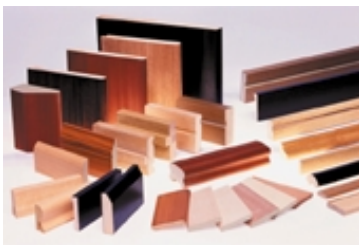


## Chairman's Statement



Dominant Group's environmentally friendly products have been gaining wider and wider acceptance in both local and overseas market



On behalf of the Board of Directors of Dominant Enterprise Berhad (“Dominant” or “the Group”), I am pleased to present the inaugural Annual Report and the Audited Financial Statements of the Group for the financial year ended 31 March 2004.



## 1. INITIAL PUBLIC OFFERING (“IPO”)

The year 2003 was a memorable year for Dominant and its subsidiaries. After more than ten years of hard work, the entire issued and paid-up capital of Dominant was successfully listed on the Second Board of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 20 October 2003. The response to the IPO was overwhelming with the public subscription portion 107.7 times oversubscribed.

## 2. BUSINESS OPERATION REVIEW

The Group performed in line with the expectation of the Board with a profit before tax (“PBT”) of RM 10.5 million, an increase of 15.3% compared to RM 9.1 million in the preceding year on the back of a revenue of RM 142.7 million.

### *Manufacturing Division : -*

The manufacturing division had contributed significantly to the Group's performance owing to its better margins. A total PBT of RM 6.4 million or 61.2% of the Group's PBT was contributed by this division. This represents an increase of 21.1% when compared to the previous year. This increase was attributed to improvement in production efficiency and through economy of scale as production volume increased.

Revenue rose in tandem with production volume. This division contributed a revenue of RM 38.1 million or 26.7% of the Group's total revenue, representing an increase of 22.1% as compared to the prior year.

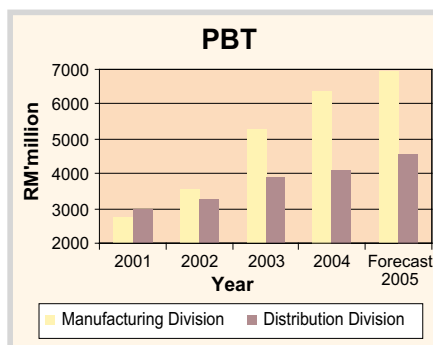
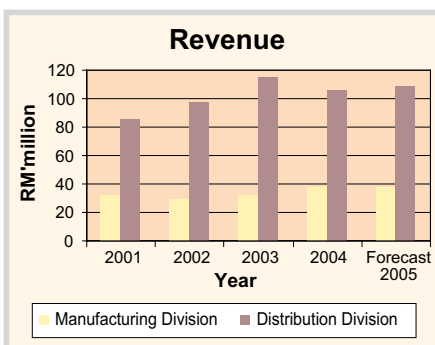
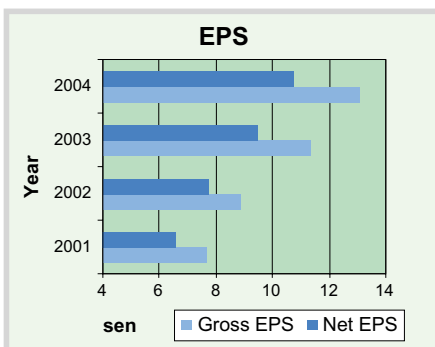
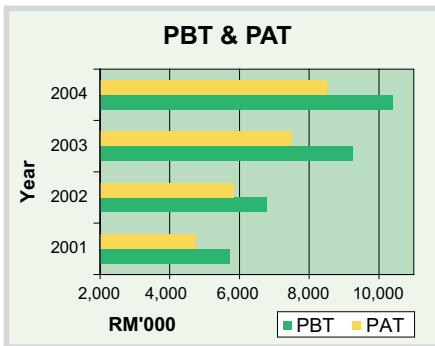
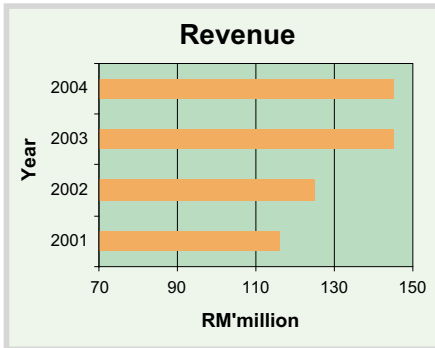
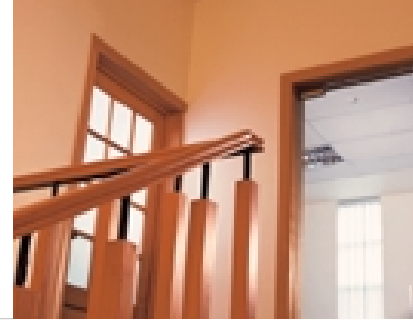
Our manufacturing division's environmentally friendly products have been gaining wider and wider acceptance in both local and overseas market as evidenced by the increase of sales from RM 31.2 million to RM 38.1 million. During the year, a team of sales personnel has been sent to various countries to participate in international trade fairs to further promote its environmentally friendly products.

### *Distribution Division :-*

The distribution division reported a PBT of RM 4.1 million on the back of a revenue of RM 104.6 million. With several business stations positioned at various strategic townships, the domestic market encompasses the whole of Malaysia. For the export markets, the geographical coverage included Singapore, Hong Kong, Philippines and many islands in the Pacific Ocean and Indian Ocean. For the year under review, 90% of the goods were sourced from local suppliers whilst the balance was imported.

During this financial year, the Group had further extended its distribution operations by being involved in the trading of building materials through its subsidiary Jurihan Sdn Bhd.

# Chairman's Statement (cont')



### 3. DIVIDEND

In line with the Group's performance and as recognition of our shareholders' continuous support, the Board had recommended a first and final tax-exempt dividend of 2.5 sen per share for this financial year subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

### 4. UTILISATION OF PROCEEDS FROM IPO

To date, the Group had utilised approximately 73.2% of the proceeds raised from the Public Issue as follows:

|  | RM'million |
|--|------------|
| Part finance the purchase of factory cum warehouse | 2.6        |
| Payment of listing expenses                        | 1.5        |
|  | <hr/>      |
|  | 4.1        |

The proceeds earmarked for acquisition of machinery amounting to RM 1.5 million have yet to be utilised as the upgrading of existing machineries had greatly improved the production output. In addition, the research & development undertaken by the Group had also led to further efficiencies in the production process.

## 5. CORPORATE DEVELOPMENT

During the year, the Group had acquired a piece of freehold industrial land located within the District of Johor Bahru, with an area of 89,526 sq ft together with a single storey factory and a two-storey office building for a total consideration of RM 4,000,000.00. This new factory is now used for manufacturing activities.

In addition, the Board had also proposed to implement an Employee Share Option Scheme ("ESOS") for eligible employees and directors of Dominant and its subsidiaries as a means of motivating them towards better performance. It is the objective of the Group to allow all deserving employees to participate in the future growth of the Group. This scheme has obtained the approval from relevant authorities and will be implemented upon approval of the shareholders at the forthcoming Extraordinary General Meeting of the Company.

## 6. FUTURE PROSPECTS

Notwithstanding the tough economic environment brought about by a US led Iraqi war as well as outbreaks of the Severe Acute Respiratory Syndrome ("SARS") virus and bird flu epidemics that gripped the nation, the world economy appears finally to be recovering gradually in line with global growth. Real output growth in the Asia region is expected to see a higher projected growth together with an improvement in both external and domestic demand.

With the wood industry in general experiencing a higher selling price for most products, the Group expects to ride on the economy's continued wave of recovery and further increase turnover and profitability as our products continue to enjoy strong orders from our varied customer base. Coupled with the high quality of our products, consistent delivery schedules and competitive pricing policies, the Group expects to maintain its lead against competitors.

With the Group's sound financial footing and good support infrastructure, the Group will aim to further strengthen its market position by continuing to design, produce and market new products under its well-known Premierwood brand name. The Group will continue to participate in related international trade fairs especially in previously unexplored countries for growth.

## Chairman's Statement *(cont')*

### 7. CORPORATE GOVERNANCE

The Board believes that the exercise of corporate governance is vital for the Group's continued progress towards success. The Board has reviewed the principles of the Malaysian Code on Corporate Governance ("the Code") and will ensure that the requirements of the Bursa Malaysia are adhered to.

The Board had already initiated steps towards greater transparency including the setting up of Internal Audit, Remuneration and Nominations Committees, to achieve compliance with the Code.

Please refer also to our statement on Corporate Governance in this report for further details.

### 8. IN GRATITUDE

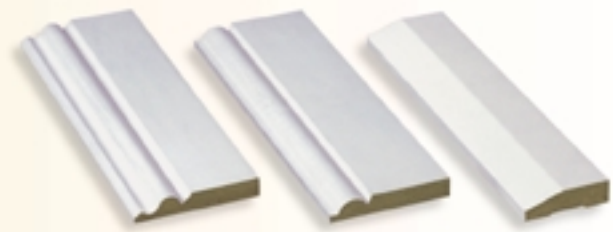
On behalf of the Board of Directors, I would like to take this opportunity to express my sincere appreciation to the management and employees of the Group who had tirelessly in contributed to its success. I am also very grateful to the continued support and guidance of the Group's valued customers, suppliers, business associates, bankers and the authorities.

Last but not least, to our valued shareholders, I thank you for the faith that you have placed in the Board to lead the Group. I assure you that we would all work hard to uphold your confidence in us and lead the Group to greater heights.

Thank you.

On behalf of the Board,

**Teo Ah Bah @ Teo Chuang Kwee**  
Executive Chairman  
2 July 2004



# Audit Committee Report

The Audit Committee was formed to ensure that no restrictions are placed on the scope of statutory audits and that the independence of the internal audit department is not jeopardised. The Audit Committee is primarily responsible for matters related to financial accounting and controls to ensure that good practices are adopted.

## 1. COMPOSITION

| Name                     | Designation | Directorship                                       |
|--------------------------|-------------|--|
| Hj Mohd Khalid Bin Idris | Chairman    | Independent Non-Executive Director                 |
| Cha Aku Wai @            | Member      | Non-Independent Executive Director                 |
| Sia Ah Kow               |             |  |
| Tan Chia Hon (f)         | Member      | Independent Non-Executive Director (Member of MIA) |

## 2. TERMS OF REFERENCE

The terms of reference of the Audit Committee are summarized as follow :-

### 2.1 Authority

The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to :

- a Investigate any activity within the Committee's terms of reference;
- b Have resources which are reasonably required to enable it to perform its duties;
- c Have full and unrestricted access to any information pertaining to the Company or the Group;
- d Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e Obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- f Convene meetings with the external auditors, in the absence of the management, whenever deemed necessary.

### 2.2 Duties

The duties of the Committee shall be to review the following and report the same to the Board:

- a Any matters concerning the appointment and dismissal of the external auditors and their audit fees;
- b The nature and scope of the audit by the external auditors before commencement;
- c The external auditors' audit report, areas of concern arising from the audit and any other matters the external auditors may wish to discuss (in the absence of management if necessary);
- d Any financial information for publication, including quarterly and annual financial statements, before submission to the Board, focusing particularly on:
  - Implementation of major accounting policy changes;
  - Significant and unusual events; and
  - Compliance with accounting standards and legal requirements;

## Audit Committee Report *(cont')*

- e The external auditors' management letter and the management's response;
- f The adequacy and relevance of the scope, functions and resources of internal audit and the necessary authority to carry out its work;
- g The audit plan and work programme of internal audit;
- h Findings of internal audit work and the management's response;
- i Any evaluation on internal controls by auditors;
- j Extent of cooperation and assistance given by the employees;
- k The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group; and
- l Any other matter as directed by the Board.

### 2.3 Overseeing the Internal Audit Function

- a The Committee shall oversee all internal audit functions and is authorised to commission investigations to be conducted by internal audit as it deems fit.
- b The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.
- c All proposals by the management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.

### 2.4 Quorum for meetings

The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.

### 2.5 Attendance at meetings

- a Employees and non-member directors shall not attend any particular audit committee meeting unless specifically invited by the audit committee.
- b A representative of the external auditors shall attend the meeting to consider the final audited financial statements and such other meetings determined by the Committee.

### 2.6 Frequency of Meetings

The Chairman of the Committee shall call for meetings, to be held not less than four times a year. The external auditors may request a meeting if they consider necessary.

### 2.7 Reporting Procedures

- a The Company Secretary shall be the Secretary of the Committee. He shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board.
- b The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee for inclusion in the Company's annual report.
- c The Committee shall assist the Board in preparing the following for publication in the Company's annual report :
  - i Statement on the Company's application of the principles set out in Part 1 of the Malaysian Code on Corporate Governance;
  - ii Statement on the extent of compliance with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance, specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;

- iii Statements on the Board's responsibility for preparing the annual audited financial statements; and
  - iv Statement about the state of internal control of the Group.
- d The Committee may reports any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Malaysia.

### 3. MEETINGS

The Audit Committee met twice (2) for the financial year ended 31 March 2004 since the establishment of the Audit Committee in April 2003. The details of the attendance of the Audit Committee meetings by the members of the Committee are as follows :

|                          |     |
|--------------------------|-----|
| Hj Mohd Khalid Bin Idris | 2/2 |
| Cha Aku Wai @ Sia Ah Kow | 2/2 |
| Tan Chia Hon             | 2/2 |

Notices of meeting were given to all members of the committee. Minutes of each meeting were recorded by the Secretary, confirmed by the Chairman and kept by the Secretary.

### 4. SUMMARY OF ACTIVITIES

Up to the date of this report, the Committee has carried out the following activities in accordance with its Terms of Reference :-

- a Reviewed and adopted the Terms of Reference;
- b Reviewed the unaudited quarter results and recommended to the Board for approval;
- c Discussed with the external auditors on the issues and findings noted during audit;
- d Reviewed audited accounts and annual report;
- e Discussed internal audit functions and activities; and
- f Considered and approved the re-appointment of external auditors and their audit fees.

### 5. INTERNAL AUDIT FUNCTIONS

The Audit Committee endorses the importance of the internal audit functions to provide an independent and objective report on the internal control system within the Group. Hence, an internal audit department has been set up as to provide reasonable assurance that such systems continue to operate effectively. The functions of this department including reviews of internal control system and risk management. The head of department has granted power of reporting to the Audit Committee and Board of directors.

Overview of the Group's approach in maintaining a sound system of internal control is stated in the Internal Control Statement on page 27 of this annual report.



# Nomination Committee Report

The Nomination Committee was formed on 25 February 2004. It aims to establish transparent policies and procedures to select and recommend suitable candidate to the Board. The Nomination Committee shall be responsible for reviewing, considering and proposing new nominees to the Board, and for assessing existing directors' contribution on an on-going basis.

