

AIMB
AUDREY INTERNATIONAL (M) BHD
(163155-W)



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AIMB
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(163155-W)



AUDREY INTERNATIONAL (M) BHD (163155-W) ANNUAL REPORT 2004

annual report 2004

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cover rationale

The foundation which is instilled within us from the beginning builds a strong bond with our first passion. As pure as a mother's love for her child and from her first maternal touch, her heart assures us of an unconditional love that will see us through our journey in life.

This year's annual report reflects our growth and tracks our continual development. Armed with a passion that has been our driving force, AIMB is poised to achieve even greater success in the coming years.

Corporate information

BOARD OF DIRECTORS

Tan Sri Datuk Arshad Bin Ayub
(Chairman)
Dato' Ng Tiong Seng
Mr. Ng Chin Huat
Dato' Haji Abdul Raman Bin Suliman
Dato' Khor Ah Hua @ Khor Choo Fong
Mr. Ong See Seng
Mr. Harbhajan Singh A/L Ujagar Singh
Mdm. Low Wee Chin
(alternate to Dato' Ng Tiong Seng)
Mr. Kong Sau Kian
Mdm. Sia Kim Kiat
Mr. Lim Kim Meng
Pn. Sharifah Hanizah Binti Syed Mustaffa
(alternate to Harbhajan Singh
A/L Ujagar Singh)

REGISTERED OFFICE

Lot 10449, Jalan Nenas
Batu 4½, Kampung Jawa
41000 Klang
Selangor Darul Ehsan
Tel : 603 5161 8822
Fax : 603 5161 2728
Email : audrey@audrey.com.my
Website: www.audrey.com.my

PRINCIPAL BANKERS

Southern Bank Berhad
Bumiputra Commerce Bank Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
AmBank Berhad

AUDIT COMMITTEE

Mr. Ong See Seng (Chairman)
Dato' Khor Ah Hua @ Khor Choo Fong
Mr. Harbhajan Singh A/L Ujagar Singh
Mdm. Sia Kim Kiat
Mr. Lim Kim Meng

AUDITORS

Ernst & Young

COMPANY SECRETARIES

Mr. Ng Say Or (LS00515)
Ms. Yew Ing Chuo (MAICSA 7003806)

REGISTRARS

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

STOCK EXCHANGE LISTING

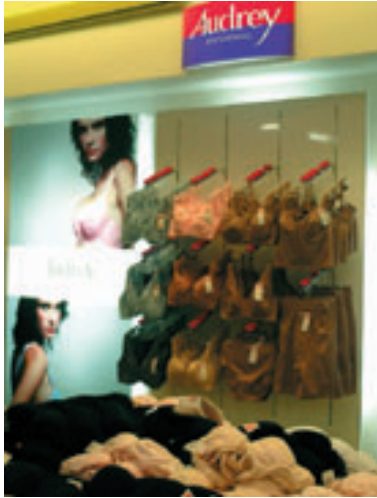
Second Board of the Bursa Malaysia
Securities Berhad



simply
refreshing
simply
adorable



Anakku



Group structure



Directors' profile



**Tan Sri Datuk Arshad
bin Ayub**
Chairman

Tan Sri Datuk Arshad bin Ayub, aged 76, Malaysian, Chairman, Non-Independent Non-Executive Director. He was appointed to the Board on 30 May 1996. He obtained a Diploma in Agriculture from the College of Agriculture, Serdang, Selangor in 1954 and a Bachelor of Science (Hons) in Economics and Statistics from the University College of Wales, Aberystwyth, United Kingdom in 1958. In 1964, he did a Postgraduate Diploma in Business Administration at (IMEDE), Lausanne, Switzerland.

He joined the Malaysian Civil Service upon his graduation in July 1958. Among the posts he held were the First Director of Mara Institute of Technology from 1965 to 1975, Deputy Governor of Bank Negara Malaysia from 1975 to 1977, Deputy Director General Economic Planning Unit of the Prime Minister's Department from 1977 to 1978 and Secretary General in the Ministry of Primary Industries in 1978, Ministry of Agriculture from 1979 to 1981 and Ministry of Land and Regional Development from 1981 to 1983. He sat on a number of committees at National level and was a member of the Harun Salary Commission for Statutory bodies.

He is presently the Chairman of PFM Capital Holdings Sdn Bhd, a wholly owned subsidiary of Permodalan Nasional Berhad since 1977 and also sits on the Board of Directors of several public listed companies such as Kulim (M) Berhad, KPJ Healthcare Berhad, Sindora Berhad, LBI Capital Berhad (formerly known as Rumpun Hijau Capital Berhad), Tomypak Holdings Berhad, Top Glove Corporation Berhad, Malayan Flour Mills Bhd and SEG International Bhd. His directorship in other non-listed companies include Pelaburan Johor Berhad, CSR Building Materials Sdn Bhd and BATA (M) Sdn Bhd. He is presently also the President of the Malaysian Rubber Products Manufacturers Association and the Chairman of the Malaysian Rubber Export Promotion Council (MREPC) and sits on the Council of Lembaga Getah Malaysia.

He attended five out of six Board meetings held during the financial year ended 31 December 2004 and is the Chairman of the Remuneration Committee.

He has no conflict of interest in any business arrangement involving the Company and has had no convictions for any offences within the past 10 years.



Dato' Ng Tiong Seng
Non-Independent
Non-Executive Director

Dato' Ng Tiong Seng, aged 72, Malaysian, Non-Independent Non-Executive Director, Deputy Chairman of the Board. He has been on the Board since its inception. He is one of the founding members of the Company. He is a Klang based industrialist and philanthropist. He has more than 40 years of experience in the manufacturing and trading lines, primarily in footwear, rubber and plastic products. His involvement in the ladies' undergarments industry spans a period of over 10 years. He also sits on the Board of Directors of several private companies and of LBI Capital Berhad (formerly known as Rumpun Hijau Capital Berhad), a company listed on the Second Board of Bursa Malaysia. He is responsible for the overall business development and the formulation of the Group's strategic plans and policies.

He attended four out of six Board meetings held during the financial year ended 31 December 2004 and is a member of the Remuneration Committee.

He is the father of Ng Chin Huat and father-in-law to Sia Kim Kiat and Low Wee Chin, all of whom are also the Directors of the Company. He has had no convictions for any offences within the past 10 years.

directors' profile (cont'd)



Ng Chin Huat
Non-Independent
Managing Director

Ng Chin Huat, aged 35, Malaysian, Non-Independent Managing Director. He was appointed to the board on 4 January 1999 and was promoted to Managing Director on 15 February 2002. He holds a degree in Actuarial Science conferred by the University of Melbourne, Australia. Upon graduation, he was trained as an Actuary in Prudential Singapore for 2 years. Thereafter, he moved into the stockbroking industry in 1993, gaining employment with HLG Securities, Malaysia. He was with the company for 5 years prior to his attachment to his current position.

He attended all six Board meetings held during the financial year ended 31 December 2004.

He is a son of Dato' Ng Tiong Seng, brother-in-law of Sia Kim Kiat and Low Wee Chin, all of whom are also the Directors of the Company. He has had no convictions for any offences within the past 10 years.



Sia Kim Kiat
Non-Independent
Non-Executive Director

Sia Kim Kiat, aged 41, Malaysian, Non-Independent Non-Executive Director. She was appointed to the Board on 9 May 1995 and she has redesignated her position from Executive Director to Non-Executive Director on 21 May 2003. She graduated from the University of New South Wales with a Bachelor Degree in Commerce, majoring in Accountancy in 1989. She started her career as a Management Consultant with Ernst & Young, an international public accounting firm, from 1990 to 1991 and then as an Audit Assistant as well as a Tax Consultant with Deloitte & Touche, also a public accounting firm, from 1991 to 1993. She was with Pokka Corporation (S) Limited, a public listed company incorporated in Singapore which is involved in the manufacturing and trading of packet drinks, as an Accountant from 1994 to 1995.

