



Idaman Unggul Berhad
(279343-W)

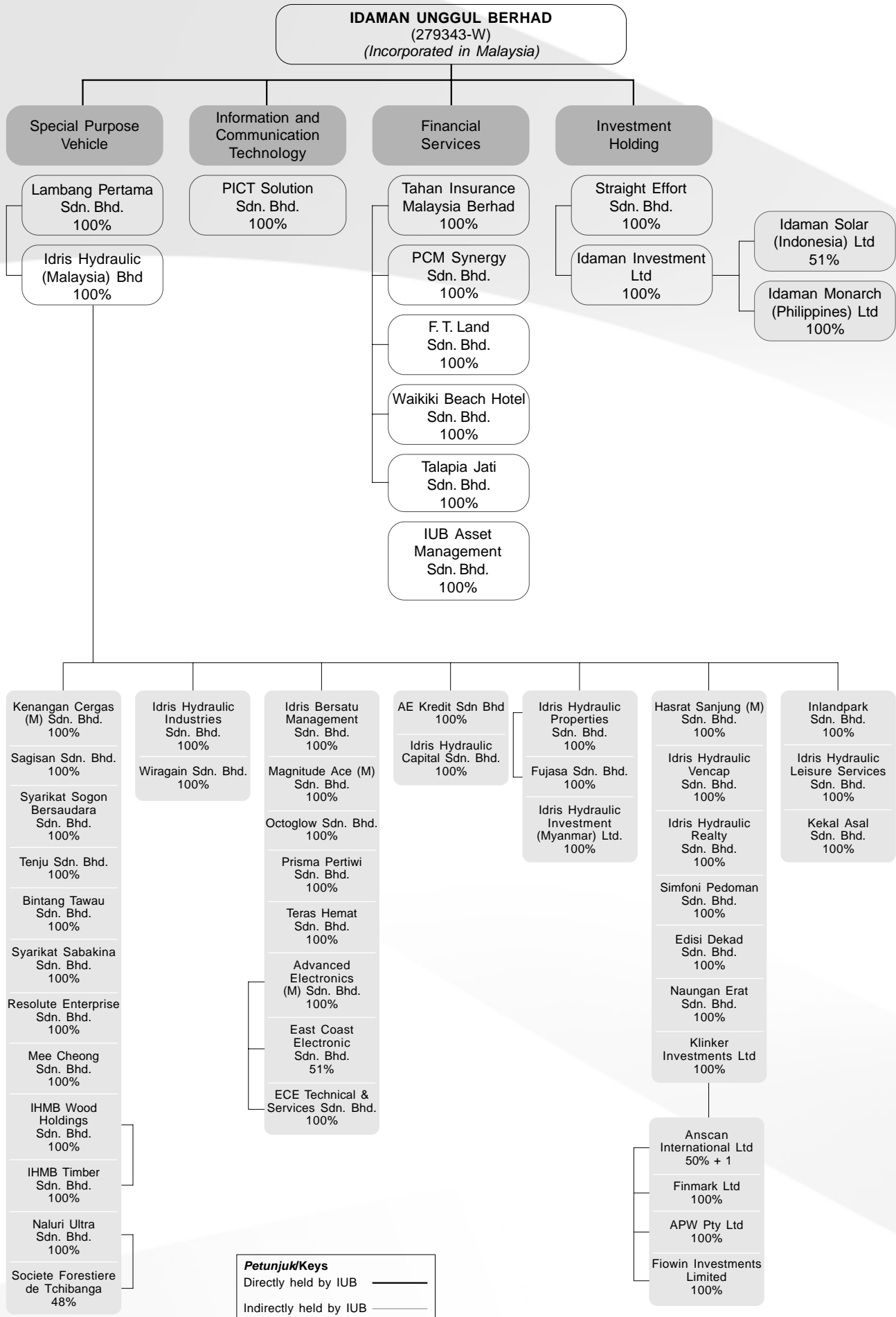
creating value

annual report 2004

CONTENTS

CORPORATE STRUCTURE	2
NOTICE OF ANNUAL GENERAL MEETING	3 - 4
CORPORATE INFORMATION	5
PROFILES OF DIRECTORS	6 - 7
CORPORATE GOVERNANCE STATEMENTS	8 - 12
REPORT ON AUDIT COMMITTEE	13 - 14
ADDITIONAL COMPLIANCE INFORMATION	15
CHAIRMAN'S STATEMENT	16 - 18
DIRECTORS' REPORT AND FINANCIAL STATEMENTS	
• Directors' Report	20 - 23
• Statement by Directors	24
• Statutory Declaration	24
• Report of the Auditors	25
• Income Statements	26
• Balance Sheets	27
• Consolidated Statement of Changes in Equity	28
• Statement of Changes in Equity	29
• Cash Flow Statements	30 - 31
• Notes to the Financial Statements	32 - 66
STATEMENT OF SHAREHOLDINGS	67 - 68
SUBSTANTIAL SHAREHOLDERS	69
DIRECTORS' SHAREHOLDINGS	69
STATEMENT OF ICULS-A HOLDINGS	70 - 72
DIRECTORS' ICULS-A HOLDINGS	72
STATEMENT OF ICULS-B HOLDINGS	73 - 75
DIRECTORS' ICULS-B HOLDINGS	75
LIST OF PROPERTIES	76 - 78
PROXY FORM	79

CORPORATE STRUCTURE



NOTICE OF 2ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of the Company will be held at Royal Ballroom, Kelab Golf Sultan Abdul Aziz Shah, No.1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 30 June 2005 at 9.00 a.m. to transact the following business :

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2004 and the Reports of the Directors and Auditors thereon. **[Resolution 1]**
2. To re-elect Dato' Che Mohd Annuar bin Che Mohd Senawi who retires by rotation in accordance with Article 97 of the Company's Articles of Association and being eligible, offers himself for re-election. **[Resolution 2]**
3. To re-elect Brig. Jen. (B) Dato' Pahlawan Hj Jamil bin Tahir who retires by rotation in accordance with Article 105 of the Company's Articles of Association and being eligible, offers himself for re-election. **[Resolution 3]**
4. To re-elect Dr. Radzuan bin Abdul Rahman who retires by rotation in accordance with Article 105 of the Company's Articles of Association and being eligible, offers himself for re-election. **[Resolution 4]**
5. To approve the payment of Directors' fees. **[Resolution 5]**
6. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Directors. **[Resolution 6]**

AS SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following Resolution :

ORDINARY RESOLUTION

Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965

"**THAT**, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

[Resolution 7]

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

BY ORDER OF THE BOARD

QUAH KHIAN KHOON
(MAICSA 7030264)

Secretary
7 June 2005

Notes :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. Subject to the Act, where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be completed, signed and deposited at the Company's Registered Office not less than 48 hours before the time set for the meeting or adjourned meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution No. 7 : Authority to Issue and Allot Shares

The proposed ordinary resolution is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting.

STATEMENT ACCOMPANYING NOTICE OF
ANNUAL GENERAL MEETING

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

The Directors who are standing for re-election at the Second Annual General Meeting of the Company are:-

- | | |
|--|-------------|
| (a) Dato' Che Mohd Annuar bin Che Mohd Senawi | Article 97 |
| (b) Brig. Jen. (B) Dato' Pahlawan Hj Jamil bin Tahir | Article 105 |
| (c) Dr. Radzuan bin Abdul Rahman | Article 105 |

The details of the Directors seeking for re-election are outlined on pages 6 & 7 of the Annual Report 2004.

2. DETAILS OF ATTENDANCE AT BOARD MEETING

A total of five Board Meetings were held during the financial year ended 31 December 2004.

Details of attendance of the Directors are set out on page 8 of the Annual Report.

3. PLACE, DATE & TIME OF THE GENERAL MEETING

The First Annual General Meeting of the Company was held during the financial year ended 31 December 2003 at Kayangan Ballroom, Quality Hotel, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan on 30 June 2004 at 9.00 a.m.

BOARD OF DIRECTORS

Dato' Che Mohd Annuar bin Che Mohd Senawi
(Executive Chairman)

Dato' Ab. Halim bin Mohyiddin
(Independent Non-Executive Director)

Datuk Che Mokhtar bin Che Ali
(Independent Non-Executive Director)

Haji Hussein bin Hamzah
(Independent Non-Executive Director)

Brig. Jen. (B) Dato' Pahlawan Hj Jamil bin Tahir
(Independent Non-Executive Director)

Dr. Radzuan bin Abdul Rahman
(Independent Non-Executive Director)

AUDIT COMMITTEE

Haji Hussein bin Hamzah
(Chairman/Independent Non-Executive Director)

Dato' Ab. Halim bin Mohyiddin
(Independent Non-Executive Director)

Brig. Jen. (B) Dato' Pahlawan Hj Jamil bin Tahir
(Independent Non-Executive Director)

Dr. Radzuan bin Abdul Rahman
(Independent Non-Executive Director)

COMPANY SECRETARY

Quah Khian Khoon
(MAICSA No. 7030264)

REGISTERED OFFICE

Level 20, Menara MRCB
No. 2 Jalan Majlis 14/10, Seksyen 14
40000 Shah Alam, Selangor Darul Ehsan
Tel : 03-55103222
Fax : 03-55102333

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-27212222
Fax : 03-27212530

AUDITORS

Messrs. Ernst & Young

SOLICITORS

Che Mokhtar & Ling
Md. Tajuddin & Co.

PRINCIPAL BANKERS

Bumiputra Commerce Bank Berhad

STOCK EXCHANGE

The Main Board of the Bursa Malaysia Securities Berhad

► DATO' CHE MOHD ANNUAR BIN CHE MOHD SENAWI *EXECUTIVE CHAIRMAN*

Dato' Che Mohd Annuar Bin Che Mohd Senawi aged 57, a Malaysian, is an Executive Chairman of Idaman Unggul Berhad ("IUB"). He was appointed to the Board of Idaman Unggul Sdn Bhd on 17 December 1993. He graduated with a Bachelor of Arts Degree in Actuarial Science and Demography from Macquarie University, Sydney, Australia in 1972 and is an Associate member of the Institute of Actuaries (London).

He started his career as an Actuarial Officer at the Prime Minister's Department in 1973. He worked as an Actuarial Assistant in Colonial Mutual Life (London) Plc, from 1974 to 1978. Upon returning to Malaysia, he joined the Prime Minister's Department as Government Actuary from 1978 to 1984. He has wide experience in insurance and other financial services, having held the position of Chief Executive Officer of Malaysian Cooperative Insurance Society from 1984 to 1989 and Executive Chairman of

Malaysia Nasional Insurance Berhad from 1989 to 1996 and served on the Boards of Employees Provident Fund, Malaysia National Reinsurance Berhad and United Malayan Banking Corporation Berhad Group of Companies.

He currently sits on the Boards of Tahan Insurance Malaysia Berhad, Parade Season Berhad and PPASN Bhd (a unit trust management company of Permodalan Nasional Berhad).

Dato' Annuar Senawi is deemed to have an indirect interest in the subsidiaries of IUB by virtue of Section 6A(4) of the Companies Act, 1965 held through IUB. He has no relationship with any other director and/or substantial shareholders of IUB, has no conflict of interests with IUB and has had no convictions for offences within the past 10 years.

► DATO' AB. HALIM BIN MOHYIDDIN *INDEPENDENT NON-EXECUTIVE DIRECTOR*

Dato' Ab. Halim bin Mohyiddin, aged 58, is an Independent Non-Executive Director. He was appointed to the Board on 23 September 2003. He is also the Chairman of the Nomination Committee, Remuneration Committee and a member of the Audit Committee. He has a Bachelor of Economics (Accounting) from the University of Malaya and also a Masters in Business Administration from University of Alberta, Edmonton, Canada. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Malaysian Institute of Taxation. He was formerly a partner in KPMG/KPMG Desa Megat & Co, a position he held from 1985 until his retirement on 1 October 2001. From 1977 till 1985, he held various positions with Peat Marwick/Desa Megat & Co, both in

Malaysia and the United States of America. Prior to joining KPMG, he was a Faculty Member of the Faculty of Economics, University Kebangsaan Malaysia. He is presently a director in several private and public listed companies which includes Hei Tech Padu Berhad, Arab Malaysian Corporation Berhad, Utusan Melayu Malaysia Berhad, Digi.Com Berhad, MCM Technologies Berhad, KNM Group Berhad and Amway (Malaysia) Holdings Bhd.

He does not hold any shares in the Group and has no relationship with any other director and/or substantial shareholders of IUB, has no conflict of interests with IUB and has had no convictions for offences within the past 10 years.

► DATUK CHE MOKHTAR BIN CHE ALI *INDEPENDENT NON-EXECUTIVE DIRECTOR*

Datuk Che Mokhtar bin Che Ali, aged 51, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 23 September 2003. He obtained his Bachelor of Arts (B.A.) and Bachelor of Law (LLB) degrees from Victoria University of Wellington, New Zealand. He was a former Magistrate and Deputy Public Prosecutor. He has been an Advocate and Solicitor of the High Court of Malaya since 1983. He is also a Director of Focal Aims Holdings Berhad.

He does not hold any shares in the Group and has no relationship with any other director and/or substantial shareholders of IUB, has no conflict of interests with IUB and has had no convictions for offences within the past 10 years.

► **HAJI HUSSEIN BIN HAMZAH**
INDEPENDENT NON-EXECUTIVE DIRECTOR

Haji Hussein bin Hamzah, aged 61, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 23 September 2003. He is also the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee. He holds Associateship in Architecture from Western Australian Institute of Technology and Diploma in Architecture from MARA Institute of Technology.

He is a Registered Architect in Board of Architects, Malaysia. He held various positions in Professional Institutes including Pertubuhan Arkitek Malaysia ("PAM") serving as president from 1989 to 1990, and Institut Rekabentuk Dalam Malaysia ("IPDM") serving as president from 1992 to 1994.

He has served as a member representing PAM on the Board of Architects (1990 to 1992), the committee for GATT and Trade in Services, Ministry of Finance, the consultative Panel for the National Housing Policy and as Chairman for the Standards Committee on use of buildings by the handicapped in the Ministry of Housing and Local Government. He is also a Director of Federal Furniture Holdings (M) Berhad.

He does not hold any shares in the Group and has no relationship with any other director and/or substantial shareholders of IUB, has no conflict of interests with IUB and has had no convictions for offences within the past 10 years.

► **BRIG. JEN. (B) DATO' PAHLAWAN HJ JAMIL BIN TAHIR**
INDEPENDENT NON-EXECUTIVE DIRECTOR

Brig. Jen. (B) Dato' Pahlawan Hj. Jamil bin Tahir, aged 57, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 31 May 2004. He is a member of the Audit Committee. As an Army Officer from the Engineering Corps, he attended all the necessary professional courses. Apart from Military Engineering, other courses include those on Military Operations, Training, Logistics, Management and Strategic Studies. Some of the courses are attended overseas, namely the United Kingdom, Australia, the United States of America, Indonesia and Bangladesh.

Throughout his 35 years career in the Army, he held various

command and staff appointments ranging from an Engineer Troop Commander in 1972 up to the Chief Engineer of the Malaysian Army in 2003 until his retirement in 2004. Other notable appointments include those as the Chief Secretariat of the Army Headquarters, a Directing Staff at the Malaysian Armed Forces Staff College and as Director of Defence Mapping at the Department of Survey and Mapping, Malaysia.

He does not hold any shares in the Group and has no relationship with any other director and/or substantial shareholders of IUB, has no conflict of interest with IUB and has had no convictions for offences within the past 10 years.

► **DR. RADZUAN BIN ABDUL RAHMAN**
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Radzuan, aged 62, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 28 December 2004. He is the Chairman of Kenangan Cergas (M) Sdn. Bhd., a wholly owned subsidiary of Idris Hydraulic (Malaysia) Bhd, a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated with Bachelor in Agricultural Science, University Malaya and later pursued his Masters in Science and Doctorate in Resource Economics at Cornell University. His early calling was to teach – a passion that has remained with him until today. For 11 years, Dr. Radzuan chose to be an academician and was the dean at the faculty of Resource Economics and Agribusiness, UPM until March 1980.