## 1. COMPOSITION

| <b>Name</b>              | <b>Designation</b> | <b>Directorship</b>                                |
|--------------------------|--------------------|--|
| Tan Meng Poo             | Chairman           | Independent Non-Executive Director                 |
| Hj Mohd Khalid Bin Idris | Member             | Independent Non-Executive Director                 |
| Tan Chia Hon (f)         | Member             | Independent Non-Executive Director (Member of MIA) |

## 2. TERMS OF REFERENCE

The terms of reference of the Nomination Committee are summarized as follow:-

- a. To recommend to the Board new candidates for directorship and members for the Board's committees. Consider in making its recommendation candidates for directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any director or shareholder;
- b. To assist the Board to review annually the required mix of skills and experience and other qualities of directors; and
- c. To assist the Board to assess annually:
  - i. the effectiveness of the Board as a whole and the Board's committees; and
  - ii. the contribution of each director.

## 3. MEETINGS

The Committee shall meet at least once a year or any time as the Chairman shall decide in order to fulfill its duties. The Company secretary shall be responsible for drawing up the agenda and circulating to the Committee prior to each meeting. The secretary will also be responsible for keeping the minutes of the meetings of the Committee and circulating them to Committee members.

## 4. SUMMARY OF ACTIVITIES

As the Committee was formed only on 25 February 2004, no meeting was convened for the financial year ended 31 March 2004.

# Remuneration Committee Report

The Remuneration Committee was formed on 25 February 2004. It aims to set up policies and procedures to affix remuneration packages of the executive directors. The Committee will review the salary and other benefits of the executive directors by taking into consideration their individual performances as well as the operation unit performances, overall salary structure and the conditions throughout the Group. Other than that, the Remuneration Committee shall be responsible to adopt a policy that aligns basic salary to the market level among other comparable companies with similar size and/or similar industry.

The remuneration package for non-executive directors will be decided by the Board in respect of their performances, experiences and level of responsibilities undertaken by them. The Directors' fee payable to non-executive directors is to be determined by the Board with the approval of shareholders at the annual general meeting.

## 1. COMPOSITION

| Name                         | Designation | Directorship                                       |
|------------------------------|-------------|--|
| Hj Mohd Khalid Bin Idris     | Chairman    | Independent Non-Executive Director                 |
| Teo Ah Bah @ Tao Chuang Kwee | Member      | Executive Chairman                                 |
| Tan Chia Hon (f)             | Member      | Independent Non-Executive Director (Member of MIA) |

## 2. TERMS OF REFERENCE

The terms of reference of the Remuneration Committee are summarized as follow:-

- a To determine procedures for developing a remuneration policy which will enable the Company to attract and retain directors with the relevant experience and expertise needed to run the Group successfully;
- b To recommend to the Board, the remuneration packages for all executive directors of the Company; and
- c To recommend to the Board, the implementation where practicable of the provisions of the Code related to remuneration.

## 3. MEETINGS

The Committee shall meet at least once a year or any time as the Chairman shall decide in order to fulfill its duties. The Company secretary shall be responsible for drawing up the agenda and circulating to the Committee prior to each meeting. The secretary will also be responsible for keeping the minutes of the meetings of the Committee and circulating them to Committee members.

## 4. SUMMARY OF ACTIVITIES

As the Committee was formed only on 25 February 2004, no meeting was convened for the financial year ended 31 March 2004.

# Statement On Corporate Governance

The Board recognises the importance of the corporate governance outlined in the Malaysian Code on Corporate Governance and strongly believes that a good corporate governance is a fundamental part of the Group to protect and enhance shareholders' value. In view of that, the Board has taken steps to introduce various measures since the Company was listed on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 20 October 2003. The following statement describes the application of the principles and extent of compliance with the best practices.

## 1. DIRECTORS

### 1.1 The Board

The Board has overall responsibility for the proper conducts and operations of the Group's business. In each Board meeting, the Board has formal agenda and matters for discussion and decision. Matters that are brought to the meetings include the :

- Group's corporate plan including the formulation of medium and long term goals for the Group;
- Group's operating and financial performance;
- capital budget consideration and approval;
- statutory and legal compliances; and
- internal audit and control issues.

Three (3) Board Committees were established to assist the Board to delegate their duties. The Board Committees are as follow :-

| Board                  | Chairman                 | Directorship                       |
|------------------------|--------------------------|------------------------------------|
| Audit Committee        | Hj Mohd Khalid Bin Idris | Independent Non-Executive Director |
| Nomination Committee   | Tan Meng Poo             | Independent Non-Executive Director |
| Remuneration Committee | Hj Mohd Khalid Bin Idris | Independent Non-Executive Director |

All board committees report to the Board and the Board retains the overall responsibility for monitoring activities undertaken by Board committees. The composition and terms of reference of these board committees are presented on pages 17 to 21 herein.

### 1.2 Board Balance

The Board has nine (9) members, consisting of one (1) Executive Chairman, five (5) Executive Directors and three (3) Independent Non-Executive Directors. The current Board composition complies with the Listing Requirements of the Bursa Malaysia.

The positions of the Chairman and the Managing Director are clearly separated to ensure that there is a balance of power and authority. All non-executive directors are independent and free from any business or other relationship that could materially interfere with the exercise of their independence judgments.

The profiles of the members of the Board are provided in this annual report on pages 10 to 11.

### 1.3 Board Meetings

The Board will review a variety of matters in the Board meetings including the Group's financial results and corporate development for the Group. The agenda for each Board meeting, together with detailed reports will be circulated to all Board members for their perusal in advance of the Board meeting date, so that members are given sufficient time to prepare and, where necessary, obtain additional information or clarification prior to the meeting. All issues discussed during the Board meetings are recorded by the Company secretary and all minutes of meetings are kept in the minutes book at the registered office.

As the Company listed on 20 October 2003 thus there are only two (2) board meetings held during the financial year ended 31 March 2004. Details of each director's attendance at the Board meetings during current financial year are as follows :

**Directors Attendance**

|                                 |     |
|---------------------------------|-----|
| Teo Ah Bah @ Teo Chuang Kwee    | 2/2 |
| Cha Aku Wai @ Sia Ah Kow        | 2/2 |
| Kuah Kwai Yoke @ Kuah Boo Cheng | 2/2 |
| Teo Kee Tai                     | 2/2 |
| Chai Soon Too                   | 2/2 |
| Owee Geok Choon                 | 2/2 |
| Tan Meng Poo                    | 1/2 |
| Hj Mohd Khalid Bin Idris        | 2/2 |
| Tan Chia Hon                    | 2/2 |

Besides having Board meetings to discuss certain issues, the Board also exercises control on matters that require the Boards' approval through circulation of director's resolutions.

**1.4 Supply of Information**

The Board members have access to all information, records and the advice and services of the Company secretary and auditors. The Company secretary is responsible for ensuring that the Board meetings procedures are followed and the applicable rules and regulations are complied with.

Notices of meetings, agendas and relevant Board papers are given to the directors in sufficient time to enable the directors to obtain additional information and further clarification.

Where necessary, the directors may seek independent professional advice at the Group's expense in order to discharge their duties and responsibilities effectively.

**1.5 Appointment Process**

All new nominations for appointment to the Board are assessed by the Nomination Committee. The Nomination Committee of the Company provides a formal and transparent procedure for the appointment of new Directors to the Board. The Company secretary will ensure that all appointments are properly made and are consistent with the Articles of Association of the Company.

The composition and terms of reference of Nomination Committee are set on page 20 of this annual report.

**1.6 Re-election of Directors**

In accordance with the Company's Articles of Association, at least one-third (1/3) of the Directors shall retire from office at each Annual General Meeting, subject to the retirement of all Directors, at least once in every three (3) years. Retiring directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the Annual General Meeting following their appointment.

**1.7 Director's Training**

To keep abreast with the latest regulatory requirements, all directors have attended the Mandatory Accreditation Programme as requested by Bursa Malaysia. Beside, each director must obtain a minimum of 48 Continuing Education Programme ("CEP") points as required by Bursa Malaysia. As this is the first year listing, the directors of Dominant would only be required to commence the CEP in year 2005.

## Statement On Corporate Governance (cont')

### 2. DIRECTORS REMUNERATION

The remuneration of all directors for the financial year ended 31 March 2004 is summarized as below: -

|                          | Executive Directors<br>RM | Non-Executive Directors<br>RM | Total<br>RM      |
|--------------------------|---------------------------|-------------------------------|------------------|
| Fees                     | -                         | 54,000                        | 54,000           |
| Salary & Other emolument | 1,383,237                 | -                             | 1,383,237        |
| Meeting Allowance        | 6,000                     | 2,500                         | 8,500            |
|                          | <u>1,389,237</u>          | <u>56,500</u>                 | <u>1,445,737</u> |

The number of directors whose total remuneration fell within the following bands for current financial year are set out below :-

| Range of Remuneration   | Number of Director  |                         |
|-------------------------|---------------------|-------------------------|
|                         | Executive Directors | Non-Executive Directors |
| Below RM 50,000         | -                   | 3                       |
| RM 50,001 ~ RM 100,000  | 1                   | -                       |
| RM 100,001 ~ RM 150,000 | -                   | -                       |
| RM 150,001 ~ RM 200,000 | -                   | -                       |
| RM 200,001 ~ RM 250,000 | 4                   | -                       |
| RM 250,001 ~ RM 300,000 | -                   | -                       |
| RM 300,001 ~ RM 350,000 | -                   | -                       |
| RM 350,001 ~ RM 400,000 | -                   | -                       |
| RM 400,001 ~ RM 450,000 | 1                   | -                       |
|                         | <u>6</u>            | <u>3</u>                |

The Board considers it appropriate to disclose the Directors' remuneration in aggregate and bands as provided under the Bursa Malaysia's requirements in view of the local environment.

There are no contracts of service between any directors and the Company or its subsidiaries. None of the director of the Company has held directorship in other public corporation.

### 3. RELATIONS WITH SHAREHOLDERS

The Board recognises the importance for shareholders to be informed of all material business matters affecting the Company and is committed to ensure that the shareholders are well informed of major developments of the Company and the information is communicated to them through the following channels:

- i the Annual Report;
- ii the various disclosures and announcements to Bursa Malaysia including quarterly and annual results; and
- iii the Company's website at <http://www.dominant.com.my>

## 4. ACCOUNTABILITY AND AUDIT

### 4.1 Financial Reporting

It is the Board's duty to present balanced, clear and meaningful financial statements to all shareholders, investors and regulatory authorities. In preparing the financial statements for the financial year ended 31 March 2004, the directors have ensured that :-

- i accounting policies adopted have been consistently applied;
- ii the financial statements were prepared on going concern basis and complied with relevant accounting standards; and
- iii all estimations made are prudent and reasonable.

### 4.2 Internal Control

The Board recognises the importance of an effective internal control system in supporting efficient operations and improving risk management of the Company and its subsidiaries. Hence, an Internal Audit Department has already been put in place to safeguard shareholders' investment by providing a reasonable assurance against material misstatements and frauds.

The details of internal control are provided in the Internal Control Statement on page 27 of this annual report.

### 4.3 Relationship with Auditor

The Group's external auditors play an essential role for the shareholders by enhancing the accuracy of the Group's financial statements and assuring the reliability to users of these financial statements. The Group maintains an appropriate and transparent relationship with the external auditors and always seeks professional advices from the external auditors.

The role of the Audit Committee in relation to the external auditor is described on page 17 of this annual report.

## 5. DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for presenting a true and fair view of the state of affairs of the Group as at the end of each financial year. They also have general responsibilities for taking reasonably steps to safeguard the assets of the Group, and to prevent fraud, irregularities, material misstatements and losses.

The Board has undertaken various steps to ensure timely, accurate and up-to-date financial information are announced to Bursa Malaysia. The distribution of the Annual Report to the shareholders is to ensure that they are kept abreast of the Group's performance throughout the year.

In preparing the financial statements, the Board has ensured that the Group has consistently and prudently applied appropriate accounting policies and applicable approved Accounting Standards. The Board has also ensured the financial statements complied with the Companies Act 1965 and Bursa Malaysia's listing requirement. It is the Board's duty to ensure all accounting records are properly kept.

# Statement On Corporate Governance *(cont')*

## 6. ADDITIONAL INFORMATION

### 6.1 Share buy-backs, Options, Warrants and Convertible Securities

The Company has not purchased any of its own shares during the financial year and has not issued any warrants or convertible securities to any parties but an ESOS had been proposed and approval from the relevant authorities has been obtained.

### 6.2 American Depository Receipt ("ADR") / Global Depository Receipt ("GDR")

The Company has not sponsored any ADR or GDR programme during the financial year.

### 6.3 Sanctions and/or Penalties

The Company is not aware of any sanctions or penalties imposed on the Company, its subsidiaries, directors or management by the relevant regulatory bodies that have been made public.

### 6.4 Non-Audit Fees

For the financial year under review, the amount of non-statutory audit fees paid to the external auditors amounted to RM 138,878, which were professional services rendered in respect of the Group listing exercise.

### 6.5 Variation in Results

A profit forecast for the financial year ended 31 March 2004 was stated in the Prospectus of the Company dated 22 September 2003. The profit generated by the Group did not differ by more than 10% from the forecasted figures stated in the Prospectus.

### 6.6 Profit Guarantee

The Company did not provide any profit guarantee for the Group's operation.

### 6.7 Material Contract

For the year under review, the Group did not enter into any material contracts involving Directors' and major shareholders' interests.

# Internal Control Statement

## 1. INTRODUCTION

Dominant's Internal Control Statement has been prepared in accordance with the Statement on Internal Controls Guidance ("Guidance") adopted by Bursa Malaysia. The Board of Dominant has overall responsibility to maintain an adequate system of internal control and risk management and to review its effectiveness throughout the Group. Such system is designed to manage risk and does not attempt to eliminate all risks, and provides only reasonable assurance, but not absolute assurance against material misstatement or loss.

## 2. KEY ELEMENTS AND PROCESSES

The key elements and processes that the Board has been implemented in ensuring the adequacy and integrity of the system of internal control are as follows :-

- An organisation structure chart has been drawn with clearly defined levels of responsibilities, authorities and reporting procedures.
- The Management is committed to employ suitably qualified staff so that the appropriate levels of authorities and responsibilities can be delegated to ensure operation efficiency.
- A Standard Operating Procedures Manual ("SOPM") has been distributed to each subsidiary's branches. The SOPM clearly states the operational procedures for each task. All departmental heads have been instructed to give full guidance to their subordinates and all employees are well trained on their job. With SOPM, the Board believes that the frequency of occurrence of mistake would be reduced.
- An Internal Audit Department ("IAD") has been set up to execute the instructions of the Board and to implement an adequate internal control system as well as maintain the effectiveness and efficiency of such system. This IAD is independent from other operation departments and it reports directly to the Audit Committee. The IAD is also responsible for ensuring that the SOPM are strictly abided by all employees.
- The Audit Committee is responsible for performing regular reviews of business processes and highlighting significant risks that may impact on the Group's performance to the Board. It has been authorised by the Board to hold discussions with IAD on internal control issues at any point in time when necessary, in the absence of the Management.
- The executive directors have been closely involved in the day-to-day operations of the Group. They attend the operational and management level meetings as well as monitor the Company's policies and procedures. Significant matters identified during these meetings are highlighted to the Board on a timely basis.
- The Board has planned to engage an external consultant to carry out risk assessment of the Group. Once this management system is implemented in the Group, the Board believes that critical risks faced by the Group can be identified and hence better management and control over the risks can be achieved.