She attended five out of six Board meetings held during the financial year ended 31 December 2004 and is a member of the Audit Committee.

She is a daughter-in-law of Dato' Ng Tiong Seng, sister-in-law of Ng Chin Huat and Low Wee Chin, all of whom are also the Directors of the Company. She has had no convictions for any offences within the past 10 years.

directors' profile (cont'd)



**Dato' Haji Abdul Raman
Bin Suliman**
Non-Independent
Non-Executive Director

Dato' Haji Abdul Raman Bin Suliman, aged 56, Malaysian, Non-Independent Non-Executive Director. He was appointed to the Board on 27 March 2003. He graduated from University of Malaya with a B.A. (Hons) 2nd Class, Higher in 1972.

During the period 1972 – 1974, he was appointed as Assistant Secretary to the Public Services Commission Malaysia, Kuala Lumpur. As a Secretary to the Sabah Public Services Commission (Federal) and Secretary to the Sarawak Public Services Commission (Federal) in 1974 – 1976. Principal Assistant Secretary to the Ministry of Science, Technology and Environment in 1976 – 1978. Principal Assistant Secretary to the Penang State Government in 1979 – 1980. Principal Assistant Secretary to the Perak State Government in 1980 – 1982. He sits on the Board of Directors of several public listed and private companies, which among other include Chairman of FAMA, Chairman of RISDA, Pan Malaysia Corporation Bhd., Cygal Berhad, PM Securities Sdn. Bhd. and PCB Asset Management Sdn. Bhd.

He attended three out of six Board meetings held during the financial year ended 31 December 2004.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



**Harbhajan Singh
A/L Ujagar Singh**
Non-Independent
Non-Executive Director

Harbhajan Singh a/l Ujagar Singh, aged 52, Malaysian, Non-Independent Non-Executive Director. He was appointed to the Board on 12 March 2003. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a member of the Malaysian Institute of Accountants and a fellow member of the Malaysian Institute of Taxation.

He has served various positions in two audit firms located in London, United Kingdom from 1977 to 1981. He joined Perbadanan Kemajuan Negeri Perak (PKNP) on 1 September 1981 as an Accountant and has since held various posts including being seconded to Amalgamated Parts Manufacturers Sdn. Bhd., a past associate of PKNP, as Head of Department, Finance, Administration and Purchasing, for a period of 2 years. He is currently the Corporate Finance Director of PKNP. He is also under job enlargement to Perak Corporation Berhad (PCB) as the Group Senior General Manager of Corporate Finance, a post held since September 1997. He holds directorships in a number of companies under the PKNP Group, the PCB Group and the Integrax Berhad Group.

He attended all six Board meetings held during the financial year ended 31 December 2004 and is a member of the Audit Committee.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

directors' profile (cont'd)



Ong See Seng
Independent
Non-Executive Director

Ong See Seng, aged 66, Malaysian, Independent Non-Executive Director. He was appointed to the Board on 30 May 1996. He obtained a Bachelor of Law Degree from the University of Singapore in 1965 and was admitted as an Advocate & Solicitor High Court, Malaya in 1965 and Supreme Court, Singapore in 1979. He was practicing as an Advocate and Solicitor before his appointment as Judicial Commissioner in 1989 and subsequently as High Court Judge in 1991. He retired as High Court Judge in 1995.

He attended all six Board meetings held during the financial year ended 31 December 2004. He is currently the Chairman of the Audit and Nomination Committee and also serves as a member of the Remuneration Committee.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



**Dato' Khor Ah Hua
@ Khor Choo Fong**
Independent
Non-Executive Director

Dato' Khor Ah Hua @ Khor Choo Fong, aged 57, Malaysian, Independent Non-Executive Director. He was appointed to the Board on 28 May 2002. He completed the Management Development Programme at the Asia Institute of Management Philippines and Senior Management Development Programme of Harvard Business School.

He joined Med-Bumikar MARA Sdn. Bhd. as manager of the company's agricultural machinery division from 1980 to 1983.

He later joined Daihatsu (Malaysia) Sdn. Bhd. the sole distributor of Daihatsu Motor vehicles in Malaysia from 1983 to 1999. He was promoted from the post of Sales Manager to General Manager and Executive Director of the company and its wholly owned subsidiaries DMM Sales Sdn. Bhd. and DMM Engineering Sdn. Bhd. He is a Board member of Federal Auto Holding Bhd.

He attended four out of six Board meetings held during the financial year ended 31 December 2004 and is a member of the Audit Committee.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

directors' profile (cont'd)



Lim Kim Meng
Independent
Non-Executive Director

Lim Kim Meng, aged 34, Malaysian, Independent Non-Executive Director. He was appointed to the board on 15 January 2002. He graduated with a Second Class Honours bachelor of law degree from the University of London and completed his certificate of legal practice in 1994. He is the Managing Partner at Messrs K M Lim & Tan, Advocates & Solicitors. His professional experiences include being a member of the Malaysia Financial Markets Association, holding the position of licensed foreign exchange and money market dealer at Southern Bank Berhad (1994-1997) and Institutional Sales Dealer and Licensed KLSE Equities Dealer with HLG Securities (1997-1998).

He attended all six Board meetings held during the financial year ended 31 December 2004 and is a member of the Audit and Nomination Committees.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.



Kong Sau Kian
Non-Independent
Non-Executive Director

Kong Sau Kian, aged 41, Malaysian, Non-Independent Non-Executive Director. He was appointed to the Board on 27 March 2003. He is a member of the Malaysian Institute of Accountants. He graduated with a Bachelor of Accounting (Honours) degree from University of Malaya in 1988. Subsequently, he joined KPMG Peat Marwick, an international accounting firm until 1992, where his exposure included the audit of a wide range of industries, corporate restructuring, acquisition audit and other special assignments. Currently, he is the General Manager of Ng Tiong Seng Corporation Sdn Bhd, an investment holding company which has diversified businesses. He also sits on the Board of LBS Bina Group Bhd, Aturmaju Resources Berhad, LBI Capital Bhd (formerly known as Rumpun Hijau Capital Berhad) and CHG Industries Bhd.

He attended all six Board meetings held during the financial year ended 31 December 2004 and is a member of the Nomination Committee.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences within the past 10 years.

directors' profile (cont'd)



Low Wee Chin
Alternate Director
to Dato' Ng Tiong Seng

Low Wee Chin, aged 46, Malaysian, Alternate Director to Dato' Ng Tiong Seng. She was appointed to the Board on 30 May 1996. She was the Executive Director of LBI Capital Berhad (formerly known as Rumpun Hijau Capital Berhad), a company listed on the Second Board of Bursa Malaysia and principally involved in the manufacture, assembly and sale of car air-conditioners and manufacture of rubber based footwear products, for 10 years from 1986 to 1996. She has over the years obtained considerable exposure in formulating business policies and strategies as well as managing financial and administration matters. She also sits on the Board of Directors of several private companies.

She attended one out of the six Board meetings held during the financial year ended 31 December 2004.

She is a daughter-in-law of Dato' Ng Tiong Seng, sister-in-law of Ng Chin Huat and Sia Kim Kiat, all of whom are also the Directors of the Company.

She has had no convictions for any offences within the past 10 years.



**Sharifah Hanizah
Binti Syed Mustaffa**
Alternate Director to Harbhajan
Singh A/L Ujagar Singh

Sharifah Hanizah Bt. Syed Mustaffa, aged 38, Malaysian, Alternate Director to Harbhajan Singh a/l Ujagar Singh. She was appointed to the Board as Alternate Director to Harbhajan Singh a/l Ujagar Singh on 12 March 2003. She is a member of the Malaysian Institute of Accountants and a Fellow member of the Association of Chartered Certified Accountants, United Kingdom. She also holds an Advanced Diploma in Business Administration from the United Kingdom.