He first expanded his horizon to Sime Darby Plantations and in 1984, he joined Golden Hope Plantations Berhad as a director of corporate planning and worked his way up

to be Group Director of the Plantation Division. The 16 fruitful years spent at Golden Hope Plantations served as a nursery that had nurtured and articulated his corporate, management and business acumen. He sits on the Board of Fraser & Neave Holding Berhad, Tradewinds (M) Berhad, Inch Kenneth Kajang Rubber Plc, Consolidated Plantations Bhd, Kuwait Finance House (Malaysia) Bhd, F&N Diaries Sdn Bhd, Premier Milk Malaya, UNIKL Sdn Bhd and Marditech Sdn Bhd. He also sits as Council Members at University Kuala Lumpur and Malaysian Agricultural Research and Development Institute (MARDI).

He does not hold any shares in the Group and has no relationship with any other director and/or substantial shareholders of IUB, has no conflict of interests with IUB and has had no convictions for offences within the past 10 years.

INTRODUCTION

The Malaysian Code of Corporate Governance sets out principles and best practices on structures and processes that corporations may use in their operations towards achieving the optimal governance framework.

The principles and best practices of the Code were incorporated into the revamped Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") and listed companies are required to disclose the extent of compliance with the Code or in areas where there are deviations, the alternative measures undertaken.

The Board is pleased to report herein the manner in which the Company has applied the Principles of the Code and its compliance with the Best Practices of the Code for the financial year ended 31 December 2004.

BOARD OF DIRECTORS

The Board

The Board is controlled and led by an effective Board which has overall responsibility in corporate governance, financial performance, establishing goals and strategic direction, overseeing the investments and attainments of the corporate plans and objectives of the Company.

The Board has assigned specific responsibilities to 3 sub-committees namely Audit Committee, Nomination Committee and Remuneration Committee. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters lies with the entire Board.

Board Balance

The Board currently has 6 members comprising the Executive Chairman and five Independent Non-Executive Directors. The profile of each director is presented from pages 6 to 7 of the Annual Report. The Board is currently satisfied that the number of independent directors which now comprises at least one third of the Board, fulfills the Listing Requirements of the BMSB.

The Directors, with their different backgrounds and specialization, collectively bring with them a wide range of experience and expertise in areas such as finance, legal, corporate affairs and operations. The Executive Chairman has overall responsibility for the Group's business

operations, organizational effectiveness and the implementation of the Board policies and decisions. Nevertheless, the ultimate responsibility for the final decision on all matters lies with the Board of Directors.

According to Best Practices of Corporate Governance, the roles of Chairman and Chief Executive Officer should be segregated to ensure a balance of power and authority, such that no one individual can dominate the board's decision. The Board is aware of the dual role held by Dato' Annuar Senawi ("DAS") who is the Executive Chairman. The Board has decided that DAS will continue to hold the dual role in recognition of his role as White Knight and his contribution to improve the performance of the Company and the Group.

The independent non-executive directors bring to bear objective and independent judgment to the decision making of the Board and provide a review and challenge on the performance of management. Dato' Ab. Halim bin Mohyiddin has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns of shareholders and investors may be conveyed.

Board Meetings

Board meetings are scheduled four times a year and additional meetings are held as and when required. The Board will meet to discuss and review the financial performance of the Group and to adopt the quarterly financial reports. The Board met 5 times during the financial year ended 31 December 2004 and the details of attendance of each Director are set out as follows :

Director	Attendance
Dato' Che Mohd Annuar bin Che Mohd Senawi	5/5
Dato' Dr. Abdul Razak bin Abdul (resigned 31/8/2004)	3/4
Dato' Ab. Halim bin Mohyiddin	5/5
Datuk Che Mokhtar bin Che Ali	5/5
Tuan Haji Hussein bin Hamzah	5/5
Encik Mohd Mahyudin bin Zainal (resigned 31/8/2004)	4/4
Brig. Jen. (B) Dato' Pahlawan Hj Jamil bin Tahir (appointed 31 May 2004)	3/3

Supply of Information

The Directors are provided with all relevant information in sufficient time, prior to the date of the scheduled meetings. The agenda for every Board Meeting together with comprehensive management reports, proposal papers and supporting documents are furnished to the Directors for their perusal well in advance of the Board meeting date, so that the Directors have ample time to review matters to be deliberated and to facilitate informed decision making by the Directors. Minutes of every Board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meeting.

As and when necessary, the Directors, in furtherance of their duties may seek independent professional advice at the expense of the Company. All Directors have full access to the senior management and the advice and services of the Company Secretary who ensures that all appointment are properly made and that all necessary information is obtained from the Directors, both for the Company's own records or for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements or other regulatory requirements.

Appointments to the Board

The Code endorses as a good practice, a formal procedure for appointments to the Board, with a Nomination Committee making recommendations to the Board.

The Nomination Committee currently comprises the following members :

- (a) Dato' Ab. Halim bin Mohyiddin
(Chairman/Independent/Non-Executive Director)
- (b) Tuan Haji Hussein bin Hamzah
(Independent/Non-Executive Director)
- (c) Dr. Radzuan bin Abdul Rahman
(Independent/Non-Executive Director)

The Nomination Committee is primarily empowered to recommend to the Board, new candidates as Board members or Board committee members.

In addition to recommending candidates to the Board, the Committee also assesses and reviews the effectiveness of the Board as a whole and contribution of each individual director.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors shall retire at each Annual General Meeting and the retiring directors are eligible for re-election. Any Directors appointed during the year are subject to retirement and re-election at the next Annual General Meeting. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors Training

All Board members have attended and completed the Mandatory Accreditation Program as required by the BMSB. The Directors will continue to undergo other relevant training programmes to further enhance their knowledge in the latest statutory and/or regulatory requirements on a continuous basis in compliance with Practice Note 15/2003 of BMSB Listing Requirements on the Continuous Education Programme.

DIRECTORS' REMUNERATION

The Remuneration Committee currently comprises the following members :

- (a) Dato' Ab. Halim bin Mohyiddin
(Chairman/Independent/Non-Executive Director)
- (b) Dato' Che Mohd Annuar bin Che Mohd Senawi
(Executive Director)
- (c) Tuan Haji Hussein bin Hamzah
(Independent/Non-Executive Director)
- (d) Dr. Radzuan bin Abdul Rahman
(Independent/Non-Executive Director)

The remuneration packages for the Directors are deliberated by the Remuneration Committee. The Committee also ensures that the remuneration packages of the executive director are attractive enough to motivate and retain the best candidate needed to run the Company successfully. Remuneration packages of executive director are structured to commensurate with corporate and individual's performance. The non-executive directors are remunerated based on fixed annual fees approved by the shareholders of the Company. The remuneration packages of the directors are decided by the Board as whole, with the Director concerned abstaining from participating on decisions in respect of his individual remuneration.

The details on the remuneration of the Directors are as follows :

	Basic Salary/Fees RM'000	Other Benefits RM'000	Total 2004 RM'000	Total 2003 RM'000
Executive Directors				
Dato' Che Mohd Annuar bin Che Mohd Senawi	540	216	756	61
Dato' Dr. Abdul Razak bin Abdul	240	604	844	35
	780	820	1,600	96
Non-Executive Directors				
Mohd Mahyudin bin Zainal	8	25	33	8
Datuk Che Mokhtar bin Che Ali	12	1	13	1
Tuan Haji Hussein bin Hamzah	12	38	50	4
Dato' Ab. Halim bin Mohyiddin	12	15	27	2
Brig. Jen. (B) Dato' Pahlawan Hj Jamil bin Tahir	7	5	12	0
	51	84	135	15
Grand Total	831	904	1,735	111

INVESTORS RELATION AND SHAREHOLDERS COMMUNICATION

The Board believes in clear and timely communication with its shareholders. The Annual Report and the quarterly financial results provide the shareholders and the general public with an overview of the Group's business activities and performance.

The Annual General Meeting provides an opportunity for direct interaction with shareholders where questions and concerns raised on the operational and financial performance are addressed and these questions and concerns are to serve as feedback to be factored into the Company's business or corporate decisions.

Shareholders and members of the public are invited to access the BMSB website at www.bursamalaysia.com to obtain the latest corporate and market information of the Company and the Group.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly

and half yearly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit and loss and cash flows for the period then ended.

In preparing the financial statements, the directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied. In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Internal Control

The Board has a responsibility to maintain a sound system of internal control to safeguard the shareholders' investment and the Company's assets. Information on the Group's internal control is preserved in the statement on internal control laid out on the accompanying section.

Relationship with Auditors

Through the Audit Committee, the Company has established a transparent and appropriate relationship with the Group's external auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of the external auditors is subject to the approval of the shareholders in the general meeting whilst their remuneration is determined by the Board.

INTERNAL CONTROL STATEMENT

Responsibility

The Board of Directors is pleased to provide the following statement on the state of internal control of the Group. For the purposes of this statement, the Group refers to the Company and its subsidiaries, excluding its associated companies.

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

Key Processes

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to date of approval of the annual report and financial statements.

The process is regularly reviewed by the Board and is in accordance with the guidance as contained in the publication – Statement of Internal Control : Guidance for Directors of Public Listed Companies.

The key elements of the internal control structure are as follows :

- The Group is headed by the Executive Chairman and assisted by the Management team. There is an operating structure in place, with clear defined lines of accountability.
- The Audit Committee was established to assist the Board in discharging its duties.
- Periodical Board and Audit Committee meetings are held. Quarterly financial results and status of corporate proposals are presented during these meetings.
- The Group has implemented a Group Internal Audit function ("GIA"), which will report directly to the Audit Committee. The GIA has the objective to carry out reviews of the internal controls systems to determine if accepted accounting and control procedures have been complied with as well as to identify recommendation to strengthen the overall internal controls environment.
- The Board of the active subsidiaries, particularly the insurance subsidiary, receives and reviews regular reports from the management on key operating statistics, legal, environmental and regulatory matters. The Head of the respective subsidiaries reports regularly to management and occasionally to their Board.
- Each active business unit submits a business plan annually for approval by the Board of the respective subsidiaries. The results of each line of business are reported monthly and variances against budgets are analyzed.
- At its core insurance subsidiary, regular meetings are held by its Board, Investment Committee, Management Committee and Audit Committee to review the performances and internal controls. The Internal Audit function also assists the Audit Committee in discharging their duties. During the financial year, 51 internal audit reports were tabled to the Audit Committee. The Board and management of the insurance subsidiary are continuously evaluating the effectiveness of its Credit Control Department to enhance the monitoring of its receivables.

In addition, there is a Risk Management Committee comprising of three independent non-executive directors to review and recommend risk management strategies, policies and risk tolerance limits for the Board's approval.

highest level on integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

Statements made in accordance with the resolution of the Board of Directors dated 28 April 2005.

The Company is committed to achieving high standards of corporate governance throughout the Group and to the

Dato' Che Mohd Annuar bin Che Mohd Senawi
Chairman

Composition of the Audit Committee

- (a) Tuan Haji Hussein bin Hamzah
(Chairman/Independent Non-Executive Director)
- (b) Dato' Ab. Halim bin Mohyiddin
(Independent Non-Executive Director)
- (c) Brig. Jen. (B) Dato' Pahlawan Hj Jamil bin Tahir
(Independent Non-Executive Director)
- (d) Dr. Radzuan bin Abdul Rahman
(Independent Non-Executive Director)

TERMS OF REFERENCES

Members

An independent Audit Committee shall exist to implement and support the functions of the Board. Members of the Committee shall elect the Chairman, and all members of the Committee including the Chairman shall hold office as long as they serve as Directors of the Company.

Based on Part-C Audit Committee of the Listing Requirements, the Committee shall be appointed from amongst the Directors and no alternate Director shall be a member of the Committee.

The Committee shall comprise at least three members, majority of whom shall be independent directors. At least one member of the Committee shall be a member of the Malaysia Institute of Accountants (MIA) or if not a member of MIA, must have had at least three years working experience, and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967. The Chairman of the Committee shall be an Independent Director.

Members of the Committee may relinquish their membership with prior written notice to the Company Secretary and may continue to serve as Director of the Company. In the event of any vacancy in the Committee, the vacancy shall be filled within 3 months and the Nomination Committee shall review and recommend for the Board's approval another appropriate Director to fill the vacancy.

Quorum

The majority of members present must be Independent Directors to form a quorum of each meeting.

Objectives

In compliance with the Listing Requirements and Best

Practices recommended by the Finance Committee on Corporate Governance stipulated in the Malaysia Code on Corporate Governance, it is the objective of the Committee to assure the shareholders of the Company that the Directors have complied with specified financial standards and required disclosure policies developed and administered by the BMSB and other approved accounting standards bodies.

Further, the Committee shall ensure consistency with BMSB's commitments to encourage high standards of corporate disclosure and transparency. The Committee also endeavours to adopt practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to the Company's shareholders.

Attendance of Meetings

Apart from the members of the Committee who will be present at the meetings, the Committee may request any member of the management and representatives of the external/internal auditors to be present at meetings of the Committee. The Company Secretary shall be the Secretary of the Committee.

Frequency of Meetings

Meetings shall be held not less than four (4) times annually, or more frequently as circumstances dictate. The external auditors may request a meeting if they consider that one is necessary.

Duties and Responsibilities

The principal duties and responsibilities of the Committee shall include :

- (a) To consider the appointment of a suitable accounting firm to act as the external auditors. Amongst the factors considered for the appointment are the adequacy of experience and resources of the firm, the individuals assigned to the audits and the recommended audit fees payable.
- (b) To discuss the nature and scope of audit with the external auditors (before the audit commences) and ensure coordination (where more than one audit firm is involved).
- (c) To review the quarterly interim results and annual financial statements of the Company, focusing particularly on :
 - Any changes in accounting policies and practices.
 - Significant adjustments arising from the external audits.
 - The ongoing concern assumptions.

- Compliance with accounting standards and other legal requirements.
- (d) To discuss issues and concerns arising from interim and final audits and any other matters external auditors wish to discuss, in the absence of management if necessary.
 - (e) To review the external auditors management letter and management's responses.
 - (f) To review assistance and cooperation given by the Company, its business units and its officers to auditors.
 - (g) To review and ensure the Company's internal audit function is adequately resourced, has appropriate standing within the Company and has adequate standards of internal controls, reporting and processes.
 - (h) To consider the major findings of internal audits and investigations, management's responses, remedial actions taken and follow-ups.
 - (i) To review any related party transactions and conflict of interest situation that may arise within the Company or the business units.
 - (j) To consider other topics as defined by the Board.

Authority

In conducting its duties and responsibilities, the Committee shall have the following rights :

- (a) Explicit authority to investigate any matter within its terms of reference.
- (b) Have adequate resources to conduct its duties.
- (c) Have full, free and unrestricted access to any information, records, properties and personnel of the Company and of any other companies within the Company.
- (d) Have direct communication channels with the external and internal auditors.
- (e) Able to obtain external independent professional advice and to invite external parties with relevant experience to attend the Committee meetings.
- (f) Have the discretion to invite other Directors and/or employees of the Company to attend any particular Committee meetings to discuss specific issues.
- (g) Able to convene meetings with external and internal auditors, excluding the attendance of the executive members of the Committee if deemed necessary.

Reporting Procedures

Minutes of the meetings shall be distributed to each member of the Committee. The Management shall report matters discussed at each meeting to the Board.

In addition to performing its principal duties and responsibilities and discussing matters at the Committee meetings, the Committee shall perform or has performed the following functions :

- Review and approve the 'Compliance to the BMSB Listing Requirements' quarterly reports.
- Review and approve press releases to shareholders, investors and regulatory authorities.
- Review and approve the annual and revised audit plans.
- Review and discuss risk analysis of the Company and the business units of the Group.
- Attend seminars, trainings and conferences relating to Corporate Governance, BMSB Listing Requirements and other relevant subjects.

MEETINGS

The Committee meets at least four times annually, or more frequently as circumstances dictate. As part of its duty to foster open communication, the Senior Vice President, Group Chief Accountant and a representative of the external auditors will normally attend the meetings. Other Board members may attend the meetings upon invitation of the Committee. The Committee has met 4 times during the financial year ended 31 December 2004.