The Board is of the view that the existing internal control system is satisfactory and has not resulted in any significant breakdowns or weaknesses that may result in material losses in the Group for the financial year ended 31 March 2004. The Group continues to take necessary measures to strengthen its internal control structure and manage the risks.



# Financial Statements

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Responsible for the Financial Management  
of the Company

# Directors' Report

The directors of **DOMINANT ENTERPRISE BERHAD** have the pleasure of presenting their report together with the audited financial statements of the Group and the Company for the financial year ended March 31, 2004.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of its subsidiary companies are disclosed in Note 13 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

## RESULTS OF OPERATIONS

The results of the operations of the Group and the Company for the financial year are as follows:

|                                | The Group<br>RM | The Company<br>RM |
|--------------------------------|-----------------|-------------------|
| <b>Profit before tax</b>       | 10,487,319      | 1,962,668         |
| <b>Income tax expense</b>      | (1,830,128)     | (15,500)          |
| <b>Net profit for the year</b> | 8,657,191       | 1,947,168         |

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

## DIVIDENDS

A final dividend of 5%, tax-exempt, amounting to RM1,935,000 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

Pending the declaration of dividends by certain subsidiary companies totalling RM2,150,000, the directors proposed a final dividend of 5%, tax-exempt, amounting to RM2,150,000 in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company, and has not been included as a liability in the financial statements.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

As approved by the shareholders at the Extraordinary General Meeting held on August 22, 2003, the Company increased its issued and fully paid-up ordinary share capital from RM38,700,000 to RM43,000,000 by way of:

- a) allotment of 600,000 new ordinary shares of RM0.50 each at RM0.65 per ordinary share pursuant to public issue;
- b) allotment of 4,000,000 new ordinary shares of RM0.50 each at RM0.65 per ordinary share to eligible employees of Dominant Enterprise Berhad and its subsidiaries; and
- c) private placement of 4,000,000 new ordinary shares of RM0.50 each at RM0.65 per ordinary share to identified investors.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

# Directors' Report *(cont')*

## SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

## OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets of the Group and the Company 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 have satisfied themselves that there was no bad debts to be written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would necessitate the writing off of bad debts or render the amount of allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

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

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 substantially affect the ability of the Group and the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and the Company for the succeeding financial year.

## DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Mr. Cha Aku Wai @ Sia Ah Kow  
Mr. Teo Ah Bah @ Teo Chuang Kwee  
Mr. Teo Kee Tai  
Mr. Kuah Kwai Yoke @ Kuah Boo Cheng  
Mr. Chai Soon Too  
Mr. Owee Geok Choon  
Mr. Tan Meng Poo  
Hj Mohd Khalid Bin Idris  
Ms. Tan Chia Hon

In accordance with Article 84 of the Company's Articles of Association, Mr. Teo Ah Bah @ Teo Chuang Kwee, Mr. Cha Aku Wai @ Sia Ah Kow, Ms. Tan Chia Hon retire by rotation and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS

The shareholdings in the Company and in related companies of those who were directors as of the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

|  | No. of ordinary shares of RM0.50 each |            |             |                         |
|--|---------------------------------------|------------|-------------|-------------------------|
|  | Balance as of 1.4.2003                | Bought     | (Sold)      | Balance as of 31.3.2004 |
| <b>Shares in the Company</b>                               |                                       |            |             |                         |
| <b>Registered in name of directors</b>                     |                                       |            |             |                         |
| Mr. Cha Aku Wai @ Sia Ah Kow                               | 3,228,794                             | -          | (2,690,662) | 538,132                 |
| Mr. Teo Ah Bah @ Teo Chuang Kwee                           | 2,060,178                             | -          | (1,716,813) | 343,365                 |
| Mr. Teo Kee Tai  | 1,058,419                             | -          | (882,020)   | 176,399                 |
| Mr. Kuah Kwai Yoke @ Kuah Boo Cheng                        | 779,870                               | -          | (649,887)   | 129,983                 |
| Mr. Chai Soon Too  | 696,379                               | -          | (580,315)   | 116,064                 |
| Mr. Owee Geok Choon  | 121,088                               | -          | (100,907)   | 20,181                  |
| Hj Mohd Khalid Bin Idris                                   | -                                     | 2,408,006  | -           | 2,408,006               |
| <b>Indirect interest</b>                                   |                                       |            |             |                         |
| Mr. Cha Aku Wai @ Sia Ah Kow                               | -                                     | 44,223,456 | -           | 44,223,456              |
| Mr. Teo Ah Bah @ Teo Chuang Kwee                           | -                                     | 15,110     | -           | 15,110                  |
| <b>Shares in the holding company, NS Pacific Sdn. Bhd.</b> |                                       |            |             |                         |
| <b>Registered in name of directors</b>                     |                                       |            |             |                         |
| Mr. Cha Aku Wai @ Sia Ah Kow                               | -                                     | 8,000      | -           | 8,000                   |
| Mr. Teo Ah Bah @ Teo Chuang Kwee                           | -                                     | 5,105      | -           | 5,105                   |
| Mr. Teo Kee Tai  | -                                     | 2,622      | -           | 2,622                   |
| Mr. Kuah Kwai Yoke @ Kuah Boo Cheng                        | -                                     | 1,932      | -           | 1,932                   |
| Mr. Chai Soon Too  | -                                     | 1,725      | -           | 1,725                   |
| Mr. Owee Geok Choon  | -                                     | 300        | -           | 300                     |
| <b>Indirect interest</b>                                   |                                       |            |             |                         |
| Mr. Cha Aku Wai @ Sia Ah Kow                               | -                                     | 5,403      | -           | 5,403                   |
| Mr. Teo Ah Bah @ Teo Chuang Kwee                           | -                                     | 224        | -           | 224                     |

By virtue of the above directors' interest in the shares of the Company and the holding company, the abovementioned directors are also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company and the holding company have interest.

The other directors in office as of the end of the financial year does not hold shares or have beneficial interest in the shares of the Company or its related companies during the financial year.

## Directors' Report *(cont')*

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or became entitled to receive any benefit (other than the benefit included in the aggregate of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the transactions mentioned in Note 17 to the Financial Statements.

During and as of the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### HOLDING COMPANY

The Company is a 51% - owned subsidiary company of NS Pacific Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the Company's ultimate holding company.

### AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

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

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CHA AKU WAI @ SIA AH KOW

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TEO AH BAH @ TEO CHUANG KWEE

Johor Bahru  
May 20, 2004

## Report of The Auditors *to The Members of Dominant Enterprise Berhad*

*(Incorporated in Malaysia)*

We have audited the accompanying balance sheets as of March 31, 2004 and the related statements of income, cash flows and changes in equity for the year then ended. 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 standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting these amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Group and the Company as of March 31, 2004 and of the results and the cash flows of the Group and the Company for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies incorporated in Malaysia have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' report of the subsidiary company, Akati Impex Pte. Ltd., which have been audited by our associated firm, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company 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 as required by us for these purposes.

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

**DELOITTE KASSIMCHAN**  
**AF 0080**  
**Chartered Accountants**

**CHONG LEE LEE**  
**1973/8/05(J)**  
**Partner**

Johor Bahru  
May 20, 2004

## Income Statement *for the year ended March 31, 2004*

|  | Note | The Group    |               | The Company |            |
|--|------|--------------|---------------|-------------|------------|
|  |      | 2004<br>RM   | 2003<br>RM    | 2004<br>RM  | 2003<br>RM |
| Revenue  | 5    | 142,731,769  | 143,907,089   | 1,935,000   | -          |
| Other operating income   | 6    | 1,194,176    | 1,388,067     | 420,000     | -          |
| Changes in inventories of<br>work-in-progress and finished goods |      | 48,812       | 1,039,789     | -           | -          |
| Raw materials and consumables used                               |      | (22,385,896) | (19,484,327)  | -           | -          |
| Cost of trading goods sold                                       |      | (93,339,273) | (102,508,888) | -           | -          |
| Staff costs  | 6    | (5,731,405)  | (4,738,088)   | (9,642)     | -          |
| Directors' remuneration  | 7    | (1,529,737)  | (192,371)     | (298,110)   | -          |
| Depreciation of property,<br>plant and equipment                 |      | (1,885,723)  | (1,727,455)   | (77,428)    | -          |
| Amortisation of goodwill   |      | (31,332)     | (31,332)      | -           | -          |
| Other operating expenses   | 6    | (7,905,854)  | (7,537,354)   | (53,434)    | (7,823)    |
| Profit (Loss) from operations                                    |      | 11,165,537   | 10,115,130    | 1,916,386   | (7,823)    |
| Finance costs  | 8    | (821,692)    | (1,030,722)   | (5,500)     | -          |
| Income from other investments                                    | 9    | 143,474      | 62,762        | 51,782      | -          |
| <b>Profit (Loss) before tax</b>                                  |      | 10,487,319   | 9,147,170     | 1,962,668   | (7,823)    |
| Income tax expense   | 10   | (1,830,128)  | (1,641,168)   | (15,500)    | -          |
| <b>Net profit (loss) for the year</b>                            |      | 8,657,191    | 7,506,002     | 1,947,168   | (7,823)    |
| <b>Earnings per share</b>  |      |              |               |             |            |
| Basic (sen)  | 11   | 11           | 10            |             |            |

The accompanying Notes form an integral part of the Financial Statements.

## Balance Sheets *as for March 31, 2004*

|  | Note | The Group          |                    | The Company       |                   |
|--|------|--------------------|--------------------|-------------------|-------------------|
|  |      | 2004<br>RM         | 2003<br>RM         | 2004<br>RM        | 2003<br>RM        |
| <b>ASSETS</b>                                |      |                    |                    |                   |                   |
| Property, plant and equipment                | 12   | 30,832,389         | 27,164,413         | 344,910           | -                 |
| Investment in subsidiary companies           | 13   | -                  | -                  | 44,100,666        | 43,700,666        |
| Goodwill on consolidation                    | 14   | 637,020            | 668,352            | -                 | -                 |
| <b>Current Assets</b>                        |      |                    |                    |                   |                   |
| Inventories                                  | 15   | 27,422,854         | 18,782,174         | -                 | -                 |
| Trade receivables                            | 16   | 31,202,774         | 22,806,503         | -                 | -                 |
| Other receivables and prepaid expenses       | 16   | 757,817            | 1,610,616          | 54,605            | 662,527           |
| Amount owing by a subsidiary                 | 17   | -                  | -                  | 1,495,350         | -                 |
| Cash and bank balances                       | 18   | 7,239,361          | 9,373,503          | 1,546,601         | 10,573            |
|  |      | <u>66,622,806</u>  | <u>52,572,796</u>  | <u>3,096,556</u>  | <u>673,100</u>    |
| <b>Current Liabilities</b>                   |      |                    |                    |                   |                   |
| Trade payables                               | 19   | 9,027,093          | 6,656,689          | -                 | -                 |
| Other payables and accrued expenses          | 19   | 1,540,272          | 1,053,423          | 4,500             | 4,500             |
| Amount owing to subsidiary companies         | 17   | -                  | -                  | -                 | 1,180,499         |
| Hire-purchase payables                       | 20   | 90,684             | 52,586             | 66,672            | -                 |
| Finance lease payable                        | 21   | 75,363             | -                  | -                 | -                 |
| Borrowings                                   | 22   | 22,588,351         | 19,884,736         | -                 | -                 |
| Tax liabilities                              |      | 443,915            | 248,910            | -                 | -                 |
|  |      | <u>33,765,678</u>  | <u>27,896,344</u>  | <u>71,172</u>     | <u>1,184,999</u>  |
| <b>Net Current Assets (Liabilities)</b>      |      | <b>32,857,128</b>  | <b>24,676,452</b>  | <b>3,025,384</b>  | <b>(511,899)</b>  |
| <b>Long-term and Deferred Liabilities</b>    |      |                    |                    |                   |                   |
| Hire-purchase payables - non-current portion | 20   | 100,113            | 44,183             | 77,768            | -                 |
| Finance lease payable - non-current portion  | 21   | 81,625             | -                  | -                 | -                 |
| Borrowings - non-current portion             | 22   | -                  | 151,274            | -                 | -                 |
| Deferred tax liabilities                     | 23   | 1,620,600          | 1,120,600          | -                 | -                 |
|  |      | <u>(1,802,338)</u> | <u>(1,316,057)</u> | <u>(77,768)</u>   | <u>-</u>          |
| <b>Net Assets</b>                            |      | <b>62,524,199</b>  | <b>51,193,160</b>  | <b>47,393,192</b> | <b>43,188,767</b> |
| <b>Represented by:</b>                       |      |                    |                    |                   |                   |
| Issued capital                               | 24   | 43,000,000         | 38,700,000         | 43,000,000        | 38,700,000        |
| Reserves                                     | 25   | 19,524,199         | 12,493,160         | 4,393,192         | 4,488,767         |
| <b>Shareholders' Equity</b>                  |      | <b>62,524,199</b>  | <b>51,193,160</b>  | <b>47,393,192</b> | <b>43,188,767</b> |

The accompanying Notes form an integral part of the Financial Statements.