She has over 15 years experience in accountancy, audit and business advisory in both the United Kingdom and Malaysia. She is currently the Group Manager, Finance and Administration of Perak Corporation Berhad ("PCB"). Prior to this, she was with Arthur Andersen & Co. She holds directorships in a number of companies under Perbadanan Kemajuan Negeri Perak and the PCB Group.

She did not attend any of the six Board meetings held during the financial year ended 31 December 2004.

She does not have any family relationship with any Director and/or major shareholders of the company, nor any conflict of interest in any business arrangement involving the Company. She has had no convictions for any offences within the past 10 years.

Chairman's statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Audrey International (M) Bhd. ("AIMB") for the financial year ended 31 December 2004.

INDUSTRY AND OPERATIONAL REVIEW

The year that was turned out to be yet another challenging year for the Group as economic uncertainties hit certain retailers, some resulting in their collapse whilst others became targets for takeovers by larger retail groups.

Competition continued to remain intense yet healthy as the Group was able to demonstrate its resilience against external threats by further improving on its financial performance from the previous year.

Building on its reputation of distributing quality products and enjoying the loyalty of its customers toward its brands, the Group continues its emphasis on brand image enhancement to further strengthen Anakku and Audrey as the leading baby products and lingerie brands respectively in Malaysia.

Shopping malls are ever increasing with new malls emerging throughout the country in a bid to promote consumer spending and to cater to their sophisticated tastes and preferences. The Group did not lag behind by having established additional 54 and 48 Anakku and Audrey counters respectively throughout Malaysia in 2004.

FINANCIAL PERFORMANCE

For the financial year under review, the Group continued its achievement of increased turnover and profit before tax ("PBT") by posting a turnover and PBT of RM124.9 million and RM6.1 million respectively in the current year compared to RM120.7 million and RM4.4 million respectively in the previous year. The increase of approximately 38.6% in PBT has correspondingly resulted in the increase in earnings per share ("EPS") of 30.1% from 6.04 sen in 2003 to 7.86 sen in the current year.

The improved profitability of the Group was contributed by the operational efficiencies derived from the consolidation and effective utilisation of combined resources of both the Audrey and Anakku operational divisions within the Group, coupled with improved capital and procurement management.

The magnitude of the Group's profitability was adversely affected by the amounts of doubtful debts provided for in the current year against the amounts owed by certain retail groups, notably the Pasaraya Hiong Kong Group which went under receivership in late 2004.

The Board is confident that continual improvement to the Group's results can be maintained in the forthcoming years.

FUTURE PROSPECTS

The prospects of the AIMB Group remains bright with its market position being strengthened by virtue of the enlarged size of the Group with Anakku being brought into its fold in 2003.

The future, as the Board sees it, will not be without the challenges of further improving on both its market position and market share with the entry of many new enthusiastic players. However, with the consolidation of the enlarged Group at its final stages and certain common platforms having been established, the Group can now focus on its business development and expansion both locally and regionally. The management of the Company has begun exploring both the feasibility of venturing into our ASEAN neighbours' markets and the approach to the penetration of the said markets. As before, the Board maintains that there remains a huge potential in this region for the Company to tap into effectively and profitably.

Over in the local arena, the Group is continuing to expand its product ranges based on market feedback and the emerging trend globally to cater to the ever changing and demanding tastes and preferences of its modern day consumers, where choice of designs are almost becoming limitless with globalisation.

Among the key strategies of the Group is to continue to build its brands and to reposition its product ranges in the respective regions, according to demographics and popularity of the various product ranges in the said regions.

The Board is therefore confident that the Group will continue to perform well in the years ahead.

DIVIDEND

The Board of Directors recommends a final dividend of 3.5%, less 28% taxation, amounting to approximately RM1.33 million for the financial year ended 31 December 2004. If approved at the forthcoming Annual General Meeting, the dividend will be payable to shareholders whose names appear in the Record of Depositors on 25 August 2005.

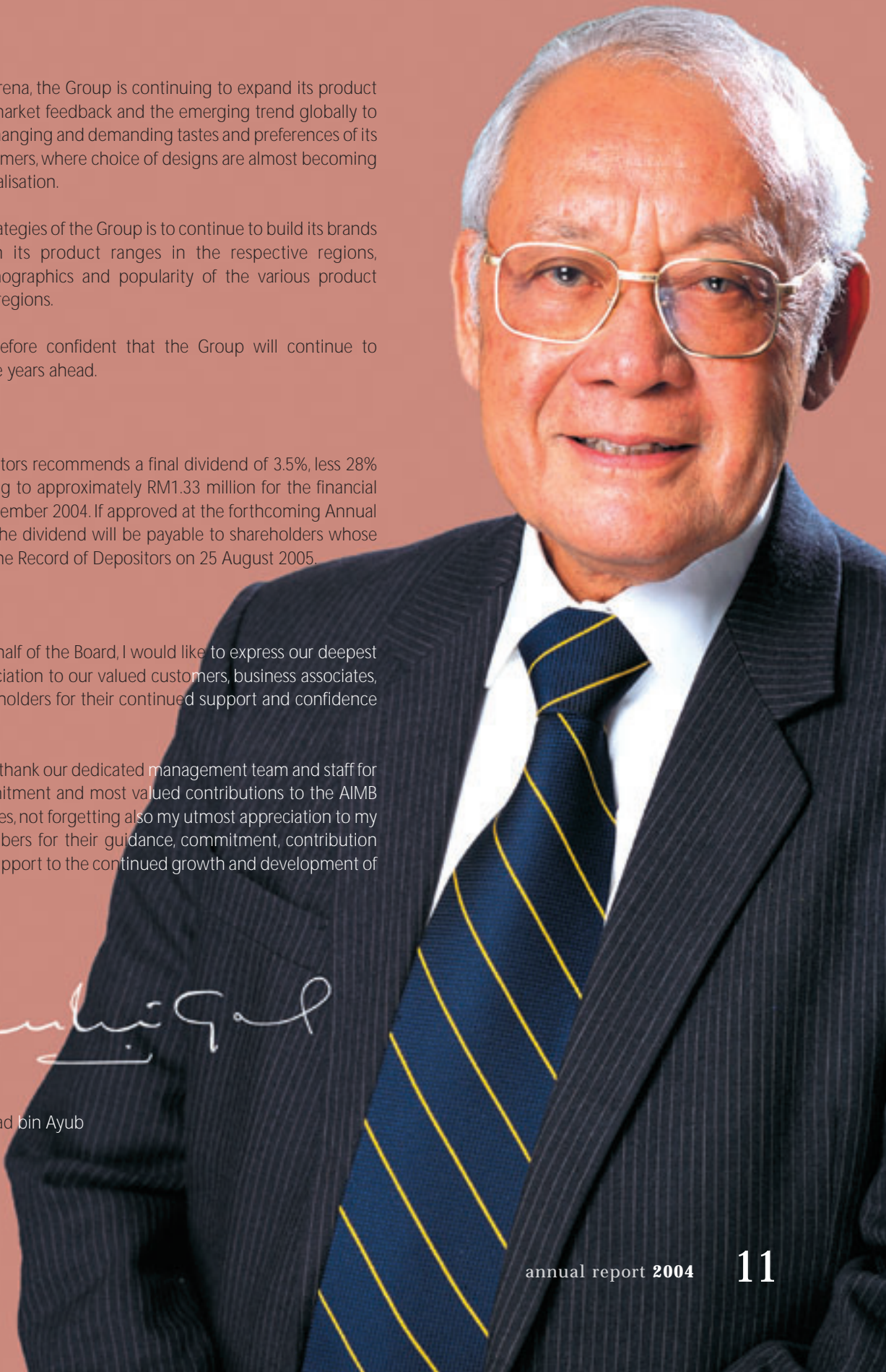
APPRECIATION

Once again, on behalf of the Board, I would like to express our deepest and sincere appreciation to our valued customers, business associates, bankers and shareholders for their continued support and confidence in the Group.

