accumulated losses) of the prior and current year.

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

	Group		
	Previously Stated RM'000	Adjustments RM'000	Restated RM'000
Land held for property development	698,827	2,364	701,191
Property development costs	414,699	(3,434)	411,265
Inventories	108,828	2,511	111,339
Progress billings, included in trade payables	-	(1,441)	(1,441)

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiaries of Mulpha International Bhd				
+ Asian Fame Development Limited	Hong Kong	Investment holding	100.0	100.0
+ AF Investments Limited	Hong Kong	Investment holding	100.0	100.0
Bukit Punchor Holdings Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Benteng Construction Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Ekspo Melaka Sdn Bhd	Malaysia	Property ownership and development	70.0	70.0
Leisure Farm Corporation Sdn Bhd	Malaysia	Property ownership and development	100.0	100.0
Menara Mulpha Sdn Bhd	Malaysia	Property ownership and development	100.0	100.0
Mulpha Land & Property Sdn Bhd	Malaysia	Project management and ownership, development and marketing of property	100.0	100.0
Mulpha Sepang Land Sdn Bhd	Malaysia	Investment holding	100.0	100.0
+ Mulpha Australia Limited	Australia	Investment holding	100.0	100.0
Mega Pascal Berhad	Malaysia	Manufacturing of ready-mixed concrete, property development and investments	50.6	50.6
Mulpha Ventures Sdn Bhd	Malaysia	Trading in securities	100.0	100.0
Mulpha Timberland Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Mulpha Capital Holdings Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Mulpha Hotels (Vietnam) Sdn Bhd	Malaysia	Investment holding	100.0	100.0

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiaries of Mulpha International Bhd (contd.)				
Mulpha Trading Sdn Bhd	Malaysia	Trading in engineering equipment	100.0	100.0
Mulpha Fashionwear (M) Sdn Bhd	Malaysia	Licensee for apparels of specific brand	100.0	100.0
Mulpha Sports Sdn Bhd	Malaysia	Wholesaler and distributor of sports goods and sportswear	100.0	100.0
Tiararibu (M) Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Trans Pelita Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Abad Teknik Sdn Bhd	Malaysia	Trading of timber products	100.0	100.0
Alpha Matrix Sdn Bhd	Malaysia	Dormant	100.0	100.0
Integrated Sierra Sdn Bhd	Malaysia	Dormant	100.0	100.0
Irama Urus Sdn Bhd	Malaysia	Dormant	100.0	100.0
Maxrite Corporation Sdn Bhd	Malaysia	Dormant	70.0	70.0
Mulpha Marketing Sdn Bhd	Malaysia	Dormant	100.0	100.0
Mulpha Resources Sdn Bhd	Malaysia	Dormant	100.0	100.0
+ Mulpha China Limited	Hong Kong	Dormant	100.0	100.0
Mulpha Pacific Sdn Bhd	Malaysia	Dormant	100.0	100.0
Mulpha Global Trade Sdn Bhd	Malaysia	Inactive	100.0	100.0
Subsidiary of Asian Fame Development Limited				
+ International Hotel (Saigon)	Vietnam	Hotel owner and operator	70.0	70.0

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiary of AF Investments Limited				
* Indochine Park Tower	Vietnam	Owner and operator of service apartments	70.0	70.0
Subsidiary of Bukit Punchor Holdings Sdn Bhd				
Bukit Punchor Development Sdn Bhd	Malaysia	Property ownership and development	70.0	70.0
Subsidiaries of Leisure Farm Corporation Sdn Bhd				
Evergreen Homestead Sdn Bhd	Malaysia	Property management	100.0	100.0
Leisure Farm Horticulture Services Sdn Bhd	Malaysia	Maintenance and upkeep of landscape environment services	100.0	100.0
Leisure Farm Equestrian Sdn Bhd	Malaysia	Administrative and operational support services	100.0	100.0
Absolute Choice Sdn Bhd	Malaysia	Dormant	100.0	100.0
Leisure Farm Polo Club Berhad	Malaysia	Dormant	100.0	100.0
Subsidiaries of Mulpha Australia Limited				
+ Bimbadgen Estate Pty Limited	Australia	Winery & vineyard	100.0	100.0
+ Caldisc Pty Limited	Australia	Property development	100.0	100.0
+ Enacon Parking Pty Limited	Australia	Car park operator	100.0	100.0
+ HD Pty Limited	Australia	Investment holding	100.0	100.0
+ HD Diesels Pty Limited	Australia	Investment holding	100.0	100.0