## Statements of Changes in Equity *for the year ended March 31, 2004*

| The Group                                   | Note | Non-distributable Reserves |                    |                     |                    | Translation Reserve | Distributable Reserve | Total/Net Shareholders' Equity |
|---|------|----------------------------|--------------------|---------------------|--------------------|---------------------|-----------------------|--------------------------------|
|   |      | Issued Capital             | Share Premium      | Revaluation Reserve | Capital Reserve    |                     | Unappropriated Profit |                                |
|   |      | RM                         | RM                 | RM                  | RM                 | RM                  | RM                    |                                |
| <b>Balance as of April 1, 2002</b>          |      | 5,113,626                  | 1,303,457          | -                   | 2,012,963          | 865,798             | 30,247,769            | 39,543,613                     |
| Net profit for the year                     |      | -                          | -                  | -                   | -                  | -                   | 7,506,002             | 7,506,002                      |
| Translation surplus                         |      | -                          | -                  | -                   | -                  | 280,623             | -                     | 280,623                        |
| Surplus on revaluation of landed properties |      |                            |                    |                     |                    |                     |                       |                                |
| As previously stated                        |      | -                          | -                  | 4,330,922           | -                  | -                   | -                     | 4,330,922                      |
| Prior year adjustment                       | 30   | -                          | -                  | (468,000)           | -                  | -                   | -                     | (468,000)                      |
| Restated balance                            |      | -                          | -                  | 3,862,922           | -                  | -                   | -                     | 3,862,922                      |
| Bonus issue                                 | 24   | <u>33,586,374</u>          | <u>(1,025,998)</u> | <u>-</u>            | <u>(2,012,963)</u> | <u>(865,798)</u>    | <u>(29,681,615)</u>   | <u>-</u>                       |
| <b>Balance as of March 31, 2003</b>         |      |                            |                    |                     |                    |                     |                       |                                |
| As previously stated                        |      | 38,700,000                 | 277,459            | 4,330,922           | -                  | 280,623             | 8,072,156             | 51,661,160                     |
| Prior year adjustment                       | 30   | -                          | -                  | (468,000)           | -                  | -                   | -                     | (468,000)                      |
| Restated balance                            |      | 38,700,000                 | 277,459            | 3,862,922           | -                  | 280,623             | 8,072,156             | 51,193,160                     |
| Net profit for the year                     |      | -                          | -                  | -                   | -                  | -                   | 8,657,191             | 8,657,191                      |
| Issue of shares                             | 24   | 4,300,000                  | 1,290,000          | -                   | -                  | -                   | -                     | 5,590,000                      |
| Dividend paid                               | 28   | -                          | -                  | -                   | -                  | -                   | (1,935,000)           | (1,935,000)                    |
| Translation surplus                         |      | -                          | -                  | -                   | -                  | 416,591             | -                     | 416,591                        |
| Shares issue expenses                       | 25   | -                          | (1,397,743)        | -                   | -                  | -                   | -                     | (1,397,743)                    |
| <b>Balance as of March 31, 2004</b>         |      | <u>43,000,000</u>          | <u>169,716</u>     | <u>3,862,922</u>    | <u>-</u>           | <u>697,214</u>      | <u>14,794,347</u>     | <u>62,524,199</u>              |

| The Company  | Note | Non-distributable Reserves |                    |                     | Accumulated Loss | Total/Net Shareholders' Equity |
|--|------|----------------------------|--------------------|---------------------|------------------|--------------------------------|
|  |      | Issued Capital             | Share Premium      | Revaluation Reserve |                  |                                |
|  |      | RM                         | RM                 | RM                  | RM               | RM                             |
| <b>Balance as of April 1, 2002</b>                           |      | 5,113,626                  | 1,303,457          | -                   | (111,791)        | 6,305,292                      |
| Surplus on revaluation of investment in subsidiary companies |      | -                          | -                  | 36,891,298          | -                | 36,891,298                     |
| Net loss for the year  |      | -                          | -                  | -                   | (7,823)          | (7,823)                        |
| Bonus issue  | 24   | <u>33,586,374</u>          | <u>(1,025,998)</u> | <u>(32,560,376)</u> | -                | -                              |
| <b>Balance as of March 31, 2003</b>                          |      | 38,700,000                 | 277,459            | 4,330,922           | (119,614)        | 43,188,767                     |
| Net profit for the year                                      |      | -                          | -                  | -                   | 1,947,168        | 1,947,168                      |
| Issue of shares  | 24   | 4,300,000                  | 1,290,000          | -                   | -                | 5,590,000                      |
| Dividend paid  | 28   | -                          | -                  | -                   | (1,935,000)      | (1,935,000)                    |
| Share issue expenses   | 25   | -                          | <u>(1,397,743)</u> | -                   | -                | <u>(1,397,743)</u>             |
| <b>Balance as of March 31, 2004</b>                          |      | <u>43,000,000</u>          | <u>169,716</u>     | <u>4,330,922</u>    | <u>(107,446)</u> | <u>47,393,192</u>              |

The accompanying Notes form an integral part of the Financial Statements.

## Cash Flow Statements *for the year ended March 31, 2004*

|   | Note | The Group   |             | The Company |            |
|---|------|-------------|-------------|-------------|------------|
|   |      | 2004<br>RM  | 2003<br>RM  | 2004<br>RM  | 2003<br>RM |
| <b>CASH FLOWS FROM (USED IN)<br/>OPERATING ACTIVITIES</b> |      |             |             |             |            |
| Profit (Loss) before tax                                  |      | 10,487,319  | 9,147,170   | 1,962,668   | (7,823)    |
| Adjustments for:  |      |             |             |             |            |
| Depreciation of property, plant and equipment             |      | 1,885,723   | 1,727,455   | 77,428      | -          |
| Finance costs   |      | 821,692     | 1,030,722   | 5,500       | -          |
| Allowance for doubtful debts                              |      | 31,339      | 48,274      | -           | -          |
| Amortisation of goodwill                                  |      | 31,332      | 31,332      | -           | -          |
| Property, plant and equipment written-off                 |      | 20,299      | 2,806       | -           | -          |
| Bad debts written-off                                     |      | -           | 90,033      | -           | -          |
| Dividend income   |      | -           | (16,538)    | (1,935,000) | -          |
| Gain on disposal of investments                           |      | -           | (416,920)   | -           | -          |
| Allowance for doubtful debts no longer required           |      | (12,835)    | (2,250)     | -           | -          |
| (Gain) Loss on disposal of property, plant and equipment  |      | (14,977)    | 2,839       | -           | -          |
| Interest income   |      | (143,474)   | (62,762)    | (51,782)    | -          |
| Operating Profit (Loss) Before Working<br>Capital Changes |      | 13,106,418  | 11,582,161  | 58,814      | (7,823)    |
| (Increase) Decrease in:                                   |      |             |             |             |            |
| Inventories   |      | (8,486,107) | (5,242,468) | -           | -          |
| Trade receivables   |      | (8,274,374) | 2,633,820   | -           | -          |
| Other receivables and prepaid expenses                    |      | 1,032,995   | (659,173)   | 648,672     | (649,672)  |
| Amount owing by a shareholder                             |      | -           | 275,853     | -           | -          |
| Amount owing by a subsidiary company                      |      | -           | -           | (1,495,350) | -          |
| Increase (Decrease) in:                                   |      |             |             |             |            |
| Trade payables  |      | 2,348,870   | (470,638)   | -           | -          |
| Other payables and accrued expenses                       |      | 469,567     | (716,874)   | -           | -          |
| Amount owing to shareholders                              |      | -           | (341,272)   | -           | (310,000)  |
| Amount owing to subsidiary companies                      |      | -           | -           | (1,180,499) | 990,000    |
| Cash From (Used In) Operations                            |      | 197,369     | 7,061,409   | (1,968,363) | 22,505     |
| Income tax refund   |      | 637         | -           | -           | -          |
| Income tax paid   |      | (1,320,948) | (1,421,392) | (56,250)    | (12,855)   |
| Finance costs paid  |      | (817,053)   | (1,030,722) | (5,500)     | -          |
| Net Cash From (Used In) Operating Activities              |      | (1,939,995) | 4,609,295   | (2,030,113) | 9,650      |

|   | Note | The Group        |                  | The Company      |               |
|---|------|------------------|------------------|------------------|---------------|
|   |      | 2004<br>RM       | 2003<br>RM       | 2004<br>RM       | 2003<br>RM    |
| <b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>       |      |                  |                  |                  |               |
| Interest income received                                    |      | 121,910          | 41,125           | 51,782           | -             |
| Proceeds from disposal of property, plant and equipment     |      | 22,230           | 15,827           | -                | -             |
| Additions to property, plant and equipment                  |      | (4,841,577)      | (492,967)        | (222,338)        | -             |
| Proceeds from disposal of investments                       |      | -                | 2,351,524        | -                | -             |
| Decrease in fixed deposits                                  |      | -                | 17,154           | -                | -             |
| Dividend income received                                    |      | -                | 12,989           | 1,935,000        | -             |
| Acquisition of additional equity in a subsidiary company    |      | -                | -                | (400,000)        | -             |
| Net Cash From (Used In) Investing Activities                |      | (4,697,437)      | 1,945,652        | 1,364,444        | -             |
| <b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>       |      |                  |                  |                  |               |
| Proceeds from other borrowings                              |      | 66,422,050       | 80,002,021       | -                | -             |
| Issue of shares   |      | 5,590,000        | -                | 5,590,000        | -             |
| Repayments of finance lease payable                         |      | (67,218)         | -                | -                | -             |
| Repayments of hire-purchase payables                        |      | (105,972)        | (102,611)        | (55,560)         | -             |
| Shares issue expenses                                       |      | (1,397,743)      | -                | (1,397,743)      | -             |
| Dividend paid   |      | (1,935,000)      | -                | (1,935,000)      | -             |
| Repayments of long-term loans                               |      | (3,596,800)      | (808,131)        | -                | -             |
| Repayments of other borrowings                              |      | (60,977,155)     | (77,284,630)     | -                | -             |
| Net Cash From Financing Activities                          |      | 3,932,162        | 1,806,649        | 2,201,697        | -             |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b> |      | (2,705,270)      | 8,361,596        | 1,536,028        | 9,650         |
| Adjustment for foreign exchange differentials               |      | 16,487           | (24,327)         | -                | -             |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>       |      | <u>7,661,548</u> | <u>(675,721)</u> | <u>10,573</u>    | <u>923</u>    |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>             | 26   | <u>4,972,765</u> | <u>7,661,548</u> | <u>1,546,601</u> | <u>10,573</u> |

Note: In 2004, the Group's and the Company's additions to property, plant and equipment amounted to RM5,261,547 and RM422,338 respectively of which RM419,970 and RM200,000 was made under hire-purchase arrangements. The remaining additions of RM4,841,577 and RM 222,338 respectively was made by cash payments.

The accompanying Notes form an integral part of the Financial Statements.

# Notes to The Financial Statements

## 1. GENERAL INFORMATION

The Company is principally an investment holding company. The principal activities of its subsidiary companies are disclosed in Note 13 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

The total number of employees of the Group and the Company as of March 31, 2004 were 222 and 1 (197 and Nil in 2003) respectively.

The registered office of the Company is located at No. 19, Jalan Tun Abdul Razak, Susur 1/1, 80000 Johor Bahru, Johor.

The principal place of business of the Company is located at No. 18, Jalan Belati 1, Off Jalan Kempas Lama, Taman Perindustrian Maju Jaya, 81330 Skudai, Johor.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on May 20, 2004.

The financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board (MASB).

The new applicable approved accounting standards adopted in these financial statements are as follows:

- MASB 25 "Income Tax"
- MASB 26 "Interim Financial Reporting"
- MASB 27 "Borrowing Costs"
- MASB 28 "Discontinuing Operations"
- MASB 29 "Employee Benefits"

There are no changes in accounting policy that affect net profit or shareholders' equity of the Company other than those disclosed in Note 30 to the Financial Statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical-cost convention modified to include the revaluation of certain property, plant and equipment and investment in subsidiary companies, unless otherwise indicated in the summary of significant accounting policies.

### Revenue

Sales of goods are recognised upon delivery of products and when the risks and rewards of ownership has passed.

Sales of the Group represent gross invoiced value of goods sold net of sales tax, trade discounts and allowances.

Dividend income represents gross dividends from quoted and unquoted investments and is recognised when the shareholder's right to receive payment is established.

### Foreign Currency Conversions

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, at approximate exchange rates prevailing at that date. All foreign exchange gains and losses are taken up in the income statements.

For the purposes of consolidation, the financial statements of a foreign incorporated subsidiary company has been translated into Ringgit Malaysia as follows:

|                        |                      |
|------------------------|----------------------|
| Assets and liabilities | - at closing rate    |
| Issued capital         | - at historical rate |
| Revenue and expenses   | - at average rate    |

The closing rates per unit of Ringgit Malaysia used in the translation of a foreign incorporated subsidiary company's financial statements are as follows:

| Currency         | 2004<br>RM | 2003<br>RM |
|------------------|------------|------------|
| Singapore Dollar | 0.4423     | 0.4651     |

All translation gains or losses are taken up and reflected in the translation reserve account under shareholders' equity. Such translation gains or losses are recognised as income or expenses in the income statements, in the period in which the operations is disposed of.

Differences in exchange arising from the translation of the opening net investments in foreign subsidiary company, and from the translation of the results of the subsidiary company at the average exchange rate, are taken to translation reserve account.

#### Income Tax

In the previous financial year, the tax effects of transactions are recognised using the "liability" method, in the year such transactions enter into the determination of net income, regardless of when they are recognised for tax purposes. Where timing differences would give rise to net deferred tax assets, the tax effects are generally recognised on actual realisation.

During the current financial year, the Group and the Company changed the accounting policy in accounting for deferred tax in accordance with MASB Standard No. 25, Income Taxes which became mandatory effective on July 1, 2002. Under MASB 25, deferred tax is accounted for using "balance sheet liability" method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Under MASB 25, deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

This change in accounting policy has been applied retrospectively and the effects on prior financial year has been taken up as a prior year adjustment in the financial statements. The effects of this change in accounting policy on the current and prior financial year are as disclosed in Note 30.

#### Property, Plant and Equipment

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

Land and buildings stated at valuation are revalued at regular intervals of at least once in every five years by the directors based on the valuation reports of independent professional valuers using the "open market value on existing use" basis with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to the income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

## Notes to The Financial Statements (cont')

Gains or losses arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to unappropriated profit account.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Freehold land is not depreciated. Long leasehold land is amortised evenly over the period of the lease of 50 and 60 years. All other property, plant and equipment are depreciated on a straight-line method to their residual values at rates based on the estimated useful lives of the various assets.

The annual depreciation rates are as follows:

|                                      |           |
|--------------------------------------|-----------|
| Buildings                            | 2%        |
| Plant and machineries                | 10%       |
| Forklifts                            | 10% & 20% |
| Motor vehicles                       | 10% & 20% |
| Furniture, fittings and equipment    | 5% & 10%  |
| Signboard                            | 10%       |
| Stores                               | 10%       |
| Cabin                                | 10%       |
| Computer equipment                   | 100%      |
| Renovations                          | 10%       |
| Electrical fittings and installation | 10%       |

### Property, Plant and Equipment Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

### Lease Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the leased assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to March 31, 2004.

Subsidiary companies are consolidated using the merger method of accounting except for Premier Woodprofile Sdn. Bhd., Bripanel Industries Sdn. Bhd. and Jurihan Sdn. Bhd., which are consolidated using the acquisition method of accounting. In accordance with the transitional provision of MASB 21 Business Combinations, the Company applies MASB 21 prospectively.

Under the merger method of accounting, the results of the subsidiary companies are accounted for on a full year basis irrespective of the date of merger.

Under the acquisition method of accounting, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant inter-company transactions and balances are eliminated on consolidation.

### **Investments**

Investments in unquoted subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at valuation. The investment in subsidiary companies are revalued at regular intervals of at least once in every five years by the directors based on the net tangible assets value of the subsidiary companies with additional valuation in the intervening years where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Other investments in quoted shares are stated at lower of cost and market value.

### **Goodwill**

Goodwill on consolidation represents the excess of the purchase consideration over the fair value of the identifiable net assets of a subsidiary company at the date of acquisition.

Goodwill is recognised as an asset and amortised on a straight line basis over 25 years.