I would like to also thank our dedicated management team and staff for their loyalty, commitment and most valued contributions to the AIMB Group of Companies, not forgetting also my utmost appreciation to my fellow Board members for their guidance, commitment, contribution and unwavering support to the continued growth and development of the Group.



Tan Sri Datuk Arshad bin Ayub
Chairman
28 May 2005



simply
elegant
simply
irresistible

Audrey
INTERNATIONAL



Corporate governance statement

The Board of Directors recognises its responsibility in ensuring proper corporate governance within the Group with the aim of enhancing shareholders' value and the financial performance of the Group. The Board is therefore pleased to present this statement of corporate governance which applies the principles and best practices as set out in Part 1 and Part 2 of the Malaysian Code of Corporate Governance respectively.



1. BOARD OF DIRECTORS

The Group is led and managed by a Board of Directors with vast experience in the business, commercial, finance and legal fields. The profiles of the respective Directors are presented in pages 4 to 9 of this Annual Report.

1.1 The Board

The Board is responsible for the overall operations, management and corporate affairs of the Group, whose responsibilities include setting its strategic direction and succession plans, overseeing the conduct of the Group's businesses to ensure proper alignment of the Group's operations to the direction set, apart from ensuring that all statutory compliance is observed and an adequate system of internal control is in place.

The Board currently has ten members consisting of a Managing Director and nine Non-Executive Directors, three of whom are independent.

The positions of the Chairman and the Managing Director are held by two individuals. There is a clear division of responsibilities between the Chairman and the Managing Director, which will ensure a balance of power and authority. The Chairman is responsible for the conduct and working of the Board, whereas the Managing Director is solely responsible for the efficient running of the business and implementation of the policies and strategies as adopted by the Board.

The Company has identified Mr. Ong See Seng as the senior independent Non-Executive Director, to whom concerns may be conveyed.

The Independent Directors are independent of the Management and majority shareholders. As such, they provide independent views and judgement based on their respective professional backgrounds, which contribute to sound management and which would also serve to safeguard the interests of parties such as the minority shareholders.

No individual or group of individuals dominate the Board's decision making. Although there is a significant shareholder, the Board has ensured that the investment of the remaining shareholders is fairly reflected through Board representation.

corporate governance statement (cont'd)

1. BOARD OF DIRECTORS (cont'd)

1.2 The Board Committees

The following committees have been established to assist the Board in the discharge of its duties and responsibilities within clearly defined terms of reference.

Committee	Membership
Audit Committee	Full details are disclosed in Pages 23 to 25
Remuneration Committee	Tan Sri Datuk Arshad Bin Ayub (Chairman) Dato' Ng Tiong Seng (Member) Ong See Seng (Member)
Nomination Committee	Ong See Seng (Chairman) Lim Kim Meng (Member) Kong Sau Kian (Member)

1.3 Board Procedures/Board Meetings

The Board resolves and approves the Group's strategic and business issues either at Board meetings or via circular resolutions. Where approvals are sought via circular resolutions, the Board members are furnished with the required information to facilitate their deliberation and approval.

The Board meets at least 4 times in a year and every meeting will be preceded by a notice for the convening of such a meeting issued to the Board members at least 7 days before the said meeting. Additional meetings will be held as and when the Board deems it necessary.

Accompanying the notice will be the agenda of the issues to be discussed and approved, together with the relevant supporting documentation. Such notice and agenda will be issued by the Company Secretary.

In addition, all Board members are given full access to the senior management and the Managing Director of the Group, the services of Company Secretary and even the services of other professionals, at the Company's expense, to clarify any matters arising.

The services of the Company Secretary include ensuring compliance with all statutory obligations, the Listing Requirements of the Bursa Malaysia Securities Berhad and any other regulatory requirements.

corporate governance statement (cont'd)

1. BOARD OF DIRECTORS (cont'd)

1.3 Board Procedures/Board Meetings (cont'd)

There were six Board meetings held during the financial year ended 31 December 2004 and the attendance at the meetings is as follows:-

Directors	Meeting Attendance in 2004
Executive Director	
Ng Chin Huat	6/6
Non-Executive Directors	
Tan Sri Datuk Arshad Bin Ayub	5/6
Dato' Ng Tiong Seng	4/6
Ong See Seng	6/6
Dato' Khor Ah Hua @ Khor Choo Fong	4/6
Sia Kim Kiat	5/6
Lim Kim Meng	6/6
Dato' Hj Abd Raman b Suliman	3/6
Harbhajan Singh a/l Ujagar Singh	6/6
Kong Sau Kian	6/6

1.4 Re-election of Directors/appointments to the Board

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in every three years but shall be eligible for re-election.

Proposed new appointments to the Board, if any, will be deliberated on by the full Board based upon a formal report prepared by the Nomination Committee on the necessity for and qualification and experience of the proposed Directors.

The Nomination Committee shall also annually review the required mix of skills and experience and other qualities including the contribution that each individual Director should bring to the Board.

The attendance at the sole Nomination Committee meeting during the financial year 2004 is as follows:-

Nomination Committee member	Meeting Attendance in 2004
Ong See Seng	1/1
Lim Kim Meng	1/1
Kong Sau Kian	1/1

corporate governance statement (cont'd)

1. BOARD OF DIRECTORS (cont'd)

1.5 Directors' Remuneration

The remuneration of all the Directors is reviewed annually by the Remuneration Committee through a formal and transparent procedure before the same is presented to the Board for approval. In the case of the Executive Director, the component parts of his remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

Directors concerned do not participate in decisions regarding their own remuneration packages. Directors' fees are approved by the shareholders at the Annual General Meeting.

The attendance at the sole Remuneration Committee meeting during the financial year 2004 is as follows:-

Remuneration Committee member	Meeting Attendance in 2004
Tan Sri Datuk Arshad bin Ayub	1/1
Dato' Ng Tiong Seng	1/1
Ong See Seng	1/1

The remuneration of the Directors in 2004 was as follows:-

	Fees RM	Salaries & Other Emoluments RM	Total RM
Executive Director	-	611,950	611,950
Non-Executive Directors	263,950	-	263,950
	263,950	611,950	875,900

Band of Categories	Executive Director	Non-Executive Directors
Below RM50,000	-	7
RM50,001 – RM100,000	-	2
RM600,001 – RM650,000	1	-

1.6 Directors' Training

All the Directors have attended various training programmes accredited by Bursa Malaysia Securities Berhad. The Directors are required to attend continuous education programmes and seminars to keep abreast with the latest developments relevant to them.



corporate governance statement (cont'd)

2. RELATIONSHIP WITH SHAREHOLDERS

The Board maintains an effective communication policy that enables both the Board and the Management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are considered in the Group's business decision.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

- (i) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on the Audit Committee and the Board of Directors; and
- (ii) announcements made to the Bursa Malaysia Securities Berhad, among which include announcements of the Group's quarterly results and other corporate matters.

The Annual General Meeting serves as an important means and channel for communication with shareholders. Notice of the Annual General Meeting and Annual Reports are sent to shareholders at least twenty-one (21) days prior to the meeting. Each item of special businesses included in the notice of meeting is accompanied by an explanatory statement on the effects of the proposed resolution.

At each Annual General Meeting, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the respective members of the Board will respond to the questions raised by the shareholders during the Annual General Meeting.

3. ACCOUNTABILITY AND AUDIT

The Board recognises the importance of accountability and proper internal controls toward maintaining good corporate governance in order to safeguard shareholders' investments, and the Group's assets.