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiaries of Mulpha Australia Limited (contd.)				
+ HD (Qld) Pty Limited	Australia	Investment holding	100.0	100.0
+ HD Building (NSW) Pty Limited	Australia	Investment holding	100.0	100.0
+ Mulpha Norwest Investments Pty Limited (formerly Mulpha Norwest Pty Limited)	Australia	Investment holding	100.0	100.0
+ Mulpha Sanctuary Cove Pty Limited	Australia	Investment holding	100.0	100.0
#+ Mulpha Hotel Investments (Australia) Pty Ltd	Australia	Investment holding	100.0	-
+ HD (NT) Pty Limited	Australia	Dormant	100.0	100.0
+ J. Kohler & Sons Pty Limited	Australia	Dormant	100.0	100.0
+ Stirling Property Trust	Australia	Inactive	100.0	100.0
Subsidiaries of Mulpha Sanctuary Cove Pty Limited				
+ Mulpha Sanctuary Cove (Developments) Pty Limited	Australia	Property ownership and development	100.0	100.0
+ Mulpha Sanctuary Cove (Management) Pty Limited	Australia	Property management	100.0	100.0
+ Sanctuary Cove (Real Estate) Pty Ltd (formerly SC No. 2 Holdings Pty Ltd)	Australia	Real estate	100.0	100.0
+ SC No. 3 Holdings Pty Ltd	Australia	Dormant	100.0	100.0
+ SC No. 4 Holdings Pty Ltd	Australia	Dormant	100.0	100.0

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiaries of Mulpha Sanctuary Cove Pty. Limited (contd.)				
+ SC No. 5 Holdings Pty Ltd	Australia	Dormant	100.0	100.0
+ SC No. 6 Holdings Pty Ltd	Australia	Dormant	100.0	100.0
+ Mulpha Hotel Management Pty Ltd (formerly SC No. 7 Holdings Pty Ltd)	Australia	Dormant	100.0	100.0
Subsidiary of Stirling Property Trust				
+ Canberra Commercial Property Trust (No. 3)	Australia	Inactive	100.0	100.0
Subsidiary of HD (Qld) Pty Limited				
+ Enacon Pty Limited	Australia	Inactive	100.0	100.0
+ HDFI Pty Limited	Australia	Finance company and investment holding	100.0	100.0
+ Tank Stream Brewing Company Pty Limited	Australia	Investment holding	100.0	100.0
Subsidiary of HD Diesels Pty Limited				
+ Salzburg Apartments (Perisher Valley) Pty Limited	Australia	Investment holding	100.0	100.0
Subsidiary of Tank Stream Brewing Company Pty Limited				
+ Real Ale Brewers Holdings Pty Limited	Australia	Investment holding	100.0	100.0

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiaries of HDFI Pty Limited				
+ Capinvest Pty Limited	Australia	Investment holding	100.0	100.0
+ Consolidated Equity Pty Limited	Australia	Investment holding	100.0	100.0
+ HDFI Nominees Pty Limited	Australia	Nominee services	100.0	100.0
+ HDFI Property Services Pty Limited	Australia	Inactive	100.0	100.0
Subsidiary of Enacon Pty Limited				
+ T. Palmerston (Qld) Pty Limited	Australia	Inactive	100.0	100.0
Subsidiary of Real Ale Brewers Holdings Pty Limited				
+ Tank Stream Group Pty Limited	Australia	Investment holding	100.0	100.0
Subsidiary of Tank Stream Group Pty Limited				
+ Tank Stream (Darling Harbour) Pty Limited	Australia	Hoteliers	100.0	100.0
Subsidiary of Mulpha Norwest Investments Pty Limited (formerly Mulpha Norwest Pty Limited)				
+ Mulpha Norwest Limited (formerly Norwest Limited)	Australia	Property developer	100.0	100.0