INTERNAL AUDIT FUNCTION

The Audit Committee of the Company is supported by a Group Internal Audit and the audit committee of its core insurance subsidiary. The Committee is aware of the fact that an independent and adequately resource internal audit function is essential to assist the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

During the financial year, the core insurance subsidiary's internal audit activities have been carried out according to the internal audit plan which, have been approved by its audit committee.

STATUS OF UTILIZATION OF PROCEEDS RAISED FROM CORPORATE EXERCISE

Pursuant to the Restructuring Exercise, the total proceeds arising from the Shares Subscription, Rights Share Issue and Rights Issue of ICULS-B amounting to RM213.073 million have been utilized as follows:

	Approved Utilization RM'000	Utilized as at 31.12.2004 RM'000
Repayment to Scheme Creditors	188,394	188,394
Repayment to bank borrowings	139	139
Defray expenses of the Restructuring Exercise	8,000	6,641
Working capital	16,540	16,540
	<u>213,073</u>	<u>211,714</u>

SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory authorities.

SHARE BUYBACKS

During the financial year, there were no share buybacks of the Company's own shares.

AMERICAN DEPOSITORY RECEIPTS ('ADR') AND GLOBAL DEPOSITORY RECEIPTS ('GDR')

During the financial year, the Company did not sponsor any ADR or GDR program.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

As of 31 December 2004, a total of 6,431,525 out of 22,749,600 Irredeemable Convertible Unsecured Loan Stocks-A (ICULS-A) have been converted into ordinary shares since the beginning of the financial year.

There was no conversion of Irredeemable Convertible Unsecured Loan Stocks-B (ICULS-B) into ordinary shares in respect of the financial year.

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors by the Group and by the Company for the financial year is disclosed in Note 5 to the financial statements.

UNAUDITED RESULTS, PROFIT ESTIMATE, FORECAST OR PROJECTIONS

UNAUDITED RESULTS

The audited results for the financial year ended 31 December 2004 differ by more than 10% from the unaudited results previously announced on 25 February 2005 as follows:

Group	Unaudited Results 31.12.2004 Group RM'000	Audited Results 31.12.2004 Group RM'000	Difference RM'000
Profit after tax and minority interest	<u>10,383</u>	<u>476</u>	<u>(9,907)</u>

The deviation was mainly due to the following :

- (a) Increase in net claims incurred as a result of post year end intimation. (887)
 - (b) Increase in provision for bad and doubtful debts for balances above 6 months arising from reconciliations with re-insurers, brokers, co-insurers and agents. (15,708)
 - (c) Adjustments arising from treatment of non-accrual policies and underaccrual of the share of Malaysian Motor Insurance Pool income upon receipt of their statements. 1,567
 - (d) Overprovision in prior year taxation upon agreement of updated taxation submissions by the Inland Revenue Board. 4,785
 - (e) Others 336
- Total Deviation (9,907)

PROFIT ESTIMATE, FORECAST OR PROJECTION

No profit estimate, forecast or projection were announced during the financial year.

PROFIT GUARANTEE

During the financial year, there were no profit guarantees given by the Company.

MATERIAL CONTRACTS

There was no material contracts entered into between the Company and the Directors of the Company during the financial year.

Dear Shareholders,

On behalf of the Board of Directors, I would like to present the second Annual Report and Audited Financial Statements of the Group and the Company (or "IUB") for the financial year ended 31 December 2004.

Industry Trend and Development

The insurance industry continued to register a strong growth of 17.2% (2003: 11.7%) to achieve a combined premium income of RM22.0 billion (2003: RM18.8 billion) for life and general business. Life premium income expanded significantly by 22.4% (2003: 14.2%) to RM15.1 billion (2003: RM12.4 billion) while general business grew at a slower pace of 7.8% (2003: 6.9%) to register RM6.9 billion premium income (2003: RM6.4 billion).

Premium income of the industry grew by 1% point to account for 5.2% of GNP as compared to 5.1% in the preceding year. Total insurance assets increased by 13.0% in 2004 (2003: 15.3%) to RM86.8 billion (2003: RM76.8 billion) representing 4.9% (2003: 4.9%) of the financial system total assets.

Summary of Results

For the year ended 31 December 2004 under review, the Group recorded a profit for the year of RM0.47 million on a revenue of RM141.68 million compared to a loss of RM359.06 million on a revenue of RM31.51 million in the previous year. The current year's results are not comparable with the previous year in view of the Company's participation in the restructuring scheme of Idris Hydraulic (Malaysia) Bhd ("IHMB") which was completed in the last quarter of 2003. As disclosed in the previous year's annual report, the Company participated in the restructuring scheme of IHMB which required the Company to resolve and settle a very significant debt obligation of IHMB. The effect of this gave rise to a number of non-recurring items amounting to RM311.59 million which had to be written off to the income statement in the Group.

The profit for the current year under review was mainly contributed by its insurance subsidiary, Tahan Insurance Malaysia Berhad, which reported a profit after taxation of RM1.8 million compared to a loss of RM44.10 million that was consolidated in the post-acquisition period in the last quarter of the previous year.

Notable Events

The main notable events during the period under review were as follows:

- On 4 November 2004, the Company commenced preliminary discussion with Southern Bank Berhad ("SBB") on the possible divestment of the entire or part thereof of the life insurance business of Tahan Insurance Malaysia Berhad ("Tahan"). However, SBB notified us on their disengagement from their earlier intention to buy the life insurance business on 1 March 2005.

Subsequent to the financial year end, the Company had, on 16 March 2005, commenced fresh discussions with Affin Holdings Berhad for the possible divestment of the entire or part thereof of the life insurance business of Tahan.

- Pursuant to Section 46 of the Insurance Act, 1996 and regulation 41(1) of the Insurance (Amendment) Regulations, 1999, the Company is required to maintain at all times, a separate absolute minimum margin of solvency amounting to RM50.0 million each for its life and general insurance businesses. As highlighted in the previous year, as at 31 December 2003, both the life and general insurance businesses did not comply with the said requirement and recorded shortfalls thereon, amounting to RM34.72 million and RM162.61 million respectively. The margin of solvency shortfall in the previous year arose mainly as a result of certain corporate bonds being disallowed for inclusion as admitted assets due to the breach of the sub-limit requirements for holding of secured and unsecured credit facilities (5% and 2.5% of the margin of solvency amount respectively) as stipulated under Bank Negara Malaysia ("BNM")'s guidelines.

In the current year, both the life and general insurance businesses did not comply with the above said requirements and recorded shortfalls thereon, amounting to RM53.17 million and RM174.98 million respectively. The margin of solvency shortfall in the current year was also affected by similar disallowance as admitted assets for corporate bonds for both life insurance and general insurance business, amounting to RM46.38 million and RM102.78 million respectively.

Tahan via its Board of Directors is currently formulating appropriate action plans to resolve the said shortfalls.

Insurance

Tahan recorded a total shareholder's funds of RM17.98 million for the year 2004, an increase of 10.9% from RM16.21 million registered in 2003 due to RM1.77 million net profits contribution during the year. The improvement in earnings is attributed to lower deficit transferred from the general business of RM5.54 million (2003: RM39.01 million) and RM7.19 million write back of provision for taxation.

Total assets decreased by 5.9% to RM795.81 million as at 31 December 2004 represented by a 4.7% decline in total liabilities to RM513.13 million against RM538.29 in 2003 and 10.4% reduction in total insurance reserve to RM229.70 million in 2004 from RM256.33 million in 2003.

Reduction in total liabilities is mainly due to a decline of RM12.5 million provisions for 'Incurred But Not Reported' ("IBNR") claims to RM61.14 million in 2004 as well as RM21.92 million lower amounts due to reinsurers, brokers and co-insurers compensated by RM17.45 million increase in provision for outstanding claims. Insurance reserves were also lower due to 5.4% decrease in life policyholders' fund and 27.4% decline in unearned premium reserves.

As at the end of 2004, total assets available in the life policyholders' fund are sufficient to meet the life policyholders' liabilities as established by the actuary with a cumulative unallocated actuarial surplus of RM5.22 million.

Outlook

The year 2004, is the first complete post merger year for our core insurance subsidiary, Tahan, following the acquisitions of all insurance businesses, assets and liabilities of The People's Insurance Company (Malaysia) Berhad ("PICM") and Tenaga Insurance Berhad ("Tenaga") on 29 April 2002 and 31 January 2003 respectively.

Tahan have established better procedures and control to ensure efficient claims settlement as well as measures to ensure detection and deterrent of fraudulent and inflated claims. Going forward, Tahan is repositioning its strategies to areas/market to attract profitable sections of the market to enhance the quality of income and reduce claims. Receivable management and recovery efforts are at an intensive stage to further minimise provision for doubtful debts after successfully recording RM24.10 million write-back of provision for doubtful debts in 2004.

Currently, Tahan has a portfolio mix of 67%:33% motor to non-motor business from a mix of 72%:28% in early 2003. Tahan is reinforcing its marketing; sales and agency force

to expand market penetration and production growth in the non-motor insurance business. Tahan is also reinforcing the effectiveness of its operational support with key focus on staff productivity and customer care.

Tahan is allocating sizeable resources towards technology with the objective of producing new products, services and business processes to be market centered and to improve Tahan's bottom-line and market share specifically.

Going forward, prospects of the insurance companies in Malaysia remain bright with the growing affluence of the populations; rising per capita income and still low penetration rate vis-à-vis other countries should augur well for a more open market environment. Consolidation over the last few years is positive for the industry as merged entities will now benefit from enlarged business opportunities, economies of scale and greater efficiency.

Barring unforeseen circumstances, the Group expects to improve its results in the current financial year and will continue to focus on improving the performance of its core insurance business.

Redeemable Secured Loan Stocks

As part of the restructuring exercise of IHMB in 2003 which IUB participated, a special purpose vehicle company, Lambang Pertama Sdn Bhd ("LPSB"), was incorporated with a single purpose to redeem the Redeemable Secured Loan Stocks ("RSLs") amounting to RM233.989 million issued by LPSB to the scheme creditors on 20 November 2003. The RSLs has a nominal value of RM1 each with zero coupon rate is not listed, not transferable and a maturity date of two (2) years from the date of issue.

During the year under review, LPSB redeemed RM20.0 million of the RSLs following the completion of disposal by Idris Hydraulic Properties Sdn Bhd of its entire equity interests in Asal Cipta Sdn Bhd, Cermat Jaya Sdn Bhd and Jauza Sinar Sdn Bhd.

On 30 July 2004, LPSB's subsidiary, Klinker Investments Ltd ("KIL") entered into a Share Sale & Purchase Agreement ("SSPA") with O'Keeffe and/or Nominees ("the Purchaser") for the proposed disposal of 2,750,001 issued and paid up ordinary shares of USD1.00 each in Anscan International Limited ("AIL") representing 50% plus 2 share of equity interest in AIL for a total consideration of RM7,000,000 ("Proposed Disposal"). The salient terms of the SSPA include, amongst others: (a) the payment of RM2.0 million by AIL to KIL as full discharge of all amounts owed by AIL to KIL and/or IHMB; and (b) the payment of RM8.0 million by

the Purchaser to KIL as profit sharing for the development of certain projects undertaken by the Purchaser on a date to be agreed by KIL and the Purchaser or whatever sum to be agreed by both parties. The Proposed Disposal is pending completion.

The Group is continuously exploring various options to maximize recovery value of the assets of LPSB with a view that the value will be sufficient to redeem the RSLs.

Acknowledgements

On behalf of the Board, I would like to take this opportunity to express our gratitude and appreciation to the various Government authorities and agencies, including the Director General of Insurance, for their ongoing support and guidance to the Group. I would also like to thank our shareholders, valued clients, customers, business associates and understanding financiers and creditors for their continuing confidence and support to the Group.

I would like to express on behalf of the Board our warmest welcome to our new members of the Board, who were appointed during the year in 2004, Brig. Jen. (B) Dato' Pahlawan Hj. Jamil bin Tahir and Dr. Radzuan bin Abdul Rahman. I am thankful to YBhg. Dato' Dr. Abdul Razak bin Abdul and Encik Mohd. Mahyudin bin Zainal who retired from the Board on 31 August 2004 for their past services with the Company. I am also grateful to the management and staff at all levels within the Group for their contribution, dedication and valuable effort.

DATO' CHE MOHD ANNUAR CHE MOHD SENAWI

Chairman

Dated: 12 May 2005

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

• Directors' Report	20 - 23
• Statement by Directors	24
• Statutory Declaration	24
• Report of the Auditors	25
• Income Statements	26
• Balance Sheets	27
• Consolidated Statement of Changes in Equity	28
• Statement of Changes in Equity	29
• Cash Flow Statements	30 - 31
• Notes to the Financial Statements	32 - 66

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and providing corporate, administrative and management support to its subsidiaries.

There have been no significant changes in the nature of the principal activities during the financial year.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

RESULTS

	Group	Company
	RM'000	RM'000
Net profit/(loss) for the year	476	(2,216)

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

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

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

DIRECTORS

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

Dato' Che Mohd Annuar bin Che Mohd Senawi	
Dato' Ab. Halim bin Mohyiddin	
Datuk Che Mokhtar bin Che Ali	
Haji Hussein bin Hamzah	
Brig. Jen. (B) Dato' Pahlawan Hj. Jamil Bin Tahir	(appointed on 31 May 2004)
Dr. Radzuan bin Abdul Rahman	(appointed on 28 December 2004)
Dato' Dr. Abdul Razak bin Abdul	(resigned on 31 August 2004)
Mohd. Mahyudin bin Zainal	(resigned on 31 August 2004)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares, irredeemable convertible unsecured loan stocks ("ICULS") or debentures of the Company or any other body corporate.

DIRECTORS' BENEFITS (CONTD.)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to 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 any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			
	1 January 2004	Purchased	Sold	31 December 2004
The Company				
Direct Interest				
Dato' Che Mohd Annuar bin Che Mohd Senawi	55,709,989	5,000,000	-	60,709,989

	Number of ICULS-B of RM0.10 Each			
	1 January 2004	Purchased	Sold	31 December 2004
The Company				
Direct Interest				
Dato' Che Mohd Annuar bin Che Mohd Senawi	113,359,991	-	-	113,359,991

Dato' Che Mohd Annuar bin Che Mohd Senawi by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares or ICULS in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM372,820,922 to RM379,252,447 by way of conversion of 6,431,525 ICULS-A of RM1 each for 6,431,525 new ordinary shares of RM1 each.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

OTHER STATUTORY INFORMATION (CONTD.)

- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant events during the year and subsequent events are disclosed in Note 26 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors

Dato' Che Mohd Annuar bin Che Mohd Senawi

Datuk Che Mokhtar bin Che Ali

Selangor, Malaysia
12 May 2005

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Che Mohd Annuar bin Che Mohd Senawi and Datuk Che Mokhtar bin Che Ali, being two of the directors of Idaman Unggul Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 26 to 66 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

Dato' Che Mohd Annuar bin Che Mohd Senawi

Datuk Che Mokhtar bin Che Ali

Selangor, Malaysia
12 May 2005

STATUTORY DECLARATION

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

I, Dato' Che Mohd Annuar bin Che Mohd Senawi, being the director primarily responsible for the financial management of Idaman Unggul Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 26 to 66 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 Dato' Che Mohd Annuar Bin Che
Mohd Senawi at Kuala Lumpur in the Federal
Territory on 12 May 2005

**Dato' Che Mohd Annuar bin
Che Mohd Senawi**

Before me,

Mohd Radzi Bin Yasin
No. W327
Commissioner for Oaths

REPORT OF THE AUDITORS

TO THE MEMBERS OF IDAMAN UNGGUL BERHAD (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 26 to 66. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion:

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

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

The auditors' reports on the financial statements of the subsidiaries other than an emphasis of matter as disclosed in Note 12 were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174 (3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

George Koshy
No. 1846/07/05(J)
Partner

Kuala Lumpur, Malaysia
12 May 2005

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	3	141,682	31,508	380	371
Staff costs	4	(26,020)	(7,474)	(2,445)	(137)
Depreciation		(2,691)	(570)	(308)	(6)
Other operating income		32,410	8,208	539	-
Other operating expenses		(152,200)	(390,765)	(381)	(358,068)
Loss before taxation	5	(6,819)	(359,093)	(2,215)	(357,840)
Taxation	7	7,176	(22)	(1)	(21)
Profit/(loss) after taxation		357	(359,115)	(2,216)	(357,861)
Minority interest	8	119	55	-	-
Net profit/(loss) for the year		476	(359,060)	(2,216)	(357,861)
Earnings/(loss) per share (sen)					
- Basic	9 (a)	0.13	(650.75)		
- Diluted	9 (b)	0.12	-		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
ASSETS					
Property, plant and equipment	10	38,280	39,178	902	733
Investment properties	11	34,703	34,703	-	-
Investment in subsidiaries	12	-	-	18,620	16,759
Other investments	13	475,608	496,358	-	-
Loans receivable	14	14,561	15,537	-	-
Trade receivables	15	31,917	26,322	-	-
Other receivables	16	29,236	29,814	44,227	41,495
Cash and bank balances	17	75,770	113,003	1,969	11,205
Total assets		<u>700,075</u>	<u>754,915</u>	<u>65,718</u>	<u>70,192</u>
LIABILITIES					
Trade payables	18	372,124	389,904	-	-
Other payables	19	36,931	41,520	12,062	14,483
Hire purchase payables	20	1,307	1,262	784	600
Taxation		4,808	10,518	-	21
Deferred tax liabilities	21	827	1,310	-	-
Total liabilities		<u>415,997</u>	<u>444,514</u>	<u>12,846</u>	<u>15,104</u>
INSURANCE RESERVES					
Life assurance fund	22	185,154	194,941	-	-
General insurance fund	23	44,545	61,385	-	-
Total insurance reserves		<u>229,699</u>	<u>256,326</u>	<u>-</u>	<u>-</u>
FINANCED BY:					
Share capital	24	379,252	372,821	379,252	372,821
ICULS	25	33,697	40,128	33,697	40,128
Accumulated losses		(358,584)	(359,060)	(360,077)	(357,861)
Shareholders' equity		<u>54,365</u>	<u>53,889</u>	<u>52,872</u>	<u>55,088</u>
Minority interest	8	14	186	-	-
		<u>54,379</u>	<u>54,075</u>	<u>52,872</u>	<u>55,088</u>
Total liabilities, insurance reserves and shareholders' equity		<u>700,075</u>	<u>754,915</u>	<u>65,718</u>	<u>70,192</u>

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2004

	Share Capital	ICULS-A	ICULS-B	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2003	10	-	-	-	10
Issuance of share capital (Note 24)	224,449	-	-	-	224,449
Issuance of ICULS (Note 25)	-	134,442	21,045	-	155,487
Conversion of ICULS-A (Notes 24 and 25)	111,692	(111,692)	-	-	-
Conversion of ICULS-B (Notes 24 and 25)	36,670	-	(3,667)	-	33,003
Net loss for the year	-	-	-	(359,060)	(359,060)
At 31 December 2003	372,821	22,750	17,378	(359,060)	53,889
At 1 January 2004	372,821	22,750	17,378	(359,060)	53,889
Conversion of ICULS-A (Notes 24 and 25)	6,431	(6,431)	-	-	-
Net profit for the year	-	-	-	476	476
At 31 December 2004	379,252	16,319	17,378	(358,584)	54,365

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2004

	Share Capital	ICULS-A	ICULS-B	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2003	10	-	-	-	10
Issuance of share capital (Note 24)	224,449	-	-	-	224,449
Issuance of ICULS (Note 25)	-	134,442	21,045	-	155,487
Conversion of ICULS-A (Notes 24 and 25)	111,692	(111,692)	-	-	-
Conversion of ICULS-B (Notes 24 and 25)	36,670	-	(3,667)	-	33,003
Net loss for the year	-	-	-	(357,861)	(357,861)
At 31 December 2003	372,821	22,750	17,378	(357,861)	55,088
At 1 January 2004	372,821	22,750	17,378	(357,861)	55,088
Conversion of ICULS-A (Notes 24 and 25)	6,431	(6,431)	-	-	-
Net loss for the year	-	-	-	(2,216)	(2,216)
At 31 December 2004	379,252	16,319	17,378	(360,077)	52,872

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(6,819)	(359,093)	(2,215)	(357,840)
Movement in insurance funds	(26,627)	(5,527)	-	-
Adjustments for:				
(Write back of provision)/ provision for doubtful debts	(26,206)	217,403	(2,110)	199,180
Depreciation of property, plant and equipment	3,422	777	308	6
Impairment loss of property, plant and equipment	370	-	-	-
Provision/(write back of provision) for diminution in value of investment	21,534	(3,208)	-	-
Provision for impairment losses on a subsidiary	-	-	770	114,704
(Write back of provision)/provision for short term accumulated compensated absences	(189)	855	105	-
Unrealised foreign exchange loss	-	30	-	-
Gain on disposal of investment	(3,264)	(1,664)	-	-
Loss on disposal of a subsidiary	-	13,999	-	13,999
Yield shares issued	-	18,422	-	18,422
Goodwill written off	178	70,789	-	-
Net (accretion of discounts)/amortisation of premiums	(185)	4,043	-	-
Interest income	(19,423)	(2,980)	(53)	(345)
Dividend income	(1,211)	(693)	-	-
(Gain)/loss on disposal of property, plant and equipment	(195)	(83)	87	-
Operating loss before working capital changes	(58,615)	(46,930)	(3,108)	(11,874)
Decrease/(increase) in receivables	15,473	(222,078)	(621)	(224,621)
Decrease in loans receivable	976	1,670	-	-
(Decrease)/increase in payables	(22,716)	51,223	(2,525)	1,958
Cash used in operations	(64,882)	(216,115)	(6,254)	(234,537)
Income tax recovered/(paid)	6,687	(2,492)	(22)	-
Net cash used in operating activities	(58,195)	(218,607)	(6,276)	(234,537)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of subsidiaries, net of cash acquired (Note 12)	(215)	81,878	-	-
Purchase of investment	(785)	-	-	-
Purchase of property, plant and equipment	(2,556)	(640)	(23)	(139)
Net proceeds from disposal of investments	3,665	528	-	-
Purchase of shares in subsidiary	-	-	(231)	(549)
Subscription of shares in subsidiary	-	-	(2,400)	-
Interest received	19,849	2,980	53	345
Dividend received	1,102	693	-	-
Proceeds from disposal of property, plant and equipment	896	86	498	-
Net cash generated from/(used in) investing activities	21,956	85,525	(2,103)	(343)

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of hire purchase payables	(994)	-	(857)	-
Proceeds from issuance of ordinary shares	-	225,031	-	225,031
Proceeds from issuance of ICULS-B	-	21,045	-	21,045
Net cash (used in)/generated from financing activities	(994)	246,076	(857)	246,076
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(37,233)	112,994	(9,236)	11,196
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	113,003	9	11,205	9
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	75,770	113,003	1,969	11,205

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The principal activities of the Company are that of investment holding and providing corporate, administrative and management support to its subsidiaries.

There have been no significant changes in the nature of the principal activities during the financial year.

The principal activities of the subsidiaries are disclosed in Note 12.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 20, Menara MRCB, No. 2, Jalan Majlis 14/10, 40000 Shah Alam, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 664 and 13 (2003: 753 and 17) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 May 2005.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation**

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

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

(b) Basis of Consolidation**Subsidiaries**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries except for:

Company

Lambang Pertama Sdn. Bhd. ("LPSB") and its subsidiaries as disclosed in Note 12

Reason for Exclusion

The directors are of the opinion that the control is temporary as the investments and/or assets of the subsidiaries will be disposed/liquidated for the purposes of the redemption of the redeemable secured loan stocks ("RSLs") issued by LPSB as part of the Idris Hydraulic (Malaysia) Berhad ("IHMB") restructuring scheme.

In accordance with the Ninth Schedule of the Companies Act, 1965, the financial statements of LPSB are annexed.

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(b) Basis of Consolidation (contd.)**

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition results in goodwill or negative goodwill arising on consolidation. Goodwill is written off to income statement as and when it is incurred.

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

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

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(c) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(d) Revenue Recognition

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

(i) Interest Income

Interest income on loans receivable is recognised on an accrual basis except where a loan is considered non-performing, i.e. where repayments are in arrears for more than six months, in which case, recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.

Other interest income is recognised on an accrual basis.

(ii) Revenue from Services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(d) Revenue Recognition (contd.)****(iii) Dividend Income**

Dividend income is recognised on a declared basis when the shareholders' right to receive payment is established.

(iv) Management Fees

Management fees are recognised on an accrual basis.

(v) Rental Income

Rental income is recognised on an accrual basis except where default in payment of rent has already occurred and rent due remains outstanding for over six months, in which case, recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on the receipt basis until all arrears have been paid.

(e) General Insurance Underwriting Results

The general insurance underwriting results, other than those arising from inward treaty business, are determined for each class of business, after taking into account reinsurances, unearned premium reserves, net commissions, net claims incurred and any other additional reserves.

(i) Premium Income

Premium is recognised in a financial period in respect of risks assumed during that particular financial period. Inward treaty reinsurance premium is recognised on the basis of periodic advices received from ceding insurers.

(ii) Unearned Premium Reserves

The Unearned Premium Reserves ("UPR") represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial period.

In determining the UPR at balance sheet date, the method that most accurately reflects the actual liability used is as follows:

- 25% method for marine cargo, aviation cargo and transit business.
- 1/8th method for all other classes of overseas inward treaty business with a deduction of 20% for commission.
- 1/24th method for all other classes of business (except non-annual policies), reduced by the corresponding percentage of accounted gross direct business commissions and agency related expenses not exceeding the limits specified by Bank Negara Malaysia as follows:

Motor and bond	10%
Fire, engineering, aviation and marine hull	15%
Medical	10% - 15%
Other classes	20%

- Non-annual policies with a duration of cover extending beyond one year is time apportioned over the period of the risk.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(e) General Insurance Underwriting Results (contd.)****(iii) Acquisition Costs**

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

(iv) Provision for Claims

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

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

(f) Life Insurance Underwriting Results

The surplus transferable from the life fund to the income statement is based on the surplus determined by an annual actuarial valuation of the long term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 by the subsidiary's appointed actuary. Any deficit arising from the actuarial valuation is recoverable from the shareholder's fund.

(i) Premium Income

Premium is recognised as soon as the amount of premium can be reliably measured. First premium income is recognised on assumption of risks and subsequent premium income is recognised on due dates. Premium outstanding at balance sheet date is recognised as income for the period provided it is still within the grace period allowed for payment.

(ii) Provisions for Claims

Claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or the insurer is notified.

Claims and provisions for claims arising on life insurance policies, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

- maturity or other policy benefit payments due on specified dates are treated as claims payable on due dates;
- death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

(iii) Commission and Agency Expenses

Commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, net of income derived from reinsurers in the course of ceding premium to reinsurers, are charged to the life insurance revenue account, in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(g) Foreign Currencies**

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items, initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All the exchange rate differences are taken to the income statement.

The principal exchange rate used for every unit of foreign currency ruling at balance sheet date is as follows:

	2004	2003
	RM	RM
United States Dollar	3.80	3.80

(h) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Freehold land is not depreciated. The carrying amount of freehold land is reduced to recognise impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

Revaluations of land and buildings are made at least once every three years by an independent valuer on an open market value basis. Any increase in the carrying amount arising from the revaluation of land and buildings is credited to the shareholder's equity as a revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same class of asset, that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against that revaluation surplus.

In all other cases, a decrease in carrying amount is recognised as an expense. An increase in revaluation directly related to a previous decrease in carrying amount for the same class of asset that was recognised as an expense is credited to income to the extent that it offsets the previously recorded decrease.

Freehold land is not depreciated. Leasehold land is depreciated over the period of the lease of 81 years. Depreciation of other property, plant and equipment is provided on a straight-line basis calculated to write-off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	2%
Office equipment	20%
Furniture, fixtures and fittings	20%
Motor vehicles	20%

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

(i) Income Tax

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(i) Income Tax (contd.)**

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

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

(j) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value.

(k) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is consistent with that for depreciable property, plant and equipment as described in Note 2(h).

(l) Impairment of Assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(l) Impairment of Assets (contd.)**

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(m) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(n) Employee Benefits**(i) Short term benefits**

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

(ii) Defined contribution plans

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

(o) Investment Properties

Investment properties consist of investments in land and buildings that are not substantially occupied for use by, or in the operations, of the Group. Investment properties are stated at cost or valuation and include related and incidental expenditure incurred. Investment properties are not depreciated. The carrying amount of investment properties is reduced to recognise impairment losses, if any. The policy for the recognition and measurement of impairment losses is stated in Note 2(l).

Investment properties are revalued by the entire class of asset at regular intervals of at least once in every three years by independent professional valuers with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued assets are materially higher or lower than the market value. Any additions of investment properties subsequent to the revaluation date will be stated at cost until the date of the next revaluation.

To the extent that a decrease in carrying amount offsets a previous increase, for the same class of asset, that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against that revaluation surplus. In all other cases, a decrease in carrying amount is recognised as an expense. An increase in revaluation directly related to a previous decrease in carrying amount for the same class of asset that was recognised as an expense is credited to income to the extent that it offsets the previously recorded decrease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(o) Investment Properties (contd.)

Any increase in the carrying amount arising from the revaluation of investment properties will be dealt with in accordance with Bank Negara Malaysia ("BNM") Guideline JPI/GPI 3 ("JPI/GPI 3"), wherein such revaluation surplus may be distributed as bonuses to participating life policyholders, subject to the limit that the amount distributed should not be more than 30% of the addition to revaluation reserves or 10% of the market value of the revalued property, whichever is the lower.

The portion that is allocated to the shareholder, if any, from such a revaluation is transferred to a revaluation surplus account of the shareholder's equity and is not distributable as cash dividends until the realisation of the relevant asset.

On disposal of investment properties, the difference between net proceeds and the carrying amount is recognised in the life insurance revenue account. On disposal of revalued properties, the amount of any remaining related revaluation surplus is recognised in the life insurance revenue account.

(p) Financial Instruments

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

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

(i) Other Investments

Malaysian Government Securities and other investments as specified by BNM are stated at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on a constant yield basis, from the dates of purchase to the maturity dates. The amortisation of premiums and accretion of discounts are recognised in the income statement and/or revenue accounts.

Corporate bonds which are secured or which carry a minimum rating of "BBB" or "P3" are valued at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on a constant yield basis from the dates of purchase to the maturity dates. Any bond with a lower rating is valued at the lower of cost and net realisable value. The amortisation of premiums and accretion of discounts are recognised in the income statement and/or revenue accounts.

Quoted investments of the insurance segment are stated at the lower of cost and market value determined on an aggregate portfolio basis by category of investments except that if diminution in value of a particular investment is not regarded as temporary in accordance with the requirements of BNM, specific provision is made against the value of that investment.

For other segment, quoted investments are stated at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on the quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(p) Financial Instruments (contd.)****(i) Other Investments (contd.)**

Unquoted and other investments are stated at cost less provision for any diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Receivables

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

(iii) Payables

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

(iv) Equity Instruments

Ordinary shares and ICULS are classified as equity. ICULS is classified as equity as it is irredeemable and carries a zero-coupon.

3. REVENUE

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

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Gross premium less reinsurance				
- General Insurance Fund	127,807	30,862	-	-
Management fee from a subsidiary	-	-	327	26
Interest income	13,126	482	53	345
Gross dividend income	749	164	-	-
	<u>141,682</u>	<u>31,508</u>	<u>380</u>	<u>371</u>

4. STAFF COSTS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Salaries and other related costs	22,985	5,999	2,129	123
Short term accumulating compensated absences	(189)	855	105	-
Contribution to Employees Provident Fund ("EPF")	3,224	620	211	14
	<u>26,020</u>	<u>7,474</u>	<u>2,445</u>	<u>137</u>

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,029,000 and RM943,000 (2003: RM91,000 and RM72,000) respectively as disclosed in Note 6.

5. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Auditors' remuneration	184	179	55	55
Non-executive directors' remuneration (Note 6)	316	47	107	8
Unrealised foreign exchange loss	-	30	-	-
(Write back of)/provision for doubtful debts				
- non-consolidated subsidiaries	(2,110)	199,180	(2,110)	199,180
- others	(24,096)	18,223	-	-
Rental expense				
- premises	2,366	1,767	607	-
- equipments	24	-	14	-
Provision for diminution in value of investment				
- others	14,588	347	-	-
Goodwill written off	178	70,789	-	-
Net (accretion of discounts)/amortisation of premiums	(521)	3,781	-	-
Net claims payable	126,854	49,885	-	-
Net commission and agency expenses	10,836	3,443	-	-
Interest income	(19)	-	-	-
Rental income				
- premises	(95)	-	(95)	-
- equipment	(486)	(134)	-	-
(Gain)/loss on disposal of property, plant and equipment	(195)	(39)	87	-
Gain on disposal of investment	(2,421)	(6,484)	-	-
Loss on disposal of a subsidiary	-	13,999	-	13,999
Restructuring expenses	-	9,212	-	9,212
Provision for impairment losses on a subsidiary	-	-	770	114,704
Shares issued as full settlement of yield on ICULS-A of the Company and RSLs of a subsidiary	-	18,422	-	18,422

6. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	720	60	720	60
Fees	60	15	-	-
Contribution to EPF	123	7	123	7
Allowances	126	9	100	5
Benefits-in-kind	571	5	543	1
	1,600	96	1,486	73

6. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Non-Executive:				
Fees	51	7	43	4
Allowances	76	8	64	4
Benefits-in-kind	9	-	9	-
	<u>136</u>	<u>15</u>	<u>116</u>	<u>8</u>
Other Directors:				
Non-Executive:				
Fees	66	12	-	-
Allowances	123	20	-	-
	<u>189</u>	<u>32</u>	<u>-</u>	<u>-</u>
Total	<u>1,925</u>	<u>143</u>	<u>1,602</u>	<u>81</u>
Total excluding benefits-in-kind	<u>1,345</u>	<u>138</u>	<u>1,050</u>	<u>80</u>
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 4)	1,029	91	943	72
Total non-executive directors' remuneration excluding benefits-in-kind (Note 5)	316	47	107	8
Total directors' remuneration excluding benefits-in-kind	<u>1,345</u>	<u>138</u>	<u>1,050</u>	<u>80</u>

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

	2004	2003
Executive directors:		
Below RM50,000	-	1
RM50,001 - RM100,000	-	1
RM600,001 - RM650,000	1	-
RM800,001 - RM850,000	1	-
Non-Executive directors:		
Below RM50,000	4	4
RM50,001 - RM100,000	1	-

7. TAXATION

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Income tax (recovery)/expense:				
- current year	36	59	1	21
- overprovision in prior years	(7,212)	(9)	-	-
Overprovision of deferred taxation in prior year (Note 21)	-	(28)	-	-
	<u>(7,176)</u>	<u>22</u>	<u>1</u>	<u>21</u>

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

Group

	2004	2003
	RM'000	RM'000
Loss before taxation	<u>(6,819)</u>	<u>(359,093)</u>
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	(1,909)	(100,546)
Income not subject to tax	(1,017)	(5,504)
Expenses not deductible for tax purposes	6,712	100,043
Utilisation of tax losses by life fund	616	323
Movement in deferred tax assets not recognised during the year	(4,366)	5,743
Overprovided in prior years		
- income taxation	(7,212)	(9)
- deferred taxation	-	(28)
Tax (recovery)/expense for the year	<u>(7,176)</u>	<u>22</u>

Company

	2004	2003
	RM'000	RM'000
Loss before taxation	<u>(2,215)</u>	<u>(357,840)</u>
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	(620)	(100,195)
Income not subject to tax	(851)	-
Effect of expenses not deductible for tax purposes	166	100,216
Deferred tax assets not recognised during the year	1,306	-
Tax expense for the year	<u>1</u>	<u>21</u>

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Tax losses are analysed as follows:				
Unutilised tax losses carried forward	<u>60,155</u>	<u>54,976</u>	<u>4,644</u>	<u>-</u>
Unutilised capital allowances are analysed as follows:				
Unabsorbed capital allowances carried forward	<u>744</u>	<u>841</u>	<u>33</u>	<u>-</u>

8. MINORITY INTEREST

	Group	
	2004	2003
	RM'000	RM'000
At 1 January	186	-
(Disposal)/addition during the year	(53)	241
Transfer to income statement	(119)	(55)
At 31 December	<u>14</u>	<u>186</u>

9. EARNINGS/(LOSS) PER SHARE**(a) Basic**

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year by the weighted average number of ordinary shares during the year.

	Group	
	2004	2003
Net profit/(loss) for the year (RM'000)	476	(359,060)
Weighted average number of ordinary shares in issue ('000)	376,211	55,176
Basic earnings/(loss) per share (sen)	<u>0.13</u>	<u>(650.75)</u>

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. the ICULS as disclosed in Note 25.

The effects on the basic loss per share for the prior year arising from the assumed conversion of the ICULS as disclosed in Note 25 was anti-dilutive. Accordingly, the diluted loss per share for the prior year has not been presented.

	2004
Net profit for the year (RM'000)	<u>476</u>
Weighted average number of ordinary shares in issue ('000)	376,211
Effect of dilution ('000):	
ICULS-A	19,359
ICULS-B	<u>17,378</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>412,948</u>
Diluted earnings per share (sen)	<u>0.12</u>

10. PROPERTY, PLANT AND EQUIPMENT

Group	* Land and Buildings RM'000	Office, Other Equipment, Furniture & Fittings RM'000	Motor Vehicles RM'000	Total RM'000
Cost/Valuation				
At 1 January 2004	31,540	35,027	2,896	69,463
Additions	-	2,556	1,039	3,595
Disposals	-	(244)	(1,416)	(1,660)
At 31 December 2004	31,540	37,339	2,519	71,398
Representing:				
At Cost	-	37,339	2,519	39,858
At Valuation	31,540	-	-	31,540
	31,540	37,339	2,519	71,398
Accumulated Depreciation and Impairment Losses				
At 1 January 2004	470	28,423	1,392	30,285
Charge for the year	271	2,646	505	3,422
Impairment loss for the year	-	370	-	370
Disposals	-	(128)	(831)	(959)
At 31 December 2004	741	31,311	1,066	33,118
Analysed as:				
Accumulated depreciation	741	30,941	1,066	32,748
Accumulated impairment losses	-	370	-	370
	741	31,311	1,066	33,118
Group				
Net Book Value				
At 31 December 2004:				
At cost	-	6,028	1,453	7,481
At valuation	30,799	-	-	30,799
	30,799	6,028	1,453	38,280
At 31 December 2003:				
At cost	-	6,604	1,504	8,108
At valuation	31,070	-	-	31,070
	31,070	6,604	1,504	39,178
Depreciation charge for 2003	63	645	69	777

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)*** Land and buildings:**

	Land		Buildings RM'000	Total RM'000
	Leasehold RM'000	Freehold RM'000		
Valuation				
At 1 January/31 December 2004	3,014	16,655	11,871	31,540
Accumulated Depreciation				
At 1 January 2004	288	-	182	470
Charge for the year	34	-	237	271
At 31 December 2004	322	-	419	741
Net Book Value				
At 31 December 2004	2,692	16,655	11,452	30,799
At 31 December 2003	2,726	16,655	11,689	31,070
Depreciation charge for 2003	18	-	45	63

	Motor Vehicles RM'000	Office Equipments RM'000	Total RM'000
	Company		
Cost			
At 1 January 2004	739	-	739
Addition	1,039	23	1,062
Disposals	(738)	-	(738)
At 31 December 2004	1,040	23	1,063
Accumulated Depreciation			
At 1 January 2004	6	-	6
Charge for the year	304	4	308
Disposals	(153)	-	(153)
At 31 December 2004	157	4	161
Net Book Value			
At 31 December 2004	883	19	902
At 31 December 2003	733	-	733
Depreciation charge for 2003	6	-	6

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(a) Net book value of motor vehicles held under finance lease arrangement are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Motor vehicles	1,454	1,482	884	733

(b) During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM3,595,000 and RM1,062,000 (2003: RM1,902,000 and RM739,000) of which RM1,039,000 and RM1,039,000 (2003: RM1,262,000 and RM600,000) respectively were acquired by means of hire purchase.

(c) Property, plant and equipment of the Group costing RM24,731,000 (2003: RM16,034,000) have been fully depreciated and are still in use.

11. INVESTMENT PROPERTIES

	Group	
	2004 RM'000	2003 RM'000
At cost		
Freehold land and buildings	15,793	15,793
Leasehold land and buildings	18,910	18,910
	<u>34,703</u>	<u>34,703</u>

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	134,094	131,463
Accumulated impairment losses	(115,474)	(114,704)
	<u>18,620</u>	<u>16,759</u>

The details of the subsidiaries are as follows:

(a) Subsidiaries included in the Group financial statements:

Name of Subsidiaries	Issued and Paid-up Share Capital RM	Equity Interest Held (%)		Principal Activities
		2004	2003	
Incorporated in Malaysia				
Tahan Insurance Malaysia Berhad+	100,000,000	100	100	Life and general insurance
F.T. Land Sdn. Bhd.	3,700,303	100	100	Property investment holding, dormant

12. INVESTMENT IN SUBSIDIARIES (CONTD.)

(a) Subsidiaries included in the Group financial statements: (contd.)

Name of Subsidiaries	Issued and Paid-up Share Capital RM	Equity Interest Held (%)		Principal Activities
		2004	2003	
Incorporated in Malaysia (contd.)				
Waikiki Beach Hotel Sdn. Bhd.	1,850,000	100	100	Property investment holding, dormant
PCM Synergy Sdn. Bhd.	80,000,000	100	100	Dormant
Talapia Jati Sdn. Bhd.	42,000,000	100	100	Dormant
PICT Solution Sdn. Bhd.	770,010	100	70	Information and communication technology
Straight Effort Sdn. Bhd.	10,000	100	100	Investment holding
IUB Asset Management Sdn. Bhd. (formerly known as Everest Intelligence Sdn. Bhd.)	2,400,000	100	-	Dormant
Incorporated in Federal Territory of Labuan				
Idaman Investment Ltd.	US\$200,000	100	100	Dormant
Idaman Solar (Indonesia) Ltd.	US\$10,000	51	51	Dormant
Idaman Monarch (Philippines) Ltd.	US\$1	100	100	Dormant

+ Pursuant to Section 46 of the Insurance Act, 1996 and regulation 41(1) of the Insurance (Amendment) Regulations, 1999, this subsidiary is required to maintain at all times, a separate absolute minimum margin of solvency amounting to RM50,000,000 each for its life and general insurance businesses. As at 31 December 2004, both the life and general insurance businesses did not comply with the said requirement and recorded shortfalls thereon, amounting to RM53,168,000 and RM174,979,000 respectively. The auditors' report of this subsidiary included an emphasis of matter in relation to the non-compliance.

The shortfall in the life business margin of solvency arose mainly as a result of corporate bonds amounting to RM46,379,000 being disallowed for inclusion as admitted assets. The sub-limit for holding of secured and unsecured credit facilities issued by any one borrower or group of borrowers is limited to 5% and 2.5% of the margin of solvency. As of 31 December 2004, the life business has breached this sub-limit by the same amount.

The general business margin of solvency shortfall position was affected by a similar disallowance as admitted assets for corporate bonds, amounting to RM102,783,000.

The subsidiary's Board of Directors is currently formulating appropriate action plans to resolve the said shortfalls.

On 19 January 2004, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in IUB Asset Management Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM2.

On 16 April 2004, the Company acquired the remaining 231,003 ordinary shares of RM1 each representing 30% equity interest in a subsidiary, PICT Solution Sdn. Bhd., for a total consideration of RM231,003.

12. INVESTMENT IN SUBSIDIARIES (CONTD.)

The acquisitions had the following effects on the Group's financial results for the year:

	2004	2003
	RM'000	RM'000
Revenue	-	31,137
Operating costs net of other income	-	(147,040)
Net loss	<u>-</u>	<u>(115,903)</u>

The acquisitions had the following effects on the financial position of the Group as at the end of the year:

	2004	2003
	RM'000	RM'000
Property, plant and equipment	-	38,445
Investment properties	-	34,703
Other investments	-	496,358
Loans receivables	-	15,537
Trade and other receivables	-	49,641
Cash and bank balances	-	101,798
Trade and other payables	-	(416,941)
Provision for taxation	-	(10,497)
Deferred tax liabilities	-	(1,310)
Life assurance fund	-	(194,941)
General insurance fund	-	(61,385)
Hire purchase payables	-	(662)
Group's share of net assets	<u>-</u>	<u>50,746</u>

The fair value of the assets acquired and liabilities assumed from the acquisitions of the subsidiaries is as follows:

	PICT Solution
	Sdn. Bhd.
	16.04.2004
	RM'000
2004	
Net assets acquired:	
Property, plant and equipment	151
Trade and other receivables	362
Cash and bank balances	16
Trade and other payables	<u>(353)</u>
Fair value of total net assets	176
Less: Minority interest	<u>(123)</u>
Group's share of net assets	53
Goodwill on acquisition	<u>178</u>
Total consideration	<u>231</u>
Satisfied by:	
Cash	<u>231</u>
Net cash outflow arising on acquisition:	
Cash consideration	(231)
Cash and cash equivalents of subsidiary acquired	<u>16</u>
	<u>(215)</u>

12. INVESTMENT IN SUBSIDIARIES (CONTD.)

	Tahan Insurance Malaysia Bhd. Group 30.10.2003 RM'000	PICT Solution Sdn. Bhd. 11.11.2003 RM'000	Straight Effort Sdn. Bhd. Group 11.11.2003 RM'000	Total RM'000
2003				
Net assets acquired:				
Property, plant and equipment	37,852	204	-	38,056
Long term investment	492,014	-	-	492,014
Investment properties	34,703	-	-	34,703
Loans receivables	17,851	-	-	17,851
Trade and other receivables	47,529	1,138	779	49,446
Cash and bank balances	82,380	40	7	82,427
Trade and other payables	(377,467)	(615)	(804)	(378,886)
Provision for taxation	(11,152)	-	-	(11,152)
Deferred tax	(1,663)	(28)	-	(1,691)
General insurance fund	(66,654)	-	-	(66,654)
Life assurance fund	(195,199)	-	-	(195,199)
Fair value of total net assets	60,194	739	(18)	60,915
Less: Minority interest	-	(222)	(19)	(241)
Group's share of net assets	60,194	517	(37)	60,674
Goodwill on acquisition	70,720	22	47	70,789
Total consideration	130,914	539	10	131,463
Satisfied by:				
Set-off against amount due from IHMB	130,914	-	-	130,914
Cash	-	539	10	549
	130,914	539	10	131,463
Net cash outflow arising on acquisition:				
Cash consideration	-	(539)	(10)	(549)
Cash and cash equivalents of subsidiaries acquired	82,380	40	7	82,427
	82,380	(499)	(3)	81,878

(b) Subsidiaries excluded from consolidation with the Group financial statements:

Name of Subsidiaries	Issued and Paid-up Share Capital RM	Equity Interest Held (%)		Principal Activities
		2004	2003	
Incorporated in Malaysia				
Lambang Pertama Sdn. Bhd.	2	100	100	Investment holding
Idris Hydraulic (Malaysia) Bhd.	13,999,243	100	100	Investment holding
Idris Hydraulic Properties Sdn. Bhd.	25,000,000	100	100	Property development
Asal Cipta Sdn. Bhd.	1,000	-	100	Property development

12. INVESTMENT IN SUBSIDIARIES (CONTD.)

(b) Subsidiaries excluded from consolidation with the Group financial statements: (contd.)