3.1 Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's position and prospect through the annual financial statements and quarterly announcements of results to the Bursa Malaysia Securities Berhad.

corporate governance statement (cont'd)

3. ACCOUNTABILITY AND AUDIT (cont'd)

3.2 Internal Control

The Directors acknowledge their responsibility to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The internal control system covers not only financial controls but operational and compliance controls, and risk management. The internal control system is designed to enable the Board to identify and manage the risk of failure to achieve business objectives. The internal control system is designed to provide reasonable but not absolute assurance against material misstatement and losses. The Group is continuously looking into the adequacy and integrity of its system of internal controls.

The Group's overall control system is set out in the Statement on Internal Control on pages 21 to 22.

3.3 Audit Committee

The activities carried out by the Audit Committee during the year are set out in the Audit Committee's Report on pages 23 to 25.

3.4 Relationship with the External Auditors

The Audit Committee acts on behalf of the Board and meets with the Group's external auditors annually to review the scope and adequacy of the audit process, the annual audited financial statements and their audit findings. In addition to that, the Audit Committee also meets with the external auditors whenever it deems necessary and ensures that the external auditors receive full cooperation from the management in the discharge of their duties. At least once a year the Committee meets with the external auditors without any Executive Board member present and the Committee has had the said meeting with the external auditors this year.





Other compliance information

The following information is provided in compliance with the Bursa Malaysia Securities Berhad Listing Requirements.

1. Utilisation of proceeds from share issues

The proceeds from the issuance of new shares as disclosed in page 30 of the Directors' Report was utilised for working capital purposes.

2. Material Contracts Involving Directors and Substantial Shareholders

There were no material contracts entered into by the Company and its subsidiary companies which involved directors' and major shareholders' interests subsisting at the end of the financial year ended 31 December 2004 or entered into since the end of the previous financial year.

3. Share Buy Back

There were no purchase by the Company of its own shares from the open market pursuant to the approval obtained from the shareholders of the Company at the Annual General Meeting held on 28 June 2004 in respect of the renewal of authorization for the share buy-back exercise.

The Company held 10,000 Treasury shares at the end of the financial year ended 31 December 2004.

4. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities being exercised during the financial year 2004 other than those disclosed on page 30 of the Directors' Report in respect of the Employees' Share Option Scheme of 51,000 new ordinary shares of RM1 each.

5. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company does not have any ADR or GDR programmes in place.

6. Imposition of Sanctions and/or Penalties

There were neither sanctions nor penalties imposed involving the Company, its subsidiary companies, directors or management being a party to subsist.

7. Non-audit Fees

There were no non-audit fees paid to the external auditors during the financial year 2004 of which should be disclosed.

other compliance information (cont'd)

8. Profit Estimates, Forecasts, Projections or Unaudited Results Announced

There were no profit estimates, forecasts, projections or unaudited results made public which have a deviation of 10 per cent or more from the audited results.

9. Profit Guarantees

There were no profit guarantees granted/extended in favour of third parties in connection with the Company's corporate exercises or arrangements in the financial year 2004.

10. Recurrent Related Party Transactions of Revenue Nature

There were no Recurrent Related Party Transactions of a Revenue Nature conducted in the financial year 2004.

11. List of Properties

Location	Description/ Land Area/ Build Up Area	Existing Use	Tenure	Age of Building	Net Book Value+ of Properties RM'000
Lot 10449 Mukim and District of Klang#	Land, factories, warehouse, office, staff hostel (10.012 acres)	Land, factories, warehouse, office, staff hostel	Freehold	7 years	RM11,701,251

+ Net book value as at 31 December 2004

Held under Pelita Hebat Sdn. Bhd., a wholly owned subsidiary of Audrey International (M) Bhd.



Statement on internal control

Responsibility

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the management assists the Board in implementation of the Board's policies on risk and control.

The system of internal control is designed to manage and control 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 the date of approval of the annual report and financial statements.

The process is regularly reviewed by the Board and accords with the requirements outlined in the Statement on Internal Control : Guidance for Directors of Public Listed Companies issued by Bursa Malaysia's Task Force on Internal Control.

Internal Audit Function

The Group had outsourced its internal audit function to an independent party who assists the Audit Committee as well as the Board of Directors in discharging their responsibilities by providing an independent, objective assurance and advisory services that add value and improve the operations by:

- ensuring existence of processes to monitor effectiveness and efficiency of operations and the achievement of business objectives;
- ensuring adequacy and effectiveness of internal control systems for safeguarding of assets, providing consistent, accurate financial and operational data;
- promoting risk awareness and the value and nature of an effective internal control system;
- ensuring compliance with laws, regulations, corporate policies and procedures; and
- assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the effectiveness of risk management, control and governance processes within the companies' operations.

The internal audit function has focused on high priority activities determined by risk assessment and in accordance with the audit planning memorandum approved by the Audit Committee. Please refer to the Audit Committee's Report as set out on pages 23 to 25.

statement on internal control (cont'd)

Internal Control System

Key elements of the Group's internal control system are described below:

- Regular review by Audit Committee on internal control issues identified and actions taken by the management through reports prepared by the internal auditors, external auditors and/or management;
- Regular internal audit visits and other specific assignments, if the need arises, to monitor compliance with policies and procedures, assess effectiveness of the internal control system and highlight any significant findings in respect of non-compliance;
- Organisation structure with clearly defined responsibilities of the Board, the Audit Committee and Management;
- Financial and capital expenditure budget prepared are reviewed and approved by the Board; monthly monitoring of results by the management through comparison of monthly management accounts against approved budget;
- Properly documented Human Resources Operating Procedures; training for employees in areas relevant to their job functions when the need arises; structured and formal employee appraisal system that ensure employees are remunerated based on their performance; and
- Standard policies and procedures and authorization limits imposed on executive directors and management in respect of key aspects of the business.

There are no material losses incurred during the financial year as a result of weaknesses in internal control. The Board will continue to take adequate measures to strengthen the control environment in which the Group operates.

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2004 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.



Audit committee's report

The Audit Committee is primarily responsible for the overseeing of the Group's financial reporting, risk management and internal control system and its terms of reference are as follows:

1.1 Composition of the Audit Committee / Membership

The Audit Committee is appointed by the Board of Directors amongst its members (who are not alternate directors) and consists of five members, of whom majority are Independent Directors. The Committee includes two members who are members of the Malaysian Institute of Accountants. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the Listing Requirements of Bursa Malaysia Securities Berhad, the Board shall appoint a new member within three months from the date of the said vacancy.

The present members of the Audit Committee of the Company are:

- i. Ong See Seng (Independent Non-Executive Director; Chairman)
- ii. Dato' Khor Ah Hua @ Khor Choo Fong
(Independent Non-Executive Director)
- iii. Harbhajan Singh A/L Ujagar Singh
(Non-Independent Non-Executive Director)
- iv. Sia Kim Kiat (Non-Independent Non-Executive Director)
- v. Lim Kim Meng (Independent Non-Executive Director)

1.2 Meeting and Quorum of the Audit Committee

The quorum of the Audit Committee is at least two members and the majority of whom must be Independent Directors. The Company Secretary is the Secretary of the Audit Committee.

The Audit Committee meets at least once every quarter. Additional meetings are held as and when circumstances so require. The Audit Committee meeting is normally held just before the Board meeting to ensure that all critical issues addressed are brought to the attention of the Board on an immediate basis.

Board members (outside of the Audit Committee) may attend such meetings upon the invitation of the Audit Committee. The Audit Committee may also invite to its meetings management staff and/or representatives from the internal and external auditors, when it deems necessary, to discuss certain issues. However, at least once a year the Committee meets with the external auditors without any Executive Board member present.