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiary of Mulpha Norwest Limited (formerly Norwest Limited)				
+ Norwest Real Estate Pty Ltd	Australia	Dormant	100.0	100.0
Subsidiary of Mulpha Hotel Investments (Australia) Pty Ltd				
#+ Mulpha Hotels Holding Trust	Australia	Investment holding	100.0	-
Subsidiary of Mulpha Hotels Holding Trust				
#+ Mulpha Hotels Australia Trust	Australia	Investment holding	100.0	-
Subsidiaries of Mulpha Hotels Australia Trust				
#+ Mulpha Hotel Pty Limited	Australia	Hotelier	100.0	-
#+ Mulpha Hotel Trust	Australia	Property ownership	100.0	-
Subsidiaries of Mulpha Hotel Trust				
#+ Hotel Land Trust	Australia	Land ownership	100.0	-
#+ Mulpha Hotel Bonds (Holdings) Pty Limited	Australia	Investment holding	100.0	-
Subsidiary of Mulpha Hotel Bonds (Holdings) Pty Limited				
#+ Mulpha Hotel Bonds Pty Limited	Australia	Bond holder	100.0	-

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiaries of Mulpha Capital Holdings Sdn Bhd				
Mulpha Capital Markets Sdn Bhd	Malaysia	Provision of financial services	100.0	100.0
Mulpha Capital Partners Sdn Bhd	Malaysia	Venture capital	100.0	100.0
Subsidiary of Mulpha Capital Markets Sdn Bhd				
Mulpha Credit Sdn Bhd	Malaysia	Licensed money lender	100.0	100.0
Subsidiaries of Mulpha Trading Sdn Bhd				
+ Mulpha Strategic Limited (formerly King's Chemical Products Inc.)	British Virgin Islands	Investment holding	100.0	100.0
Mulpha Properties (M) Sdn Bhd	Malaysia	Property ownership and management	100.0	100.0
* Manta Equipment (S) Pte Ltd	Singapore	Trading and rental of construction machinery	88.0	88.0
Manta Far East Sdn Bhd	Malaysia	Investment holding	100.0	100.0
@* MIB Pte Ltd	Singapore	Trading of engineering products and marketing of property	100.0	-
+ Indochine Hotel Management Company Limited	Hong Kong	Dormant	100.0	100.0
Mulpha Development Sdn Bhd	Malaysia	Dormant	100.0	100.0
C&J Sdn Bhd	Malaysia	Retailing of shoes and leather goods	100.0	100.0

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiaries of Mulpha Trading Sdn Bhd (contd.)				
Young Marketing Sdn Bhd	Malaysia	Trading of footwear products and machinery	100.0	100.0
^ Johnson Shoes Berhad	Malaysia	Manufacturing and trading of leather shoes and related products	-	91.0
Subsidiary of Mulpha Strategic Limited (formerly King's Chemical Products Inc.)				
+ Pacific Orchid Investments Limited	British Virgin Islands	Investment holding	51.0	51.0
Subsidiaries of Pacific Orchid Investments Limited				
+ Greenfield Chemical Holdings Limited	Cayman Islands	Investment holding	38.3	38.3
+ Springfield Coatings Company Limited	Hong Kong	Investment holding	51.0	51.0
+ Hip Hing Spraying and Manufacturing Limited	Hong Kong	Inactive	51.0	51.0
^+ Pinefield Coatings Company Limited	Hong Kong	Dissolved	-	51.0
Subsidiary of Greenfield Chemical Holdings Limited				
+ Rookwood Investments Limited	British Virgin Islands	Investment holding	38.3	38.3

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiary of Rookwood Investments Limited				
+ Manfield Coatings Company Limited	Hong Kong	Manufacturing and distribution of paints	38.3	38.3
Subsidiaries of Manfield Coatings Company Limited				
+ Champion Chemical (Guangzhou) Company Limited	People's Republic of China	Manufacturing of paints and trading in petrochemical products	38.3	38.3
+ Manfield Chemical Limited	Hong Kong	Investment holding	38.3	38.3
+ Shenzhen Pinefield Chemical Enterprises Company Limited	People's Republic of China	Manufacturing of paints and trading in petrochemical products	38.3	38.3
Subsidiaries of Manta Far East Sdn Bhd				
Manta Equipment (Malaysia) Sdn Bhd	Malaysia	Trading and rental of construction machinery	70.0	70.0
+ Manta Engineering & Equipment Company Limited	Hong Kong	Trading in construction machinery and spare parts	88.0	88.0
+ Manta Equipment Rental Company Limited	Hong Kong	Rental of construction machinery	88.0	88.0
+ Manta Equipment Services Limited	Hong Kong	Servicing of construction machinery	88.0	88.0
+ Manta Far East Limited	Hong Kong	Investment holding	88.0	88.0