Name of Subsidiaries	Issued and Paid-up Share Capital RM	Equity Interest Held (%)		Principal Activities
		2004	2003	
Incorporated in Malaysia				
Cermat Jaya Sdn. Bhd.	100,000	-	100	Property development
Jauza Sinar Sdn. Bhd.	2	-	100	Property development
Fujasa Sdn. Bhd.	70,000	100	100	Property development
IHMB Wood Holdings Sdn. Bhd.	2	100	100	Investment holding
IHMB Timber Sdn. Bhd.	2	100	100	Timber trading, dormant
Advanced Electronics (M) Sdn. Bhd.	14,200,000	100	100	Marketing of consumer electrical products
East Coast Electronic Sdn. Bhd.	1,000,005	51	51	Assembling and sale of consumer electrical products, ceased operations
ECE Technical & Services Sdn. Bhd.	3	100	100	Provision of after sales services for electrical goods and field installation, inactive
AE Kredit Sdn. Bhd.	8,800,000	100	100	Trading of consumer electrical products, inactive
Idris Bersatu Management Sdn. Bhd.	2	100	100	Investment trading
Octoglow Sdn. Bhd.	2	100	100	Investment holding, dormant
Inlandpark Sdn. Bhd.	3,850,000	100	100	Provision of ferry services, inactive
* Sagisan Sdn. Bhd.	500,000	100	100	Timber extraction, inactive
* Mee Cheong Sdn. Bhd.	1,500,000	100	100	Sawmilling, inactive
* Syarikat Sogon Bersaudara Sdn. Bhd.	1,500,000	100	100	Sawmilling, inactive
* Tenju Sdn. Bhd.	2,500,000	100	100	Timber concessions, inactive

12. INVESTMENT IN SUBSIDIARIES (CONTD.)

(b) Subsidiaries excluded from consolidation with the Group financial statements: (contd.)

Name of Subsidiaries	Issued and Paid-up Share Capital RM	Equity Interest Held (%)		Principal Activities
		2004	2003	
Incorporated in Malaysia				
* Bintang Tawau Sdn. Bhd.	1,000,000	100	100	Timber concessions, ceased operations
* Resolute Enterprise Sdn. Bhd.	500,000	100	100	Timber concessions, ceased operations
* Syarikat Sabakina Sdn. Bhd.	500,000	100	100	Timber concessions, collection of road toll, ceased operations
* Kenangan Cergas (M) Sdn. Bhd.	2	100	100	Management services
* Magnitude Ace (M) Sdn. Bhd.	2	100	100	General trading, dormant
Hasrat Sanjung (M) Sdn. Bhd.	2	100	100	Investment holding, dormant
Idris Hydraulic Industries Sdn. Bhd.	100,000	100	100	Power transmission engineering and construction, dormant
Idris Hydraulic Leisure Services Sdn. Bhd.	2	100	100	Leisure services, dormant
Kekal Asal Sdn. Bhd.	2	100	100	Horse riding facilities, inactive
Prisma Pertiwi Sdn. Bhd.	2	100	100	General trade, dormant
Teras Hemat Sdn. Bhd.	2	100	100	General trade, dormant
Idris Hydraulic Capital Sdn. Bhd.	2	100	100	Financial services, dormant
Idris Hydraulic Vencap Sdn. Bhd.	2	100	100	Investment trading, dormant
Idris Hydraulic Realty Sdn. Bhd.	2	100	100	Investment trading, dormant
Simfoni Pedoman Sdn. Bhd.	2	100	100	Investment trading, dormant

12. INVESTMENT IN SUBSIDIARIES (CONTD.)

(b) Subsidiaries excluded from consolidation with the Group financial statements: (contd.)

Name of Subsidiaries	Issued and Paid-up Share Capital RM	Equity Interest Held (%)		Principal Activities
		2004	2003	
Incorporated in Malaysia				
Edisi Dekad Sdn. Bhd.	2	100	100	Investment holding, dormant
Naungan Erat Sdn. Bhd.	2	100	100	Investment holding, dormant
Wiragain Sdn. Bhd.	15,000,000	100	100	Manufacturing of coated fabrics, inactive
Naluri Ultra Sdn. Bhd.	2	100	100	Investment holding
Incorporated in British Virgin Islands				
Klinker Investments Ltd.	US\$100	100	100	Investment holding
Anscan International Ltd.	US\$5,500,000	50% + 1 share	50% + 1 share	Investment holding and project development
Finmark Ltd.	US\$100	50% + 1 share	50% + 1 share	Investment holding, dormant
Fiowin Investments Ltd.	US\$2	50% + 1 share	50% + 1 share	Investment holding
Incorporated in Australia				
APW Pty. Ltd.	A\$12 (ordinary shares of A\$1 each) A\$1,200,000 (redeemable preference shares of A\$1 each)	50% + 1 share	50% + 1 share	Provision of engineering consultancy services, dormant
Incorporated in United Kingdom				
* Spriteacre Limited	£50,000	100	100	Timber trading, ceased operations
Incorporated in Myanmar				
* Idris Hydraulic Investment (Myanmar) Ltd.	Kyats \$1,080,000	100	100	Property investment

* Audited by other auditors

13. OTHER INVESTMENTS

	Group	
	2004	2003
	RM'000	RM'000
At cost		
Quoted shares in Malaysia	93,981	67,840
Quoted warrants in Malaysia	24,857	10,388
Unquoted shares	3,125	2,147
	<u>121,963</u>	<u>80,375</u>
Less: Provision for diminution in value of investment	(29,205)	(7,834)
	<u>92,758</u>	<u>72,541</u>
Malaysian Government Securities	76,538	120,253
Less: Net amortisation of premiums	(3,869)	(4,013)
	<u>72,669</u>	<u>116,240</u>
Bonds	305,987	306,035
Add: Net accretion of discounts	4,194	1,542
	<u>310,181</u>	<u>307,577</u>
Total investments	<u>475,608</u>	<u>496,358</u>
Market value		
Quoted shares in Malaysia	66,263	59,596
Malaysian Government Securities	72,157	114,143
Quoted warrants in Malaysia	23,962	9,669
Bonds	276,252	270,000

The weighted average effective interest rates at the balance sheet date were as follows:

	Group	
	2004	2003
	%	%
Malaysian Government Securities	3.31	6.63
Bonds	4.75	4.90

	Average Maturities			
	1 year or less	1 to 5 years	More than 5 years	Total
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	304	72,365	-	72,669
Unquoted bonds	5,053	85,110	220,018	310,181
	<u>5,357</u>	<u>157,475</u>	<u>220,018</u>	<u>382,850</u>

14. LOANS RECEIVABLE

	Group	
	2004	2003
	RM'000	RM'000
Secured term loans	6,511	6,511
Staff loans	2,959	3,809
Automatic premium loans	4,598	4,047
Policy loans	1,137	1,814
	<u>15,205</u>	<u>16,181</u>
Less: Provision for doubtful debts	(644)	(644)
	<u>14,561</u>	<u>15,537</u>
Representing:		
Due within one year	363	1,616
Due after one year	14,198	13,921
	<u>14,561</u>	<u>15,537</u>

The weighted average effective interest rates of staff and secured term loans is 4% (2003: 4%) and 12% (2003: 12%) per annum respectively.

15. TRADE RECEIVABLES

	Group	
	2004	2003
	RM'000	RM'000
Outstanding premiums	36,521	44,458
Due from reinsurers, brokers and co-insurers	34,092	47,997
	<u>70,613</u>	<u>92,455</u>
Less: Provision for doubtful debts	(38,696)	(66,133)
	<u>31,917</u>	<u>26,322</u>

16. OTHER RECEIVABLES

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Deposits (Note a)	4,455	4,229	2,965	3,903
Prepayments	121	7	23	-
Interest receivable	7,459	7,885	-	-
Tax recoverable	6,150	11,371	-	-
Sundry receivables	7,645	5,581	1,776	1,769
Due from subsidiaries (Note b)				
- included in consolidation	-	-	1,813	823
- excluded from consolidation	199,720	199,180	199,720	199,180
Subordinated loan to a subsidiary (Note c)	-	-	35,000	35,000
Amount due from a joint venture partner of a subsidiary, Straight Effort Sdn. Bhd. (Note d)	760	760	-	-
	<u>226,310</u>	<u>229,013</u>	<u>241,297</u>	<u>240,675</u>
Provision for doubtful debts	(197,074)	(199,199)	(197,070)	(199,180)
	<u>29,236</u>	<u>29,814</u>	<u>44,227</u>	<u>41,495</u>

16. OTHER RECEIVABLES (CONTD.)

- (a) Included in deposits of the Group and of the Company is RM2,750,000 (2003: RM2,750,000) in relation to the deposit paid for the proposed acquisition of a 25-storey building for a purchase consideration of RM55,000,000.
- (b) The amount due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.
- (c) On 26 December 2003, the Company, with the approval of BNM, extended a RM35,000,000 subordinated loan to its subsidiary, Tahan Insurance Malaysia Berhad ("Tahan"). The initial terms of the approval obtained from BNM are as follows:
- (i) that the subordinated loan shall be converted into issued and paid-up share capital of Tahan in the event that additional capital is required in order to meet the solvency margin of the general insurance business of Tahan, within a period of 2 years from the date of approval of the loan;
 - (ii) that the subordinated loan cannot be withdrawn without prior approval being obtained from BNM; and
 - (iii) that the subordinated loan shall not be subjected to any interest or other charges thereon.
- (d) The amount due is interest-free and secured against the joint venture partner's contribution in the joint venture company. The amount is repayable by 30 June 2006.

17. CASH AND BANK BALANCES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash on hand and at bank	37,531	14,317	1,227	565
Deposits with licensed financial institutions	18,221	48,263	-	-
Deposits with licensed banks	14,775	11,465	742	10,640
Repo placements	5,243	38,958	-	-
	75,770	113,003	1,969	11,205

The weighted average effective interest rates and the average maturities as at the end of the financial year were as follows:

	Weighted Average Effective Interest Rate			
	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Deposits with licensed financial institutions	2.61	2.71	-	-
Deposits with licensed banks	2.98	2.60	3.00	2.63
Repo placements	2.20	2.52	1.80	-

17. CASH AND BANK BALANCES (CONTD.)

	Average Maturities Date (1 year or less)			
	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits with licensed financial institutions	18,221	48,263	-	-
Deposits with licensed banks	14,775	11,465	742	10,640
Repo placements	5,243	38,958	-	-
	<u>38,239</u>	<u>98,686</u>	<u>742</u>	<u>10,640</u>

18. TRADE PAYABLES

	Group	
	2004 RM'000	2003 RM'000
Provision for outstanding claims	348,183	342,352
Due to reinsurers, brokers and co-insurers	22,859	47,374
Others	1,082	178
	<u>372,124</u>	<u>389,904</u>

The normal trade credit terms for trade payables granted to the Group ranges from 60 to 90 (2003: 60 to 90) days.

	Group	
	2004 RM'000	2003 RM'000
Gross provision for outstanding claims	471,408	439,820
Less: Recoverable from reinsurers	(184,369)	(171,146)
Net provision for outstanding claims	287,039	268,674
Provision for IBNR claims (Note a)	61,144	73,678
	<u>348,183</u>	<u>342,352</u>

(a) Movement in provision for IBNR

At 1 January	73,678	-
Acquisition of subsidiaries	-	57,526
(Decrease)/increase in provision	(12,534)	16,152
At 31 December	<u>61,144</u>	<u>73,678</u>

19. OTHER PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due to subsidiaries (Note a)	-	-	2,186	770
Due to a director of a subsidiary (Note a)	18	18	-	-
Due to corporate shareholder of a subsidiary (Note a)	-	120	-	-
Sundry payables	24,104	27,339	6,392	6,094
Deposits	3,006	3,387	-	-
Accruals	9,803	10,656	3,484	7,619
	<u>36,931</u>	<u>41,520</u>	<u>12,062</u>	<u>14,483</u>

(a) The amounts are unsecured, interest-free and have no fixed terms of repayment.

20. HIRE PURCHASE PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Minimum payments:				
Not later than 1 year	389	319	210	139
Later than 1 year and not later than 2 years	567	498	210	139
Later than 2 years and not later than 5 years	517	643	472	420
	<u>1,473</u>	<u>1,460</u>	<u>892</u>	<u>698</u>
Less : Future finance charges	(166)	(198)	(108)	(98)
Present value of hire purchase payables	<u>1,307</u>	<u>1,262</u>	<u>784</u>	<u>600</u>
Present value of hire purchase payables:				
Not later than 1 year	303	243	165	104
Later than 1 year and not later than 2 years	486	421	177	112
Later than 2 years and not later than 5 years	518	598	442	384
	<u>1,307</u>	<u>1,262</u>	<u>784</u>	<u>600</u>
Analysed as:				
Due within 12 months	303	243	165	104
Due after 12 months	1,004	1,019	619	496
	<u>1,307</u>	<u>1,262</u>	<u>784</u>	<u>600</u>

The hire purchase liabilities bore interest at the balance sheet date at rates between 3.33% to 6.80% (2003: 3.33% to 3.65%) per annum.

21. DEFERRED TAX

	Group	
	2004	2003
	RM'000	RM'000
At 1 January	1,310	-
Acquisition of subsidiaries (Note 12)	-	1,691
Recognised in the income statement (Note 7)	1	(28)
Recognised in life insurance reserve	(484)	(353)
At 31 December	<u>827</u>	<u>1,310</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(906)	(458)
Deferred tax liabilities	1,733	1,768
	<u>827</u>	<u>1,310</u>

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000
At 1 January 2004	1,768
Recognised in the income statement	(39)
Recognised in life insurance reserve	4
At 31 December 2004	<u>1,733</u>
At 1 January 2003	-
Acquisition of subsidiaries	1,706
Recognised in the income statement	6
Recognised in life insurance reserve	56
At 31 December 2003	<u>1,768</u>

Deferred Tax Assets of the Group:

	Net Amortisation of Premium on Investment RM'000	Provision for Diminution RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Total RM'000
At 1 January 2004	(68)	(341)	(49)	(458)
Recognised in the income statement	-	-	40	40
Recognised in life insurance reserve	68	(556)	-	(488)
At 31 December 2004	<u>-</u>	<u>(897)</u>	<u>(9)</u>	<u>(906)</u>
At 1 January 2003	-	-	-	-
Acquisition of subsidiaries	-	-	(15)	(15)
Recognised in the income statement	-	-	(34)	(34)
Recognised in life insurance reserve	(68)	(341)	-	(409)
At 31 December 2003	<u>(68)</u>	<u>(341)</u>	<u>(49)</u>	<u>(458)</u>

21. DEFERRED TAX (CONTD.)

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

	Group	
	2004	2003
	RM'000	RM'000
Unutilised tax losses	59,724	54,905
Unabsorbed capital allowances	787	769
Provision for diminution in value for investment	5,666	1,394
Amortisation of premiums	-	454
	<u>66,177</u>	<u>57,522</u>

The unutilised tax losses, unabsorbed capital allowances and other timing differences are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

22. LIFE ASSURANCE FUND

The balance which relates to the insurance subsidiary was derived as follows:

	Group	
	2004	2003
	RM'000	RM'000
Life Policyholders' Fund		
At 1 January	194,941	-
Acquisition of subsidiaries (Note 12)	-	195,199
Deficit of income over expenditure for the year per the life business revenue account	(9,787)	(258)
At 31 December	<u>185,154</u>	<u>194,941</u>

The actuarial surplus arising from the annual actuarial valuation of the life assurance fund as at 31 December 2004 carried out by a firm of independent actuary indicated that the subsidiary had an unallocated surplus which has not been incorporated in the financial statements of RM5,219,000.