1.3 Duties and Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee include the following: -

- (i) To recommend to the Board the appointment and reappointment of the external auditors, the audit fee and any question of their resignation or dismissal.

audit committee's report (cont'd)

1.3. Duties and Responsibilities of the Audit Committee (cont'd)

- (ii) To discuss with the external auditors before the audit commences, the audit plan and subsequent to the completion of the audit, their evaluation of the Group's system of internal controls, their audit report, management letter and the level of assistance given by the employees of the Group to them.
- (iii) To review the quarterly and year-end financial statements prior to the submission to the Board for approval, focusing particularly on:
 - Any changes in the Group's accounting policies and practices;
 - Significant and unusual events; and
 - Compliance with accounting standards and other legal requirements.
- (iv) To receive and review the internal audit report from the internal auditors, evaluating the adequacy of the scope and work performed, via the Internal Audit programme which outlines the approach and processes, in ensuring that an adequate system of internal controls is in place to safeguard the Group's assets and shareholders' investments.
- (v) To review any related party transaction and conflict of interest situation that may arise within the Group, and any transaction procedure or course of conduct that raises questions of management integrity.

1.4 Rights of the Audit Committee

The following rights have been bestowed upon the Audit Committee by the Board to enable it to effectively perform its duties. The Audit Committee has:-

- (i) the authority to investigate any matter within its terms of reference;
- (ii) available the resources which are required to perform its duties;
- (iii) full and unrestricted access to any information pertaining to the Group;
- (iv) direct communication channels with the external and internal auditors;
- (v) access to the procurement of independent professional or other advice; and
- (vi) the prerogative to convene meetings with the external auditors, without the presence of the executive members of the committee, whenever it deems necessary or upon the request of the external auditors.



audit committee's report (cont'd)

1.5 Attendance at Audit Committee Meetings

The attendance of the Audit Committee members in the Audit Committee meetings held during the financial year ended 31 December 2004 is as follows:-

Directors	Meetings Attendance in 2004
Ong See Seng	6/6
Dato' Khor Ah Hua @ Khor Choo Fong	5/6
Sia Kim Kiat	5/6
Lim Kim Meng	6/6
Harbhajan Singh A/L Ujagar Singh	6/6

1.6 Activities Undertaken by Audit Committee

The activities of the Audit Committee during the financial year ended 31 December 2004 were as follows:-

- (i) reviewed the Group's year end audited financial statements presented by the external auditors and recommended the same to the Board for approval;
- (ii) reviewed the quarterly financial results announcements;
- (iii) assessed the performance and proposed fees of the external auditors;
- (iv) reviewed the audit plan, nature and scope of work with the external auditors; and
- (v) reviewed the internal audit report with the internal auditors, evaluating the adequacy of the approach and work performed via the Internal Audit programmes and results thereon.

1.7 Employee Share Option Scheme (ESOS)

The shareholders of the Company had via an EGM approved of the by-laws governing the ESOS and the Option Committee approved by the Board to administer the said scheme has allotted the share options according to the provisions of the by-laws as so adopted.

1.8 Internal Audit Function

The Internal Auditors meet with the Audit Committee periodically to present their reports and to discuss their findings and the adequacy of the internal control system of the Group. These reports, once satisfactorily reviewed by the Audit Committee, will then be presented to the Board.

Details of the activities of the Internal Auditors are set out in the Statement On Internal Control on pages 21 to 22.



Statement of directors' responsibilities

in respect of the annual audited financial statements

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company for each financial year are drawn up in accordance with the requirements of the applicable MASB approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group and of the Company and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the annual audited financial statements, the Directors have:-

- applied the appropriate and relevant accounting policies on a consistent basis;
- ensured that applicable MASB approved accounting standards have been complied with; and
- made judgements and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that proper accounting and other statutory records are kept in compliance with the provisions of the Companies Act, 1965, so as to disclose with reasonable accuracy for the financial and corporate position of the Group and of the Company at any time.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

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Directors' report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year, except for certain subsidiaries as disclosed in Note 11 to the financial statements.

RESULTS

	GROUP RM	COMPANY RM
Profit after taxation	4,154,449	859,861

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

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

DIVIDEND

The amount of dividends paid by the Company since 31 December 2003 were as follows:

	RM '000
In respect of the financial year ended 31 December 2003 as reported in the directors' report of that year:	
Final dividend of 3.5% less 28% taxation, on 52,869,667 ordinary shares, declared on 28 June 2004 and paid on 22 September 2004	1,332

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2004, of 3.5% less 28% taxation on 52,874,667 ordinary shares,

amounting to a total dividend payable of RM1,332,442 (2.52 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2005.

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:

Tan Sri Datuk Arshad bin Ayub

Dato' Ng Tiong Seng

Ng Chin Huat

Sia Kim Kiat

Dato' Khor Ah Hua @ Khor Choo Fong

Dato' Haji Abdul Raman bin Suliman

Ong See Seng

Harbhajan Singh a/l Ujagar Singh

Kong Sau Kian

Lim Kim Meng

Low Wee Chin

(alternate to Dato' Ng Tiong Seng)

Sharifah Hanizah binti Syed Mustaffa

(alternate to Harbhajan Singh a/l Ujagar Singh)

In accordance with Article 122 of the Company's Articles of Association, Ong See Seng, Dato' Khor Ah Hua @ Khor Choo Fong and Harbhajan Singh a/l Ujagar Singh retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Tan Sri Datuk Arshad bin Ayub and Dato' Ng Tiong Seng retire pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for their re-appointment as directors under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

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 directors might acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, other than as may arise from the share options to be granted pursuant to the Employees' Share Option Scheme ("ESOS").



directors' report (cont'd)

DIRECTORS' BENEFITS (cont'd)

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, options over the shares and warrants in the Company and its related corporations during the financial year were as follows:

	No. of ordinary shares of RM1.00 each			
	At 1.1.2004	Bought	Sold	At 31.12.2004
The Company				
<i>Direct interest</i>				
Tan Sri Datuk Arshad bin Ayub	2,044,039	-	-	2,044,039
Ng Chin Huat	1,800,000	25,000	-	1,825,000
Sia Kim Kiat	32,000	-	20,000	12,000
<i>Indirect interest</i>				
Tan Sri Datuk Arshad bin Ayub*	6,278,125	-	-	6,278,125
Dato' Ng Tiong Seng **	21,806,697	146,300	20,000	21,932,997
Ng Chin Huat **	20,006,697	121,300	20,000	20,107,997
Sia Kim Kiat **	21,774,697	146,300	-	21,920,997
Low Wee Chin **	21,806,697	146,300	20,000	21,932,997

By virtue of the interest in the Company, Tan Sri Datuk Arshad bin Ayub, Dato' Ng Tiong Seng, Ng Chin Huat, Sia Kim Kiat and Low Wee Chin are also deemed to have an interest in shares of all the subsidiaries of the Company to the extent that the Company has an interest.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of the option holders who have been granted option of less than 100,000 shares. The names of directors and the number of options granted are set out below:

	Option Price RM	No. of options over ordinary shares of RM1.00 each			
		At 1.1.2004	Granted	Exercised	At 31.12.2004
Ng Chin Huat	1.40	300,000	-	-	300,000
Ng Chin Huat	1.27	-	100,000	-	100,000
Sia Kim Kiat	1.40	320,000	-	-	320,000

* Via family members and/or Zalaraz Sdn. Bhd.

** Via spouse, family members and/or Ng Tiong Seng Corporation Sdn. Bhd.

Other than as disclosed, none of the other directors in office at the end of the financial year had any interest in shares, options over ordinary shares and warrants in the Company or its related corporations during the financial year.



directors' report (cont'd)

ISSUE OF SHARES

During the year, the issued and paid-up share capital of the Company has been increased from RM52,823,667 to RM52,874,667 by the issuance of 51,000 new ordinary shares of RM1.00 each for cash at exercise price as disclosed in Note 24 of the financial statements pursuant to the Company's Employees' Share Option Scheme ("ESOS"). The share premium arising amounting to RM20,400 has been credited to the share premium account.

All the new ordinary shares above rank *pari passu* in all respects with the existing ordinary shares.