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiary of Manta Equipment Rental Company Limited				
+ Manta - Vietnam Construction Equipment Leasing Joint-Venture Company	Vietnam	Leasing of construction equipment	58.96	58.96
Subsidiary of Manta Far East Limited				
+ Manta Engineering & Equipment (Macau) Company Limited	Macau	Rental of construction equipment	88.0	88.0
Subsidiary of Mulpha Land & Property Sdn Bhd				
Mulpha Far East Sdn Bhd	Malaysia	Management services	100.0	100.0
Subsidiary of Mulpha Sepang Land Sdn Bhd				
Spanstead Sdn Bhd	Malaysia	Investment holding	100.0	100.0
Subsidiary of Spanstead Sdn Bhd				
Mulpha PPNS Sdn Bhd	Malaysia	Property development	65.0	65.0
Subsidiary of Mulpha Sports Sdn Bhd				
#* M-Sports Pte Ltd	Singapore	Wholesaler and distributor of sports goods and sportswear	100.0	-
@* MIB Pte Ltd	Singapore	Wholesaler and distributor of sports goods, sportswear and trading of engineering products and marketing of property	-	100.0

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiaries of Mulpha Hotels (Vietnam) Sdn Bhd				
* Hotel Indochine (Danang)	Vietnam	Dissolved	-	70.0
* Hotel Indochine (Hanoi)	Vietnam	Inactive	70.0	70.0
Subsidiary of Johnson Shoes Berhad				
^ Saxon Sdn Bhd	Malaysia	Manufacturing of soles, soiling materials and heel plates	-	46.4
Subsidiary of Manta Equipment Services Limited				
+ Manta Professional Services Ltd.	Hong Kong	Provision of engineering services	88.0	88.0
Subsidiaries of Manta Equipment (S) Pte Ltd				
* Manta Services (S) Pte Ltd	Singapore	Provision of engineering services	88.0	88.0
* Manta Engineering Pte Ltd	Singapore	Dormant	88.0	88.0
Subsidiaries of Mega Pascal Berhad				
Asas Struktur Sdn Bhd	Malaysia	Fabrication and sale of batching plants	25.8	25.8
Dynamic Unity Sdn Bhd	Malaysia	Investment holding	50.6	50.6
Indahview Sdn Bhd	Malaysia	Property holding	50.6	50.6
Pintar Citra Sdn Bhd	Malaysia	Property holding	50.6	50.6
Purnama Suri Sdn Bhd	Malaysia	Rental of mixer trucks	50.6	50.6

Notes To The Financial Statements - 31 December 2004

42. DETAILS OF SUBSIDIARIES (CONTD.)

The subsidiaries are as follows:-

	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2004 %	2003 %
Subsidiaries of Mega Pascal Berhad (contd.)				
TAHB Granite Quarry Sdn Bhd	Malaysia	Quarry operators, contractors and dealers in granite products	30.3	30.3
Mega Readymixed Sdn Bhd	Malaysia	Dormant	50.6	50.6
Mega Pascal EC Sdn Bhd	Malaysia	Dormant	50.6	50.6
Prudent Gain Sdn Bhd	Malaysia	Inactive	25.8	25.8
Prudent Design Sdn Bhd	Malaysia	Inactive	25.8	25.8
Subsidiary of Dynamic Unity Sdn Bhd				
Golden Cignet Sdn Bhd	Malaysia	Property development	50.6	50.6

* Subsidiaries audited by a member of Ernst & Young Global

+ Subsidiaries not audited by Ernst & Young

Subsidiaries acquired during the financial year

^ Subsidiaries disposed off / dissolved during the financial year

@ During the financial year, the 100% equity interest in MIB Pte Ltd was transferred from Mulpha Sports Sdn Bhd to Mulpha Trading Sdn Bhd

Analysis Of Shareholdings As At 30 April 2005

Authorised share capital : 2,000,000,000 ordinary shares of 50 sen each.
 Issued and fully paid-up share capital : 1,394,412,779 ordinary shares of 50 sen each
 Voting right : One vote per ordinary share

Distribution of shareholdings

Size of Holdings	Number of Shareholders	% of Shareholders	Number of Shares held	% of Issued Capital
1 – 99	528	1.00	15,024	-
100 – 1,000	9,484	17.92	9,084,792	0.72
1,001 – 10,000	33,511	63.31	151,464,039	12.07
10,001 – 100,000	8,912	16.83	228,810,244	18.23
100,001 – 62,748,577*	496	0.94	505,950,180	40.32
62,748,578 and above#	2	-	359,647,300	28.66
	52,933	100.00	1,254,971,579@	100.00