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

### **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the "first-in, first-out" method. The cost of raw materials, trading merchandise and consumables comprises the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of work-in-progress and finished goods comprises the cost of raw materials, direct labour and a proportion of factory overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

### **Receivables**

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

### **Retirement Benefit**

The Group and the Company are required by law to make monthly contributions to Employees' Provident Fund (EPF), a statutory defined contribution plan for all their eligible employees. Both the Group and the Company and their employees are required to make monthly contributions of EPF calculated at certain prescribed rates of the employees' salaries. The contributions to EPF are charged to income statements in the financial year to which they relate, and are included in staff costs and directors' remuneration.

### **Cash Flow Statements**

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.



# Notes to The Financial Statements (cont')

## 4. SEGMENT REPORTING

### Business segments

For management purposes, the Group is organised into the following operating divisions:

- Manufacturing of wood products
- Distributing of wood products

Inter-segment sales are charged at cost plus a percentage profit mark-up.

### The Group 2004

|   | Manufacturing of<br>wood products<br>RM | Distributing of<br>wood products<br>RM | Elimination<br>RM  | Consolidated<br>RM |
|---|---|--|--------------------|--------------------|
| <b>REVENUE</b>                                      |   |  |                    |                    |
| External sales                                      | 38,171,203                              | 104,560,566                            | -                  | 142,731,769        |
| Inter-segment sales                                 | 1,640,885                               | 374,364                                | (2,015,249)        | -                  |
| Total Revenue                                       | <u>39,812,088</u>                       | <u>104,934,930</u>                     | <u>(2,015,249)</u> | <u>142,731,769</u> |
| <b>RESULTS</b>                                      |   |  |                    |                    |
| Segment result                                      | <u>6,524,980</u>                        | <u>4,690,503</u>                       | <u>388,668</u>     | 11,604,151         |
| Unallocated corporate expenses                      |   |  |                    | <u>(438,614)</u>   |
| Profit from operations                              |   |  |                    | 11,165,537         |
| Finance costs                                       |   |  |                    | (821,692)          |
| Income from other investments                       |   |  |                    | <u>143,474</u>     |
| Profit before tax                                   |   |  |                    | 10,487,319         |
| Income tax expense                                  |   |  |                    | <u>(1,830,128)</u> |
| Profit after tax                                    |   |  |                    | <u>8,657,191</u>   |
| <b>OTHER INFORMATION</b>                            |   |  |                    |                    |
| Capital additions                                   | 4,330,845                               | 508,364                                | -                  | 4,839,209          |
| Unallocated corporate capital additions             |   |  |                    | <u>422,338</u>     |
| Total capital additions                             |   |  |                    | <u>5,261,547</u>   |
| Depreciation and amortisation                       | 1,233,161                               | 606,466                                | -                  | 1,839,627          |
| Unallocated corporate depreciation and amortisation |   |  |                    | <u>77,428</u>      |
| Total depreciation and amortisation                 |   |  |                    | <u>1,917,055</u>   |
| <b>CONSOLIDATED BALANCE SHEET</b>                   |   |  |                    |                    |
| <b>ASSETS</b>                                       |   |  |                    |                    |
| Segment assets                                      | 36,843,381                              | 62,236,032                             | (2,933,313)        | 96,146,100         |
| Unallocated corporate assets                        |   |  |                    | <u>1,946,115</u>   |
| Consolidated total assets                           |   |  |                    | <u>98,092,215</u>  |
| <b>LIABILITIES</b>                                  |   |  |                    |                    |
| Segment liabilities                                 | 8,361,247                               | 31,486,493                             | (4,428,663)        | 35,419,077         |
| Unallocated corporate liabilities                   |   |  |                    | <u>148,939</u>     |
| Consolidated total liabilities                      |   |  |                    | <u>35,568,016</u>  |

The Group  
2003

|                                   | Manufacturing of<br>wood products<br>RM | Distributing of<br>wood products<br>RM | Elimination<br>RM  | Consolidated<br>RM |
|-----------------------------------|---|--|--------------------|--------------------|
| <b>REVENUE</b>                    |   |  |                    |                    |
| External sales                    | 32,592,517                              | 111,314,572                            | -                  | 143,907,089        |
| Inter-segment sales               | 755,617                                 | 1,452,693                              | (2,208,310)        | -                  |
| Total Revenue                     | <u>33,348,134</u>                       | <u>112,767,265</u>                     | <u>(2,208,310)</u> | <u>143,907,089</u> |
| <b>RESULTS</b>                    |   |  |                    |                    |
| Segment result                    | <u>5,472,064</u>                        | <u>4,659,119</u>                       | <u>(8,230)</u>     | 10,122,953         |
| Unallocated corporate expenses    |   |  |                    | <u>(7,823)</u>     |
| Profit from operations            |   |  |                    | 10,115,130         |
| Finance costs                     |   |  |                    | <u>(1,030,722)</u> |
| Income from other investments     |   |  |                    | <u>62,762</u>      |
| Profit before tax                 |   |  |                    | 9,147,170          |
| Income tax expense                |   |  |                    | <u>(1,641,168)</u> |
| Profit after tax                  |   |  |                    | <u>7,506,002</u>   |
| <b>OTHER INFORMATION</b>          |   |  |                    |                    |
| Capital additions                 | 312,178                                 | 180,789                                | -                  | 492,967            |
| Depreciation and amortisation     | 1,212,824                               | 545,963                                | -                  | 1,758,787          |
| <b>CONSOLIDATED BALANCE SHEET</b> |   |  |                    |                    |
| <b>ASSETS</b>                     |   |  |                    |                    |
| Segment assets                    | 31,393,158                              | 52,542,981                             | (4,203,678)        | 79,732,461         |
| Unallocated corporate assets      |   |  |                    | <u>673,100</u>     |
| Consolidated total assets         |   |  |                    | <u>80,405,561</u>  |
| <b>LIABILITIES</b>                |   |  |                    |                    |
| Segment liabilities               | 8,372,975                               | 23,858,105                             | (3,023,179)        | 29,207,901         |
| Unallocated corporate liabilities |   |  |                    | <u>4,500</u>       |
| Consolidated total liabilities    |   |  |                    | <u>29,212,401</u>  |

## Notes to The Financial Statements *(cont')*

### GEOGRAPHICAL SEGMENTS

The Group's operations are located in Malaysia and Singapore. The Group's distribution of wood products is located in Malaysia and Singapore, whereas manufacturing of wood products is located in Malaysia.

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

|                                      | Sales revenue by geographical market |                    |
|--------------------------------------|--------------------------------------|--------------------|
|                                      | 2004<br>RM                           | 2003<br>RM         |
| Malaysia                             | 105,566,986                          | 110,475,117        |
| Australia                            | 16,349,114                           | 12,489,564         |
| Singapore                            | 4,383,474                            | 4,578,749          |
| Other Asia-Pacific countries         | 13,147,503                           | 11,593,606         |
| United States and European countries | 3,284,692                            | 4,770,053          |
|                                      | <u>142,731,769</u>                   | <u>143,907,089</u> |

The following is an analysis of the carrying amount of segment assets and capital additions by the geographical area in which the assets are located:

|           | Carrying amount of<br>segment assets |                   | Capital additions |                |
|-----------|--------------------------------------|-------------------|-------------------|----------------|
|           | 2004<br>RM                           | 2003<br>RM        | 2004<br>RM        | 2003<br>RM     |
| Malaysia  | 84,149,101                           | 67,890,993        | 4,787,560         | 406,036        |
| Singapore | 13,943,114                           | 12,514,568        | 473,987           | 86,931         |
|           | <u>98,092,215</u>                    | <u>80,405,561</u> | <u>5,261,547</u>  | <u>492,967</u> |

### 5. REVENUE

|                 | 2004<br>RM         | 2003<br>RM         | 2004<br>RM       | 2003<br>RM |
|-----------------|--------------------|--------------------|------------------|------------|
| Sales of goods  | 142,731,769        | 143,907,089        | -                | -          |
| Dividend income | -                  | -                  | 1,935,000        | -          |
|                 | <u>142,731,769</u> | <u>143,907,089</u> | <u>1,935,000</u> | <u>-</u>   |

## 6. STAFF COSTS AND OTHER OPERATING INCOME (EXPENSES)

Included in other operating income (expenses) are the following:

|  | The Group  |            | The Company |            |
|--|------------|------------|-------------|------------|
|  | 2004<br>RM | 2003<br>RM | 2004<br>RM  | 2003<br>RM |
| Rental income  | 155,000    | 157,200    | -           | -          |
| Gain/(Loss) on disposal of property,<br>plant and equipment                  | 14,977     | (2,839)    | -           | -          |
| Allowance for doubtful debts<br>no longer required                           | 12,835     | 2,250      | -           | -          |
| Rental of premises   | (266,504)  | (147,305)  | -           | -          |
| Audit fee:   |            |            |             |            |
| Statutory  | (53,747)   | (53,348)   | (4,500)     | (4,500)    |
| Special  | -          | (21,540)   | -           | -          |
| Allowance for doubtful debts<br>Property, plant and equipment<br>written-off | (31,339)   | (48,274)   | -           | -          |
| Realised loss on foreign exchange  | (20,299)   | (2,806)    | -           | -          |
| Gain on disposal of investments  | (18,509)   | (61,229)   | -           | -          |
| Dividend income (gross)  | -          | 416,920    | -           | -          |
| Bad debts written-of   | -          | 16,538     | -           | -          |
|  | -          | (90,033)   | -           | -          |

Included in staff costs of the Group and the Company is Employees' Provident Fund contribution of RM657,018 and RM540 (RM658,958 and RMNil in 2003) respectively.

## 7. DIRECTORS' REMUNERATION

|                              | The Group  |            | The Company |            |
|------------------------------|------------|------------|-------------|------------|
|                              | 2004<br>RM | 2003<br>RM | 2004<br>RM  | 2003<br>RM |
| Executive directors:         |            |            |             |            |
| Fee                          | -          | -          | -           | -          |
| Other emoluments:            | 1,389,237  | 192,371    | 241,610     | -          |
| Current                      |            |            |             |            |
| Underprovision in prior year | 84,000     | -          | -           | -          |
|                              | 1,473,237  | 192,371    | 241,610     | -          |
| Non-executive directors:     |            |            |             |            |
| Fees                         | 54,000     | -          | 54,000      | -          |
| Other emoluments             | 2,500      | -          | 2,500       | -          |
|                              | 56,500     | -          | 56,500      | -          |
|                              | 1,529,737  | 192,371    | 298,110     | -          |

Included in directors' other emoluments of the Group and the Company is Employees' Provident Fund contributions of RM164,483 and RM25,610 (RM21,583 and RMNil in 2003) respectively.

## Notes to The Financial Statements (cont')

### 8. FINANCE COSTS

|                  | The Group      |                  | The Company  |            |
|------------------|----------------|------------------|--------------|------------|
|                  | 2004<br>RM     | 2003<br>RM       | 2004<br>RM   | 2003<br>RM |
| Interest on:     |                |                  |              |            |
| Other borrowings | 703,962        | 671,946          | -            | -          |
| Long-term loans  | 34,965         | 211,328          | -            | -          |
| Bank overdrafts  | 59,509         | 128,137          | -            | -          |
| Hire-purchase    | 23,256         | 19,311           | 5,500        | -          |
|                  | <u>821,692</u> | <u>1,030,722</u> | <u>5,500</u> | <u>-</u>   |

### 9. INCOME FROM OTHER INVESTMENTS

|                       | The Group      |               | The Company   |            |
|-----------------------|----------------|---------------|---------------|------------|
|                       | 2004<br>RM     | 2003<br>RM    | 2004<br>RM    | 2003<br>RM |
| Interest income from: |                |               |               |            |
| Short-term deposits   | 113,914        | 22,484        | 51,782        | -          |
| Fixed deposits        | 29,560         | 40,278        | -             | -          |
|                       | <u>143,474</u> | <u>62,762</u> | <u>51,782</u> | <u>-</u>   |

### 10. INCOME TAX EXPENSE

|                                      | The Group        |                  | The Company   |            |
|--------------------------------------|------------------|------------------|---------------|------------|
|                                      | 2004<br>RM       | 2003<br>RM       | 2004<br>RM    | 2003<br>RM |
| Income tax expense consists of:      |                  |                  |               |            |
| Current year                         | 1,612,150        | 1,367,860        | 15,500        | -          |
| Under (Over)provision in prior years | (282,022)        | 55,737           | -             | -          |
| Deferred tax (Note 23)               | 500,000          | 217,571          | -             | -          |
|                                      | <u>1,830,128</u> | <u>1,641,168</u> | <u>15,500</u> | <u>-</u>   |

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

|   | The Group        |                  | The Company   |            |
|---|------------------|------------------|---------------|------------|
|   | 2004<br>RM       | 2003<br>RM       | 2004<br>RM    | 2003<br>RM |
| Profit (Loss) before tax  | 10,487,319       | 9,147,170        | 1,962,668     | (7,823)    |
| Tax at applicable statutory tax rate of 28% (also 28% in 2003) of chargeable income | 2,936,449        | 2,561,208        | 549,547       | (2,190)    |
| Expenses not deductible for tax purposes  | 94,784           | 61,181           | 21,162        | 2,190      |
| Income not taxable for tax purposes   | (273,363)        | (274,254)        | (541,800)     | -          |
| Over(Under)provision of income tax expense  | 255,840          | 282,022          | (10,376)      | -          |
| Over(Under)provision of deferred tax liabilities not recognised*                    | (92,073)         | 40,265           | (3,033)       | -          |
| Reinvestment allowance utilised   | (159,000)        | (321,000)        | -             | -          |
| Double deduction on promotion of exports  | (627,389)        | (447,112)        | -             | -          |
| Tax exemption pertaining to a foreign subsidiary                                    | (23,098)         | (24,879)         | -             | -          |
| Allowance for increased in exports utilised   | -                | (292,000)        | -             | -          |
| Tax expenses for the year   | <u>2,112,150</u> | <u>1,585,431</u> | <u>15,500</u> | <u>-</u>   |

\*The deferred tax liabilities are not recognised in the financial statements as the effect on the financial statements is not material.

