GOLD IS BERHAD
(515802-U)

ANNUAL REPORT 2004

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OF ANNUAL REPORT 2004

Corporate Information

BOARD OF DIRECTORS

Executive Chairman &
Chief Executive Officer
Tan Lei Cheng

Senior Independent Director
Tan Kim Leong

Independent Director
Daud Mah bin Abdullah

Non-Executive Non-Independent Directors
Pauline Tan Suat Ming
Tan Boon Lee
Dato' Syed Hamid bin Syed Hussain Alhabshee

AUDIT COMMITTEE
Tan Kim Leong (Chairman-Independent Director)
Daud Mah bin Abdullah (Independent Director)
Tan Boon Lee (Non-Independent Director)

SECRETARIES
Mary Wong
Leong Kok Chi

REGISTERED OFFICE
Penthouse, Menara IGB
No. 1 The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel.No. : 603-2289 8826
Fax. No. : 603-2289 8802

REGISTRAR
IGB Corporation Berhad
[Share Registration Department]
23rd Floor Menara IGB
No. 1 The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel.No. : 603-2289 8989
Fax. No. : 603-2289 8899

CORPORATE HEAD OFFICE
Penthouse, Menara Tan & Tan
207 Jalan Tun Razak
50400 Kuala Lumpur
Tel. No. : 603-2163 1111
Fax. No. : 603-2163 7020

PRINCIPAL BANKERS
United Overseas Bank (Malaysia) Bhd
Bank of East Asia Limited
Hong Leong Bank Bhd
Maybank Berhad

AUDITORS
PricewaterhouseCoopers

SOLICITORS
Jeyaratnam & Chong

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Board (8 May 2002)
Stock code 5606

Date of Incorporation
1 June 2000

Website
http://www.goldis.com.my

NOTICE OF FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of Gold IS Berhad will be held at Function Room, Mezzanine Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur on Thursday, 15 July 2004 at 10.30 a.m. for the transaction of the following business :-

1. To receive the audited financial statements for the year ended 31 January 2004 together with the Reports of the Directors and Auditors thereon. — Resolution 1

2. To approve the payment of Directors' fees of RM66,688.00. — Resolution 2

3. To declare a first and final dividend of 2 % less income tax of 28% for the year ended 31 January 2004. — Resolution 3

4. To re-elect the following Directors who retire in accordance with Article 98 of the Articles of Association:-
   (a) Mr Tan Kim Leong — Resolution 4
   (b) Mr Tan Boon Lee — Resolution 5

5. To re-elect Dato' Syed Hamid bin Syed Hussain Alhabshee who retires in accordance with Article 104 of the Articles of Association. — Resolution 6

6. To re-appoint PricewaterhouseCoopers as auditors and to authorise the Directors to fix their remuneration. — Resolution 7

7. **As Special Business** — Resolution 8
   To consider and if thought fit, pass the following resolution as an Ordinary Resolution:
   Authority to Directors to Issue Shares

   "That, subject to the Companies Act, 1965 and the Articles of Association of the Company, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten per cent (10%) of the issued and paid-up 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 and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

8. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT & PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a first and final dividend of 2 % less 28% income tax in respect of the financial year ended 31 January 2004, if approved by the shareholders, will be paid on 30 August 2004 to depositors registered in the Record of Depositors at the close of business on 30 July 2004.

A Depositor shall qualify for entitlement to the dividend only in respect of :-

a. shares transferred into the depositor's securities account before 4.00 p.m. on 30 July 2004 in respect of transfers.

b. shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board
Mary Wong
(MICPA 1100)

Leong Kok Chi
(MICPA 2918)
Company Secretaries

Kuala Lumpur
21 June 2004

Notes:-

i. A member entitled to attend and vote at the meeting may appoint a proxy, who need not be a member, to vote in his stead. In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of a duly authorised officer or attorney. The Form of Proxy shall be deposited at the Corporate Head Office of the Company, Penthouse, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur, at least forty-eight (48) hours before the time appointed for holding the meeting.

ii. **Explanatory Note on Special Business**

Authority to Directors to Issue Shares

The Ordinary Resolution 8 proposed under item no. 7 above, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per cent (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company in order to avoid any delay and costs involved in convening a general meeting to approve such an 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.

Statement Accompanying Notice Of Annual General Meeting
Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. The Directors who are standing for re-election, pursuant to Article 98 and 104 of the Articles of Association are:-

Name of Directors	Date of Appointment	Shareholdings in the Company as at 31.1.2004			
		Direct	%	Indirect	%
Mr Tan Kim Leong (Art.98)	11.01.2002	Nil	-	Nil	-
Mr Tan Boon Lee (Art.98)	11.01.2002	1,936,657	0.60	Nil	-
Dato' Syed Hamid bin Syed Hussain Alhabshee (Art. 104)	16.09.2003	Nil	-	Nil	-

Further details on the Directors standing for re-election at the Fourth Annual General Meeting are set out in the Profile of the Board of Directors.

2. There were 4 board meetings held during the financial year.

Attendance of the Directors standing for re-election at the Annual General Meeting is as follows:-

Name of Directors	No. of meetings attended	28.2. 03	10.6. 03	29.9. 03	15.12. 03
Mr Tan Kim Leong	3/4	√	√	0	√
Mr Tan Boon Lee	4/4	√	√	√	√
Dato' Syed Hamid bin Syed Hussain Alhabshee	2/2	Appointed on 16.9.2003		√	√

3. Fourth Annual General Meeting of Gold IS Berhad

Date : Thursday, 15 July 2004

Time : 10.30 a.m.

Venue : Function Room,
Mezzanine Floor,
Menara Tan & Tan,
207 Jalan Tun Razak,
50400 Kuala Lumpur

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

In keeping with your Company's philosophy of being "one step ahead always", we will be doing away with the usual printed annual report this year. Instead, together with this letter will be a set of short accounts and a CD of the full annual accounts and report. Further information will also be available on your Company's website with links to websites of our investee companies. As this is our first year using this form of investor communications, we would appreciate feedback from you either by email to corporate@goldis.com.my or letter to our Corporate Head Office at Penthouse, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur.

Your Company Gold IS Bhd has achieved another good year. In its second year of operation ended 31 January 2004, it achieved profit before tax of RM81.4 million an increase of 60.6% from last year. Profit after tax attributable to shareholders was RM60.9 million or 19 sen per share. Turnover achieved for the year was a healthy RM106.0 million, an increase of 38.0% from the year before.

During the year, we took steps to re-focus the Company as a listed private equity group. Out of the total net assets as at 31 January 2004 of RM812.2 million (an increase of 8.7% from the year before), RM652.0 million has been invested in shares in IGB Corporation Bhd, RM33.2 million in land, and RM127.0 million in private equity investments in Malaysia and China.

The performances of the private equity investments have been admirable for the year, achieving profit before tax of RM27.8 million for the year. For 2004, we are planning to list one of our investee companies, Macro Kiosk Sdn Bhd (a mobile communications and technology provider) on the MESDAQ.

Gearing in the Company has been reduced to 8.5% from 12.2% last year.

Performance review of some of our investments

IGB Corporation Bhd ("IGB")

For the year under review, the IGB group's revenue reached a new high of RM532.2 million, a growth of 31.0% from the year before. Pretax profit was RM184.3 million a 61.0% increase from RM114.5 million recorded in the previous year. During the year, an investment in shares of IJM Corporation Bhd was disposed of giving rise to a capital gain of RM79.0 million. This is in line with the Company's strategy of disposing off low cash yielding investments to build up high cashflow yielding assets. Steps have also been taken by IGB to realize the value of the Mid Valley Megamall by a sale to Kris Components Bhd. The exercise when completed will establish a much higher asset value for the Company. We remain very confident that IGB group will continue to perform well for the coming year.

Private equity investments in Malaysia

The total amount invested in shares of private companies in Malaysia at the end of the financial year was RM39.9 million. Below are some of the highlights of the performances of some of the investee companies.

Diversified Healthcare Services Sdn Bhd ("DHS")

DHS continues to perform well. Revenue increased from RM43.4 million to RM58.5 million in spite of the first quarter slowdown due to SARS. Profit before tax grew from RM5.2 million to RM6.4 million for the year. During the year, our Ellgy plus was launched in Hong Kong and Taiwan, while our new product, Ellgy H2O was launched in Malaysia and Singapore.

Ecosem Sdn Bhd

The Ecosem factory in Oakland, Seremban is completed and the pilot assembly line is operational. This investment should start to contribute to profits by the end of the year.

Macro Kiosk Sdn Bhd

As mentioned earlier the company is preparing for a listing on the MESDAQ. For the last financial year it achieved a turnover of RM6.0 million and a pretax profit of RM0.7 million. The principal activity of the company is mobile communications and technology provider. The company has plans to expand to both Singapore and China. The SMS sector is one of the fastest growing in this region. We expect Macro Kiosk to benefit from this high growth sector.

Private Equity Investments in China

During the year, we exited our investment in GTB Holdings Limited, the developer of SunCity in Beijing. The sale price was approximately RM25.5 million and we made a profit of RM10.9 million. The borrowings relating to this investment of USD6.0 million has been repaid.

We have also restructured all our investments in China under one company called GoldChina Sdn Bhd (formerly known as TTD China Ventures Sdn Bhd) with an increased paid up capital of RM10.0 million. In keeping with Gold IS investment philosophy, GoldChina has made a private equity investment into Gold Water (Shanghai) Co. Ltd, a company set up to design, manufacture & fabricate and for the sale of water treatment equipment, and to provide system integration services.

Jili Plaza

Our joint venture investment in hotel and trade mart in Beijing was affected by SARs in the second quarter of last year and as such did not perform up to our expectations. However, the performance has been improved since the third quarter of last year.

Dividends

I am pleased to announce that the Board of Directors has recommended a first and final dividend of 2% less tax of 28% for the year. As we are a young Company, we are limited by the tax credit available in our declaration of dividends.

Board changes

During the year, Encik Osman bin Haji Ismail resigned from the Board and was replaced by Dato' Syed Hamid bin Syed Hussain Alhabshee as a Non-Independent Non-Executive Director. The Board wishes to record its appreciation to Encik Osman for his contributions and guidance to the Group. The Board is pleased to welcome Dato' Syed Hamid bin Syed Hussain Alhabshee, who brings with him valuable experience and expertise which will greatly benefit the Board.

People

The number of employees in our investee companies is 646 for the year. We are gratified that our private equity investments have in a small way contributed to the creation of these jobs. We take this opportunity to thank each and everyone of them for their hardwork and dedication during the year.

Investment and management philosophy

We felt that a private equity model better reflects our investment risk model and our management of the individual investee companies. We try to identify growth sectors and growth technologies to invest in but each investee company has its own Chief Executive Officer and own employee policies. Each group is rewarded on how they perform in their own sector. Each being a young company is totally focused both on survival and carving market share.

We all know that the saying no business can beat that of an idea whose time has come BUT finally as Mencius reminded us

天時不如地利
地利不如人和

The time isn't as important as the terrain
The terrain isn't as important as the unity of the people

Tan Lei Cheng
Chairman & CEO

Profile of Board of Directors

TAN LEI CHENG (Non-Independent Executive Chairman & Chief Executive Officer)

Tan Lei Cheng, aged 47, a Malaysian, was appointed a director of Gold IS Berhad ("Company") on 20 September 2000. Ms Tan was appointed Executive Chairman and Chief Executive Officer ("CEO") of the Company on 6 May 2002. She was the CEO of Tan & Tan Developments Berhad ("Tan & Tan") a property development company, from March 1995 to August 2003. Tan & Tan is a public company listed on Bursa Malaysia Securities Berhad until Gold IS Berhad took over its listing on 8 May 2002, following the completion of the merger between the Company, Tan & Tan and IGB Corporation Berhad. She is the prime mover in identifying and developing projects that are in the growth industries sector. She has 24 years of experience in the property industry and the corporate sector. She holds a Bachelor of Commerce from the University of Melbourne, Australia, and a Bachelor of Law from King's College, London (LLB Hons.). She is also a member of Lincoln's Inn and was admitted to the English Bar in 1983. She is a director of IGB Corporation Berhad.

She is a member of the Remuneration, Nomination and ESOS Committee.

She is a sister of Tan Boon Lee and a daughter of Dato' Tan Chin Nam, who is an indirect major shareholder of Gold IS Berhad. She is a cousin of Pauline Tan Suat Ming, Robert Tan Chung Meng and Tony Tan Choon Keat, who are indirect major shareholders.

She has no conflict of interest with the Company and she has no conviction for offences for the past 10 years.

TAN KIM LEONG, J.P. (Senior Independent Non-Executive Director)

Tan Kim Leong, aged 65, a Malaysian, was appointed to the Board of Gold IS Berhad on 11 January 2002. Mr Tan is the Executive Chairman of BDO Binder. He is a successful chartered accountant with 39 years of experience. He holds professional memberships of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He is also a Fellow member of the Institute of Chartered Accountants, Australia and the Malaysia Association of the Institute of Chartered Secretaries and Administrators.

Other directorships in public companies include Amoy Canning Corporation (Malaya) Berhad, KL Industrial Berhad and Gul Technologies Singapore Ltd.

He is the Senior Independent Director, Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

He has no conflict of interest with the Company and he has no conviction for offences for the past 10 years. He is not related to any members of the board or major shareholders.

PAULINE TAN SUAT MING (Non-Independent Non-Executive Director)

Pauline Tan Suat Ming, aged 59 , a Malaysian, was appointed a director of the Company on 7 January 2002. Ms Tan holds a Bachelor of Science (Honours) in Biochemistry from University of Sussex, England and is also an Associate of the Chartered Institute of Secretaries and Administrators. She worked as a chemist in Malayan Sugar Manufacturing Co Berhad from 1969 to 1972. She joined Tan Kim Yeow Sdn Bhd as an Executive Director in 1976 and joined Wah Seong Group of Companies in 1983. She is a director of Wah Seong Corporation Berhad and IGB Corporation Berhad.