* Less than 5% of issued shares

5% and above of issued shares

@ Excludes shares bought back of 139,441,200

THIRTY (30) LARGEST SHAREHOLDERS

Name of shareholders	Shareholding	Percentage
1. HSBC Nominees (Asing) Sdn Bhd Nautical Investments Limited	238,690,000	19.02
2. Cartaban Nominees (Asing) Sdn Bhd Sun Hung Kai Investment Services Ltd for Honest Opportunity Limited	120,957,300	9.64
3. Cimsec Nominees (Tempatan) Sdn Bhd Klang Enterprise Sdn Bhd for Sutera Bakti Sdn Bhd	47,992,000	3.82
4. Vista Power Sdn Bhd	46,670,000	3.72
5. Cartaban Nominees (Asing) Sdn Bhd Sun Hung Kai Investment Services Ltd for Top Champ Assets Limited	44,657,833	3.56
6. Amsec Nominees (Tempatan) Sdn Bhd for Vista Power Sdn Bhd	32,318,333	2.58
7. Cimsec Nominees (Asing) Sdn Bhd for Nautical Investments Limited	32,000,000	2.55
8. Klang Enterprise Sdn Bhd	29,620,700	2.36
9. Chew Chee Choong	22,800,000	1.82
10. Amsec Nominees (Tempatan) Sdn Bhd Fraser Securities Pte Ltd for Gan Suat Lui	14,151,999	1.13
11. TA Nominees (Tempatan) Sdn Bhd for Klang Enterprise Sdn Bhd	13,000,000	1.04
12. Sole Path Limited	12,612,252	1.00
13. Reginvest International Limited	10,868,000	0.87
14. Kuala Lumpur City Nominees (Asing) Sdn Bhd Sun Hung Kai Investment Services Limited for Honest Opportunity Limited	10,000,000	0.80

Analysis Of Shareholdings As At 30 April 2005

Name of shareholders	Shareholding	Percentage
15. Amsec Nominees (Asing) Sdn Bhd Sun Hung Kai Investment Services Limited for Honest Opportunity Limited	8,417,800	0.67
16. Permodalan Nasional Berhad	8,022,500	0.64
17. Citicorp Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	6,934,500	0.55
18. Amanah Raya Berhad SBB Value Fund	6,800,000	0.54
19. Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company for Ishares, Inc.	6,000,000	0.48
20. Employees Provident Fund Board	4,291,000	0.34
21. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian (Hong Kong) Limited for Birmingham International Limited	4,119,000	0.33
22. Lembaga Tabung Angkatan Tentera	2,955,888	0.24
23. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd for Teh Siew Wah	2,758,000	0.22
24. Citicorp Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	2,712,250	0.22
25. Menteri Kewangan Malaysia Section 29 (SICDA)	2,710,308	0.22
26. Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company for MSCI Equity Index Fund	2,290,898	0.18
27. UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for Hung Yook Thong Peter	1,925,500	0.15
28. HSBC Nominees (Asing) Sdn Bhd Abu Dhabi Investment Authority	1,783,906	0.14
29. PAB Nominee (Tempatan) Sdn Bhd for Kop Mantap Sdn Bhd	1,666,250	0.13
30. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund TC45 for California State Teachers Retirement System	1,632,500	0.13
	741,358,717	59.07

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	< Direct >		< Indirect >	
	Shareholding	Percentage	Shareholding	Percentage
Nautical Investments Limited	271,690,000	21.65	-	-
Mountbatten Corporation	-	-	271,690,000	21.65
Honest Opportunity Limited	139,375,100	11.11	-	-
Vista Power Sdn. Bhd.	78,988,333	6.29	-	-

SHAREHOLDING OF DIRECTORS

Name of Director	< Direct >		< Indirect >	
	Shareholding	Percentage	Shareholding	Percentage
Law Chin Wat	-	-	271,690,000	21.65
Lee Seng Huang	-	-	43,608,700	3.47

Analysis Of Warrantholdings As At 30 April 2005

Number of outstanding Warrants	:	348,603,195
Exercise period	:	26 July 2000 to 25 July 2010
Exercise price	:	RM1.50
Warrant entitlement	:	Each warrant entitles the holder during the exercise period to subscribe for one new ordinary share of 50 sen each at the exercise price.