WARRANTS

The 2002/2012 Warrants are constituted by a Deed Poll dated 1 August 2001 executed by the Company. The warrants were listed on Bursa Malaysia Securities Berhad on 18 February 2002. The main features of the 2002/2012 Warrants are as follows:

- a. Each warrant will entitle the registered holders to subscribe for a new ordinary share of RM1.00 each at par in the Company at an exercise price of RM1.15 each, subject to the adjustment from time to time in accordance with the conditions as stipulated in the Deed Poll.
- b. The warrants may be exercised at any time between 18 February 2003, being the date of the first anniversary of the issue of the warrants and the expiry date of ten (10) years from the date of issue of the rights to allotment of warrants on 18 February 2002. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- c. The new ordinary shares of RM1.00 each to be issued pursuant to the exercise of the warrants will rank *pari passu* in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the record date of which is on or before the date of allotment and issue of the new ordinary shares of the Company pursuant to the exercise of the warrants.

For the purpose hereof, record date means the date as at the close of business on which the shareholders must be registered as members of the Company in order to participate in any dividends, rights allotments or any other distributions.

TREASURY SHARES

The Company had in the financial year 2003, repurchased 2,000 of its issued ordinary shares of RM1.00 each at an average price of RM1.68 per share for a total consideration of RM3,389 from the open market with internally generated funds. These shares were being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 and together with the previous year quantum of 8,000 shares, the total treasury shares as at 31 December 2004 amounted to 10,000 shares (2003: 10,000 shares). Accordingly, the issued and paid up share capital of the Company with voting rights as at 31 December 2004 was 52,864,667 (2003: 52,813,667) shares.

EMPLOYEES' SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS") on 11 January 2002 in accordance with the by-laws approved by the shareholders at an Extraordinary General Meeting held on 26 June 2001. The ESOS shall be in force for a period of five (5) years expiring on 10 January 2007. Details of the ESOS are as disclosed in Note 24 to the financial statements.



directors' report (cont'd)

EMPLOYEES' SHARE OPTION SCHEME (cont'd)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of the option holders who have been granted option of less than 100,000 shares. The list of employees granted options to subscribe for 100,000 or more ordinary shares of RM1 each during the financial year is as follows:

Employee	Grant Date	Expiry Date	Exercise Price RM	Number of Share Options		
				Granted	Exercised	31.12.2004
1. Yap Ben Cheh	05.07.2004	09.01.2007	1.27	100,000	-	100,000
2. Law Boon Eng	05.07.2004	09.01.2007	1.27	140,000	-	140,000
3. Cheah Kong Leong	05.07.2004	09.01.2007	1.27	100,000	-	100,000
4. Cheah Yong Hock	05.07.2004	09.01.2007	1.27	140,000	-	140,000
5. Khor Joe Jack	05.07.2004	09.01.2007	1.27	100,000	-	100,000
6. Boon Choong Kong	05.07.2004	09.01.2007	1.27	140,000	-	140,000

Details of options granted to directors are disclosed in the section on directors' interests in this report.

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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to so 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 bad debts or the amount of the allowance for doubtful debts in the Group and the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.



directors' report (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

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

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

Tan Sri Datuk Arshad bin Ayub

Ng Chin Huat

Selangor Darul Ehsan, Malaysia
26 April 2005



Statement by directors

pursuant to section 169(15) of the companies act, 1965

We, Tan Sri Datuk Arshad bin Ayub and Ng Chin Huat, being two of the directors of Audrey International (M) Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 35 to 69 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

Tan Sri Datuk Arshad bin Ayub

Ng Chin Huat

Selangor Darul Ehsan, Malaysia

26 April 2005



Statutory declaration

pursuant to section 169(16) of the companies act, 1965

I, Boon Choong Kong, being the officer primarily responsible for the financial management of Audrey International (M) Bhd., do solemnly and sincerely declare that the financial statements set out on pages 35 to 69 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 Boon Choong Kong at
Selangor Darul Ehsan, Malaysia
on 26 April 2005

Boon Choong Kong

Before me,



Report of auditors

to the members of Audrey International (M) Bhd.

We have audited the financial statements set out on pages 35 to 69. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiaries, as indicated in Note 11 to the financial statements, being financial statements which are included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

Ernst & Young
AF: 0039
Chartered Accountants

Gloria Goh Ewe Gim
No. 1685/04/07(J)
Partner

Kuala Lumpur, Malaysia
26 April 2005



Income statements

for the year ended 31 December 2004

	Note	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	3	124,925,087	120,699,685	6,379,600	2,324,900
Cost of sales		(63,232,950)	(64,347,662)	-	-
Gross profit		61,692,137	56,352,023	6,379,600	2,324,900
Other operating income		518,452	1,015,315	262,731	239,442
Selling and distribution expenses		(43,958,393)	(44,510,799)	-	-
Administration expenses		(10,222,102)	(6,882,456)	(4,524,084)	(2,045,803)
Other operating expenses		(298,185)	(280,530)	-	-
Profit from operations		7,731,909	5,693,553	2,118,247	518,539
Finance cost		(1,670,364)	(1,260,465)	(757,318)	(680,494)
Profit/(loss) before taxation	4	6,061,545	4,433,088	1,360,929	(161,955)
Taxation	7	(1,907,096)	(1,300,794)	(501,068)	(315,105)
Profit/(loss) after taxation		4,154,449	3,132,294	859,861	(477,060)
Basic earnings per share	9	7.86 sen	6.04 sen		
Diluted earnings per share	9	7.62 sen	5.78 sen		
Net dividend per share	8	2.52 sen	-	2.52 sen	-

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



Balance sheets

as at 31 December 2004

	Note	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
NON CURRENT ASSETS					
Property, plant and equipment	10	26,614,071	26,135,809	350,688	465,551
Investments in subsidiaries	11	-	-	67,088,970	67,088,970
Other investments - quoted shares	12	1,201,201	1,393,006	1,201,201	1,393,006
Trademarks	13	272,763	307,081	255,361	287,155
Goodwill on consolidation	14	4,577,731	4,875,916	-	-
Amount due from a subsidiary	15	-	-	-	16,000,000
		<u>32,665,766</u>	<u>32,711,812</u>	<u>68,896,220</u>	<u>85,234,682</u>
CURRENT ASSETS					
Inventories	16	47,698,570	43,117,034	-	-
Trade receivables	17	34,119,944	39,595,990	-	-
Other receivables	18	9,927,733	7,831,615	23,439,863	10,163,348
Cash and bank balances	19	8,671,672	2,430,823	994,759	19,382
		<u>100,417,919</u>	<u>92,975,462</u>	<u>24,434,622</u>	<u>10,182,730</u>
CURRENT LIABILITIES					
Trade payables	20	11,161,944	12,429,514	-	-
Other payables	21	7,865,541	7,843,313	12,710,536	12,350,907
Borrowings	22	26,595,754	19,421,352	8,707,865	9,059,244
Provision for taxation		999,134	418,408	58,220	-
		<u>46,622,373</u>	<u>40,112,587</u>	<u>21,476,621</u>	<u>21,410,151</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>53,795,546</u>	<u>52,862,875</u>	<u>2,958,001</u>	<u>(11,227,421)</u>
		<u>86,461,312</u>	<u>85,574,687</u>	<u>71,854,221</u>	<u>74,007,261</u>
FINANCED BY:					
Share capital	24	52,874,667	52,823,667	52,874,667	52,823,667
Share premium		8,693,483	8,673,083	8,693,483	8,673,083
Retained profits	26	22,355,041	19,532,908	8,972,985	9,445,440
		<u>83,923,191</u>	<u>81,029,658</u>	<u>70,541,135</u>	<u>70,942,190</u>
Less: treasury shares	25	(17,165)	(17,165)	(17,165)	(17,165)
Shareholders' funds after treasury shares		<u>83,906,026</u>	<u>81,012,493</u>	<u>70,523,970</u>	<u>70,925,025</u>
Borrowings	22	1,378,738	3,279,194	1,330,251	3,082,236
Deferred taxation	27	1,176,548	1,283,000	-	-
		<u>86,461,312</u>	<u>85,574,687</u>	<u>71,854,221</u>	<u>74,007,261</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