Ms Tan is the Chairman of the Nomination Committee and a member of the Remuneration Committee. She is a cousin of Tan Lei Cheng and Tan Boon Lee and is an indirect major shareholder of Gold IS Berhad. She is a sister of Tony Tan Choon Keat and Robert Tan Chung Meng who are indirect major shareholders.

She has no conflict of interest with the Company and she has no conviction for offences for the past 10 years.

TAN BOON LEE (Non-Independent Non-Executive Director)

Tan Boon Lee, aged 40, a Malaysian, was appointed a director of the Company on 11 January 2002. Mr. Tan holds a Bachelor of Economics from Monash University, Australia and a Masters in Business Administration from Cranfield School of Management, United Kingdom. He has 18 years of experience in the property and hotel industry, giving management and technical assistance to hotel and hospitality projects in Malaysia and Asia. He is a director of IGB Corporation Berhad.

He is a member of the Audit, Nomination, Remuneration and ESOS Committee.

He is a brother of Tan Lei Cheng and a son of Dato’ Tan Chin Nam who is an indirect major shareholder of Gold IS Berhad. He is a cousin of Pauline Tan Suat Ming, Robert Tan Chung Meng and Tony Tan Choon Keat, who are indirect major shareholders.

He has no conflict of interest with the Company and he has no conviction for offences for the past 10 years.

DAUD MAH BIN ABDULLAH (Independent Non-Executive Director)

Daud Mah bin Abdullah, aged 42, a Malaysian, was appointed a director of the Company on 15 January 2003. He holds a Bachelor of Science (Econs.) degree from the London School of Economics and Political Science and a Masters degree in Business Administration majoring in Finance from Wharton School, University of Pennsylvania. He is a member of the Institute of Chartered Accountants of England and Wales, and of the Malaysian Institute of Accountants.

His working experience commenced with auditing various businesses, focusing on financial services, while with Coopers & Lybrand, London from 1984-1989. After his Masters in Business Administration in 1992, he returned to Malaysia to join The Boston Consulting Group, where he consulted to companies in the oil & gas, pharmaceutical, food and airlines industries. He left The Boston Consulting Group in 1995 and set up a boutique fund management company called Kumpulan Sentiasa Cemerlang Sdn Bhd. He is presently CEO of KSC Capital Berhad, a unit trust management company, a wholly-owned subsidiary of Kumpulan Sentiasa Cemerlang Sdn Bhd.

He is a member of the Audit, Remuneration and ESOS Committee and Chairman of the Nomination Committee.

He has no conflict of interest with the Company and he has no conviction for offences for the past 10 years. He is not related to any members of the board or major shareholders.

DATO' SYED HAMID BIN SYED HUSSAIN ALHABSHEE (Non-Independent Non-Executive Director)

Dato' Syed Hamid Alhabshee, aged 49 and a Malaysian, was appointed to the Board of Gold IS Berhad on 16 September 2003 and is a representative of Permodalan Nasional Berhad. He is a non-independent non-executive Director of Gold IS Berhad and is also a member of the ESOS Committee. He is currently the Executive Director/Chief Executive Officer of United Malayan Land Bhd, a company listed on Bursa Malaysia Securities Berhad.

He last served as the Group Chief Executive Officer of TTDI Development Sdn Bhd and was instrumental in turning the company around to a 'profit-generating' one within less than a year and on the back of a depressed property market. He was on the boards of several subsidiaries in his 16 years with the TTDI Group. During his leadership tenure, TTDI Development Sdn Bhd achieved the FIABCI (Malaysian Chapter) Award for Best Residential Township in 1993, and the ISO 9002 certificate. With a total of over 25 years in the corporate sector, he is highly acclaimed for his astute skills and sound knowledge in property development and marketing, project and construction management, and general and business management.

Dato' Syed holds a Masters of Business Administration (MBA) in International Trade and a Bachelor of Science in Business Administration. He participated in the Harvard Business School's Senior Management Development Programme and is currently an associate member of the Harvard Business School Alumni Club of Malaysia.

Other than as disclosed, he has no conflict of interest with the Company and he has no conviction for offences for the past 10 years. He is not related to any members of the board or major shareholders.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Gold IS Berhad ("Board") recognises its responsibility for maintaining good corporate governance in line with the principles of the Malaysian Code on Corporate Governance and the relevant provisions in the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The statement below reports on how the Group has applied the Principles as set out in part 1 of the Malaysian Code on Corporate Governance (the "Code") and the extent of compliance with Part 2 of the Code.

1. THE BOARD

(i) Board Balance

The Company is led and managed by a Board of Directors, whose members have a wide range of business experience as well as financial and legal skills. This brings depth, diversity in expertise and different perspectives to the Board of Directors in managing the different businesses. A brief profile of each Director is presented in the Profile of Board of Directors.

The Board is made up of six (6) members, comprising one (1) Executive Director and five (5) Non-Executive Directors of whom two (2) are Independent Directors representing one third of the Board. The division of responsibility ensures that there is a balance of power and authority in compliance with Paragraph 15.02 of the Listing Requirements.

All Directors have given their undertaking to comply with the Listing Requirements and the Independent Directors have confirmed their independence in writing.

Due to the size and the business nature of the Company, the positions of the Chairman and the Chief Executive Officer ("CEO") of the Company are held by the same person. The Board, together with the CEO, develop position descriptions for the Board and for the CEO, involving definition of the scope of Management's responsibilities. The CEO develops the corporate objectives, which are then subsequently tabled and approved by the Board. The function of the Chairman that is currently held by the CEO is to ensure the orderly conduct and working of the Board, the management of the business and the implementation of policies and strategies adopted by the Board.

The Chairman/CEO sets the Board agenda ensuring the Board obtains relevant and timely information, overseeing an appropriate risk and management controls, monitoring Management's performance and facilitating communication among the Board, the Management and its shareholders.

The Board has appointed Mr Tan Kim Leong as Senior Independent Non-Executive Director to whom concerns pertaining to the Group may be conveyed.

The Independent Directors have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance, resources including key appointments and standards of conduct. They are independent of the management and major shareholders. They provide independent views and judgement and also safeguard the interests of parties such as minority shareholders.

The Board has reserved to itself powers in respect of significant areas to the Group's business including major investment decisions, approval of corporate plans and acquisition and disposal of business segments.

(ii) Board Meetings and Supply of Information

The Board meets every quarter and additional meetings are convened as necessary. The meetings are held on a scheduled basis that are determined in advance. The agenda papers for each meeting are circulated in advance of the meeting to the Board members.

The summary of Directors' attendance of the board Meetings held during financial year ended 31 January 2004, taking into account their appointment dates is as follows:-

Place of Meeting	Date of Meeting				
➢ Menara Tan & Tan, K.L.	28.2.2003		29.9.2003	15.12.2003	
➢ Hoe Pharmaceuticals, Port Klang		10.6.2003			
Name of Directors					No. of meetings attended
Ms Tan Lei Cheng	√	√	√	√	4 out of 4
Mr Tan Kim Leong	√	√	0	√	3 out of 4
Encik Daud Mah bin Abdullah	√	√	√	√	4 out of 4
Ms Pauline Tan Suat Ming	√	√	√	√	4 out of 4
Mr Tan Boon Lee	√	√	√	√	4 out of 4
Dato' Syed Hamid bin Syed Hussain Alhabshee	Appointed on 16.9.2003		√	√	2 out of 2
Osman bin Hj Ismail	√	√	Resigned on 30.8.2003		2 out of 2

The Board is supplied with all necessary information to enable it to effectively discharge its responsibilities. Any additional information requested by the Directors is promptly provided.

Procedures are in place for Directors, in discharging their duties, to seek independent professional advice where necessary at the Company's expense in order to fulfil their duties and specific responsibilities.

All Directors have access to the advice and services of the Company Secretaries who ensure compliance with statutory obligations, Listing Requirements and other regulatory requirements.

(iii) Appointment and Re-election of Directors

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in every three (3) years and offer themselves for re-election.

(iv) Directors' Remuneration

(a) Remuneration Procedure

The Remuneration Committee proposes to the Board the remuneration of the Executive Director in all its forms, drawing from outside advice as necessary. However, the determination of remuneration packages of all Directors is a matter of the Board as a whole. The Directors do not participate in the discussion and decision of their own remuneration.

(b) Remuneration Package

Aggregate remuneration of Directors categorised into appropriate components for the financial year ended 31 January 2004 is as follows:

Category of Directors	**Fees & Allowances** RM	**Salary** RM	**Bonus** RM	**Benefits-in-kind** RM	**Total** RM
Executive Director	7,500	259,690	43,670	4,200	315,060
Non-Executive Directors	59,188	-	-	-	59,188

The number of Directors whose remuneration fall into the following bands is as follows:-

Range of Remuneration	**Executive Director**	**Non-Executive Directors**
Below RM50,000	-	6
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	1	-

Aggregate fees of the Non-Executive Directors also include those who had resigned during the financial year under review.

(v) Directors' Training

Every Director of the Company undergoes continuous training to equip himself to effectively discharge his duties as a Director. The Company also provides briefings for new appointments to the Board, to ensure they have a comprehensive understanding of the operations of the Group and the Company. All Directors have attended the Mandatory Accreditation Programme conducted by Research Institute of Investment Analysts Malaysia.

2. THE BOARD COMMITTEES

The Board delegates certain responsibilities to Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee. All committees have written terms of reference and report to the Board of their proceedings and deliberations.

(a) Audit Committee

Please refer to page 20 to 23.

(b) Nomination Committee

The Nomination Committee's primary function is to propose new nominees on the Board and assess Directors on an on-going basis. The actual decision as to who shall be nominated is the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Nomination Committee is chaired by Ms Pauline Tan Suat Ming.

(c) Remuneration Committee

The Remuneration Committee's primary function is to set the policy framework and recommend to the Board on remuneration packages and benefits extended to the Directors, drawing from outside advice as necessary. The determination of the remuneration package for Directors is a matter of the Board as a whole. The Director concerned abstains from deliberations and voting on decisions in respect of his individual remuneration package.

The Remuneration Committee is chaired by Encik Daud Mah bin Abdullah.

3. RELATIONSHIP WITH SHAREHOLDERS

The Board recognises the need to maintain an effective communication with shareholders, stakeholders and public on all material business matters affecting the Company. In addition to the announcements of quarterly results and other corporate news, press releases and announcements for public dissemination are made periodically to capture any significant corporate event or product launch that would be of interest to investors and members of the public.

The company website at http://www.goldis.com.my provide an easy and convenient avenue for shareholders and investors to gain access to the Group's press releases and other corporate information.

Announcements to Bursa Malaysia Securities Berhad on corporate news, quarterly results and annual report, that are current and historical information, are accessible to shareholders through Bursa Malaysia Securities Berhad's website at http://www.bursamalaysia.com.my.

The Annual General Meeting provides an open forum at which shareholders and investors are informed of the current developments with an opportunity for shareholders to raise questions when the Directors are available to respond to their questions. The Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements and information on the Audit Committee and the Board of Directors, is sent to all shareholders on a timely basis.

4. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

In addition to providing the financial report on an annual basis, the Company also presents the Group's financial results on a quarterly basis via public announcements. The Audit Committee assists the Board to ensure accuracy and adequacy of all information for disclosure.

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each financial year through annual financial statements to shareholders as well as the Chairman's Statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

(ii) Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control and risk management to safeguard shareholders' investment and Group's assets. The Statement of Internal Control is set out on pages 18 to 19 of this Annual Report providing an overview of the state of internal control within the Group.

(iii) Relationship with the Auditors

The Board has established formal and transparent arrangements for maintaining an appropriate relationship with the Group's auditors through the Audit Committee. The Audit Committee has been accorded the power to communicate directly with both the external auditors and the internal auditors.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors have made a statement expressing an opinion on the financial statements as required under the Companies Act, 1965 ("the Act") in pages 24 to 84. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia to give a true and fair view of the financial position of the Company and the Group for the financial year ended 31 January 2004.

The Directors consider that in preparing these financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable prudent judgements and estimates. The Directors are responsible for ensuring that the financial statements of the Company and the Group comply with the Act. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group.

STATEMENT OF INTERNAL CONTROL

INTRODUCTION

The Board is responsible for the Group's internal control system and for reviewing its adequacy and integrity. Its review of internal control system covers financial controls, operational and compliance controls, and risk management procedures of the Group. Joint ventures and associated companies are not covered by this review. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement and losses.

Although joint ventures and associated companies are not covered by the review of internal controls, Management of GOLD IS Berhad has and will continue to undertake regular performance reviews on these companies. As such, Management of Gold IS Berhad is confident that the existing internal controls of these companies are adequate.

RISK MANAGEMENT

The Board and Management are responsible for the on-going identification, evaluation and managing of significant risks. Management continues to perform a risk assessment exercise for the Group to identify principal risks and to ensure an appropriate risk assessment and evaluation framework and activities are in place for the Group. The Board and Management assess major business risk faced by the Group on an on-going basis.

The Group Internal Audit Department undertakes the role as the risk facilitator in identifying significant risks impacting the achievement of business objectives of the Group. It is also involved in facilitating the assessment of the impact and likelihood of such risks and of the effectiveness of controls in place to manage them.

INTERNAL CONTROL

The key elements in the Group's internal control system include:-

Clearly defined lines of responsibility and delegated authority
The Group has an organisational structure which clearly defines the responsibilities and reporting lines including relevant authorisation levels.

Budget
The Annual Budgets are prepared by each operating company in the Group and submitted to the Board for approval. They provide the Board with comparative information to assess and monitor the performance of the Group.