Distribution of Warrantholdings

Size of Holdings	Number of holders	% of holders	Number of Warrants held	% of total Warrants
1 – 99	244	1.79	10,367	-
100 – 1,000	3,991	29.33	3,735,553	1.07
1,001 – 10,000	6,797	49.94	30,783,127	8.83
10,001 – 100,000	2,230	16.39	76,571,795	21.97
100,001 – 17,430,158*	346	2.54	119,258,301	34.21
17,430,159 and above#	2	0.01	118,244,052	33.92
	13,610	100.00	348,603,195	100.00

* Less than 5% of total Warrants

5% and above of total Warrants

THIRTY (30) LARGEST WARRANTHOLDERS

Name of Warrantholders	Number of Warrants Held	Percentage
1. Nautical Investments Limited	100,173,000	28.74
2. Sole Path Limited	18,071,052	5.18
3. A.A. Assets Nominees (Tempatan) Sdn Bhd Lai Weng Chee @ Lai Kok Chye	6,763,200	1.94
4. Tiong Chiong Hee	5,786,000	1.66
5. Amsec Nominees (Tempatan) Sdn Bhd Fraser Securities Pte Ltd for Gan Suat Lui	3,789,999	1.09
6. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Goh Kim Seng	3,530,400	1.01
7. Ng Tiong Pung	1,775,200	0.51
8. Amsec Nominees (Tempatan) Sdn Bhd for Vista Power Sdn Bhd	1,698,800	0.49
9. Fong Hun @ Foong Yen Chong	1,500,000	0.43
10. Inno-Atlantic Sdn Bhd	1,387,000	0.40
11. Lee Ching Yoaw	1,300,000	0.37
12. Loh Wee Fuan	1,290,300	0.37
13. Gan Hock Heer	1,032,600	0.30
14. Lee Lay See	1,026,300	0.29
15. TA Nominees (Tempatan) Sdn Bhd for Chan Hup Ooi	1,000,000	0.29
16. Taman Bunga Merlimau Sdn Bhd	1,000,000	0.29
17. Chee Wei Heng	1,000,000	0.29
18. Tan Soon Lai	1,000,000	0.29

Analysis Of Warrantholdings As At 30 April 2005

Name of Warrantheolders	Number of Warrants Held	Percentage
19. JB Nominees (Tempatan) Sdn Bhd for Teo Poh Boon	1,000,000	0.29
20. Chen Yew Beng	974,000	0.28
21. HLG Nominee (Tempatan) Sdn Bhd for Chin Sze Ngor	902,000	0.26
22. TCL Nominees (Tempatan) Sdn Bhd for Timber Forest Products (M) Sdn Bhd	890,000	0.26
23. Kan Soon Kong	881,000	0.25
24. Affin Nominees (Tempatan) Sdn Bhd for Chin Sze Ngor	871,000	0.25
25. Tan Theng Por	869,000	0.25
26. Teh So Chiew	800,000	0.23
27. Chong Mon Yan	800,000	0.23
28. Mayban Securities Nominees (Tempatan) Sdn Bhd for Ho Ngok Sieng	800,000	0.23
29. Ooi Teow Chong	795,000	0.23
30. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Liaw Hin Hao	770,000	0.22
	163,475,851	46.89

WARRANTHOLDING OF DIRECTORS

Name of Director	< Direct >	< Indirect >
	Warrantholding Percentage	Warrantholding Percentage
Law Chin Wat	- -	100,173,000 28.74
Lee Seng Huang	- -	12,500 -