## 11. EARNINGS PER ORDINARY SHARE

| Basis  | The Group  |            |
|--|------------|------------|
|  | 2004<br>RM | 2003<br>RM |
| Net profit attributable to ordinary shareholders | 8,657,191  | 7,506,002  |
|  | Units      | Units      |
| Number of shares in issue as of April 1          | 77,400,000 | 5,113,626  |
| Effect of shares issue                           | 3,840,548  | 72,286,374 |
| Weighted average number of ordinary shares       | 81,240,548 | 77,400,000 |
| Basic earnings per share (sen)                   | 11         | 10         |

## 12. PROPERTY, PLANT AND EQUIPMENT

### The Group

|                                      | Cost except as otherwise stated |                  |                  |                        |   |                   |
|--------------------------------------|---------------------------------|------------------|------------------|------------------------|---|-------------------|
|                                      | Beginning<br>of year<br>RM      | Additions<br>RM  | Disposals<br>RM  | Reclassification<br>RM | Foreign<br>currency<br>fluctuations<br>RM | End of year<br>RM |
| Freehold land                        |                                 |                  |                  |                        |   |                   |
| - at cost                            | -                               | 1,700,000        | -                | -                      | -   | 1,700,000         |
| - at 2003 valuation                  | 5,506,000                       | -                | -                | -                      | -   | 5,506,000         |
| Freehold land and building           | 155,000                         | -                | -                | -                      | -   | 155,000           |
| Long leasehold land                  |                                 |                  |                  |                        |   |                   |
| - at 2003 valuation                  | 4,891,748                       | -                | -                | -                      | 190,455                                   | 5,082,203         |
| Buildings                            |                                 |                  |                  |                        |   |                   |
| - at cost                            | -                               | 2,434,110        | -                | -                      | -   | 2,434,110         |
| - at 2003 valuation                  | 10,867,891                      | 80,000           | -                | -                      | 130,422                                   | 11,078,313        |
| Plant and machineries                | 9,415,175                       | 54,344           | -                | -                      | -   | 9,469,519         |
| Forklifts                            | 1,122,023                       | -                | -                | -                      | 18,348                                    | 1,140,371         |
| Motor vehicles                       | 561,189                         | 464,137          | (45,432)         | 118,600                | -   | 1,098,494         |
| Motor vehicles under hire-purchase   | 311,596                         | 422,338          | -                | (118,600)              | 12,871                                    | 628,205           |
| Furniture, fittings and equipment    | 1,158,489                       | 91,068           | (58,972)         | -                      | 1,699                                     | 1,192,284         |
| Signboard                            | 12,300                          | -                | -                | -                      | -   | 12,300            |
| Stores                               | 52,821                          | -                | -                | -                      | -   | 52,821            |
| Cabin                                | 46,368                          | -                | -                | -                      | -   | 46,368            |
| Computer equipment                   | 39,723                          | 9,850            | -                | -                      | 2,319                                     | 51,892            |
| Renovations                          | 72,968                          | -                | -                | -                      | -   | 72,968            |
| Electrical fittings and installation | 518,301                         | 5,700            | -                | -                      | -   | 524,001           |
| <b>Total</b>                         | <b>34,731,592</b>               | <b>5,261,547</b> | <b>(104,404)</b> | <b>-</b>               | <b>356,114</b>                            | <b>40,244,849</b> |

## Notes to The Financial Statements (cont')

|   | Accumulated Depreciation |                        |                 |                     |                                  | End of year RM   |
|---|--------------------------|------------------------|-----------------|---------------------|----------------------------------|------------------|
|   | Beginning of year RM     | Charge for the year RM | Disposals RM    | Reclassification RM | Foreign currency fluctuations RM |                  |
| Long leasehold land - at 2003 valuation | 345,013                  | 92,175                 | -               | -                   | 14,985                           | 452,173          |
| Buildings                               |                          |                        |                 |                     |                                  |                  |
| - at cost                               | -                        | 8,114                  | -               | -                   | -                                | 8,114            |
| - at 2003 valuation                     | 773,688                  | 230,426                | -               | -                   | 4,947                            | 1,009,061        |
| Plant and machineries                   | 4,395,460                | 934,648                | -               | -                   | -                                | 5,330,108        |
| Forklifts                               | 761,664                  | 133,076                | -               | -                   | 12,440                           | 907,180          |
| Motor vehicles                          | 328,226                  | 101,150                | (45,431)        | 90,463              | -                                | 474,408          |
| Motor vehicles under hire-purchase      | 142,775                  | 190,140                | -               | (90,463)            | 1,342                            | 243,794          |
| Furniture, fittings and equipment       | 431,111                  | 117,846                | (31,421)        | -                   | 433                              | 517,969          |
| Signboard                               | 3,908                    | 1,231                  | -               | -                   | -                                | 5,139            |
| Stores                                  | 29,838                   | 5,282                  | -               | -                   | -                                | 35,120           |
| Cabin                                   | 21,190                   | 4,637                  | -               | -                   | -                                | 25,827           |
| Computer equipment                      | 39,723                   | 7,871                  | -               | -                   | 2,263                            | 49,857           |
| Renovations                             | 41,920                   | 7,297                  | -               | -                   | -                                | 49,217           |
| Electrical fittings and installation    | 252,663                  | 51,830                 | -               | -                   | -                                | 304,493          |
| <b>Total</b>                            | <b>7,567,179</b>         | <b>1,885,723</b>       | <b>(76,852)</b> | <b>-</b>            | <b>36,410</b>                    | <b>9,412,460</b> |

|   | Net Book Value       |                   |
|---|----------------------|-------------------|
|   | Beginning of year RM | End of year RM    |
| Freehold land                           |                      |                   |
| - at cost                               | -                    | 1,700,000         |
| - at 2003 valuation                     | 5,506,000            | 5,506,000         |
| Freehold land and building              | 155,000              | 155,000           |
| Long leasehold land - at 2003 valuation | 4,546,735            | 4,630,030         |
| Buildings                               |                      |                   |
| - at cost                               | -                    | 2,425,996         |
| - at 2003 valuation                     | 10,094,203           | 10,069,252        |
| Plant and machineries                   | 5,019,715            | 4,139,411         |
| Forklifts                               | 360,359              | 233,191           |
| Motor vehicles                          | 232,963              | 624,086           |
| Motor vehicles under hire-purchase      | 168,821              | 384,411           |
| Furniture, fittings and equipment       | 727,378              | 674,315           |
| Signboard                               | 8,392                | 7,161             |
| Stores                                  | 22,983               | 17,701            |
| Cabin                                   | 25,178               | 20,541            |
| Computer equipment                      | -                    | 2,035             |
| Renovations                             | 31,048               | 23,751            |
| Electrical fittings and installation    | 265,638              | 219,508           |
| <b>Total</b>                            | <b>27,164,413</b>    | <b>30,832,389</b> |

The Company

|                                   | Cost                 |             |             | End of year RM |
|-----------------------------------|----------------------|-------------|-------------|----------------|
|                                   | Beginning of year RM | Addition RM | Disposal RM |                |
| Motor vehicle under hire-purchase | -                    | 422,338     | -           | 422,338        |
|                                   | -                    | 422,338     | -           | 422,338        |

|                                   | Accumulated Depreciation |                        |             | End of year RM |
|-----------------------------------|--------------------------|------------------------|-------------|----------------|
|                                   | Beginning of year RM     | Charge for the year RM | Disposal RM |                |
| Motor vehicle under hire-purchase | -                        | 77,428                 | -           | 77,428         |
|                                   | -                        | 77,428                 | -           | 77,428         |

|                                   | Net Book Value       |                |
|-----------------------------------|----------------------|----------------|
|                                   | Beginning of year RM | End of year RM |
| Motor vehicle under hire-purchase | -                    | 344,910        |

The freehold land, leasehold land and buildings of the Group were revalued by the directors on March 31, 2003 based on valuations carried out by Mr. Samuel W. C. Tan and Mr. Tan Wee Cheng, Mr. Anthony Chua Kian Beng and Mr. Paul Chi Chew, registered valuers of KGV - Lambert Smith Hampton (Johor) Sdn. Bhd., KGV-Lambert Smith Hampton (M) Sdn. Bhd. and CKS Property Consultants Pte. Ltd. respectively, independent firms of professional valuers, using "open market value on existing use" basis.

The historical costs and carrying value of the revalued freehold land, leasehold land and buildings are as follows:

|                           | The Group   |             |
|---------------------------|-------------|-------------|
|                           | 2004 RM     | 2003 RM     |
| Freehold land             | 3,328,076   | 3,328,076   |
| Leasehold land            | 3,826,617   | 3,826,617   |
| Buildings                 | 9,741,853   | 9,741,853   |
|                           | 16,896,546  | 16,896,546  |
| Accumulated depreciation: |             |             |
| Leasehold land            | 413,719     | 339,461     |
| Buildings                 | 919,298     | 725,941     |
|                           | (1,333,017) | (1,065,402) |
| Net Book Value            | 15,563,529  | 15,831,144  |

The carrying value of property, plant and equipment of the Group (all pertaining to the subsidiary companies) amounting to RM21,962,738 (RM22,429,285 in 2003) are pledged for securing bank borrowings (Note 22).



## Notes to The Financial Statements (cont')

### 13. INVESTMENTS IN SUBSIDIARY COMPANIES

|                                    | The Company |            |
|------------------------------------|-------------|------------|
|                                    | 2004<br>RM  | 2003<br>RM |
| Unquoted shares, at 2003 valuation | 44,100,666  | 43,700,666 |

The investment in subsidiary companies were revalued by the directors based on the net tangible assets value of the subsidiary companies as of March 31, 2002, adjusted for the revaluation of landed properties of the subsidiary companies. The surplus arising from the revaluation amounting to RM36,891,298 has been credited to revaluation reserve account.

The subsidiary companies are as follows:

| Name of Company               | Effective Equity Interest |      | Place of Incorporation | Principal Activities  |
|-------------------------------|---------------------------|------|------------------------|---|
|                               | 2004                      | 2003 |                        |   |
| Premier Woodprofile Sdn. Bhd. | 100%                      | 100% | Malaysia               | Manufacturing of primed medium density fibreboard mouldings, wrapped mouldings and furniture components |
| Bripanel Industries Sdn. Bhd. | 100%                      | 100% | Malaysia               | Manufacturing of laminated wood panel products  |
| Akati Impex Pte. Ltd.         | 100%                      | 100% | Singapore              | Importers, distributors and exporters of all types of wood products                                     |
| Combi Trading Sdn. Bhd.       | 100%                      | 100% | Malaysia               | Distributing of wood products   |
| Ikta Sdn. Bhd.                | 100%                      | 100% | Malaysia               | Distributing of wood products   |
| Jurihan Sdn. Bhd.             | 100%                      | 100% | Malaysia               | Distributing of wood products   |

### 14. GOODWILL ON CONSOLIDATION

|                      | The Group  |            |
|----------------------|------------|------------|
|                      | 2004<br>RM | 2003<br>RM |
| At beginning of year | 668,352    | 699,684    |
| Current amortisation | (31,332)   | (31,332)   |
| At end of year       | 637,020    | 668,352    |

### 15. INVENTORIES

|                        | The Group  |            |
|------------------------|------------|------------|
|                        | 2004<br>RM | 2003<br>RM |
| At cost:               |            |            |
| Raw materials          | 4,524,349  | 5,299,782  |
| Work-in-progress       | 280,967    | 413,927    |
| Finished goods         | 1,797,667  | 1,615,895  |
| Consumables            | 1,115,261  | 231,969    |
| Trading merchandise    | 15,848,574 | 11,140,576 |
| Inventories-in-transit | 3,856,036  | 80,025     |
| Total                  | 27,422,854 | 18,782,174 |

## 16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

|                              | The Group         |                   | The Company   |                |
|------------------------------|-------------------|-------------------|---------------|----------------|
|                              | 2004<br>RM        | 2003<br>RM        | 2004<br>RM    | 2003<br>RM     |
| Trade receivables            | 31,348,617        | 22,931,738        | -             | -              |
| Allowance for doubtful debts | (145,843)         | (125,235)         | -             | -              |
|                              | <u>31,202,774</u> | <u>22,806,503</u> | <u>-</u>      | <u>-</u>       |
| Other receivables            | 171,152           | 104,862           | -             | -              |
| Refundable deposits          | 208,669           | 612,518           | 1,000         | -              |
| Prepaid expenses             | 377,996           | 893,236           | 53,605        | 662,527        |
|                              | <u>757,817</u>    | <u>1,610,616</u>  | <u>54,605</u> | <u>662,527</u> |

Trade receivables comprise amounts receivable for the sales of goods. Other receivables comprise mainly advances for purchases, interest receivable and staff loans.

Included in prepaid expenses of the Group and the Company is audit fee for special audit of RMNil (RM28,000 in 2003).

The credit period granted on sales of goods ranges from 30 days to 90 days (also 30 days to 90 days in 2003). An allowance has been made for estimated irrecoverable amounts from the sales of goods of RM145,843 (RM125,235 in 2003). This allowance has been determined by reference to past default experience.

On September 2, 2002, a subsidiary company entered into a conditional sale and purchase agreement with a third party for the acquisition of a parcel of leasehold land together with the factory erected thereon for a total cash consideration of RM360,000. Deposit paid for the acquisition amounting to RM36,000 has been included under refundable deposits.

On September 25, 2002, another subsidiary company entered into a conditional sale and purchase agreement with a related party of the Company and the subsidiary company for the acquisition of a parcel of freehold land together with the building erected thereon for a total cash consideration of RM4,000,000. Deposit paid for the acquisition amounting to RM400,000 has been included under refundable deposits.

## 17. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a 51% - owned subsidiary company of NS Pacific Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the Company's ultimate holding company.

The amount owing by (to) subsidiary companies arose mainly from advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operation decisions.

The related parties and their relationship with the Company are as follows:

| Name of related party  | Relationship  |
|--|---|
| Cheng Yew Heng Manufactory Sdn. Bhd.   | A company in which Teo Ah Bah @ Teo Chuang Kwee is a director and substantial shareholder. His brothers, Teo Choon Kiat @ Teo Chuan Kit and Teo Ah Tee @ Teo Chuan How is also a director and substantial shareholders and is deemed to be connected with Teo Ah Bah @ Teo Chuang Kwee. |
| Teo Ah Tee @ Teo Chuan How, Er Lee Keng, Teo Choon Kiat @ Teo Chuan Kit and Heng Yik Poh | Shareholders of the Company.  |

## Notes to The Financial Statements (cont')

Significant transactions undertaken with related parties during the financial year are as follows:

|                                   | The Group  |            | The Company |            |
|-----------------------------------|------------|------------|-------------|------------|
|                                   | 2004<br>RM | 2003<br>RM | 2004<br>RM  | 2003<br>RM |
| <b>Subsidiary companies</b>       |            |            |             |            |
| Management fee income:            |            |            |             |            |
| Premier Woodprofile Sdn. Bhd.     | -          | -          | 120,000     | -          |
| Ikta Sdn. Bhd.                    | -          | -          | 120,000     | -          |
| Bripanel Industries Sdn. Bhd.     | -          | -          | 120,000     | -          |
| Combi Trading Sdn. Bhd.           | -          | -          | 60,000      | -          |
| <b>Related parties</b>            |            |            |             |            |
| Rental of premises paid:          |            |            |             |            |
| Cheng Yew Heng                    |            |            |             |            |
| Manufactory Sdn. Bhd.             | 77,000     | 84,000     | -           | -          |
| Remuneration paid to shareholders | 577,071    | 390,667    | -           | -          |

The directors of the Group and of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

### 18. CASH AND BANK BALANCES

|  | The Group        |                  | The Company      |               |
|--|------------------|------------------|------------------|---------------|
|  | 2004<br>RM       | 2003<br>RM       | 2004<br>RM       | 2003<br>RM    |
| Short-term deposits with a licensed bank | 4,586,400        | 4,890,404        | 1,500,000        | -             |
| Fixed deposits with licensed banks       | 569,384          | 2,267,100        | -                | -             |
| Cash on hand and at banks                | 2,083,577        | 2,215,999        | 46,601           | 10,573        |
|  | <u>7,239,361</u> | <u>9,373,503</u> | <u>1,546,601</u> | <u>10,573</u> |

Analysis of short-term deposits by currency:

|                         | The Group        |                  | The Company      |            |
|-------------------------|------------------|------------------|------------------|------------|
|                         | 2004<br>RM       | 2003<br>RM       | 2004<br>RM       | 2003<br>RM |
| Short-term deposits in: |                  |                  |                  |            |
| Ringgit Malaysia        | 2,850,000        | 500,000          | 1,500,000        | -          |
| Australian Dollar       | 1,736,400        | 4,390,404        | -                | -          |
|                         | <u>4,586,400</u> | <u>4,890,404</u> | <u>1,500,000</u> | <u>-</u>   |

Fixed deposits of the Group (all belonging to subsidiary companies) amounting to RM569,384 (RM547,100 in 2003) are pledged as securities for bank guarantees and credit facilities granted to its subsidiary companies as mentioned in Note 22.