Internal Audit
The Group Internal Audit Department reports directly to the Audit Committee of the Group functionally to preserve the independence of the function. The internal audit work is focused on areas of priority as identified by risk analyses in accordance with its 5-year audit plan and annual audit plan approved by the Audit Committee.

External Audit
The external auditors are engaged to express an opinion on the financial statements. They review and test the system of the internal control and the data contained in the financial statements to the extent necessary to express their audit opinion. Findings arising from the audit are discussed with Management and reported to the Audit Committee.

INFORMATION AND COMMUNICATION

The Management Information Systems provide the Board with relevant and timely reports for monitoring the financial performance and the business operations of the Group.

MONITORING

The Board is responsible for reviewing the effectiveness of the system of internal control, which is facilitated by presentations of financial performance and business operations of the Group at periodic Board meetings. The effectiveness of the system of internal control is also monitored on an on-going basis by the Audit Committee, which receives regular reports from the Group Internal Audit Department. The system of internal control will continue to be reviewed, enhanced and, updated in line with the changes in the operating environment.

The Board believes that the Group complies with the guidance of the "Statement on Internal Control: Guidance for Directors of Public Listed Companies".

This statement was made in accordance with a resolution of the Board of Directors dated 14 May 2004.

AUDIT COMMITTEE REPORT

The Board is pleased to issue the following report on the Audit Committee and its activities during the financial year ended 31 January 2004.

Members and Meetings

Name	Membership Status	Meetings Attended	% of Attendance
Tan Kim Leong (Chairman)	Senior Independent Non-Executive Director	4	100
Daud Mah bin Abdullah	Independent Non-Executive Director	4	100
Tan Boon Lee	Non-Independent Non-Executive Director	4	100

Terms of Reference of Audit Committee

A Objectives

The primary objectives of the Audit Committee are:-

(1) To ensure transparency, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the shareholders.

(2) To provide assistance to the Board in discharging its responsibilities relating to the Group's management of principal risks, internal control, financial reporting and compliance of statutory and legal requirements.

(3) To maintain through regularly scheduled meetings, a direct line of communication between the Board, senior Management, internal auditors and external auditors.

B Membership

The Audit Committee shall be appointed by the Board from amongst its Directors and shall consist of not less than three (3) members, a majority of whom shall be independent directors. If membership for any reason falls below three (3) members, the Board shall within three (3) months of that event, appoint such number of new members as may be required to fulfill the minimum requirement.

(1) The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

(2) No alternate directors shall be appointed to the Committee.

(3) At least one member of the Audit Committee:-

(a) must be a member of the Malaysian Institute of Accountants; or
(b) if he is not a member of the MIA, he must have at least 3 years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or he must be a member of one of the association of accountants specified in Part II of the said schedule; or
(c) has a degree/masters/doctorate in accounting or finance and at least three years' post qualification experience in accounting or finance; or
(d) at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

The Board must review the term of office and performance of the Audit Committee and each of the members at least once every three (3) years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

C Authority

The Committee is authorised by the Board to:-

(1) Investigate any activity within its terms of reference.
(2) Seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
(3) Obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee shall have direct access to the internal and external auditors, who in turn, have access at all times to the Chairman of the Committee. The Committee meets with the external auditors without any executive members of the Committee present, except for the Company Secretary, at least once a year.

D Functions

The functions of the Committee are:-

(1) to review the following and report the same to the Board:-

(a) with the external auditor, the audit plan;

(b) with the external auditor, his evaluation of the systems of internal controls;

(c) with the external auditor, his audit report;

(d) the assistance given by the employees of the Company to the external auditor;

(e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its works;

(f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-

(i) changes in or implementation of major accounting policy changes;
(ii) significant and unusual events; and
(iii) compliance with accounting standards and other legal requirements.

(h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(i) any letter of resignation from the external auditors of the Company; and

(j) whether there is a reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;

(2) to recommend the nomination of a person or persons as external auditors

and such other functions as may be agreed to by the Audit Committee and the Board.

E Meetings and Minutes

Meetings shall be held not less than 4 times a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Committee and the external auditor where applicable.

The quorum for a meeting shall be two (2) provided always that the majority of members present must be independent directors and any decision shall be by a simple majority. The Chairman shall not have a casting vote.

Other Board members and employees may attend any particular meeting only at the Committee's invitation.

The Company Secretary shall be the Secretary of the Committee and shall circulate the minutes of meeting of the Committee to all members of the Board.

Activities Undertaken by Audit Committee

The activities of the Audit Committee during the financial year ended 31 January 2004 include the following:-

(a) review audit plan of external and internal auditors;
(b) review the year end financial statements and recommend the same to the Board for approval;
(c) review the quarterly financial results for announcement to the Bursa Malaysia Securities Berhad and recommend the same to the Board for approval;
(d) review the adequacy and integrity of the internal control system; and
(e) review the risk management programme to safeguard the companies' assets.

Internal Audit Function

The Group has established its in-house Group Internal Audit Department, which commenced functioning in October 2003, to assist in obtaining sufficient assurance of regular review and/or appraisal of the effectiveness of the system of internal control within the Group. Prior to that the internal audit works were outsourced to an external service provider.

The Audit Committee receives regular reports from the Group Internal Audit Manager of the Group Internal Audit Department on audit works and activities prior to the Committee meetings.

The Group Internal Audit Department also works closely with the external auditors in ensuring that management addresses significant accounting and control issues effectively.

Reports and financial statements for the financial year ended 31 January 2004

Reports and financial statements for the financial year ended 31 January 2004

Contents

Directors' report
for the financial year ended 31 January 2004

The Directors are pleased to submit their report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 January 2004.

Principal activities and corporate information

The principal activities of the Group are manufacturing of pharmaceutical and paper-related products and provision of information technology services.

The principal activities of the Company are investment holding and provision of management services. The Group's associates and jointly controlled entities are principally involved in investment holding, property investment, property management and manufacturing.

There was no significant change in the nature of these activities during the financial year.

The number of employees in the Group and Company at the end of the financial year are 646 and 13 (2003: 613 and 10) respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The addresses of the registered office and principal place of business of the Company are as follows:

Principal Place of Business:

Penthouse, Menara Tan & Tan
207, Jalan Tun Razak
50400 Kuala Lumpur

Registered Office:

Penthouse, Menara IGB,
No. 1, The Boulevard
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur

Financial results

	Group RM	Company RM
Profit after taxation	**63,137,786**	**9,027,767**
Minority interest	**(2,208,266)**	**0**
Net profit for the financial year	**60,929,520**	**9,027,767**

Directors' report for the financial year ended 31 January 2004 (continued)

Dividends

There were no dividends paid, declared or proposed since 31 January 2003.

The Directors now recommend the payment of a first and final gross dividend of 2 sen per share on 320,632,830 ordinary shares, less income tax of 28%, amounting to RM4,617,113 which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 30 August 2004 to shareholders registered on the Company's Register of Members at the close of business on 30 July 2004.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

Employees' share option scheme (ESOS)

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 21 December 2001 and became effective on 31 January 2002, for a period of five years, in accordance with the ESOS Bye-Laws.

No ESOS was granted during the financial year except for 500,000 share options granted to a Director as disclosed in directors' interest in shares below.

The main features of the ESOS are set out in Note 28 to the financial statements.

Directors

The Directors who have held office since the date of the last report are as follows:

Tan Lei Cheng	
Tan Kim Leong	
Pauline Tan Suat Ming	
Tan Boon Lee	
Osman bin Hj. Ismail	(resigned on 30 August 2003)
Daud Mah bin Abdullah @ Mah Siew Whye	
Dato' Syed Hamid bin Syed Hussain Alhabshee	(appointed on 16 September 2003)

Directors' report for the financial year ended 31 January 2004 (continued)

Directors (continued)

In accordance with Article 98 of the Company's Articles of Association, Tan Kim Leong and Tan Boon Lee retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 104 of the Company's Articles of Association, Dato' Syed Hamid bin Syed Hussain Alhabshee, who was appointed during the period, retires at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than as disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares and options over shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.2.2003	**Additions**	**Disposals**	**At 31.1.2004**
Direct shareholdings in the Company				
Tan Lei Cheng	1,645,907	300,000	0	**1,945,907**
Tan Boon Lee	1,548,657	388,000	0	**1,936,657**
Pauline Tan Suat Ming	120,833	0	0	**120,833**
Indirect shareholdings in the Company				
Tan Lei Cheng	1,931,586	0	0	**1,931,586**
Pauline Tan Suat Ming	77,290,735	7,064,200	0	**84,354,935**

Directors' report
for the financial year ended 31 January 2004 (continued)

Directors' interests in shares (continued)

	Number of options over ordinary shares of RM1.00 each *			
	At 1.2.2003	Granted	Exercised	At 31.1.2004
Share options in the Company				
Tan Lei Cheng	0	500,000	0	**500,000**

Other than disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over shares in the Company or its related corporations during the financial year.

** These options shall expire in January 2007*

Statutory information on the financial statements

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

Directors' report for the financial year ended 31 January 2004 (continued)

Statutory information on the financial statements (continued)

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, in the opinion of the Directors, will or may affect the ability of the Group or Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

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

In the opinion of the Directors:

(a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

Directors' report
for the financial year ended 31 January 2004 (continued)

Auditors

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

Signed in accordance with a resolution of the Board of Directors dated 21 May 2004.

Tan Lei Cheng
Director

Tan Boon Lee
Director

Income statements
for the financial year ended 31 January 2004

	Note	Group		Company	
		2004	2003	**2004**	2003
		RM	RM	**RM**	RM
Revenue	5	**105,974,757**	76,764,834	**14,332,030**	3,617,340
Cost of sales		**(50,795,452)**	(41,300,044)	**0**	0
Gross profit		**55,179,305**	35,464,790	**14,332,030**	3,617,340
Other operating income	6	**14,349,287**	5,011,438	**228,096**	23,289
Selling & distribution expenses		**(29,726,864)**	(18,258,778)	**0**	0
Administrative expenses		**(19,961,874)**	(10,100,119)	**(1,916,120)**	(1,474,519)
Other operating expenses		**(580,545)**	(433,671)	**0**	0
Profit from operations	7	**19,259,309**	11,683,660	**12,644,006**	2,166,110
Finance cost	9	**(3,110,283)**	(3,852,870)	**0**	0
Share of results of jointly controlled entities		**2,099,453**	4,833,176	**0**	0
Share of results of associates		**63,182,475**	38,037,699	**0**	0
Profit from ordinary activities before taxation		**81,430,954**	50,701,665	**12,644,006**	2,166,110
Taxation:	10				
- Company and subsidiaries		**(3,820,120)**	(1,364,922)	**(3,616,239)**	(606,511)
- Jointly controlled entities		**(360,000)**	(1,622,005)	**0**	0
- Associates		**(14,113,048)**	(10,925,020)	**0**	0
Profit from ordinary activities after taxation		**63,137,786**	36,789,718	**9,027,767**	1,559,599
Minority interest		**(2,208,266)**	(1,361,376)	**0**	0
Net profit for the financial year		**60,929,520**	35,428,342	**9,027,767**	1,559,599
Weighted average number of ordinary shares		**320,632,830**	320,632,830		
Basic earnings per share (sen)	11	**19**	11		
Dividends per ordinary share in respect of the financial year (sen)	12	**2**	0		

The notes on pages 48 to 83 form an integral part of these financial statements.

Balance sheets
as at 31 January 2004

	Note	Group 2004 RM	Group 2003 RM	Company 2004 RM	Company 2003 RM
Non-current assets					
Property, plant and equipment	13	**89,708,909**	79,486,245	**65,773**	47,869
Subsidiaries	14	**0**	0	**15,785,622**	3,619,246
Associates	15	**652,656,728**	645,644,774	**559,509,876**	559,509,876
Jointly controlled entities	16	**69,850,466**	60,071,634	**14,200,000**	6,400,000
Unquoted investments, at cost		**1,643,033**	2,448,443	**0**	0
Deferred tax assets	17	**231,607**	583,978	**0**	0
		814,090,743	788,235,074	**589,561,271**	569,576,991
Current assets					
Inventories	18	**8,999,407**	5,614,689	**0**	0
Quoted investments	19	**236,958**	243,408	**0**	0
Amounts receivable from subsidiaries	20	**0**	0	**116,899,046**	124,799,491
Amounts receivable from associates	21	**153,607**	3,364	**153,607**	3,364
Receivables, deposits and prepayments	22	**73,505,633**	56,387,490	**4,133,855**	422,991
Dividend receivable		**0**	0	**450,144**	0
Cash and bank balances	23	**27,888,016**	25,867,391	**9,289,823**	13,325,164
		110,783,621	88,116,342	**130,926,475**	138,551,010
Less: Current liabilities					
Payables and accruals	24	**42,346,570**	37,243,262	**407,301**	203,312
Bank borrowings	25	**53,486,942**	64,517,738	**0**	0
Bank overdrafts	26	**1,796,545**	930,718	**0**	0
Taxation		**85,830**	1,030,863	**3,641,500**	513,511
		97,715,887	103,722,581	**4,048,801**	716,823
Net current assets / (liabilities)		**13,067,734**	(15,606,239)	**126,877,674**	137,834,187
Less: Non-current liabilities					
Deferred tax liabilities	17	**826,200**	844,000	**0**	0
Bank borrowings	25	**13,823,367**	24,155,585	**0**	0
Hire purchase payables	27	**291,752**	588,303	**0**	0
		14,941,319	25,587,888	**0**	0
		812,217,158	747,040,947	**716,438,945**	707,411,178
Capital and reserves					
Share capital	28	**320,632,830**	320,632,830	**320,632,830**	320,632,830
Reserves		**481,294,458**	420,022,111	**395,806,115**	386,778,348
Shareholders' equity		**801,927,288**	740,654,941	**716,438,945**	707,411,178
Minority interest		**10,289,870**	6,386,006	**0**	0
		812,217,158	747,040,947	**716,438,945**	707,411,178

The notes on pages 48 to 83 form an integral part of these financial statements.