Properties Of The Group

As At 31 December 2004

Location	Year of Acquisition	Tenure	Year Lease Expiring	Age of Building	Land Area	Description	Net Book Value RM'000
1. 17 Jalan Semangat 46100 Petaling Jaya Selangor Darul Ehsan	1983*	Leasehold	2060	43 years	8,072.96 sq m	Industrial land with office, warehouse and workshop	6,821
2. 3863 Taman Mutiara Port Dickson, N.S.	1983	Freehold	-	21 years	490.71 sq m	Residential land with bungalow for staff use	163
3. Lot 4.11A, Wisma Saberka Kuching, Sarawak	1984	Leasehold	2043	17 years	39.61 sq m	Shoplot for rental	52
4. Lot 679, 7, 8, 1141 and 1514 Mukim of Pulau and Tanjung Kupang, Johore	1991	Freehold	-	-	554.90 hectares	Land being used for a resort and recreation/ commercial development	267,301
5. Mukim 7, Daerah Seberang Perai Selatan Nibong Tebal Pulau Pinang	1993	Freehold	-	-	66.40 hectares	Land being used for industrial park development	18,002
6. Lots 502, 503, 507, 496 and 497 Mukim 7 Seberang Perai Selatan Nibong Tebal Pulau Pinang	1994	Freehold	-	-	36.15 hectares	Land being used for residential development	11,726
7. Lot 904, Jalan Damansara Section 16 Petaling Jaya	1995	Freehold	-	-	2.02 hectares	Land to be used for a commercial development	29,091
8. Lots No. PT5529, PT5527, PT4350 and PT2454 District of Melaka Tengah Melaka	1996	Leasehold	2095	-	32.79 hectares	Land to be used for tourist/ commercial development	25,169
9. Lot 1182 and 1183 Jalan Sultan Ismail, Section 57, Kuala Lumpur	1995	Freehold	-	-	3,353.35 sq m	Land rented for use as restaurant	24,611
10. Lot 1524 HS(D) 3059/95 Padang Meha, Kulim, Kedah	1996	Freehold	-	-	172.71 hectares	Land being used for residential and commercial development	15,952

Properties Of The Group - As At 31 December 2004

Location	Year of Acquisition	Tenure	Year Lease Expiring	Age of Building	Land Area	Description	Net Book Value RM'000
11. H.S.(D) 4614 No. P.T. 7019 Mukim of Tanjong Duabelas District of Kuala Langat State of Selangor	1997	Leasehold	2092	-	480 hectares	Land being used for residential and commercial development	7,695
12. Lot 9204, Telok Gong Mukim of Kelang, Selangor	2000	Leasehold	2068	-	1.21 hectares	Vacant land	385
13. Lot 330, Jalan Bandar Baru 4 Taman Bandar Baru 08000 Sg Petani, Kedah	1995	Freehold	-	13 years	139 sq m	2 1/2 storey shophouse	192
14. HS (D) 2801/95 Mukim Sungai Petani, Daerah Kuala Muda Kedah	1997	Leasehold	2094	-	8,093.6 sq m	Land for industrial use	638
15. B1005 & B1003 Pusat Dagangan Phileo Damansara II No. 15, Jln 16/11 Off Jalan Damansara 46350 Petaling Jaya	1999	Freehold	-	6 years	465.6 sq m	Office lot	1,180
16. Unit No. B045/C/1-2 1st Floor, Block C Sri Damansara Business Park Bandar Sri Damansara 52200 Kuala Lumpur	2001	Freehold	-	6 years	120 sq m	Office lot	381
17. Lot Type C Unit No. PT 36834 Mah Sing Integrated Industrial Park Sungai Buloh, Selangor	2001	Leasehold	2096	5 years	223 sq m	1 1/2 storey terrace factory lot	257
18. Geran No. 10561, Lot 11279 Mukim Ampang Wilayah Persekutuan	2001	Freehold	-	15 years	3,635 sq m	5 storey apartment	13,214
19. Geran 28513 Lot 6629 Mukim Kapar Daerah Kelang	2001	Freehold	-	-	5.478 hectares	Vacant land	6,464