22. LIFE ASSURANCE FUND (CONTD.)

The fund is arrived at after charging/(crediting):

	Group	
	2004 RM'000	2003 RM'000
Auditors' remuneration	76	15
Depreciation	731	207
Impairment loss on property, plant and equipment	370	-
Rental of equipment	18	1
Rental expenses	983	248
Loss on disposal of investments	-	7,215
Staff cost		
- salaries, bonus and other related costs	3,924	986
- short term accumulating compensated absences	88	-
- contribution to Employees Provident Fund	482	137
Directors' fees	67	23
Directors' other emoluments	81	5
Net amortisation of premiums	336	262
Gain on disposal of investments	(843)	(2,395)
Gain on disposal of property, plant and equipment	-	(44)
Provision/(write-back of provision) for diminution in value of investment	6,946	(3,555)
Interest income	(6,278)	(2,498)
Rental income	(683)	(239)

23. GENERAL INSURANCE FUND

The balance which relates to the insurance subsidiary was derived as follows:

	Group	
	2004 RM'000	2003 RM'000
At 1 January	61,385	-
Acquisition of subsidiaries (Note 12)	-	66,654
Decrease in insurance reserves	(16,840)	(5,269)
At 31 December	44,545	61,385

24. SHARE CAPITAL

	Number of Ordinary Shares			
	of RM1 Each		Amount	
	2004 '000	2003 '000	2004 RM'000	2003 RM'000
Authorised:				
At 1 January	1,000,000	100	1,000,000	100
Created during the year	-	999,900	-	999,900
At 31 December	1,000,000	1,000,000	1,000,000	1,000,000

24. SHARE CAPITAL (CONTD.)

	Number of Ordinary Shares of RM1 Each		Amount	
	2004	2003	2004	2003
	'000	'000	RM'000	RM'000
Issued and fully paid:				
At 1 January	372,821	10	372,821	10
Issued and paid-up during the year				
Subscription shares	-	150,000	-	150,000
Yield shares	-	18,422	-	18,422
Exchange of shares	-	13,999	-	13,999
Rights share issue	-	42,028	-	42,028
Conversion of:				
ICULS-A (Note 25)	6,431	111,692	6,431	111,692
ICULS-B (Note 25)	-	36,670	-	36,670
At 31 December	379,252	372,821	379,252	372,821

25. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	Number of ICULS		Amount	
	2004	2003	2004	2003
	'000	'000	RM'000	RM'000
(a) ICULS-A of RM1 each				
At 1 January	22,750	-	22,750	-
Issued during the year	-	134,442	-	134,442
Amount converted to ordinary shares	(6,431)	(111,692)	(6,431)	(111,692)
At 31 December	16,319	22,750	16,319	22,750
(b) ICULS-B of RM0.10 each				
At 1 January	173,780	-	17,378	-
Issued during the year	-	210,450	-	21,045
Amount converted to ordinary shares	-	(36,670)	-	(3,667)
At 31 December	173,780	173,780	17,378	17,378
Total			33,697	40,128

ICULS-A was issued for settlement to IHMB scheme creditors. ICULS-A has zero-coupon and is convertible into ordinary shares of the Company from 23 October 2003 to 22 October 2006 at the rate of RM1 nominal value of ICULS-A for 1 ordinary share of RM1 each.

ICULS-B was issued as rights issue on the basis of RM0.10 nominal value of ICULS-B for:

- (i) every 1 subscription share;
- (ii) every 1 yield share; and
- (iii) every 1 rights share issue

ICULS-B has zero-coupon and is convertible into ordinary shares of the Company from 17 November 2003 to 16 November 2008 at the rate of RM0.10 nominal value of ICULS-B plus cash of RM0.90 or nominal value of ICULS-B to the value of RM1 for 1 ordinary share of RM1 each.

26. SIGNIFICANT AND SUBSEQUENT EVENTS

The significant events during the year and subsequent events of the Group and the Company are as follows:

- I) On 4 November 2004, the Company commenced preliminary negotiations with Southern Bank Berhad ("SBB") on the possible disposal of the entire or part thereof of the life insurance business of Tahan Insurance Malaysia Berhad ("Tahan").

These negotiations were ended mutually subsequent to the financial year end, on 1 March 2005.

- II) Subsequent to the financial year end and pursuant to the termination of negotiations with SBB above, the Company had, on 16 March 2005, commenced discussions with Affin Holdings Berhad for the possible disposal of the entire or part thereof of the life insurance business of Tahan.

At the date of this report, there have not been any announcements made on the above discussions.

27. COMMITMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Approved and contracted for:				
Capital commitments (Note a)	53,190	53,190	53,190	53,190
Investment commitments	4,000	4,000	4,000	4,000
	57,190	57,190	57,190	57,190

- (a) Included in capital commitments of the Group and of the Company is RM52,250,000 (2003: RM52,250,000) in relation to the balance of purchase consideration as disclosed in Note 16(a).

28. CONTINGENT LIABILITY

Pursuant to the restructuring scheme of IHMB, LPSB being the special purpose vehicle company issued RM233,989,000 nominal value 2 year zero-coupon redeemable secured loan stocks ("RSLs") in 2003 as partial settlement to the scheme creditors. The RSLs outstanding as at 31 December 2004 amounting to RM213,989,000 (2003 : RM233,989,000) are secured against all assets of LPSB and a corporate guarantee by the Company.

The directors are of the opinion that the recoverable value of the assets of LPSB will be sufficient to redeem the RSLs.

29. FINANCIAL INSTRUMENTS**(a) Financial Risk Management Objectives and Policies**

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

(b) Foreign Exchange Risk

The Group's foreign currency transaction exposure arises primarily on reinsurance transactions of a subsidiary with foreign reinsurance companies and brokers, which are transacted in United States Dollars ("USD"). Foreign currency exposures arising therewith are minimal, as the USD is pegged against Ringgit Malaysia at a fixed rate of RM3.80.

29. FINANCIAL INSTRUMENTS (CONTD.)**(c) Interest Rate Risk**

The Group's primary interest rate risk arises from differences in maturities of its assets and liabilities and the reinvestment of interest-bearing assets to meet long-term liabilities. The Group's primary interest rate risk in this respect, relates to its interest-bearing assets and hire purchase payables.

The interest-bearing assets are made up primarily of placements with licensed banks and financial institutions (fixed and call deposits, and securities purchased under repurchase agreements), as well as other interest-bearing instruments classified under investments. These include Malaysian Government Securities, Cagamas bonds and bonds issued by corporations in Malaysia. The interest rate risk in this respect arises from fluctuations in market interest rate which may affect reinvestment decisions for these interest-bearing assets.

Management of interest rate risk is also largely guided by the need to comply with the solvency requirements of Section 96 of the Insurance Act, 1996, wherein the subsidiary in the insurance segment is required to invest a minimum amount of funds in low risk assets, defined by BNM to include the above mentioned instruments. Consequently, the maintenance of a prudent mix of short and longer term interest-bearing assets as well as continuous reviews of the portfolio mix therewith are key factors in ensuring that the returns generated from these assets commensurate, given the risk profiles of the instruments involved.

(d) Liquidity Risk

A significant amount of investible funds are placed with licensed financial institutions as fixed and call deposits, and other money market instruments. The Group continuously endeavours to manage the maturity profiles of these instruments in order to ensure that sufficient funds are available at all times, to meet the day to day working capital requirements.

(e) Market Risk

The Group's investments in quoted securities and unit trust funds are subject to fluctuations in market prices. The Group does not use derivative financial instruments to manage market related risks.

The quoted securities portfolio of the Group is made up of shares, warrants and rights issued by fundamentally sound corporations, and which have a proven dividend payment track record. In addition, the Group has clear investment guidelines and authority limits to ensure that the funds invested are not exposed to significant risks.

(f) Credit Risk

Credit risk, or the risk of counter-parties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via limiting Group's associations to business partners with good creditworthiness and ratings.

The Group does not have significant exposures or concentration of credit risk related to any financial instrument. A significant portion of investments are placed in Malaysian Government Securities, Cagamas bonds, corporate bonds and placements with licensed banks and financial institutions in Malaysia, which are generally considered low risk assets. The counter-parties to financial instruments consist of a number of prime banks, financial institutions and corporations with good credit ratings. The Group does not expect any of these counter-parties to default.

29. FINANCIAL INSTRUMENTS (CONTD.)**(g) Fair Values**

Generally, the fair values of the financial assets and liabilities of the Group approximate their fair values, owing to their relatively short term maturity, except for the following:

	2004		2003	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets:				
Malaysian Government Securities	72,669	72,157	116,240	114,143
Bonds	310,181	276,252	307,577	270,000
Quoted shares in Malaysia	66,263	66,263	59,524	59,596
Quoted warrants in Malaysia	23,369	23,961	9,668	9,668
Financial Liabilities:				
Hire purchase payables	1,307	*1,309	1,262	*1,244

* The fair value of hire purchase payables is estimated by discounting the expected future cash flows using current interest rates for liabilities with similar risk profiles.

Financial assets and liabilities that relate to rights and obligations arising from insurance contracts are not considered as they do not fall within the scope of MASB 24 – Financial Instruments: Disclosure and Presentation.

30. SEGMENT INFORMATION

Business Segments:

The Group is organised into two major business segments:

- (i) Insurance - underwriting of life insurance and all classes of general insurance business
- (ii) Others - investment holding and dormants

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

30. SEGMENT INFORMATION (CONTD.)

	Insurance RM'000	Others RM'000	Elimination RM'000	Group RM'000
2004				
REVENUE				
External sales	141,603	79	-	141,682
Inter-segment sales	-	1,769	(1,769)	-
Total revenue	<u>141,603</u>	<u>1,848</u>	<u>(1,769)</u>	<u>141,682</u>
RESULT				
Loss before taxation	(5,419)	(2,170)	770	(6,819)
Taxation	7,187	(11)	-	7,176
Profit/(loss) after taxation	<u>1,768</u>	<u>(2,181)</u>	<u>770</u>	<u>357</u>
Minority interests	-	119	-	119
Net profit/(loss) for the year	<u>1,768</u>	<u>(2,062)</u>	<u>770</u>	<u>476</u>
OTHER INFORMATION				
Segment assets	<u>794,911</u>	<u>184,396</u>	<u>(279,232)</u>	<u>700,075</u>
Segment liabilities	<u>547,234</u>	<u>17,653</u>	<u>(148,890)</u>	<u>415,997</u>
Capital expenditure	1,303	2,292	-	3,595
Depreciation	2,986	436	-	3,422
Impairment loss	370	-	-	370
Non-cash expenses other than depreciation and impairment loss	<u>(9,360)</u>	<u>(2,454)</u>	<u>(592)</u>	<u>(12,406)</u>
2003				
REVENUE				
External sales	31,027	481	-	31,508
Inter-segment sales	-	250	(250)	-
Total revenue	<u>31,027</u>	<u>731</u>	<u>(250)</u>	<u>31,508</u>
RESULT				
Loss before taxation	(104,386)	(429,697)	174,990	(359,093)
Taxation	-	(22)	-	(22)
Loss after taxation	<u>(104,386)</u>	<u>(429,719)</u>	<u>174,990</u>	<u>(359,115)</u>
Minority interests	-	55	-	55
Net loss for the year	<u>(104,386)</u>	<u>(429,664)</u>	<u>174,990</u>	<u>(359,060)</u>
OTHER INFORMATION				
Segment assets	<u>845,422</u>	<u>184,920</u>	<u>(275,427)</u>	<u>754,915</u>
Segment liabilities	<u>572,886</u>	<u>17,599</u>	<u>(145,971)</u>	<u>444,514</u>
Capital expenditure	1,163	739	-	1,902
Depreciation	730	47	-	777
Non-cash expenses other than depreciation	<u>82,536</u>	<u>417,110</u>	<u>(174,990)</u>	<u>324,656</u>

STATEMENT OF SHAREHOLDINGS

AS AT 4 MAY 2005 (ORDINARY SHARES)

Authorized Capital	:	RM1,000,000,000.00
Issued and fully paid up	:	RM379,757,447.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One Vote per Ordinary Share

Size of shareholdings	No. of Holders	No. of shares	Percentage
Less than 100	24,625	984,912	0.25
100 to 1,000	19,693	6,341,601	1.67
1,001 to 10,000	6,738	28,215,438	7.43
10,001 to 100,000	2,000	64,504,868	16.99
100,001 to less than 5% of issued shares	403	197,464,539	52
5% and above of issued shares	2	82,246,089	21.66
	<u>53,461</u>	<u>379,757,447</u>	<u>100.00</u>

THIRTY LARGEST SHAREHOLDINGS

AS AT 4 MAY 2005

Name	Number of shares	Percentage
1. Che Mohd Annuar bin Che Mohd Senawi	55,709,989	14.67
2. Tasec Nominees (Tempatan) Sdn Bhd TA First Credit Sdn Bhd	26,536,100	6.99
3. FEAB Properties Sdn Bhd	17,500,000	4.61
4. Employees Provident Fund Board	5,700,000	1.50
5. HDM Nominees (Tempatan) Sdn Bhd Kim Eng Securities Pte Ltd for Che Mohd Annuar bin Che Mohd Senawi	5,000,000	1.32
6. Rampai Dedikasi Sdn Bhd	5,000,000	1.32
7. Citicorp Nominees (Asing) Sdn Bhd UBS AG Singapore for Embassy Group Inc.	5,000,000	1.32
8. Dato' Ahmad Sebi bin Bakar	5,000,000	1.32
9. Syntech-Woh Hup Invescor Pte Ltd	4,910,850	1.29
10. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abdul Razak bin Abdul	3,500,000	0.92

THIRTY LARGEST SHAREHOLDINGS (CONTD.)

AS AT 4 MAY 2005

Name	Number of shares	Percentage
11. Lim Seng Chee	3,181,300	0.84
12. Kayin Holdings Sdn Berhad	3,000,000	0.79
13. Mayban Nominees (Tempatan) Sdn Bhd JMF Asset Management Sdn Bhd for BSNC Corporation Berhad	3,000,000	0.79
14. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chim Kian Chai	2,670,000	0.70
15. OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Goh Tai Siang	2,438,100	0.64
16. Ng Huat Tian	2,410,000	0.63
17. Multi-Purpose Insurans Bhd	2,000,000	0.53
18. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Kwai	2,000,000	0.53
19. HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Siow Choy Fong	2,000,000	0.53
20. Ong Chong Jing	2,000,000	0.53
21. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Soo Ming	1,900,000	0.50
22. Ho Chin Hoy	1,889,900	0.50
23. Tan Ah Piew	1,813,900	0.48
24. Loo Sow Mei	1,670,000	0.44
25. Ling Shiang Yih	1,552,300	0.41
26. Chay Yew Meng	1,550,000	0.41
27. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Inder Singh A/L Sunder Singh	1,452,700	0.38
28. AmMerchant Bank Berhad	1,147,550	0.30
29. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teng Yew Huat	1,128,000	0.30
30. Sai Yee @ Sia Say Yee	1,100,600	0.29

SUBSTANTIAL SHAREHOLDERS

AS AT 4 MAY 2005

According to the Register to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company :

Shareholders	Direct		Indirect	
	No. of Shares	Percentage	No. of Shares	Percentage
1. Dato' Che Mohd Annuar bin Che Mohd Senawi	55,709,989	14.67	-	-
2. Tasec Nominees (Tempatan) Sdn Bhd	26,542,450	6.99	-	-

DIRECTORS' SHAREHOLDINGS

AS AT 4 MAY 2005

Directors	Direct		Indirect	
	No. of Shares	Percentage	No. of Shares	Percentage
1. Dato' Che Mohd Annuar bin Che Mohd Senawi	60,709,989	15.99	-	-
2. Dato' Ab. Halim bin Mohyiddin	-	-	-	-
3. Datuk Che Mokhtar bin Che Ali	-	-	-	-
4. Haji Hussein bin Hamzah	-	-	-	-
5. Brig. Jen. (B) Dato' Pahlawan Hj. Jamil bin Tahir	-	-	-	-
6. Dr. Radzuan bin Abdul Rahman	-	-	-	-

STATEMENT OF SHAREHOLDINGS

AS AT 4 MAY 2005

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS-A ("ICULS-A")

Class of Security	:	ICULS-A 2003/2006
Issue size	:	134,442,000 ICULS-A
Number Converted To-date	:	118,628,925 ICULS-A
Number Remaining Convertible To-date	:	15,813,075 ICULS-A
Voting Rights	:	No Voting Right

Size of shareholdings	No. of Holders	No. of shares	Percentage
Less than 100	1	75	0.00
100 to 1,000	105	14,100	0.09
1,001 to 10,000	3	11,000	0.07
10,001 to 100,000	1	15,900	0.10
100,001 to less than 5% of issued shares	4	962,000	6.08
5% and above of issued shares	1	14,810,000	93.66
	115	15,813,075	100.00

THIRTY LARGEST ICULS-A HOLDERS

AS AT 4 MAY 2005

Name	Number of ICULS-A	Percentage
1. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fabulous Channel Sdn Bhd	14,810,000	93.66
2. Malaysian Industrial Development Finance Berhad	446,000	2.82
3. PAB Nominees (Tempatan) Sdn Bhd Affin Bank Berhad (Loan Recovery)	232,000	1.47
4. FEAB Properties Sdn Bhd	149,000	0.94
5. RHB Capital Nominees (Tempatan) Sdn Bhd RHB Bank Berhad	135,000	0.85
6. Teresa Goh Lean See	15,900	0.10
7. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Neo Wee Tow	5,000	0.03
8. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kuok Hai Hock	3,000	0.02

THIRTY LARGEST ICULS-A HOLDERS (CONTD.)