Statements of changes in equity
for the financial year ended 31 January 2004

	Note	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable				Distributable		
		Number of shares	Nominal value RM	Share premium RM	Exchange fluctuation reserve RM	Reserve on consolidation RM	Capital reserve RM	Proposed dividend reserve RM	Retained earnings RM	Total RM
Group										
At 1 February 2003										
- as previously reported		320,632,830	320,632,830	385,316,192	(2,869,276)	1,907,176	0	0	35,084,041	740,070,963
- prior year adjustment	30	0	0	0	0	0	0	0	583,978	583,978
- as restated		320,632,830	320,632,830	385,316,192	(2,869,276)	1,907,176	0	0	35,668,019	740,654,941
Currency translation differences		0	0	0	(494,039)	0	0	0	0	(494,039)
Capitalisation of reserves*		0	0	0	0	0	2,343,241	0	(2,343,241)	0
Share of associate reserve	15	0	0	0	672,635	0	0	0	0	672,635
Net gain/(loss) not recognised in income statement		0	0	0	178,596	0	2,343,241	0	(2,343,241)	178,596
Disposal of a subsidiary	4	0	0	0	(167,500)	457,587	0	0	0	290,087
Net profit for the financial year		0	0	0	0	0	0	0	60,929,520	60,929,520
Dividend paid for the financial year		0	0	0	0	0	0	0	(125,856)	(125,856)
Proposed dividend for the financial year		0	0	0	0	0	0	4,617,113	(4,617,113)	0
At 31 January 2004		320,632,830	320,632,830	385,316,192	(2,858,180)	2,364,763	2,343,241	4,617,113	89,511,329	801,927,288

* During the financial year, a subsidiary increased its issued and paid up share capital by way of capitalisation of its entire retained earnings.

The notes on pages 48 to 83 form an integral part of these financial statements.

Statements of changes in equity for the financial year ended 31 January 2004 (continued)

		Issued and fully paid ordinary shares of RM1.00 each		Non-distributable			Distributable	
	Note	Number of shares	Nominal value RM	Share premium RM	Exchange fluctuation reserve RM	Reserve on consolidation RM	Retained earnings RM	Total RM
Group								
At 1 February 2002								
- as previously reported		320,632,830	320,632,830	385,498,000	0	2,696,220	(97,443)	708,729,607
- prior year adjustment	30	0	0	0	0	0	337,120	337,120
- as restated		320,632,830	320,632,830	385,498,000	0	2,696,220	239,677	709,066,727
Share issue expenses*		0	0	(181,808)	0	0	0	(181,808)
Goodwill arising on acquisition of a subsidiary		0	0	0	0	(789,044)	0	(789,044)
Currency translation differences		0	0	0	(2,869,276)	0	0	(2,869,276)
Net loss not recognised in income statement		0	0	(181,808)	(2,869,276)	(789,044)	0	(3,840,128)
Net profit for the financial year		0	0	0	0	0	35,428,342	35,428,342
At 31 January 2003		320,632,830	320,632,830	385,316,192	(2,869,276)	1,907,176	35,668,019	740,654,941

* This is in respect of share issue expenses incurred in respect of shares issued in the financial year ended 31 January 2002.

The notes on pages 48 to 83 form an integral part of these financial statements.

Statements of changes in equity
for the financial year ended 31 January 2004 (continued)

	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable	Distributable	
	Number of shares	Nominal value	Share premium	Retained earnings	Total
		RM	RM	RM	RM
Company					
At 1 February 2003	**320,632,830**	**320,632,830**	**385,316,192**	**1,462,156**	**707,411,178**
Net profit for the financial year	**0**	**0**	**0**	**9,027,767**	**9,027,767**
At 31 January 2004	**320,632,830**	**320,632,830**	**385,316,192**	**10,489,923**	**716,438,945**
At 1 February 2002	320,632,830	320,632,830	385,498,000	(97,443)	706,033,387
Share issue expenses	0	0	(181,808)	0	(181,808)
Net profit for the financial year	0	0	0	1,559,599	1,559,599
At 31 January 2003	320,632,830	320,632,830	385,316,192	1,462,156	707,411,178

The notes on pages 48 to 83 form an integral part of these financial statements.

Cash flow statements
for the financial year ended 31 January 2004

	Note	Group 2004 RM	Group 2003 RM	Company 2004 RM	Company 2003 RM
Operating activities					
Cash receipts from customers		**52,656,779**	61,637,034	**156,653**	80,850
Cash paid to suppliers and employees		**(22,188,397)**	(60,758,841)	**(1,700,645)**	(1,993,878)
Cash from operations		**30,468,382**	878,193	**(1,543,992)**	(1,913,028)
Dividends received		**9,836,209**	1,194,665	**9,052,993**	1,057,447
Interests received		**311,384**	1,298,237	**1,189,471**	2,091,102
Interests paid		**(3,110,283)**	(4,365,730)	**0**	0
Income taxes paid		**(4,982,470)**	(3,192,200)	**(488,250)**	(93,000)
Net cash flow from operating activities		**32,523,222**	(4,186,835)	**8,210,222**	1,142,521
Investing activities					
Acquisition of subsidiaries	14	**0**	(10,652)	**(61,000)**	(2,752,000)
Proceeds from disposal of a subsidiary	4	**22,053,658**	0	**0**	0
Proceeds from shares issue to minority interest		**1,145,500**	1,248,000	**0**	0
Repayment from associates		**0**	49,996,636	**0**	49,996,636
Property, plant and equipment					
- additions		**(10,115,885)**	(6,240,472)	**(29,390)**	(52,821)
- disposals		**307,230**	421,095	**0**	0
Additional investment in					
- a jointly controlled entity		**(7,800,000)**	(6,400,000)	**(7,800,000)**	(6,400,000)
- associates		**(1,854,479)**	0	**0**	0
Net cash flow from investing activities		**3,736,024**	39,014,607	**(7,890,390)**	40,791,815
Financing activities					
Issue of shares					
- share issue expenses		**0**	(181,808)	**0**	(181,808)
(Repayment of)/Proceeds from bank borrowings		**(21,363,014)**	4,756,258	**0**	0
Advances to subsidiaries		**0**	0	**(4,204,930)**	(14,507,412)
Advances to associates		**(150,243)**	0	**(150,243)**	0
Advances to related companies		**0**	(13,919,954)	**0**	(13,919,954)
Advances to a jointly controlled entity and partner		**(11,378,742)**	(390,922)	**0**	0
Deposits pledged as security for term loans		**(5,528,614)**	0	**(3,042,422)**	0
Payment for finance lease liabilities		**(842,264)**	(851,832)	**0**	0
Dividend paid		**(125,856)**	0	**0**	0
Net cash flow from financing activities		**(39,388,733)**	(10,588,258)	**(7,397,595)**	(28,609,174)
Currency translation differences		**(1,244,329)**	3,060	**0**	0
Net (decrease)/increase in cash and cash equivalents during the financial year		**(3,129,487)**	24,239,514	**(7,077,763)**	13,325,162
Cash and cash equivalents at beginning of the financial year		**24,936,673**	694,099	**13,325,164**	2
Cash and cash equivalents at end of the financial year	23	**20,562,857**	24,936,673	**6,247,401**	13,325,164

The notes on pages 48 to 83 form an integral part of these financial statements.

Summary of significant accounting policies for the financial year ended 31 January 2004

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements, with the exception of the change in accounting policy set out in Note 30 to the financial statements.

Basis of preparation

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

The new accounting standards adopted in these financial statements are as follows:
- MASB 25 “Income Taxes”
- MASB 27 “Borrowing Costs”
- MASB 29 “Employee Benefits”

With the exception of MASB 25 (Note 30), the adoption of these new accounting standards has no material impact on the net profit or shareholders’ equity of the Group and Company.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors’ best knowledge of current events and actions, actual results may differ from those estimates.

Basis of consolidation

The consolidated income statement and balance sheet include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are consolidated from the date in which control is transferred to the Group and are no longer consolidated from the date the control ceases. Subsidiaries are consolidated using the acquisition method of accounting. The results of the subsidiaries acquired or disposed during the financial year are included in the consolidated income statement from the date of their acquisition or up to the date of their disposal. Consolidated financial statements reflect external transactions only. All inter company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Minority interest is measured at the minorities’ share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

Summary of significant accounting policies for the financial year ended 31 January 2004 (continued)

Basis of consolidation (continued)

At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are incorporated in the Group financial statements. Any differences between the cost of investment and the fair value of net assets of the subsidiary is shown in the balance sheet as goodwill or reserve on consolidation and is set off against reserves.

The net 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 the balance of goodwill and exchange fluctuation differences which were not previously recognised in the consolidated income statement.

Subsidiaries

Subsidiaries are those corporations in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiaries are stated at cost except where the Directors are of the opinion that there is a permanent diminution in the value of the investment, in which case allowance is made for the diminution in value. Permanent diminution in the value of an investment is recognised as an expense in the period in which the diminution is identified.

Associates

Associates are those corporations in which the Group has a long term equity interest of between 20 to 49 percent is held and where it exercises significant influence through management participation. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investment in associates are stated at cost less any provision for permanent diminution in value. Investment in associates are accounted for in the consolidated financial statements by the equity method of accounting. The Group's investment in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill on acquisition. Equity accounting is discontinued when the carrying amount of the investment in associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associates.

Summary of significant accounting policies for the financial year ended 31 January 2004 (continued)

Associates (continued)

At the date of acquisition, the fair values of the associates' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the associates' identifiable net assets at the date of acquisition is reflected as reserve on consolidation/goodwill on consolidation and has been set-off against reserves.

Unrealised gains on transactions between Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. When necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Jointly controlled entities

Jointly controlled entitites are entities over which there is contractually agreed sharing of control by the Group with one or more parties. The Group's interest in jointly controlled entities is accounted for in the consolidated income statements by the equity method of accounting.

The Group's share of results of the jointly controlled entities included in the consolidated financial statements are accounted for using the equity method of accounting. The Group's investments in jointly controlled entities are carried in the balance sheet at an amount that reflects its share of the net assets of the jointly controlled entities.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in jointly controlled entities; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated as it is deemed to have an infinite useful life. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Summary of significant accounting policies for the financial year ended 31 January 2004 (continued)

Property, plant and equipment (continued)

Depreciation on all other property, plant and equipment is calculated so as to write off the cost on a straight line basis over the expected useful lives of the assets concerned. The annual rates are as follows:

	%
Leasehold land	2
Buildings	2 -10
Plant and machinery	12
Furniture, fixtures, fittings and equipment	10 - 20
Motor vehicles	20
Gymnasium and electrical equipment	12.5
Renovation	10

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the assets is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy on impairment of assets.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

Hire purchase and finance leases

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

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its estimated useful life.

Summary of significant accounting policies for the financial year ended 31 January 2004 (continued)

Investments

Investments in quoted shares held as long term investments are stated at cost. An allowance is made when the Directors are of the opinion that there is a permanent diminution in value of investment. Permanent diminution in value of investment is recognised as an expense in the period in which the diminution is identified.

Short-term investments in quoted shares are stated at lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount of investments are credited/charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

Impairment of assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identified cash flows.

The impairment loss is charged to the income statement and any subsequent increase in recoverable amount is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value determined on a first-in, first-out basis.

The cost of work in progress and finished goods comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Summary of significant accounting policies for the financial year ended 31 January 2004 (continued)

Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Share capital

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings to a "proposed dividend reserve". Upon the dividend becoming payable, it will be accounted for as a liability.

Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred.

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of these assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary, associate or jointly control entity on distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

Summary of significant accounting policies for the financial year ended 31 January 2004 (continued)

Income taxes (continued)

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

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

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and jointly control entities except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plans

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

Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

Summary of significant accounting policies for the financial year ended 31 January 2004 (continued)

Contingent liabilities and contingent assets (continued)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Revenue recognition

(i) Investment income

Dividend income is recognised when the shareholders' right to receive payment is established. Interest income is recognised as it accrues unless collectability is in doubt, in which case the recognition of such income is suspended. Income arising from the disposal of investments is taken to the income statement upon disposal of investment.

(ii) Income from sale of goods and services rendered

Income from sales of goods and services rendered are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes, returns and discounts, and after eliminating sales within the Group.

Foreign currencies

(i) Foreign entities

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Assets and liabilities of its foreign entities are translated at the rate of exchange ruling at the balance sheet date. Income statements of foreign entities are translated at the average rate of exchange for the financial year. Exchange differences arising on these translations are reflected in the exchange fluctuation reserve. On disposal of the foreign entities, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

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

Summary of significant accounting policies for the financial year ended 31 January 2004 (continued)

Foreign currencies (continued)

(ii) Foreign currency transactions and balances

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

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

Foreign currency	2004 RM	2003 RM
1 US Dollar	**3.800**	3.800
1 Singapore Dollar	**2.244**	2.196
1 Chinese Renminbi	**0.459**	0.459
1 British Pound	**6.933**	6.256
1 Hong Kong Dollar	**0.489**	0.487
1 Australian Dollar	**2.901**	2.240
1 Euro Dollar	**4.741**	4.129
1 Brunei Dollar	**2.278**	2.157

Financial instruments

(i) Financial instruments recognised on the balance sheets
The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

(ii) Fair value estimation for disclosure purposes
The fair value of publicly traded financial instruments is based on quoted market prices at the balance sheet date.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices are used if available or other techniques, such as estimated discounted value of future cash flows, are used to determine fair value. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The estimated fair value of financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying values.