The average effective interest rate for deposits is 3.36% (2.9% in 2003).

Deposits of the Group and the Company have average maturities ranging from 7 days to 1 year and 1 month (8 days to 1 year and Nil in 2003) respectively.

## 19. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group for trade purchases ranges from 30 days to 45 days (45 days in 2003).

|                  | The Group        |                  | The Company  |              |
|------------------|------------------|------------------|--------------|--------------|
|                  | 2004<br>RM       | 2003<br>RM       | 2004<br>RM   | 2003<br>RM   |
| Other payables   | 470,553          | 508,254          | -            | -            |
| Accrued expenses | 1,069,719        | 545,169          | 4,500        | 4,500        |
|                  | <u>1,540,272</u> | <u>1,053,423</u> | <u>4,500</u> | <u>4,500</u> |

The amounts owing arose mainly from trade transactions, rental payables, advances and payments on behalf. The amounts owing are interest free and have no fixed terms of repayment.

## 20. HIRE-PURCHASE PAYABLES

|   | The Group      |               | The Company   |            |
|---|----------------|---------------|---------------|------------|
|   | 2004<br>RM     | 2003<br>RM    | 2004<br>RM    | 2003<br>RM |
| Total outstanding   | 213,720        | 118,508       | 158,740       | -          |
| Less: interest-in-suspense outstanding                            | (22,923)       | (21,739)      | (14,300)      | -          |
| Principal outstanding   | 190,797        | 96,769        | 144,440       | -          |
| Portion due within 12 months<br>(shown under current liabilities) | (90,684)       | (52,586)      | (66,672)      | -          |
| Non-current portion   | <u>100,113</u> | <u>44,183</u> | <u>77,768</u> | <u>-</u>   |

The non-current portion is repayable as follows:

|                                      | The Group      |               | The Company   |            |
|--------------------------------------|----------------|---------------|---------------|------------|
|                                      | 2004<br>RM     | 2003<br>RM    | 2004<br>RM    | 2003<br>RM |
| For financial years ending March 31: |                |               |               |            |
| 2005                                 | -              | 24,008        | -             | -          |
| 2006                                 | 84,640         | 17,985        | 66,672        | -          |
| 2007                                 | 15,473         | 2,190         | 11,096        | -          |
|                                      | <u>100,113</u> | <u>44,183</u> | <u>77,768</u> | <u>-</u>   |

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term for hire-purchase is about 3 to 5 years. For the current financial year, the average effective borrowing rate was 8.075% (10.14% in 2003) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase.

## Notes to The Financial Statements (cont')

### 21. FINANCE LEASE PAYABLE

|                                     | The Group              |            |  |            |
|-------------------------------------|------------------------|------------|--|------------|
|                                     | Minimum lease payments |            | Present value of minimum lease payment |            |
|                                     | 2004<br>RM             | 2003<br>RM | 2004<br>RM                             | 2003<br>RM |
| Amounts payable under finance lease |                        |            |  |            |
| Within one year                     | 80,572                 | -          | 75,363                                 | -          |
| In the second year                  | 87,240                 | -          | 81,625                                 | -          |
|                                     | 167,812                | -          | 156,988                                | -          |
| Less: Future finance charges        | (10,824)               | -          | N/A                                    | -          |
|                                     | 156,988                | -          | 156,988                                | -          |

The non-current portion is repayable as follows:

|                                  | The Group  |            |
|----------------------------------|------------|------------|
|                                  | 2004<br>RM | 2003<br>RM |
| Financial years ending March 31: |            |            |
| 2006                             | 75,363     | -          |
| 2007                             | 6,262      | -          |
|                                  | 81,625     | -          |

For the financial year ended March 31, 2004, the average effective borrowing rate was 4.4% per annum.

### 22. BORROWINGS

|  | The Group    |              |
|--|--------------|--------------|
|  | 2004<br>RM   | 2003<br>RM   |
| Secured:   |              |              |
| Long-term loans  | 129,279      | 3,661,691    |
| Bank overdrafts  | 1,579,847    | 1,148,306    |
| Other borrowings   | 18,759,860   | 14,768,464   |
| Unsecured:   |              |              |
| Bank overdraft   | 117,365      | 16,549       |
| Other borrowings   | 2,002,000    | 441,000      |
|  | 22,588,351   | 20,036,010   |
| Less: Amount due within 12 months<br>(shown under current liabilities) | (22,588,351) | (19,884,736) |
| Non-current portion  | -            | 151,274      |

The average effective interest rates are as follows:

|                  | The Group |           |
|------------------|-----------|-----------|
|                  | 2004<br>% | 2003<br>% |
| Long-term loans  | 6.50      | 5.56      |
| Bank overdrafts  | 7.42      | 7.91      |
| Other borrowings | 4.66      | 5.06      |

The secured bank borrowings are generally secured by fixed deposits and certain property, plant and equipment of subsidiary companies. These credit facilities are guaranteed by the Company and also jointly and severally guaranteed by the directors of the subsidiary companies.

Long-term loans (all pertaining to subsidiary companies) obtained from local banks and a financial institution are repayable at the following terms:

|               | Total no. of instalments | Amount per monthly instalment (all inclusive of interest)<br>RM | Commencement of instalments |
|---------------|--------------------------|---|-----------------------------|
| Term loan I   | 48                       | 3,649   | June, 1998                  |
| Term loan II  | 48                       | 11,766  | June, 1998                  |
| Term loan III | 39                       | 65,165  | April, 2001                 |

In 2003, term loans I and II have been fully settled.

### 23. DEFERRED TAX LIABILITIES

|   | The Group  |            |
|---|------------|------------|
|   | 2004<br>RM | 2003<br>RM |
| At beginning of year  | 1,120,600  | 431,214    |
| Transfer from income statements (Note 10)                             | 500,000    | 217,571    |
| Deferred tax relating to revaluation of property, plant and equipment | -          | 468,000    |
| Foreign currency fluctuation  | -          | 3,815      |
| At end of year  | 1,620,600  | 1,120,600  |

The deferred tax liabilities of the Group are in respect of:

|                                | 2004<br>RM | 2003<br>RM |
|--------------------------------|------------|------------|
| Taxable temporary differences: |            |            |
| Property, plant and equipment: |            |            |
| Accelerated capital allowance  | 1,152,600  | 652,600    |
| Revaluation                    | 468,000    | 468,000    |
|                                | 1,620,600  | 1,120,600  |

### 24. SHARE CAPITAL

|                                | The Group and the Company      |             |             |             |
|--------------------------------|--------------------------------|-------------|-------------|-------------|
|                                | 2004<br>No. of ordinary shares | 2003        | 2004<br>RM  | 2003<br>RM  |
| <b>Authorised*:</b>            |                                |             |             |             |
| At beginning of year           | 200,000,000                    | 10,000,000  | 100,000,000 | 10,000,000  |
| Created during the year        | -                              | 90,000,000  | -           | 90,000,000  |
|                                | 200,000,000                    | 100,000,000 | 100,000,000 | 100,000,000 |
| Effect of 2-for-1 share split  | -                              | 100,000,000 | -           | -           |
| At end of year                 | 200,000,000                    | 200,000,000 | 100,000,000 | 100,000,000 |
| <b>Issued and fully paid*:</b> |                                |             |             |             |
| At beginning of year           | 77,400,000                     | 5,113,626   | 38,700,000  | 5,113,626   |
| Effect of 2-for-1 share split  | -                              | 5,113,626   | -           | -           |
| After the share split          | 77,400,000                     | 10,227,252  | 38,700,000  | 5,113,626   |
| Shares issue                   | 8,600,000                      | -           | 4,300,000   | -           |
| Bonus issue                    | -                              | 67,172,748  | -           | 33,586,374  |
| At end of year                 | 86,000,000                     | 77,400,000  | 43,000,000  | 38,700,000  |

\*Ordinary shares of RM1.00 each before the share split and RM0.50 each after the share split.

## Notes to The Financial Statements (cont')

As approved by the shareholders at the Extraordinary General Meeting held on August 22, 2003, the Company increased its issued and fully paid-up ordinary share capital from RM38,700,000 to RM43,000,000 by way of:

- allotment of 600,000 new ordinary shares of RM0.50 each at RM0.65 per ordinary share pursuant to public issue;
- allotment of 4,000,000 new ordinary shares of RM0.50 each at RM0.65 per ordinary share to eligible employees of Dominant Enterprise Berhad and its subsidiaries; and
- private placement of 4,000,000 new ordinary shares of RM0.50 each at RM0.65 per ordinary share to identified investors.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

### 25. RESERVES

|                             | The Group  |            | The Company |            |
|-----------------------------|------------|------------|-------------|------------|
|                             | 2004<br>RM | 2003<br>RM | 2004<br>RM  | 2003<br>RM |
| Non distributable reserves: |            |            |             |            |
| Share premium               | 169,716    | 277,459    | 169,716     | 277,459    |
| Revaluation reserve         | 3,862,922  | 3,862,922  | 4,330,922   | 4,330,922  |
| Translation reserve         | 697,214    | 280,623    | -           | -          |
|                             | 4,729,852  | 4,421,004  | 4,500,638   | 4,608,381  |
| Distributable reserve:      |            |            |             |            |
| Unappropriated profit       |            |            |             |            |
| (Accumulated loss)          | 14,794,347 | 8,072,156  | (107,446)   | (119,614)  |
|                             | 19,524,199 | 12,493,160 | 4,393,192   | 4,488,767  |

#### Share premium

Share premium arose from the following:

|   | The Group and the Company |             |
|---|---------------------------|-------------|
|   | 2004<br>RM                | 2003<br>RM  |
| Issue of 40,000 ordinary shares of RM1 each at a premium of RM1.67 per share in 1998        | 66,800                    | 66,800      |
| Issue of 262,228 ordinary shares of RM1 each at a premium of about RM4.72 per share in 2001 | 1,236,657                 | 1,236,657   |
| Issue of 8,600,000 ordinary shares of RM0.50 each at a premium of RM0.15 per share in 2003  | 1,290,000                 | -           |
|   | 2,593,457                 | 1,303,457   |
| Bonus issue (Note 24)   | (1,025,998)               | (1,025,998) |
| Share issue expenses  | (1,397,743)               | -           |
|   | 169,716                   | 277,459     |

**Revaluation reserve**

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. This amount arose from the revaluation of landed properties by the Group as disclosed in Note 12.

**Translation reserve**

Exchange differences arising on translation of foreign controlled entities, are taken to the translation reserve, as described in the accounting policies.

**Unappropriated profit**

Distributable reserves are those available for distribution by way of dividends. As of the end of the financial year, the Company does not have any profit available for distribution as dividends.

**26. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

|  | The Group   |             | The Company |            |
|--|-------------|-------------|-------------|------------|
|  | 2004<br>RM  | 2003<br>RM  | 2004<br>RM  | 2003<br>RM |
| Short-term deposits                      | 4,586,400   | 4,890,404   | 1,500,000   | -          |
| Fixed deposits                           | 569,384     | 2,267,100   | -           | -          |
| Cash on hand and at banks                | 2,083,577   | 2,215,999   | 46,601      | 10,573     |
| Bank overdrafts                          | (1,697,212) | (1,164,855) | -           | -          |
|  | 5,542,149   | 8,208,648   | 1,546,601   | 10,573     |
| Less: Fixed deposits<br>pledged to banks | (569,384)   | (547,100)   | -           | -          |
|  | 4,972,765   | 7,661,548   | 1,546,601   | 10,573     |

**27. FINANCIAL INSTRUMENTS**

**Financial Risk Management Objectives and Policies**

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments. The Group does not utilise any foreign currency forward contracts for trading or other speculative purposes.

**Foreign currency risk**

The Group maintains multi-currency accounts in the normal course of business and hedges the matching assets and liabilities in the same currency to manage its exposure against foreign currency fluctuations on sales and purchases transactions denominated in foreign currencies.

**Interest rate risk**

The Group enters into various interest rate risk management transactions for the purpose of reducing net interest costs and to achieve interest rates within predictable, desired ranges.



## Notes to The Financial Statements *(cont')*

### ***Market risk***

The Group manages its exposure to fluctuation in the prices of key raw materials used in the operations and trading merchandise sold by ways of negotiation for the purchasing terms centrally by the Group to achieve efficiency and pricing objective and ensures a large number of suppliers so as to limit high concentration of risk in a particular supplier.

### ***Credit risk***

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

### ***Liquidity risk***

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

### ***Cash flow risk***

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

### ***Financial Assets***

The Group's principal financial assets are cash and bank balances and trade and other receivables. The principal policies applicable to the major financial assets are as disclosed in Note 3.

### ***Financial Liabilities and Equity Instruments***

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. Significant financial liabilities include trade and other payables and borrowings. Borrowings are recorded at the proceeds received net of direct issue costs. Finance charges are accounted for on accrual basis. Equity instruments are recorded at the proceeds received.

### ***Credit Risk***

The financial instruments which potentially subject the Group to credit risk are trade receivables. Concentration of credit risk with respect to trade receivables is limited due to a large number of customers. The directors are of the opinion that the risk of incurring material losses related to this credit risk is remote.

### ***Fair Values***

#### ***Cash and cash equivalents, trade and other receivables, trade and other payables and borrowings***

The carrying amounts approximate fair value because of the short maturity of these instruments.

## 28. DIVIDENDS

A final dividend of 5%, tax-exempt, amounting to RM1,935,000 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

Pending the declaration of dividends by certain subsidiary companies totalling RM2,150,000, the directors proposed a final dividend of 5%, tax-exempt, amounting to RM2,150,000 in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company, and has not been included as a liability in the financial statements.

The proposed final dividend for 2004 is payable in respect of 86,000,000 ordinary shares of RM0.50 each in issue as at the date of the financial statements.

Dividend per share is 2.5 sen (also 2.5 sen in 2003).