AS AT 4 MAY 2005

Name	Number of ICULS-A	Percentage
9. Tee Cot Tiang @ Tay Kok Tiong	3,000	0.02
10. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Siew Yiau @ Tan Le Wa	1,000	0.01
11. Inter-Pacific Equity Nominess (Tempatan) Sdn Bhd Pledged Securities Account for Arsam bin Damis	1,000	0.01
12. Teng Sin Cheang	1,000	0.01
13. Ang Kean Tin	1,000	0.01
14. Menteri Kewangan Malaysia Section 14 (SICDA)	100	0.00
15. Goh Tian Ying	100	0.00
16. Zarina binti Hassan	100	0.00
17. Mizammeri binti Misnon	100	0.00
18. Wan Haslina binti Meor Muhamud	100	0.00
19. Shamini A/P Jacob Sundaraj	100	0.00
20. Sazali bin Abdul Hamid	100	0.00
21. Azmin bin Azizan	100	0.00
22. Rogayah binti Kamaruddin	100	0.00
23. Amir bin Alias	100	0.00
24. Khairun Zalila binti Md Shah	100	0.00
25. Nazim bin Mohd Ali	100	0.00
26. Noriah binti Abu	100	0.00
27. Arul Dass A/L Anarchimuthu	100	0.00
28. Azizul Nizam bin Md Rejab	100	0.00
29. Siti Shamsiah binti Mihat	100	0.00
30. Munah binti Lebai Puteh	100	0.00

SUBSTANTIAL ICULS-A HOLDERS

AS AT 4 MAY 2005

According to the Register to be kept under Section 69L of the Companies Act, 1965, the following are the substantial ICULS-A holders of the Company :

ICULS-A Holders	Direct		Indirect	
	No. of ICULS-A	Percentage	No. of ICULS-A	Percentage
Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd	14,811,000	93.66	-	-

DIRECTORS' ICULS-A HOLDINGS

AS AT 4 MAY 2005

Directors	Direct		Indirect	
	No. of ICULS-A	Percentage	No. of ICULS-A	Percentage
1. Dato' Che Mohd Annuar bin Che Mohd Senawi	-	-	-	-
2. Dato' Ab. Halim bin Mohyiddin	-	-	-	-
3. Datuk Che Mokhtar bin Che Ali	-	-	-	-
4. Haji Hussein bin Hamzah	-	-	-	-
5. Brig. Jen. (B) Dato' Pahlawan Hj. Jamil bin Tahir	-	-	-	-
6. Dr. Radzuan bin Abdul Rahman	-	-	-	-

STATEMENT OF SHAREHOLDINGS

AS AT 4 MAY 2005

IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS-B ("ICULS-B")

Class of Security	:	ICULS-B 2003/2008
Issue size	:	210,449,279 ICULS-B
Number Converted To-date	:	36,670,000 ICULS-B
Number Remaining Convertible To-date	:	173,779,279 ICULS-B
Voting Rights	:	No Voting Right

Size of shareholdings	No. of Holders	No. of shares	Percentage
Less than 100	638	44,704	0.02
100 to 1,000	4,421	2,019,177	1.16
1,001 to 10,000	2,160	7,021,557	4.04
10,001 to 100,000	370	11,907,250	6.85
100,001 to less than 5% of issued shares	74	39,426,600	22.70
5% and above of issued shares	1	113,359,991	65.23
	<u>7,664</u>	<u>173,779,279</u>	<u>100.00</u>

THIRTY LARGEST ICULS-B HOLDERS

AS AT 4 MAY 2005

Name	Number of ICULS-B	Percentage
1. Che Mohd Annuar bin Che Mohd Senawi	113,359,991	65.23
2. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Kwai	5,350,000	3.08
3. Kay Yew Kiang	2,500,000	1.44
4. Tasec Nominees (Tempatan) Sdn Bhd TA First Credit Sdn Bhd	2,308,500	1.33
5. FEAB Properties Sdn Bhd	2,000,000	1.15
6. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Kum	1,556,200	0.90
7. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Choo Chua	1,374,000	0.79
8. Lim Seng Chee	1,359,800	0.78
9. JB Nominees (Tempatan) Sdn Bhd Kimzen Capital Services Sdn Bhd for Hi Geok Kim @ Hi Peh Lang	1,351,200	0.78
10. Tan Geok Lan	1,154,000	0.66

THIRTY LARGEST ICULS-B HOLDERS (CONTD.)

AS AT 4 MAY 2005

Name	Number of ICULS-B	Percentage
11. Eng Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd for Michele Sharmini Rasanayagam	1,150,000	0.66
12. Wong Lee Peng	1,079,000	0.62
13. AmMerchant Bank Berhad	1,029,350	0.59
14. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Ramesh Pritamdas Chandiramani	1,000,000	0.58
15. Tan Yu Wei	972,300	0.56
16. Sai Yee @ Sia Say Yee	928,600	0.53
17. Inter-Pacific Equity Nominess (Tempatan) Sdn Bhd Pledged Securities Account for Fabulous Channel Sdn Bhd	648,650	0.37
18. OSK Nominees (Asing) Sdn Berhad DBS Vickers Secs (S) Pte Ltd for Peh Kwee Yong	613,300	0.35
19. Ong Wan Chin	610,000	0.35
20. Olive Lim Swee Lian	515,300	0.30
21. Chong Mei Ngor	500,000	0.29
22. Ow Chu Peng	470,800	0.27
23. Muhammad Nashri Yong bin Abdullah	365,000	0.21
24. Teh Swee Heng	352,700	0.20
25. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kee Yek	349,600	0.20
26. Ang Bon Huan	338,700	0.19
27. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tham Ah Ngan	330,100	0.19
28. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi In Aun	330,000	0.19
29. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee See Kim	330,000	0.19
30. Adrian Henry D'Silva	329,000	0.19

SUBSTANTIAL ICULS-B HOLDERS

AS AT 4 MAY 2005

According to the Register to be kept under Section 69L of the Companies Act, 1965, the following are the substantial ICULS-B holders of the Company :

ICULS-B Holders	Direct		Indirect	
	No. of ICULS-B	Percentage	No. of ICULS-B	Percentage
Dato' Che Mohd Annuar bin Che Mohd Senawi	113,359,991	65.23	-	-

DIRECTORS' ICULS-B HOLDINGS

AS AT 4 MAY 2005

Directors	Direct		Indirect	
	No. of ICULS-B	Percentage	No. of ICULS-B	Percentage
1. Dato' Che Mohd Annuar bin Che Mohd Senawi	113,359,991	65.23	-	-
2. Dato' Ab. Halim bin Mohyiddin	-	-	-	-
3. Datuk Che Mokhtar bin Che Ali	-	-	-	-
4. Haji Hussein bin Hamzah	-	-	-	-
5. Brig. Jen. (B) Dato' Pahlawan Hj. Jamil bin Tahir	-	-	-	-
6. Dr. Radzuan bin Abdul Rahman	-	-	-	-

LIST OF PROPERTIES

AS AT 31 DECEMBER 2004

Description	Location	Tenure	Area	Age (Years)	Net Book Value (RM'000)	Acquisition /Revaluation
TAHAN INSURANCE MALAYSIA BERHAD						
Five-Storey Shophouse	No. 383 Jalan Tuanku Abdul Rahman Kuala Lumpur	Freehold	189m ²	19	3,440	18.01.2000
Four-Storey Shophouse	No. 2 & 4, Medan Istana 1 Bandar Ipoh Raya Ipoh, Perak	Leasehold, Expiring 2081	304m ²	21	830	18.01.2000
Three-Storey Shophouse	No.12, Jalan Maju Taman Maju, Batu Pahat	Freehold	143m ²	8	650	04.01.2000
Four-Storey Shophouse	Lot 47, 49 & 51 Jalan SS6/12 Kelana Jaya, Selangor	Freehold	558m ²	21	3,900	03.03.2000
Four-Storey Shophouse	Lot 714, Jalan Tok Hakim Kota Bharu, Kelantan	Leasehold, Expiring 2083	149m ²	23	450	02.01.2000
Four and a half-Storey Shophouse	Lot 1304, Jalan Tuanku Ibrahim, Alor Setar, Kedah	Leasehold, Expiring 2076	130m ²	21	450	19.01.2000
Four-Storey Shophouse	Lot 2, Jalan Pejabat Kuala Terengganu, Terengganu	Freehold	130m ²	20	480	03.01.2000
Four-Storey Shophouse	Lot 2, Jalan A Off Jalan Tun Razak Johor Bahru	Freehold	313m ²	23	1,900	03.01.2000
Four and a half-Storey Shophouse	No. 23, Jalan Dewan Sultan Sulaiman 1, Kuala Lumpur	Freehold	186m ²	20	1,500	18.01.2000
Two-Storey Shophouse	Lot 596, Tmn Melaka Raya Melaka	Leasehold, Expiring 2082	139m ²	12	280	18.01.2000
Four-Storey Shophouse	Lot 41, 43 & 45 Jalan SS6/12 Kelana Jaya, Selangor	Freehold	561m ²	20	3,900	03.03.2000
Two-Storey Shophouse	No.13 Stesyen Bas Ekspres Jalan Bukit Lagi, Kangar, Perlis	Leasehold, Expiring 2091	111m ²	12	300	19.01.2000
Four-Storey Shophouse	No. 385 Jalan Tuanku Abdul Rahman Kuala Lumpur	Leasehold, Expiring 2071	330m ²	33	6,100	18.01.2000
Seven-Storey Office Building	No.2, Jalan Dewan Sultan Sulaiman 1, Kuala Lumpur	Leasehold, Expiring 2071	595m ²	11	11,000	19.01.2000

LIST OF PROPERTIES (CONTD.)

AS AT 31 DECEMBER 2004

Description	Location	Tenure	Area	Age (Years)	Net Book Value (RM'000)	Acquisition /Revaluation
Two-Storey Shophouse	No. 11, Jalan Kong Sang Seremban, Negeri Sembilan	Freehold	182m ²	79	420	20.01.2000
Four-Storey Shophouse	No. 5 & 7, Persiaran Green Town 7, Greentown Business Centre, Jalan Sultan Abdul Jalil, 30450 Ipoh, Perak	Leasehold, Expiring 2064	-	-	1,400	1999
Five-Storey Shophouse	Wisma Tahan, No. 17-21, Jalan Medan Tuanku 1 Medan Tuanku 50300 Kuala Lumpur	Freehold	613m ²	-	13,800	1992
Three-Storey Shophouse	No. 27, Jalan Mega Taman Mega Jaya 56100 Ampang Selangor	Leasehold, Expiring 2080	187m ²	-	320	14.06.2000
Three-Storey Shophouse	No. 201 & 203 Jalan Sri Pelangi Taman Pelangi 80400 Johor	Freehold	178m ²	-	950	15.06.1999
Four-Storey Shophouse	No. 194K-M Al-Idrus Commercial Center Jalan Satok, 93400 Kuching Sarawak	Freehold	-	-	3,000	06.04.1999

WAIKIKI BEACH HOTEL SDN BHD

Land	Lot 64(2) & Lot 64(2D) MK 17, Daerah Timur Laut Bandar Batu Ferringhi Pulau Pinang	Leasehold, Expiring 2067	3,686m ²	17	924	18.01.2000
Land	Lot 57, Section 2 MK 17, Daerah Timur Laut Bandar Batu Ferringhi Pulau Pinang	Freehold	643m ²	17	*	18.01.2000
Land	Lot 58, Section 2 MK 17, Daerah Timur Laut Bandar Batu Ferringhi Pulau Pinang	Freehold	267m ²	17	*	18.01.2000
Land	Lot 59, Section 2 MK 17, Daerah Timur Laut Bandar Batu Ferringhi Pulau Pinang	Freehold	360m ²	17	*	18.01.2000
Land	Lot 60, Section 2 MK 17, Daerah Timur Laut Bandar Batu Ferringhi Pulau Pinang	Freehold	303m ²	17	449*	18.01.2000

* Combined net book value of Lot 57,58,59 and 60 – Waikiki Beach Hotel Sdn Bhd

LIST OF PROPERTIES (CONTD.)

AS AT 31 DECEMBER 2004

Description	Location	Tenure	Area	Age (Years)	Net Book Value (RM'000)	Acquisition /Revaluation
IDRIS HYDRAULIC (MALAYSIA) BHD						
Agricultural Land	Lot 39123 Mukim Kampar, Perak	Freehold	0.106 Hectares	-	-	26.06.1985
Agricultural Land	Lot 39316 Mukim Kampar, Perak	Freehold	1.62 Hectares	-	-	26.06.1985
FUJASA SDN BHD						
Commercial Development Land	HBM 18 Mukim 12 South West District Penang	Leasehold, Expiring 2084	12.57 Hectares	-	35,500	17.02.2001
ADVANCED ELECTRONICS (M) SDN BHD						
Land and Building	11A, Jalan 215 Petaling Jaya	Leasehold, Expiring 2057	1,598.48m ²	43	3,052	21.02.2001
MEE CHEONG SDN BHD						
Land	CL 155310106 District of Pensiangan Sapulut, Sabah	Leasehold, Expiring 2018	39.38 Hectares	16	30	June 1992
WIRAGAIN SDN BHD						
Land and Building	Lot 143, 144 & 145 Lorong AM 12 Arab-Malaysian Industrial Estate, Nilai Negeri Sembilan	Freehold	6.6 Hectares	7	12,000	Mar 1996



IDAMAN UNGGUL BERHAD (279343-W)
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares	CDS Account No.

I/We _____ of _____

being a Member/Members of **IDAMAN UNGGUL BERHAD**, hereby appoint _____
of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Second Annual General Meeting of the Company, to be held at Royal Ballroom, Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 30 June 2005 at 9.00 a.m. and at any adjournment thereof.

RESOLUTIONS	For	Against
Resolution 1 – To adopt the Audited Financial Statements		
Resolution 2 – To re-elect Dato' Che Mohd Annuar bin Che Mohd Senawi as Director		
Resolution 3 – To re-elect Brig. Jen. (B) Dato' Pahlawan Hj Jamil bin Tahir as Director		
Resolution 4 – To re-elect Dr. Radzuan bin Abdul Rahman as Director		
Resolution 5 – To approve the payment of Directors' fees		
Resolution 6 – To re-appoint Messrs. Ernst & Young as Auditors		
Resolution 7 – To approve the authority to allot and issue shares		

(Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

Signed this _____ day of _____, 2005

Signature/Seal of Shareholder

NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. Subject to the Act, where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, either under its common seal or the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be completed, signed and deposited at the Company's Registered Office not less than 48 hours before the time set for the meeting or adjourned meeting.

The Company Secretary

Idaman Unggul Berhad

Level 20, Menara MRCB, No. 2 Jalan Majlis 14/10

Seksyen 14, 40000 Shah Alam

Selangor Darul Ehsan

IDAMAN UNGGUL BERHAD (279343-W)

Level 20, Menara MRCB
No. 2 Jalan Majlis 14/10
Seksyen 14,
40000 Shah Alam
Selangor Darul Ehsan

Tel: 603 5510 3222
Fax: 603 5510 2333