Summary of significant accounting policies for the financial year ended 31 January 2004 (continued)

Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products and services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

Notes to the financial statements for the financial year ended 31 January 2004

1 General information

The principal activities of the Group are manufacturing of pharmaceutical and paper-related products and provision of information technology services.

The principal activities of the Company are investment holding and provision of management services. The Group's associates and jointly controlled entities are principally involved in investment holding, property investment, property management and manufacturing. The principal activities of the subsidiaries, associates and jointly controlled entities are disclosed in Notes 14, 15 and 16 to the financial statements.

There was no significant change in the nature of these activities during the financial year.

2 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than their functional currency. However, receivables denominated in the US dollar are not exposed to significant currency risk as the US dollar is pegged against Ringgit Malaysia. The Group mitigates its currency risk exposure by maintaining foreign currency bank accounts for the underlying foreign currency transactions. The receivable and payables in these subsidiaries are maintained in the same currency, to the extent possible. This provides a natural hedge against foreign currency movements.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

2 Financial risk management objectives and policies (continued)

Market risk

For key product purchases, the Group establishes good relationships with major suppliers and monitors the price levels consistently. Alternative sources of supply are always made available should the pricing of existing suppliers become unfavourable to the Group.

Credit risk

Credit risk arises when derivative instruments are used or sales made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting individual limits and ensuring that sales of products and services are made to customers with an appropriate credit history. Furthermore, sales to customers are suspended when earlier amounts are overdue by more than 180 days. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

3 Segment reporting

The Group is organised on a worldwide basis into five main business segments:
- Healthcare
- Property investment and development, and hotels
- Information technology & communication
- Paper manufacturing
- Others*

* Others comprise primarily of construction activities and other operations of the Group neither of which are of a sufficient size to be reported separately.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

3 Segment reporting (continued)

(a) *Analysis by business segment*

	Healthcare RM	Property investment and development, and hotels RM	Information technology and communication RM	Paper manufacturing RM	Other RM	Group RM
2004						
Revenue	**63,661,351**	**83,287**	**7,612,509**	**30,059,928**	**4,557,682**	**105,974,757**
Results :						
Segment results	**6,548,494**	**32,446**	**152,724**	**916,487**	**721,451**	**8,371,602**
Gain on disposal of a subsidiary	**0**	**10,887,707**	**0**	**0**	**0**	**10,887,707**
Operating profit before finance costs						**19,259,309**
Finance cost						**(3,110,283)**
Share of profit less losses:						
- Associates	**0**	**63,182,475**	**0**	**0**	**0**	**63,182,475**
- Jointly controlled entities	**0**	**2,619,455**	**(520,002)**	**0**	**0**	**2,099,453**
Profit from ordinary activities before taxation						**81,430,954**
Taxation						**(18,293,168)**
Profit from ordinary activities after taxation						**63,137,786**
Minority interest						**(2,208,266)**
Net profit for the financial year						**60,929,520**
Assets employed:						
Segments assets	**67,833,658**	**73,141,086**	**8,029,306**	**45,791,717**	**6,998,926**	**201,794,693**
Associates	**0**	**652,656,728**	**0**	**0**	**0**	**652,656,728**
Jointly controlled entities	**0**	**56,252,457**	**13,598,009**	**0**	**0**	**69,850,466**
Unallocated corporate assets						**572,477**
						924,874,364
Segment liabilities	**38,327,616**	**17,179,000**	**3,597,755**	**52,635,755**	**5,050**	**111,745,176**
Unallocated corporate liabilities						**912,030**
						112,657,206
Capital expenditure	**2,015,132**	**4,535,496**	**715,451**	**7,924,171**	**0**	**15,190,250**
Depreciation	**2,652,152**	**11,486**	**433,724**	**1,039,222**	**0**	**4,136,584**
Impairment losses	**0**	**0**	**20,507**	**0**	**0**	**20,507**

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

3 Segment reporting (continued)

(a) *Analysis by business segment (continued)*

	Healthcare RM	Property investment and development, and hotels RM	Information technology and communication RM	Paper manufacturing RM	Other RM	Group RM
2003						
Revenue	48,223,981	0	2,599,296	25,941,557	0	76,764,834
Results :						
Segment results	6,020,894	3,715,495	(841,149)	3,219,215	(430,795)	11,683,660
Operating profit before finance costs						11,683,660
Finance cost						(3,852,870)
Share of profit less losses:						
Associates	0	38,037,699	0	0	0	38,037,699
Jointly controlled entities	0	4,915,164	(81,988)	0	0	4,833,176
Profit from ordinary activities before taxation						50,701,665
Taxation						(13,911,947)
Profit from ordinary activities after taxation						36,789,718
Minority interest						(1,361,376)
Net profit for the financial year						35,428,342
Assets employed:						
Segments assets	52,162,731	68,088,486	2,569,656	44,944,539	2,078,078	169,843,490
Associates	0	645,644,774	0	0	0	645,644,774
Jointly controlled entities	0	53,753,622	6,318,012	0	0	60,071,634
Unallocated corporate assets						791,518
						876,351,416
Segment liabilities	28,177,968	48,524,679	718,450	49,711,537	302,972	127,435,606
Unallocated corporate liabilities						1,874,863
						129,310,469
Capital expenditure	3,265,208	567,100	295,536	3,281,341	0	7,409,185
Depreciation	2,316,137	4,952	323,017	1,000,454	0	3,644,560

Segment assets consist mainly of property, plant and equipment, investments, inventories, receivables and operating cash. Segment liabilities comprise primarily payables and exclude items such as taxation and deferred taxation. Capital expenditure comprises addition to property, plant and equipment (Note 13).

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

3 Segment reporting (continued)

(b) *Analysis by geographical location*

2004	Revenue RM	Total assets employed RM	Capital expenditure RM
Malaysia	**71,362,764**	**138,809,031**	**2,759,973**
People's Republic of China	**30,059,928**	**44,746,405**	**7,924,171**
Others	**4,552,065**	**18,811,734**	**4,506,106**
	105,974,757	**202,367,170**	**15,190,250**
Associates		**652,656,728**	
Jointly controlled entities		**69,850,466**	
Total assets		**924,874,364**	
2003			
Malaysia	50,823,277	104,324,812	4,127,844
People's Republic of China	25,941,557	66,254,707	3,281,341
Others	0	55,489	0
	76,764,834	170,635,008	7,409,185
Associates		645,644,774	
Jointly controlled entities		60,071,634	
Total assets		876,351,416	

4 Disposal of subsidiary

During the financial year, a wholly-owned subsidiary, Tramex Pte Ltd dispose off its entire shareholding of 5,555 ordinary shares of HKD1.00 each in Carney Investment Limited (Carney) to Bai Qiang Hong Pte Ltd, a related party by virtue of its 44.5% substantial shareholding in Carney and a company controlled by a jointly controlled entity's partner, for a consideration of approximately RM26,576,875. Carney Investment Limited's principal assets is investment in an associate, GTB Holdings Limited (Note 15).

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

4 Disposal of subsidiary (continued)

The effect of the disposal on the Group's results for the financial year was as follows:

	2004 RM	2003 RM
Operating expenses	**(73,578)**	(68,887)
Share of results of associates	**8,969,463**	4,326,364
Gain on disposal of a subsidiary (Note 6)	**10,887,707**	0
Profit before taxation	**19,783,592**	4,257,477
Taxation	**(2,973,527)**	(1,432,455)
	16,810,065	2,825,022

The cash flow attributable to Carney Investment Limited during the financial year was as follows:

	2004 RM	2003 RM
Operating activities	**202,646**	(68,438)
Investing activities	**(612,184)**	(990,863)
Financing activities	**409,335**	1,063,142
Net cash flow on disposal	**22,053,658**	0
Total cash flows	**22,053,455**	3,841

The net cash flow on disposal is determined as follows:

	At date of disposal RM
Total proceeds from disposal	**26,576,875**
Less: Purchase consideration discharged by property, plant and equipment (Note 35)	**(4,504,365)**
Net disposal proceeds	**22,072,510**
Cash and cash equivalent of subsidiary disposed of	**(18,852)**
Net cash inflow on disposal	**22,053,658**

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

4 Disposal of subsidiary (continued)

The effect of disposal on the financial position of the Group was as follows:

	At date of disposal RM
Associate	**35,357,888**
Receivables, deposits and prepayments	**6,931,798**
Cash and bank balances	**18,852**
Payables and accruals	**(26,907,269)**
Minority interest	**(2,188)**
Group's share of net assets	**15,399,081**
Reclassification from shareholders' equity:	
- goodwill previously written off to reserves	**457,587**
- exchange fluctuation difference	**(167,500)**
Total proceeds from disposal	**(26,576,875)**
Gain on disposal of a subsidiary	**(10,887,707)**

5 Revenue

	2004 RM	2003 RM
Group		
Sale of goods and services	**91,607,053**	72,917,920
Dividend income	**14,284,416**	1,657,494
Interest income	**83,288**	2,189,420
	105,974,757	76,764,834
Company		
Dividend income	**13,198,800**	1,468,677
Interest income	**972,930**	2,067,813
Management services	**160,300**	80,850
	14,332,030	3,617,340

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

6 Other operating income

Included in other operating income is gain on disposal of a subsidiary of RM10,887,707 (2003: Nil) (Note 4)

7 Profit from operations

The following items have been charged/(credited) in arriving at profit from operations:

	Group		Company	
	2004	2003	**2004**	2003
	RM	RM	**RM**	RM
Property, plant and equipment:				
- depreciation	**4,136,584**	3,644,560	**11,486**	4,952
- impairment loss	**20,507**	0	**0**	0
- loss on disposal	**184,471**	184,044	**0**	0
- write off	**318,794**	0	**0**	0
Diminution in value of investment	**0**	12,400	**0**	0
Auditors' remuneration				
- current year	**116,865**	110,906	**25,000**	25,000
- (over)/under accrual in prior year	**(5,821)**	1,000	**0**	0
Rental expense	**2,611,389**	2,235,826	**261,821**	148,619
Staff costs (including remuneration of executive directors)	**14,772,305**	9,864,304	**879,127**	464,089
Employees' Provident Funds	**1,057,190**	1,006,261	**99,930**	42,806
Foreign exchange losses/(gains)				
- unrealised	**1,119,698**	(1,610,183)	**0**	0
- realised	**(3,128,612)**	(387,215)	**0**	0
Interest income	**(483,940)**	(1,365,471)	**(1,201,026)**	(2,091,102)
Rental income	**(99,500)**	0	**0**	0
Inventories:				
- write down	**85,411**	0	**0**	0
- write off	**450,187**	0	**0**	0
Allowance for doubtful debts	**2,179,507**	0	**0**	0

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

8 Directors' remuneration

The aggregate amount of emoluments receivable by Directors of the Company during the financial year was as follows:

	Group and Company	
	2004	2003
	RM	RM
Non-executive Directors:		
- fees	**59,188**	58,812
Executive Directors:		
- fees	**7,500**	7,500
- estimate money value of benefit in kind	**4,200**	4,200
- basic salaries, bonus and allowances	**303,360**	102,529
	374,248	173,041

Executive Director of the Company have been granted options under Employee Share Option Scheme on the same terms and conditions as those offered to other employees of the Group (Note 28) as follows:

			Number of shares			
Granted date	**Expired date**	**Exercise price RM/Share**	**At 1.2.2003**	**Granted**	**Excercised**	**At 31.1.2004**
29 September 2003	31 January 2007	1.00	0	500,000	0	500,000

	2004	2003
Number of shares options vested at balance sheet date	**500,000**	0

9 Finance cost

	Group	
	2004	2003
	RM	RM
Total interest expense	**3,110,283**	4,367,149
Less: Interest capitalised into property, plant and equipment (Note 13)	**0**	(514,279)
Interest expense charged to income statement	**3,110,283**	3,852,870

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

10 Taxation

	Group		Company	
	2004	2003	**2004**	2003
	RM	RM	**RM**	RM
In respect of current financial year:				
In Malaysia				
Income tax				
- Company and subsidiaries	**3,874,131**	643,128	**3,616,239**	606,511
- Associates	**12,218,497**	9,492,565	**0**	0
Deferred tax (Note 17)	**334,571**	595,717	**0**	0
	16,427,199	10,731,410	**3,616,239**	606,511
Outside Malaysia				
Income tax				
- Subsidiaries	**14,243**	126,077	**0**	0
- Jointly controlled entities	**360,000**	1,622,005	**0**	0
- Associates	**2,973,527**	1,432,455	**0**	0
	3,347,770	3,180,537	**0**	0
Over accrual in prior financial year:				
In Malaysia				
Deferred tax				
- Associates	**(1,078,976)**	0	**0**	0
Outside Malaysia				
Income tax				
- Subsidiaries	**(402,825)**	0	**0**	0
	18,293,168	13,911,947	**3,616,239**	606,511

Numerical reconciliations between the effective tax rate and the Malaysian tax rate are as follows:

	Group		Company	
	2004	2003	**2004**	2003
	%	%	**%**	%
Malaysian tax rate	**28**	28	**28**	28
Tax effects of:				
- different tax rates in other countries	**(6)**	0	**0**	0
- expenses not deductible for tax purposes	**9**	3	**1**	8
- expenses subject to double deduction	**(1)**	(2)	**0**	0
- income not subject to tax	**(10)**	(2)	**0**	0
- current year's tax losses and deductible temporary differences not recognised	**0**	1	**0**	0
- over accrual in prior year	**2**	0	**0**	0
	22	28	**29**	36

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

11 Earnings per share

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	2004	2003
Net profit for the financial year (RM)	**60,929,520**	25,428,342
Weighted average number of ordinary shares in issue	**320,632,830**	320,632,830
Basic earnings per share (sen)	**19**	11

(b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares from share options granted to employees.