### 29. CONTINGENT LIABILITIES

As of March 31, 2004, the Group (all pertaining to the subsidiary companies) has credit facilities from licensed banks, a financial institution and third parties totalling RM49,050,000 (RM39,200,000 in 2003) which are guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by the said subsidiary companies as of year-end amounting to about RM19,464,000 (RM15,976,000 in 2003).

### 30. PRIOR YEAR ADJUSTMENTS

As mentioned in Note 3, during the current financial year, the Group and the Company changed the accounting policy on income tax to conform with the adoption of MASB 25, Income Taxes.

The effect of this change in accounting policy is to decrease net profit of the Group for the current financial year by RM500,000 arising from the aforementioned changes in accounting policy. There is, however, no effect on the net profit of the Company for the current financial year.

The change in accounting policy has been applied retrospectively and the effect on prior financial year have been taken up as prior year adjustment in the financial statements. Accordingly, certain accounts in prior financial year have been restated to reflect the effects of this adjustment as follows:

|                             | As previously<br>reported<br>RM | Adjustments<br>RM | As restated<br>RM |
|-----------------------------|---------------------------------|-------------------|-------------------|
| <b>The Group</b>            |                                 |                   |                   |
| <b>As of March 31, 2003</b> |                                 |                   |                   |
| Deferred tax liabilities    | (652,600)                       | (468,000)         | (1,120,600)       |
| Revaluation reserve         | (4,330,922)                     | 468,000           | (3,862,922)       |

### 31. CAPITAL COMMITMENT

As of March 31, 2004, the Group (all pertaining to a subsidiary company) has capital commitment in respect of purchase of motor vehicle contracted but not provided for amounting to RM148,000.

### 32. SIGNIFICANT EVENT DURING THE YEAR

The entire issued and paid up share capital of the Company comprising 86,000,000 ordinary shares of RM0.50 each was listed on the Second Board of the Bursa Malaysia Securities Berhad (formerly known as Kuala Lumpur Stock Exchange) on October 20, 2003.

### 33. SUBSEQUENT EVENT

Subsequent to the financial year, the Company proposed an employees' share option scheme of up to 15% of the issued and paid-up share capital of the Company.

## Statement by Directors

The directors of **DOMINANT ENTERPRISE BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as of March 31, 2004 and of the results of their businesses and the cash flows of the Group and the Company for the year ended on that date.

Signed in accordance with  
a resolution of the Directors,

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**CHA AKU WAI @ SIA AH KOW**

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**TEO AH BAH @ TEO CHUANG KWEE**

Johor Bahru  
May 20, 2004

## Declaration by the Director Primarily Responsible for the Financial Management of the Company

I, **CHA AKU WAI @ SIA AH KOW**, the director primarily responsible for the financial management of **DOMINANT ENTERPRISE BERHAD**., do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by    )  
the abovenamed **CHA AKU WAI @**        )  
**SIA AH KOW** at **JOHOR BAHRU** in        )  
the State of **JOHOR** on                    )

Before me,

---

**COMMISSIONER FOR OATHS**

## Analysis of Shareholdings *as at 7 June, 2004*

|                            |                                   |
|----------------------------|-----------------------------------|
| Authorised Capital         | : RM 100,000,000                  |
| Issued and Paid-up Capital | : RM 43,000,000                   |
| Class of shares            | : Ordinary Shares of RM 0.50 each |
| Voting Rights              | : One vote per ordinary share     |

### SIZE OF SHAREHOLDINGS

| Size                  | No. of Holders | %      | No. of Shares | %      |
|-----------------------|----------------|--------|---------------|--------|
| 1-99                  | 3              | 0.10   | 140           | 0.00   |
| 100-1,000             | 814            | 27.87  | 471,956       | 0.55   |
| 1,001-10,000          | 1,692          | 57.93  | 7,466,400     | 8.68   |
| 10,001-100,000        | 367            | 12.56  | 10,331,549    | 12.01  |
| 100,001-4,299,999 *   | 44             | 1.51   | 23,838,955    | 27.72  |
| 4,300,000 and above** | 1              | 0.03   | 43,891,000    | 51.04  |
| Total                 | 2,921          | 100.00 | 86,000,000    | 100.00 |

\* less than 5% of issued shares

\*\* 5% and above of issued shares

### THIRTY LARGEST SHAREHOLDERS

| Name  | No. of Share Held | %     |
|---|-------------------|-------|
| 1 NS PACIFIC SDN BHD  | 43,891,000        | 51.04 |
| 2 HSBC NOMINEES (TEMPATAN) SDN BHD<br>HSBC (M) TRUSTEE BHD FOR OSK-UOB SMALL CAP<br>OPPORTUNITY UNIT TRUST (3548) | 3,098,000         | 3.60  |
| 3 AMMB NOMINEES (TEMPATAN) SDN BHD<br>AMTRUSTEE BERHAD FOR MOHD TAHIR BIN MOHD TAP (7/1023-5)                     | 3,009,996         | 3.50  |
| 4 AMMB NOMINEES (TEMPATAN) SDN BHD<br>AMTRUSTEE BERHAD FOR MOHD KHALID BIN IDRIS (7/1022-7)                       | 2,408,006         | 2.80  |
| 5 SALLEHUDDIN BIN SAIDON  | 2,133,997         | 2.48  |
| 6 LOW CHWEE TIAN  | 1,364,278         | 1.59  |
| 7 CHUA SU BOI @ CHUA SIEW LIAN  | 1,000,000         | 1.16  |
| 8 JAMALUDIN BIN OTHMAN  | 886,005           | 1.03  |
| 9 TAN SUE PENG  | 690,300           | 0.80  |

## Analysis of Shareholdings *as at 7 June, 2004 (cont')*

| Name   | No. of Share Held | %    |
|--|-------------------|------|
| 10 OH KIM SUN  | 626,300           | 0.73 |
| 11 CHA AKU WAI @ SIA AH KOW  | 538,132           | 0.63 |
| 12 TEO CHOON KIAT @ TEO CHUAN KIT  | 535,259           | 0.62 |
| 13 TAMAN BUNGA MERLIMAU SDN. BHD.  | 531,000           | 0.62 |
| 14 CHUAN HOE SENG REALTY SDN. BHD.   | 448,000           | 0.52 |
| 15 BOTLY NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR OH KIM SUN                  | 422,400           | 0.49 |
| 16 ONG TENG SER  | 388,914           | 0.45 |
| 17 TEO CHEA HUNG   | 365,600           | 0.43 |
| 18 TEO CHIEW PENG  | 363,456           | 0.42 |
| 19 TEO AH TEE @ TEO CHUAN HOW  | 350,242           | 0.41 |
| 20 TEO AH BAH @ TEO CHUANG KWEE  | 343,365           | 0.40 |
| 21 PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHAN KAI KHOON (E-PPG/LMM) | 300,000           | 0.35 |
| 22 TAI YEE FONG  | 286,400           | 0.33 |
| 23 TEE AH TA @ TEE SIN YONG  | 240,200           | 0.28 |
| 24 OWEE YIH CHYUN  | 226,000           | 0.26 |
| 25 SENG FUNG FERN  | 212,700           | 0.25 |
| 26 TEO YU LING   | 210,000           | 0.24 |
| 27 TAN TIAN POH  | 202,000           | 0.23 |
| 28 TEO CHIEW LUAN @ TEO CHIEW NGOH   | 200,054           | 0.23 |
| 29 KO LIANG JOO  | 200,000           | 0.23 |
| 30 BOTLY NOMINEES (TEMPATAN) SDN BHD<br>PLEDGED SECURITIES ACCOUNT FOR CHEW CHEW KON               | 188,000           | 0.22 |

#### SUBSTANTIAL SHAREHOLDERS WITH HOLDINGS OF 5% AND ABOVE

| Name                     | Direct             |       | Indirect           |       |
|--------------------------|--------------------|-------|--------------------|-------|
|                          | No. of Shares Held | %     | No. of Shares Held | %     |
| NS Pacific Sdn Bhd       | 43,891,000         | 51.04 | -                  | -     |
| Cha Aku Wai @ Sia Ah Kow | 538,132            | 0.63  | *44,254,456        | 51.46 |
| Teo Chiew Peng           | 363,456            | 0.42  | **44,429,132       | 51.67 |

\* Deemed interest by virtue of his interest in NS Pacific Sdn Bhd and through his spouse, Teo Chiew Peng.

\*\* Deemed interest through her spouse, Cha Aku Wai @ Sia Ah Kow.

#### DIRECTORS' SHAREHOLDINGS

| Name                           | Direct             |      | Indirect           |       |
|--------------------------------|--------------------|------|--------------------|-------|
|                                | No. of Shares Held | %    | No. of Shares Held | %     |
| Teo Ah Bah @ Teo Chuang Kwee   | 343,365            | 0.40 | *15,110            | 0.02  |
| Cha Aku Wai @ Sia Ah Kow       | 538,132            | 0.63 | **44,254,456       | 51.46 |
| Kuah Kwai Yoke @Kuah Boo Cheng | 129,983            | 0.15 | -                  | -     |
| Teo Kee Tai                    | 176,399            | 0.21 | -                  | -     |
| Chai Soon Too                  | 116,064            | 0.13 | -                  | -     |
| Owee Geok Choon                | 20,181             | 0.02 | -                  | -     |
| Tan Meng Poo                   | -                  | -    | -                  | -     |
| Hj Mohd Khalid Bin Idris       | 2,408,006          | 2.80 | -                  | -     |
| Tan Chia Hon                   | -                  | -    | -                  | -     |

\* Deemed interest through his spouse, Chung Ek Fong.

\*\* Deemed interest by virtue of his interest in NS Pacific Sdn Bhd and through his spouse, Teo Chiew Peng.

## List Of Properties

A summary of the details of Dominant Group's landed properties is as follows:

| Address   | Built-up area (sq.m) | Land area (sq.m) | Description / Existing Use  | Tenure                                    | Age of building (years) | Audited Net Book Value as at 31 March 2004 RM | Date of revaluation | Date of Acquisition |
|---|----------------------|------------------|---|---|-------------------------|---|---------------------|---------------------|
| 1. MLO 5502 (Lot 8619) HS(D) 11272 Mukim of Senai-Kulai, District of Johor Bahru, State of Johor        | 4,261.2              | 10,421.0         | Single storey detached factory with double storey front office annexed  | Freehold                                  | 12                      | 4,944,156                                     | 26.07.2002          | 21.12.1999          |
| 2. HS(D) 208603 PTD 41088 Mukim of Senai-Kulai, District of Johor Bahru, State of Johor                 | 3,532.2              | 8,317.3          | Single storey detached factory with two double storey office annexed    | Freehold                                  | 8                       | 4,125,996                                     | N/A                 | 25.09.2002          |
| 3. Lot MK 7-3134M 22, Tuas View Square Singapore 637603   | 1,520.6              | 2,166.0          | Single storey detached factory with three storey ancillary office       | Leasehold 60 years expiring on 29.10.2056 | 3                       | # 6,087,023                                   | 03.08.2002          | 12.03.1999          |
| 4. PT 348 HS(D) 26394 Mukim of 13 District of Seberang Perai Tengah, Pulau Pinang                       | 2,017.3              | 4,049.0          | Single storey detached factory building with double storey office annex | Leasehold 60 years expiring on 24.8.2058  | 7                       | 2,302,037                                     | 05.08.2002          | 17.06.1995          |
| 5. Lot P.T 43314 HS(D) 128747 Mukim and District of Petaling, State of Selangor                         | 2,295.3              | 4,047.0          | Single storey detached factory building with double storey office annex | Freehold                                  | 6                       | 3,380,128                                     | 30.07.2002          | 11.03.1996          |
| 6. Lot 5151 HS(M) 1780, Mukim 14 District of Seberang Perai Tengah, Pulau Pinang                        | 83.6                 | 111.0            | Double storey terrace house   | Freehold                                  | 11                      | 155,000                                       | N/A                 | 05.07.2001          |
| 7. Lot 37602 (formerly PTD 65854), Geran 74521 Mukim of Tebrau, District of Johor Bahru, State of Johor | 1,335.0              | 2,485.0          | 1½ storey detached factory  | Freehold                                  | 8                       | 2,290,256                                     | 01.08.2002          | 15.02.1995          |
| 8. PTD 1508 HS(D) 21332 Mukim of Sungai Terap, District of Muar, State of Johor                         | 1,992.8              | 2,266.2          | Single storey detached factory with double storey office annexed        | Leasehold 60 years expiring on 20.5.2056  | 6                       | 1,201,682                                     | 29.07.2002          | 13.01.1994          |

Note :The revaluation of the landed properties as disclosed above has been incorporated in the respective accounts of the subsidiaries of Dominant in the financial year ended 31 March 2003. Thus, the Group does not adopt any revaluation policy on the landed properties in financial year ended 31 March 2004.

# Being S\$ 2,692,539 converted at the closing rate of RM 2.2607 as at 31 March 2004

# Proxy Form

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of **DOMINANT ENTERPRISE BERHAD**, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of \_\_\_\_\_

or failing him/her/them, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at **Pulai Springs Resort, Dewan Inderaputera, 20km, Jalan Pontian Lama, Pulai, Johor**, on **Monday, 26 July 2004** at **10.00a.m.** and any adjournment thereof.

| RESOLUTIONS   |               | *FOR | *AGAINST |
|---|---------------|------|----------|
| 1. ADOPTION OF DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS | -Resolution 1 |      |          |
| 2. APPROVAL OF FIRST & FINAL DIVIDEND                             | -Resolution 2 |      |          |
| 3. APPROVAL OF DIRECTORS' FEES                                    | -Resolution 3 |      |          |
| 4. RE-ELECTION OF DIRECTORS:-                                     |               |      |          |
| (a) Mr. Teo Ah Bah @ Teo Chuang Kwee                              | -Resolution 4 |      |          |
| (b) Mr. Cha Aku Wai @ Sia Ah Kow                                  | -Resolution 5 |      |          |
| (c) Ms. Tan Chia Hon  | -Resolution 6 |      |          |
| 5. RE-APPOINTMENT OF AUDITORS                                     | -Resolution 7 |      |          |
| 6. SPECIAL BUSINESS:  |               |      |          |
| AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965     | -Resolution 8 |      |          |

(Please indicate with an "X" in the space provided and to show how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004

Signed

\_\_\_\_\_

|                                |
|--------------------------------|
| No. of Ordinary<br>Shares Held |
|                                |

## NOTES:-

1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. A proxy may but need not be a Member of the Company.
2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
3. The instrument appointing a proxy, in the case of an individual shall be signed by the appointor or his/her attorney duly authorised in writing and in the case of a corporation, either under seal or under the hand of an officer duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at No. 19 Jalan Tun Abdul Razak, Susur 1/1, 80000 Johor Bahru, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.



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AFFIX  
STAMP  
HERE

The Company Secretary  
**DOMINANT ENTERPRISE BERHAD** (221206-D)  
No. 19 Jalan Tun Abdul Razak,  
Susur 1/1,  
80000 Johor Bahru,  
Johor, Malaysia

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