Properties Of The Group - As At 31 December 2004

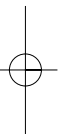
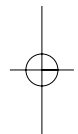
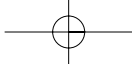
Location	Year of Acquisition	Tenure	Year Lease Expiring	Age of Building	Land Area	Description	Net Book Value RM'000
20. 19 Vo Van Tan, Q3 Ho Chi Minh City Vietnam	1993	Leasehold	2005	12 years	1,150 sq m	Hotel building	699
21. No. 1 Le Quy Don, District 3, Ho Chi Minh City, Vietnam	1993	Leasehold	2024	6 1/2 years	1,357.9 sq m	Service apartment	32,906
22. Room 806, Wing On Plaza, 62, Mody Road Kowloon, Hong Kong	1994	Crown lease	2053	23 years	128 sq m	Office	1,611
23. Flat H9/F Valiant Industrial Centre, 2-12 Au Pui Wan Street Fo Tan, Shatin New Territories, Hong Kong	1994	Crown lease	2047	22 years	252 sq m	Warehouse	644
24. 11 Factory Units and 2 Car Parking Spaces On Wah Ind. Building Shatin, Hong Kong	1989	Leasehold	2047	24 years	1,051 sq m	Office and godown	2,395
25. Room 402, Tian He North, Guanzhou, P.R.C.	1994	Freehold	-	16 years	73 sq m	Staff quarter	50
26. Tsang Shing, Fook Wo Guantung Province, P.R.C.	1997	Leasehold	2067	-	40,274 sq m	Vacant land	314
27. Bai Long Gang Xong Gang Bao An District Shenzhen, P.R.C.	1990	Leasehold	2041	13 years	18,000 sq m	Factory and quarter	8,751
28. Room 8-14, 8-15, 52, Xing Sheng Road Chongqing, P.R.C.	1994	Freehold	-	12 years	95 sq m	Office	32
29. Room 111, 2/F Tian Jin Road, South Luoyang, P.R.C.	1995	Freehold	-	11 years	89 sq m	Office	36
30. 2A Macquarie Street Sydney NSW	1993	Leasehold	2043	12 years	40,000 sq m	Parking Station	116,091
31. Perisher Valley Snowy Mountains Australia	1999*	Leasehold	2035	13 years	3,929 sq m	Apartments for rental	8,880

Properties Of The Group - As At 31 December 2004

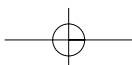
Location	Year of Acquisition	Tenure	Year Lease Expiring	Age of Building	Land Area	Description	Net Book Value RM'000
32. McDonalds Road Palmers Lane Pokolbin, Lower Hunter Valley, NSW, Australia	1996	Freehold	-	29 years	40.84 hectares	Winery and Vineyard	25,719
33. Myall Park Road Yendak NSW, Australia	1997	Freehold	-	-	36.26 hectares	Vineyard	2,575
34. Cathedral Street Car Park, Sydney	1999	Leasehold	2025	5 years	2,700 sq m	Parking Station	12,966
35. Norwest, Sydney, NSW	1998	Freehold	-	-	178.2 hectares	Freehold land for commercial and residential development	527,656
36. Sanctuary Cove, Gold Coast, Brisbane	2002	Freehold	-	-	347.8 hectares	Integrated resort with hotel, golf courses, clubs, marina and residential developments	391,648
37. 99-113, Macquarie Street, Sydney, NSW	2004	Freehold	-	66 years	1,600 sq m	Management school	44,451
38. 117, Macquarie Street, Sydney, NSW	2004	Freehold	-	19 years	3,909 sq m	5 star hotel (509 rooms)	630,564
39. Hayman Island, Great Barrier Reef, Queensland	2004	Leasehold	Perpetuity	16 years	292.48 hectares	5 star island resort	250,034
40. Melbourne Airport, Tullamarine Victoria	2004	Leasehold	2047	3 years	6,630 sq m	5 star hotel (276 rooms)	116,038
41. 249, Turbot Street Brisbane Queensland	2004	Leasehold	2057	20 years	2.44 hectares	5 star hotel (410 rooms)	252,600

* Year of last revaluation

MULPHA INTERNATIONAL BHD



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Mulpha International Bhd (19764-T)
Incorporated in Malaysia

PROXY FORM

No. of shares held

CDS Account No.

I / We _____
of _____

being a member / members of the abovenamed Company, hereby appoint _____

of _____

or failing him _____

of _____

as my / our proxy to vote on my / our behalf at the Annual General Meeting of the Company to be held on Tuesday, 28 June 2005 at 10.00 am and at any adjournment thereof at Holiday Villa, 9, Jalan SS12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan.

Ordinary Resolutions	*For	*Against
1) To adopt the audited financial statements		
To re-elect the following Directors:		
2) Mr Tan Peng Koon		
3) Dato' Robert Chan Woot Khoon		
4) Mr Law Chin Wat		
5) To approve the payment of Directors' fees		
6) To re-appoint Auditors		
7) Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965		

* Please indicate with (x) in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my / our hand(s) this _____ day of _____ 2005.

Signature(s) of shareholder /
joint shareholders

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The Instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
3. The Form of Proxy must be deposited at the Company's Registered Office at No 17 Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.



MULPHA INTERNATIONAL BHD(19764-T)

Bangunan Mulpha, 17 Jalan Semangat,
46100 Petaling Jaya, Selangor, Malaysia

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Website: www.mulpha.com.my