	2004	2003
Net profit for the financial year (RM)	**60,929,520**	35,428,342
Weighted average number of ordinary shares in issue	**320,632,830**	320,632,830
Adjustments for share options	**166,667**	0
Weighted average number of ordinary shares for diluted earnings per share	**320,799,497**	320,632,830
Diluted earnings per share (sen)	**19**	11

Comparative earnings per share information has been restated to take into account the effect on net profit for the financial year of the change in accounting policy with respect to deferred taxation (Note 30).

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

12 Dividends in respect of ordinary shares

Dividends declared or proposed in respect of ordinary shares for the financial year are as follows:

	Group and Company			
	2004		2003	
	Gross dividend per share	**Amount of dividends, net of 28% tax**	Gross dividend per share	Amount of dividends, net of 28% tax
	sen	**RM**		
Final dividends:				
- transfer to proposed dividend reserve at balance sheet date	**2**	**4,617,113**	0	0

At the forthcoming Annual General Meeting on 22 June 2004, a first and final gross dividends in respect of the financial year ended 31 January 2004 of 2 sen per share (2003 : Nil), less income tax of 28%, amounting to RM4,617,113 will be proposed for shareholders approval. These financials reflect this first and final dividends as an appropriation from retained earnings into a proposed dividends reserve.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

13 Property, plant and equipment

Group 2004	Freehold land RM	Long term leasehold land RM	Building RM	Plant and machinery RM	Furniture, Fixtures, fittings and equipment RM	Motor vehicles RM	Gymnasium and electrical equipment RM	Renovation RM	Capital work-in -progress RM	Total RM
Cost										
At 1 February 2003	36,966,183	2,888,091	19,813,846	10,888,295	6,020,851	312,993	1,698,471	686,977	3,611,878	82,887,585
Additions	0	0	4,804,839	810,049	1,308,197	523,711	132,991	675,640	6,934,823	15,190,250
Disposals	0	0	(26,622)	(102,156)	(30,330)	(509,225)	0	0	0	(668,333)
Write off	0	0	0	(3,800)	(245,136)	0	0	(287,694)	0	(536,630)
At 31 January 2004	36,966,183	2,888,091	24,592,063	11,592,388	7,053,582	327,479	1,831,462	1,074,923	10,546,701	96,872,872
Accumulated depreciation										
At 1 February 2003	0	11,000	541,621	1,330,636	954,782	54,482	420,821	87,998	0	3,401,340
Charge for the financial year	0	11,000	569,644	1,488,709	1,345,507	89,513	422,015	210,196	0	4,136,584
Disposals	0	0	(23,960)	(5,044)	(9,968)	(137,660)	0	0	0	(176,632)
Write off	0	0	0	(456)	(115,347)	0	0	(102,033)	0	(217,836)
At 31 January 2004	0	22,000	1,087,305	2,813,845	2,174,974	6,335	842,836	196,161	0	7,143,456
Impairment										
At 1 February 2003	0	0	0	0	0	0	0	0	0	0
Impairment loss for the financial year	0	0	0	0	20,507	0	0	0	0	20,507
At 31 January 2004	0	0	0	0	20,507	0	0	0	0	20,507
Net book value										
At 31 January 2004	36,966,183	2,866,091	23,504,758	8,778,543	4,858,101	321,144	988,626	878,762	10,546,701	89,708,909

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

13 Property, plant and equipment (continued)

Group 2003	Freehold land RM	Long term leasehold land RM	Building RM	Plant and machinery RM	Furniture, Fixtures, fittings and equipment RM	Motor vehicles RM	Gymnasium and electrical equipment RM	Renovation RM	Capital work-in -progress RM	Total RM
Cost										
At 1 February 2002	4,632,584	2,888,091	2,230,275	6,184,231	5,137,506	236,390	1,597,737	540,684	52,879,261	76,326,759
Additions	0	0	892,465	1,319,361	1,272,327	291,082	114,837	180,080	3,339,033	7,409,185
Disposals	0	0	(134,713)	(52,506)	(398,771)	(214,479)	(14,103)	(33,787)	0	(848,359)
Reclassifications	32,333,599	0	16,825,819	3,437,209	9,789	0	0	0	(52,606,416)	0
At 31 January 2003	36,966,183	2,888,091	19,813,846	10,888,295	6,020,851	312,993	1,698,471	686,977	3,611,878	82,887,585
Accumulated depreciation										
At 1 February 2002	0	0	0	0	0	0	0	0	0	0
Charge for the financial year	0	11,000	574,179	1,330,797	1,127,312	68,451	432,723	100,098	0	3,644,560
Disposal	0	0	(32,558)	(161)	(172,530)	(13,969)	(11,902)	(12,100)	0	(243,220)
At 31 January 2003	0	11,000	541,621	1,330,636	954,782	54,482	420,821	87,998	0	3,401,340
Net book value										
At 31 January 2003	36,966,183	2,877,091	19,272,225	9,557,659	5,066,069	258,511	1,277,650	598,979	3,611,878	79,486,245

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

13 Property, plant and equipment (continued)

	Group	
	2004	2003
	RM	RM
Net book value of assets pledged as security for term loan (Note 25)		
- long term leasehold land and building	**17,682,731**	17,882,830
- plant & machinery	**3,837,562**	6,104,248
	21,520,293	23,987,078

Interest expense on borrowings directly related to land that has been capitalised within additions of the Group during the financial year amounted to RM NIL (2003: RM514,279) (Note 9).

The net book value of plant and machinery under hire purchase and finance lease arrangements at the end of the financial year 31 January 2004 amounted to RM2,559,030 (2003: RM2,407,425).

	Computer	Furniture, Fixtures, fittings and equipment	Total
Company	**RM**	**RM**	**RM**
2004			
Cost			
At 1 February 2003	**26,745**	**26,076**	**52,821**
Additions	**13,725**	**15,665**	**29,390**
At 31 January 2004	**40,470**	**41,741**	**82,211**
Accumulated depreciation			
At 1 February 2003	**2,823**	**2,129**	**4,952**
Charge for the financial year	**6,617**	**4,869**	**11,486**
At 31 January 2004	**9,440**	**6,998**	**16,438**
Net book value			
At 31 January 2004	**31,030**	**34,743**	**65,773**

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

13 Property, plant and equipment (continued)

Company	**Computer RM**	**Office equipment RM**	**Total RM**
2003			
Cost			
At 1 February 2002	0	0	0
Additions	26,745	26,076	52,821
At 31 January 2003	26,745	26,076	52,821
Accumulated depreciation			
At 1 February 2002	0	0	0
Charge for the financial year	2,823	2,129	4,952
At 31 January 2003	2,823	2,129	4,952
Net book value			
At 31 January 2003	23,922	23,947	47,869

14 Subsidiaries

	Company	
	2004 RM	2003 RM
Unquoted shares, at cost	**15,785,622**	3,619,246

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

14 Subsidiaries (continued)

During the fnancial year, the Group undertook an internal restructuring to rationalise the Group's investments for more effective management. The following transfers of subsidiaries were made within the Group:

(a) Gold Information Systems Sdn Bhd transferred its entire 70% equity interest in Macro Kiosk Sdn Bhd to the Company at cost.

(b) The Company transferred its 100% equity interest in Gold Water Pte Ltd (formerly known as TTD China Ventures Pte Ltd) and Manax Limited to GoldChina Sdn Bhd (formerly known as TTD China Ventures (M) Sdn Bhd) at cost.

On 16 January 2004, GoldChina Sdn Bhd increased its issued and paid up share capital from RM50,000 to RM10,000,000 by the creation of 9,950,000 ordinary shares of RM1.00 each. In conjunction with the issue of new ordinary shares, the executive director of GoldChina Sdn Bhd exercised his option to take up 10% of the shares in the Company at par as provided for in his employment contract dated 18 March 1999.

As a result, the Group's effective interest in GoldChina Sdn Bhd has decreased from 100% to 90% and the effect of dilution has been taken to the income statement of the Group as part of staff benefits.

The details of subsidiaries are as follows:

Name of company	Place of incorporation	Principal activities	Group's effective interest 2004 %	2003 %
Diversified Healthcare Services Sdn Bhd	Malaysia	Healthcare management services	**78.15**	78.15
Gold Information Systems Sdn Bhd	Malaysia	Broadband web based solutions	**100**	100
LA Residence Sdn Bhd	Malaysia	Property holding	**100**	100
Multistock Sdn Bhd	Malaysia	Investment trading	**100**	100

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

14 Subsidiaries (continued)

Name of company	Place of incorporation	Principal activities	Group's effective interest 2004 %	2003 %
GoldChina Sdn Bhd (formerly known as TTD China Ventures (M) Sdn Bhd)	Malaysia	Investment holding	**90**	100
Sweat Club Sdn Bhd	Malaysia	Development and management of fitness centres, trading of sports equipment and sports wear	**100**	100
Macro Kiosk Sdn Bhd	Malaysia	Mobile communications technology provider.	**70**	70
Held by Diversified Healthcare Services Sdn Bhd				
Ecofen Marketing Sdn Bhd	Malaysia	Sale of audiology products	**78.15**	78.15
HOE Pharmaceuticals Sdn Bhd	Malaysia	Manufacturer of pharmaceuticals products	**78.15**	78.15
Living Tree Pharmacy Sdn Bhd	Malaysia	Retailer of pharmaceutical products and herbal medicine	**78.15**	78.15
Diversified Healthcare Services (Hong Kong) Ltd +	Hong Kong	Healthcare management services	**78.15**	78.15
Langkah Motivasi (M) Sdn Bhd	Malaysia	Dormant	**78.15**	78.15
HOE Baby Products Sdn Bhd	Malaysia	Sale of baby products	**78.15**	78.15
Held by Gold Information Systems Sdn Bhd				
Hibits Sdn Bhd	Malaysia	Dormant	**100**	100
Held by Macro Kiosk Sdn Bhd				
Macro Kiosk International Sdn Bhd+ (formerly known as Intellipower Sdn Bhd)	Malaysia	Dormant	**70**	0

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

14 Subsidiaries (continued)

Name of company	Place of incorporation	Principal activities	Group's effective interest 2004 %	2003 %
Held by GoldChina Sdn Bhd (formerly known as TTD China Ventures (M) Sdn Bhd)				
Rowille Investment Co. Ltd +	Hong Kong	Investment holding	**90**	100
Tramex Pte Ltd +	Singapore	Investment holding.	**90**	100
Gold Water Pte Ltd + (formerly known as TTD China Ventures Pte Ltd)	Singapore	Building, constructing, decorating, merchandising and dealer in stone, sand, lime, etc.	**90**	100
Manax Limited +	Hong Kong	Investment holding	**90**	100
Held by Tramex Pte Ltd				
Carney Investment Limited +	Hong Kong	Investment holding	**0**	56
Held by Manax Limited				
Tianjin Manax Natural Fibre Thin Film Co. Ltd +	People's Republic of China	Paper manufacturing	**72**	80

\+ *Not audited by PricewaterhouseCoopers*

Acquisition of a subsidiary

On 11 September 2003, the Group via Macro Kiosk Sdn Bhd acquired the entire issued and paid-up share capital of Macro Kiosk International Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00. This acquisition has no material effect on the financial statements of the Group as the subsidiary acquired has not commenced operations.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

15 Associates

	Group		Company	
	2004	2003	**2004**	2003
	RM	RM	**RM**	RM
Investments, at cost:				
Quoted in Malaysia				
- Ordinary shares	**576,856,451**	576,856,451	**541,381,455**	541,381,455
- Warrants	**0**	0	**0**	0
- Irredeemable Cumulative Preference Shares	**18,853,021**	18,128,421	**18,128,421**	18,128,421
Unquoted ordinary shares outside Malaysia	**0**	24,734,270	**0**	0
	595,709,472	619,719,142	**559,509,876**	559,509,876
Add: Group's share of post-acquisition profits and reserves	**56,947,256**	25,925,632	**0**	0
	652,656,728	645,644,774	**559,509,876**	559,509,876

	Group	
	2004	2003
	RM	RM
Analysis of associates is as follows:		
Share of net assets	**688,093,670**	681,677,739
Less: Reserve on consolidation	**(35,436,942)**	(36,032,965)
	652,656,728	645,644,774
Market value :		
- Ordinary shares	**436,829,152**	286,286,723
- Warrants	**27,300,250**	15,536,798
- Irredeemable Cummulative Preference Shares	**18,174,251**	10,877,053

Although, at balance sheet date, the Group's cost of investments in quoted shares of an associate exceeded its market value, the associate is profitable and its attributable net tangible assets is above the cost of the Group. As such, the Directors are of the opinion that an allowance for diminution in value of investment is not necessary.

	2004	2003
	RM	RM
Share of capital commitments of property, plant and equipment	**108,525**	**121,882**
Share of contingent liabilities	**128,114,775**	**81,514,650**

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

15 Associates (continued)

The associates are:

Name of company	Place of incorporation	Principal activities	Group's effective interest 2004 %	2003 %
①GTB Holdings Limited +	Hong Kong	Investment holding	0	26.31
② Beijing China Homes GTB Real Estate Development Co. Ltd +	China	Property development	0	26.31
IGB Corporation Berhad	Malaysia	Investment holding and property development	28.94	29.44

① Held by Carney Investment Limited
② Held through GTB Holdings Limited
\+ *Not audited by PricewaterhouseCoopers*

16 Jointly controlled entities

	Company 2004 RM	2003 RM
Unquoted shares, at cost	**14,200,000**	6,400,000

	Group 2004 RM	2003 RM
Share of net assets of the jointly controlled entities	**69,850,466**	60,071,634

The Company and certain subsidiaries have interest in jointly controlled entities to undertake the development of various projects.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

16 Jointly controlled entities (continued)

The jointly controlled entities are:

Name of company	Place of incorporation	Principal activities	Group's effective interest 2004 %	2003 %
Jili Plaza Development Co Ltd +	People's Republic of China	Property investment	45	50
Ecosem Sdn Bhd +	Malaysia	Chips manufacturing	40	40
Held by Ecosem Sdn Bhd				
Ipanel Malaysia Sdn Bhd + (formerly known as Zeal Empire Sdn Bhd)	Malaysia	Dormant	30	0
Ipanel Pte Ltd +	Singapore	Manufacture and repair of electricity distribution and control apparatus NEC	12	0

\+ *Not audited by PricewaterhouseCoopers*

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

16 Jointly controlled entities (continued)

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

	Group	
	2004	2003
	RM	RM
Property, plant and equipment	**87,801,618**	82,551,399
Investment	**1,135,329**	1,132,723
Current assets	**25,212,138**	19,580,975
Current liabilities	**(40,300,298)**	(40,188,784)
Non-current liabilities	**(3,998,321)**	(3,004,679)
Net assets	**69,850,466**	60,071,634

The Group's share of the revenue and expenses of the jointly controlled entities are as follows:

	Group	
	2004	2003
	RM	RM
Revenue	**19,093,898**	22,992,723
Expenses	**(16,994,445)**	(18,159,547)
Profit from ordinary activities before taxation	**2,099,453**	4,833,176
Taxation	**(360,000)**	(1,622,005)
Profit from ordinary activities after taxation	**1,739,453**	3,211,171

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

17 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2004	2003	**2004**	2003
	RM	RM	**RM**	RM
Deferred tax assets	**(231,607)**	(583,978)	**0**	0
Deferred tax liabilities:	**826,200**	844,000	**0**	0
	594,593	260,022	**0**	0
At 1 February	**260,022**	(335,695)	**0**	0
Charged/(credited) to income statement:				
- property, plant and equipment	**79,619**	717,494	**0**	0
- tax losses	**26,181**	107,914	**0**	0
- accruals	**228,771**	(229,691)	**0**	0
	334,571	595,717	**0**	0
At 31 January	**594,593**	260,022	**0**	0
Subject to income tax:				
Deferred tax assets (before offsetting)				
- property, plant and equipment	**(20,962)**	(52,390)	**0**	0
- tax losses	**(388,009)**	(452,391)	**0**	0
- accruals	**(45,649)**	(160,827)	**0**	0
	(454,620)	(665,608)	**0**	0
Offsetting	**223,013**	81,630	**0**	0
Deferred tax assets (after offsetting)	**(231,607)**	(583,978)	**0**	0
Deferred tax liabiltieis (before offsetting)				
- property, plant and equipment	**973,820**	925,630	**0**	0
- accruals	**75,393**	0	**0**	0
	1,049,213	925,630	**0**	0
Offsetting	**(223,013)**	(81,630)	**0**	0
Deferred tax liabilities (after offsetting)	**826,200**	844,000	**0**	0

The amount of deductible temporary differences and unused tax losses (both of which have no expiry) for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group		Company	
	2004	2003	**2004**	2003
	RM	RM	**RM**	RM
Deductible temporary differences	**3,566,515**	**1,686,844**	**16,438**	4,952
Tax losseses	**5,860,833**	**7,154,766**	**0**	0
	9,427,348	**8,841,610**	**16,438**	4,952

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

18 Inventories

	Group 2004 RM	2003 RM
At cost:		
Raw materials	**4,435,711**	3,656,486
Work-in-progress	**215,925**	80,145
Finished goods	**4,347,771**	1,878,058
	8,999,407	5,614,689

19 Quoted investments

	Group 2004 RM	2003 RM
At cost:		
Quoted shares in Malaysia	**547,291**	553,741
Less: Allowance for diminution in value	**(310,333)**	(310,333)
	236,958	243,408
Market values of quoted shares in Malaysia	**289,923**	243,408

The market values at the balance sheet date of these investments approximated the fair values.

20 Amounts receivable from subsidiaries

The amounts receivable from subsidiaries are denominated in Ringgit Malaysia. They represent unsecured advances with no fixed terms of repayment and bear interest ranging from 2% to 4% (2003: 2% to 4%) per annum.

21 Amounts receivable from associates

The amounts receivable from associates are denominated in Ringgit Malaysia and are unsecured, interest free and have no fixed terms of repayment.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

22 Receivables, deposits and prepayments

	Group		Company	
	2004	2003	**2004**	2003
	RM	RM	**RM**	RM
Trade receivables	**55,699,920**	31,549,547	**0**	0
Less: Allowance for doubtful debts	**(750,000)**	0	**0**	0
	54,949,920	31,549,547	**0**	0
Deposits	**406,982**	599,824	**3,750**	3,750
Prepayments	**1,277,567**	3,746,570	**0**	0
Tax recoverable	**995,389**	955,775	**4,106,894**	411,230
Amount due from a jointly controlled entity	**15,850,346**	16,907,854	**0**	0
Other receivables	**1,454,936**	2,627,920	**23,211**	8,011
Less: Allowance for doubtful debts	**(1,429,507)**	0	**0**	0
	25,429	2,627,920	**23,211**	8,011
	73,505,633	56,387,490	**4,133,855**	422,991

The currency exposure profile of trade receivables is as follows:		
- Ringgit Malaysia	**11,796,597**	6,374,167
- US Dollar	**20,797,984**	5,361,538
- Singapore Dollar	**1,786,558**	2,117,042
- Chinese Renminbi	**13,903,938**	16,020,989
- British Pound	**2,223,716**	244,167
- Hong Kong Dollar	**4,031,607**	1,242,554
- Euro Dollar	**377,182**	135,858
- Brunei Dollar	**32,338**	53,232
	54,949,920	31,549,547

Credit terms of trade receivables range from payment in advance to 90 days.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are internationally dispersed, cover a broad spectrum of manufacturing and distribution and have a variety of end markets in which they sell. The Group's experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Amount due from a jointly controlled entity represents unsecured advances and interest free (2003: 7% per annum) with no fixed terms of repayment.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

23 Cash and cash equivalents

	Group		Company	
	2004	2003	**2004**	2003
	RM	RM	**RM**	RM
Deposits with licensed banks	**12,419,371**	13,200,000	**9,286,826**	13,200,000
Bank and cash balances	**15,468,645**	12,667,391	**2,997**	125,164
Deposits, cash and bank balances	**27,888,016**	25,867,391	**9,289,823**	13,325,164
Less:				
- Deposits pledged	**(5,528,614)**	0	**(3,042,422)**	0
- Bank overdrafts (Note 26)	**(1,796,545)**	(930,718)	**0**	0
	20,562,857	24,936,673	**6,247,401**	13,325,164
The currency exposure profile of deposits, cash and bank balances is as follows:				
- Ringgit Malaysia	**11,201,477**	16,171,993	**9,289,823**	13,325,164
- US Dollar	**10,785,265**	3,886,575	**0**	0
- Singapore Dollar	**40,054**	20,347	**0**	0
- Chinese Renminbi	**5,553,201**	5,762,221	**0**	0
- Hong Kong Dollar	**277,823**	7,477	**0**	0
- Australian Dollar	**0**	18,778	**0**	0
- Euro Dollar	**30,196**	0	**0**	0
	27,888,016	25,867,391	**9,289,823**	13,325,164

Deposits of the Group and Company have an average maturity of 30 days. Bank balances are deposits held at call with banks except for deposits of the Group and Company amounting to RM5,528,614 (2003: NIL) and RM3,042,422 (2003: NIL) are pledged to secure the term loan as disclosed in Note 25 to the financial statements.

The weighted average interest rate of deposits that were effective at end of the financial year were as follows:

	Group		Company	
	2004	2003	**2004**	2003
	%	%	**%**	%
Deposits with licensed banks	**2.8**	2.2	**2.8**	2.2

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

24 Payables and accruals

	Group		Company	
	2004	2003	**2004**	2003
	RM	RM	**RM**	RM
Trade payables	**13,880,370**	6,780,366	**0**	0
Other payables	**14,640,726**	7,269,581	**382,301**	178,312
Amount due to a jointly controlled entity partner	**8,818,897**	21,162,157	**0**	0
Accruals	**2,693,308**	810,205	**25,000**	25,000
Deposits received	**1,567,671**	499,651	**0**	0
Hire purchase payables (Note 27)	**428,512**	375,390	**0**	0
Finance lease payables (Note 27)	**317,086**	345,912	**0**	0
	42,346,570	37,243,262	**407,301**	203,312
The currency exposure profile of trade payables is as follows:				
- Ringgit Malaysia	**4,771,826**	3,290,010	0	0
- US Dollar	**4,026,795**	23,401	0	0
- Chinese Renminbi	**4,811,888**	3,335,034	0	0
- Euro Dollar	**110,378**	131,921	0	0
- Singapore Dollar	**159,483**	0	0	0
	13,880,370	6,780,366	0	0

Credit terms of trade payables and suppliers of goods and services to the Group vary from no credit to 60 days.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

25 Bank borrowings

	Group 2004 RM	2003 RM
Current		
Secured:		
- Revolving credit	**3,893,340**	26,870,256
- Term loan	**20,696,628**	10,028,793
	24,589,968	36,899,049
Unsecured:		
- Trust receipts/Bankers' acceptances	**4,064,430**	2,879,529
- Revolving credit	**24,832,544**	24,739,160
	28,896,974	27,618,689
	53,486,942	64,517,738
Non current		
Secured:		
- Term loan	**13,823,367**	24,155,585
Total		
- Revolving credit	**28,725,884**	51,609,416
- Trust receipts/Bankers' acceptances	**4,064,430**	2,879,529
- Term loans	**34,519,995**	34,184,378
	67,310,309	88,673,323

	Group 2004 %	2003 %
Weighted average effective interest rates:		
Term Loans :		
- secured	**4.90**	5.73
Revolving credits:		
- unsecured	**4.10**	4.40
- secured	**3.40**	3.40
Trust Receipts	**6.00**	2.50

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

25 Bank borrowings (continued)

	Group 2004 RM	Group 2003 RM
Currency exposure profile:		
US Dollar	**26,725,884**	49,609,416
Chinese Renminbi	**23,000,490**	20,498,940
Ringgit Malaysia	**17,583,935**	18,564,967
	67,310,309	88,673,323

The repayment terms of the term loans are as follows:

	Group 2004 RM	Group 2003 RM
Current:		
Payable within 12 months	**20,696,628**	10,028,793
Non-current:		
Payable between 1 to 2 years	**8,668,857**	6,682,719
Payable between 2 to 5 years	**5,154,510**	12,852,000
Payable after 5 years	**0**	4,620,866
	13,823,367	24,155,585
	34,519,995	34,184,378

The term loan is secured by means of a fixed charge on the long term leasehold land and building and plant and machinery of subsidiaries (Note 13) and deposits of a subsidiary and the Company (Note 23).

The estimated fair value of term loans at balance sheet date approximated its carrying amount.

26 Bank overdrafts (secured)

The weighted average interest rate for bank overdrafts at the end of the financial year is at 7.42% (2003: 7.65%) per annum. All bank overdrafts are denominated in Ringgit Malaysia. The bank overdrafts are secured by a corporate guarantee from the Company.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

27 Hire purchase and finance lease payables

	Group	
	2004	2003
	RM	RM
Hire purchase liabilities (secured)		
- Not later than 1 year	**483,536**	425,594
- Later than 1 year not later than 5 years	**330,458**	302,870
	813,994	728,464
Interest in suspense	**(93,730)**	(81,850)
	720,264	646,614
Payable not later than 1 year (Note 24)	**428,512**	375,390
Payable later than 1 year not later than 5 years	**291,752**	271,224
	720,264	646,614

The hire purchase facilities are secured by a corporate guarantee from the Company.

	Group	
	2004	2003
	RM	RM
Finance lease liabilities		
- Not later than 1 year	**358,006**	390,552
- Later than 1 year not later than 5 years	**0**	358,006
	358,006	748,558
Interest in suspense	**(40,920)**	(85,567)
	317,086	662,991
Present value of finance lease liabilities		
- Not later than 1 year (Note 24)	**317,086**	345,912
- Later than 1 year not later than 5 years	**0**	317,079
	317,086	662,991

The estimated fair value of hire purchase and finance lease liabilities at balance sheet date approximated its carrying amount.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

28 Share capital

	Group and Company	
	2004	2003
	RM	RM
Ordinary shares of RM1.00 each:		
Authorised :		
At 1 February/31 January	**1,000,000,000**	1,000,000,000
Issued and fully paid:		
At 1 February/31 January	**320,632,830**	320,632,830

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 21 December 2001 and became effective on 31 January 2002, for a period of five years, in accordance with the ESOS Bye-Laws.
The main features of the ESOS are as follows:

(i) Eligible persons are employees and Executive Directors of the Company and its subsidiaries who fall within the categories determined by the Company and must have been confirmed and served for at least two years in the employment of the Gold IS Group or the former Tan & Tan Group but subsequently employed by and on the payroll of any company comprised in the Gold IS Group, as the case may be, on or prior to the date of offer.

(ii) The total number of new shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at the time of the offer during the existence of the ESOS.

(iii) The subscription price for each new share may be set at a discount of not more than 10% from the five day weighted average price of the shares at the time the option is granted or any subscription price in accordance with any guidelines, rules and regulations of the relevant authorities governing the ESOS at the time of the offer. Notwithstanding this, the subscription price shall in no event be less than the nominal value of the shares.

(iv) No option shall be granted for less than 1,000 shares nor more than the maximum allowable allotment.

(v) The number of shares under option or the subscription price or both, so far as the options remain unexercised, shall be adjusted following any variation in the issued share capital of the Company by way of capitalisation of profit or reserves, rights issue, reduction, subdivision or consolidation of capital.

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

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

28 Share capital (continued)

Granted date	Expired date	Exercise price RM/Share	At 1.2.2003	Granted	Excercised	At 31.1.2004
			Number of shares			
29 September 2003	31 January 2007	1.00	0	500,000	0	500,000

	2004	2003
Number of shares options vested at balance sheet date	**500,000**	0

29 Retained earnings and proposed dividend reserve

There are sufficient Section 108 tax credits to frank all the proposed dividend reserve and RM2,055,185 (2003 : RM1,462,156) of retained earnings of the Company as at 31 January 2004 if paid out as dividends.

30 Change in accounting policy

During the financial year, the Group changed its accounting policy for deferred taxation in compliance with MASB 25 “Income Taxes”.

Prior to the adoption of MASB 25, deferred tax was provided using the liability method on all timing differences except where it is considered reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. No future income tax benefits is recognised in respect of unutilised tax losses and timing differences that result in a net debit balance unless it can be demonstrated that these benefits can be realised in the foreseeable future. Potential tax saving relating to a tax loss carried forward is only recognised if there is assurance beyond any reasonable doubt that future taxable income will be sufficient for the benefit of the loss to be realised.

MASB 25 now requires deferred tax to be recognised in full, using the liability method, on temporary differences arising between the tax base attributed to assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

This change in accounting policy has been accounted for retrospectively.

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

30 Change in accounting policy (continued)

The effects of the change in accounting policy on the Group's financial statements are as follows:

	As previously reported RM	Effect of change in accounting policies RM	As restated RM
Group			
Financial year ended 31 January 2002			
Balance sheet			
Retained earnings	97,443	(337,120)	239,677
Financial year ended 31 January 2003			
Income statement			
Taxation	1,611,780	(246,858)	1,364,922
Net profit for the financial year	35,181,484	246,858	35,428,342
Balance sheet			
Deferred tax assets	0	583,978	583,978
Retained earnings	35,084,041	583,978	35,668,019

31 Capital commitments

Capital expenditure not provided for in the financial statements are as follows:

	Group and Company	
	2004 RM	2003 RM
Authorised and contracted	**1,196,580**	570,000
Analysed as follows:		
- construction of factory	**0**	570,000
- purchase of machineries	**1,196,580**	0

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

32 Contingent liabilities

At 31 January 2004, the Company had contingent liabilities in respect of guarantees issued to banks amounting to RM47,425,844 (2003: RM70,309,416) for banking facilities extended to subsidiaries.

33 Significant related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties.

	Group	
	2004	2003
	RM	RM
Associates		
- IGB Corporation Berhad		
Interest income receivable	**0**	1,293,485
Related companies (Subsidiaries of IGB Corporation Berhad)		
- Mid Valley City Sdn Bhd		
Sale of goods	**0**	164,000
- Mid Valley City Management Services Sdn Bhd		
Rental	**1,376,848**	1,286,697
- IGB Properties Sdn Bhd		
Rental	**50,006**	182,900
- Tan & Tan Realty Sdn Bhd		
Rental	**261,821**	181,754

Notes to the financial statements for the financial year ended 31 January 2004 (continued)

34 Significant events

During the financial year, a subsidiary entered into a Joint Venture Agreement (JVA) with Maxi-Mix Projects Sdn Bhd to jointly undertake the projects dealing in pure water and waste water treatment and management. This JVA has no material financial impact on the earnings and net tangible assets of the Group for the financial year ended 31 January 2004.

35 Significant non-cash transaction

The significant non-cash transaction during the financial year is as follow:

	Group		Company	
	2004	2003	**2004**	2003
	RM	RM	**RM**	RM
Capitalisation of amount due from subsidiaries	**0**	0	**12,084,000**	0
Acquisition of property, plant and equipment by means of hire purchases	**570,000**	0	**0**	0
Sales proceeds from disposal of Carney discharged by property, plant and equipment (Note 4)	**4,504,365**	0	**0**	0

36 Approval of financial statements

The financial statements have been approved for issue in accordance with resolution of the Board of Directors on 21 May 2004.

Statement by Directors
Pursuant to section 169(15) of the Companies Act, 1965

We, Tan Lei Cheng and Tan Boon Lee, two of the Directors of Gold IS Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 32 to 83 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 January 2004 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of Companies Act, 1965.

Signed in accordance with a resolution of the Board of Directors dated 21 May 2004.

Tan Lei Cheng
Director

Tan Boon Lee
Director

Statutory declaration
Pursuant to section 169(16) of the Companies Act, 1965

I, Leong Kok Chi, the officer primarily responsible for the financial management of Gold IS Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 32 to 83 are 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.

Leong Kok Chi
Officer

Subscribed and solemnly declared by the abovenamed Leong Kok Chi at Kuala Lumpur on 21 May 2004, before me.

Ngui Kee Heong
Commissioner for Oaths
Kuala Lumpur

Report of the auditors to the members of Gold IS Berhad

Company No: 515802-U
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 32 to 83. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :

(i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(ii) the state of affairs of the Group and Company as at 31 January 2004 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in note 14 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

Report of the auditors to the members of Gold IS Berhad (continued)

Company No: 515802-U
(Incorporated in Malaysia)

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

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

PricewaterhouseCoopers
(AF: 1146)
Chartered Accountants

Shirley Goh
(1778/08/04(J))
Partner

21 May 2004

List of properties as at 31 January 2004

Location	Tenure	Land Area	Description	Age of Building Years	Net Book Value RM'000	% Owned by the Group
Properties held by the Company and its subsidiaries						
Commercial Properties						
199 Jalan Tun Razak Kuala Lumpur Malaysia	Freehold	1.95 acres	Approved commercial land for development of a 40 storey office building	N/A	36,966	100
Lot 10, Jalan Sultan Mohd 6 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan Malaysia	99 years commencing 30 March 1994	2.40 acres	2 storey building comprising office, laboratory and factory	3	14,719	78.15
Lot W-31-02 Yang-Wang-Kong Road North Shi-Ge-Zhuang Town Wuqing District Tianjin People's Republic of China	50 years commencing 22 July 1994	16.47 acres	3 single storey office building, 3 factories and a single storey ancilliary building	10	4,280	72
Residential properties						
Unit 4-05, Level 13 Lanes 1 to 4 Xinzhong Street Gong Ti Bei Lu Dong Cheng District Beijing 100027 People's Republic of China	70 years commencing 28 April 2001	0.063acres/ 256.09m^2	Service Apartment unit	2	1,564	90
Unit 4-05, Level 6 Lanes 1 to 4 Xinzhong Street Gong Ti Bei Lu Dong Cheng District Beijing 100027 People's Republic of China	70 years commencing 28 April 2001	0.063acres/ 256.09m^2	Service Apartment unit	2	1,523	90
Unit 4-06, Level 6 Lanes 1 to 4 Xinzhong Street Gong Ti Bei Lu Dong Cheng District Beijing 100027 People's Republic of China	70 years commencing 28 April 2001	0.059acres/ 240.55m^2	Service Apartment unit	2	1,419	90

N/A = not applicable

ANALYSIS OF SHAREHOLDINGS as at 11 May 2004

SHARE CAPITAL

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-up Capital	:	RM320,632,830
Type of shares	:	Ordinary shares of RM1.00 each

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	11	0.18	459	0.00
100 - 1,000	2,441	40.18	2,412,556	0.75
1,001 - 10,000	3,080	50.70	12,048,963	3.76
10,001 - 100,000	424	6.98	12,424,474	3.87
100,001 to less than 5% of issued shares	115	1.89	181,116,714	56.49
5% and above of issued shares	4	0.07	112,629,664	35.13
Total	6,075	100.00	320,632,830	100.00

THIRTY LARGEST SHAREHOLDERS

No	Name	Shares Held	%
1.	Permodalan Nasional Berhad	41,929,000	13.08
2.	Wah Seong (Malaya) Trading Co Sdn Bhd	25,786,456	8.04
3.	Tan Kim Yeow Sdn Bhd	24,414,208	7.61
4.	RHB Capital Nominees (Tempatan) Sdn Bhd -Pledged securities a/c for Tan Chin Nam Sdn Bhd	20,500,000	6.39
5.	HSBC Nominees (Asing) Sdn Bhd - HPBS SG for Kenderlay Ltd	12,524,000	3.91
6.	Tan Chin Nam Sdn Bhd	11,267,939	3.51
7.	Tan Chin Nam Sdn Bhd	10,800,000	3.37
8.	MIDF SISMA Nominees (Asing) Sdn Bhd - Pledged securities a/c for Far East Equity Ltd	10,391,000	3.24
9.	MIDF SISMA Nominees (Asing) Sdn Bhd - Pledged securities a/c for Scorpio Ventures Ltd	9,770,000	3.05
10.	Employees Provident Fund Board	6,849,200	2.14

11.	Mayban Nominees (Asing) Sdn Bhd - Timbarra Services Ltd	6,317,500	1.97
12.	Ke-Zan Nominees (Tempatan) Sdn Bhd - Kim Eng Securities Pte Ltd for Tan Kim Yeow Sdn Bhd	6,178,200	1.93
13.	Wah Seong Enterprises Sdn Bhd	5,647,071	1.76
14.	AMMB Nominees (Tempatan) Sdn Bhd - Pledged securities a/c for Wah Seong (M) Trading Co	5,500,000	1.72
15.	BBL Nominees (Tempatan) Sdn Bhd - Pledged securities a/c for Dato' Tan Chin Nam Sdn Bhd	5,470,377	1.71
16.	HK 28 Ltd	5,177,510	1.61
17.	Mayban Nominees (Tempatan) Sdn Bhd - Pledged securities a/c for Tan Chin Nam Sdn Bhd	5,000,000	1.56
18.	Wah Seong (Malaya) Trading Co Sdn Bhd	4,575,000	1.43
19.	18. Tan Chin Nam	4,222,000	1.32
20.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (Malaysia) Trustee Bhd for Amanah Saham Sarawak	3,593,000	1.12
21.	Lembaga Tabung Angkatan Tentera	3,212,000	1.00
22.	Scanstell Sdn Bhd	3,078,000	0.96
23.	Mayban Nominees (Asing) Sdn Bhd - DBS Bank for Ripley Services Ltd	2,921,900	0.91
24.	AMMB Nominees (Tempatan) Sdn Bhd - AMTrust Bh for HLG Penny Stock Fund	2,593,200	0.81
25.	Tentang Emas Sdn Bhd	2,447,000	0.76
26.	BBL Nominees (Tempatan) Sdn Bhd - Pledged securities a/c for Tan Chin Nam Sdn Bhd	2,300,000	0.72
27.	Malaysian National Reinsurance Berhad	2,000,000	0.62
28.	BBL Nominees (Tempatan) Sdn Bhd - Pledged securities a/c for Wah Seong Trading (M) Sdn Bhd	2,000,000	0.62
29.	A .A Anthony Securities Sdn Bhd	2,000,000	0.62
30.	Dasar Mutiara (M) Sdn Bhd	1,931,586	0.60

SUBSTANTIAL SHAREHOLDERS
(excluding bare trustees)

	NUMBER OF SHARES HELD			
	Direct	%	Indirect	%
Permodalan Nasional Berhad	41,929,000	13.08	-	-
Dato' Tan Chin Nam	10,489,977	3.27	106,701,166	33.28
Tan Chin Nam Sdn Bhd	50,714,139	15.82	55,987,027	17.46
Tan Kim Yeow Sdn Bhd	31,566,408	9.85	52,909,027	16.50
Wah Seong (M) Trading Co Sdn. Bhd	40,591,956	12.66	12,317,071	3.84
Robert Tan Chung Meng	745,787	0.23	84,475,435	26.35
Tony Tan Choon Keat	-	-	84,475,435	26.35
Pauline Tan Suat Ming	120,833	0.04	84,475,435	26.35
Yayasan Pelaburan Bumiputra	-	-	41,929,000	13.08

DIRECTORS' SHAREHOLDINGS

	NUMBER OF SHARES HELD			
	Direct	%	Indirect	%
Tan Lei Cheng	1,945,907	0.61	1,931,586	0.60
Pauline Tan Suat Ming	120,833	0.04	84,475,435	26.35
Tan Boon Lee	2,036,657	0.64	-	-
Tan Kim Leong	-	-	-	-
Daud Mah bin Abdullah	-	-	-	-
Dato' Syed Hamid bin Syed Hussain Alhabshee	-	-	-	-

GOLD IS BERHAD
(515802-U)

PROXY FORM

No. of ordinary shares held

I/We ....……………………………..

of ....………………………………..

being a member of Gold IS Berhad, hereby appoint ………………………………………………………

....of....................................………………………………………..

....………………………………

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held on Thursday, 15 July 2004 at 10.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

Resolutions		For	Against
Resolution 1	Adoption of Financial Statements and Reports		
Resolution 2	Payment of Directors' fees		
Resolution 3	Declaration of First & Final Dividend		
Resolution 4	Re-election of Mr. Tan Kim Leong		
Resolution 5	Re-election of Mr. Tan Boon Lee		
Resolution 6	Re-election of Dato' Syed Hamid bin Syed Hussain Alhabshee		
Resolution 7	Re-appointment of PricewaterhouseCoopers		
Resolution 8	Authorization to Directors to issue shares		

Signature/Common Seal of shareholder ________________________________ Date :__________________

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy, who need not be a member, to vote in his stead. In the case of a corporate member, the instrument appointing a proxy shall be under its common seal or under the hand of a duly authorised officer or attorney. The Form of Proxy shall be deposited at the Corporate Head Office of the Company, Penthouse, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or at any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll .

2. Unless voting instructions are indicated in the spaces provided above, the proxy may vote or abstain as he/she thinks fit.

Then fold here

AFFIX STAMP

The Company Secretary
Gold IS Berhad
Penthouse, Menara Tan & Tan
207 Jalan Tun Razak,
50400 Kuala Lumpur

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