	Note	Share Capital RM	Share Premium RM	Retained Profits RM	Exchange Reserve RM	Treasury Shares RM	Total RM
At 1 January 2003		40,348,000	139,200	16,400,614	-	(13,776)	56,874,038
Issue of share capital	24	11,666,667	8,333,333	-	-	-	20,000,000
ESOS exercised	24	309,000	125,550	-	-	-	434,550
Warrants exercised	24	500,000	75,000	-	-	-	575,000
Acquisition of treasury shares	25	-	-	-	-	(3,389)	(3,389)
Profit for the year		-	-	3,132,294	-	-	3,132,294
At 31 December 2003		52,823,667	8,673,083	19,532,908	-	(17,165)	81,012,493
At 1 January 2004		52,823,667	8,673,083	19,532,908	-	(17,165)	81,012,493
ESOS exercised	24(a)	51,000	20,400	-	-	-	71,400
Profit for the year		-	-	4,154,449	-	-	4,154,449
Dividends	8	-	-	(1,332,316)	-	-	(1,332,316)
At 31 December 2004		52,874,667	8,693,483	22,355,041	-	(17,165)	83,906,026

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



Company statement of changes in equity

for the year ended 31 December 2004

	Note	Share Capital RM	Share Premium RM	Retained Profits RM	Treasury Shares RM	Total RM
At 1 January 2003		40,348,000	139,200	9,922,500	(13,776)	50,395,924
Issue of share capital	24	11,666,667	8,333,333	-	-	20,000,000
ESOS exercised	24	309,000	125,550	-	-	434,550
Warrants exercised	24	500,000	75,000	-	-	575,000
Acquisition of treasury shares	25	-	-	-	(3,389)	(3,389)
Loss for the year		-	-	(477,060)	-	(477,060)
At 31 December 2003		52,823,667	8,673,083	9,445,440	(17,165)	70,925,025
At 1 January 2004		52,823,667	8,673,083	9,445,440	(17,165)	70,925,025
ESOS exercised	24(a)	51,000	20,400	-	-	71,400
Profit for the year		-	-	859,861	-	859,861
Dividends	8	-	-	(1,332,316)	-	(1,332,316)
At 31 December 2004		52,874,667	8,693,483	8,972,985	(17,165)	70,523,970

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	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	6,061,545	4,433,088	1,360,929	(161,955)
Adjustments for:				
Amortisation of goodwill	298,185	280,530	-	-
Allowance for doubtful debts	3,253,156	269,069	-	-
Allowance for obsolete inventories	232,537	-	-	-
Provision for diminution in value of investments in quoted shares	48,758	275,000	48,758	275,000
Short term accumulating compensated absences	64,567	200,000	5,383	-
Property, plant and equipment written off	5,044	147,942	-	89,968
Depreciation	3,048,152	2,791,899	133,183	145,512
Amortisation of trademarks	34,318	52,920	31,794	31,658
Provision for employees' benefits	116,550	-	35,327	-
Interest expense	1,510,968	1,088,809	738,683	674,540
(Gain)/loss on disposal of investments in quoted shares	(65,273)	166,539	(65,273)	166,539
(Gain)/loss on disposal of property, plant and equipment	(126,895)	50,625	-	-
Interest income	(7,283)	(148,414)	(187,146)	(89,442)
Dividend income	(81,600)	(124,900)	(1,581,600)	(1,824,900)
Operating profit/(loss) before working capital changes	14,392,729	9,483,107	520,038	(693,080)
Changes in working capital:				
Subsidiaries	-	-	4,370,270	20,240,337
Inventories	(4,581,536)	(1,815,052)	-	-
Receivables	2,168,202	3,191,867	(120,973)	5,594,594
Payables	(1,245,342)	(626,212)	293,108	(196,756)
Cash generated from operations	10,734,053	10,233,710	5,062,443	24,945,095
Interest paid	(1,510,968)	(1,088,809)	(738,683)	(674,540)
Taxation (paid)/refunded	(3,346,201)	(2,448,774)	(442,848)	536,092
Net cash generated from/ (used in) operating activities	5,876,884	6,696,127	3,880,912	24,806,647



Cash flow statements for the year ended 31 December 2004 (cont'd)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary, net of cash acquired (Note 11)	-	(28,171,319)	-	(40,276,970)
Interest received	7,283	148,414	187,146	89,442
Dividend received	58,752	89,928	81,600	1,313,928
Purchase of property, plant and equipment	(3,717,750)	(4,769,417)	(42,380)	(476,943)
Purchase of trademarks	-	(19,025)	-	(4,311)
Purchase of investments in quoted shares	(459,815)	(1,077,099)	(459,815)	(1,077,099)
Proceeds from disposal of property, plant and equipment	313,184	465,780	24,059	-
Proceeds from disposal of investments in quoted shares	668,134	3,492,475	668,135	3,492,475
Net cash (used in)/generated from investing activities	(3,130,212)	(29,840,263)	458,745	(36,939,478)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown from:				
- revolving credits	1,750,000	9,000,000	1,750,000	9,000,000
- term loans	-	5,000,000	-	5,000,000
- bankers' acceptances	48,461,000	24,896,000	-	-
Repayment of:				
- revolving credits	(2,250,000)	(3,000,000)	(2,250,000)	(3,000,000)
- term loans	(1,888,358)	(654,275)	(1,585,359)	(376,525)
- bankers' acceptances	(40,422,854)	(22,001,000)	-	-
- hire purchase creditor	(45,056)	(246,124)	-	-
Proceeds from issue of shares	-	575,000	-	575,000
Proceeds from ESOS exercised	51,000	434,550	51,000	434,550
Share premium utilisation	20,400	-	20,400	-
Purchase of own shares	-	(3,389)	-	(3,389)
Dividend paid	(1,332,316)	-	(1,332,316)	-
Net cash generated from/(used in) financing activities	4,343,816	14,000,762	(3,346,275)	11,629,636
Net increase/(decrease) in cash and cash equivalents	7,090,488	(9,143,374)	993,382	(503,195)
Cash and cash equivalents at beginning of year	1,581,184	10,724,558	1,377	504,572
Cash and cash equivalents at end of year (Note 19)	8,671,672	1,581,184	994,759	1,377

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



Notes to the financial statements

- 31 December 2004

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 11. There have been no significant changes in the nature of these activities during the financial year, except for certain subsidiaries as disclosed in Note 11.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 1,099 (2003: 1,121) and 69 (2003: 5) respectively.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. 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.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed off during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of their 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 is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless 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.



Notes to the financial statements

- 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Goodwill

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

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (p). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Goodwill is amortised on a straight-line basis over its estimated useful life of 20 years.

(d) 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 (p).

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

(e) Other Investments - Quoted Shares

Investments in quoted shares are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (p). Cost is determined based on the weighted average basis.

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

(f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (p).

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

Buildings	2%
Renovations	2%
Motor vehicles	20%
Furniture, fixtures, fittings and equipment	10% - 25%
Sewing machines and equipment	10% - 50%

Capital work-in-progress was fully impaired in prior years.

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



Notes to the financial statements

- 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Trademarks

Trademarks are stated at cost less amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (p).

Trademarks are amortised over a period of 20 years.

(h) Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of raw materials comprises the original cost of purchase plus the cost of bringing the raw materials to their present location and condition.

The cost of finished goods and work-in-progress includes cost of raw material, direct labour and attributable overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(i) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Finance leases

Assets acquired by way of hire purchase or finance lease 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 leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(f).

Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(j) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in 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.

All exchange rate differences are taken to the income statement.



Notes to the financial statements

- 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Foreign Currency Transactions (cont'd)

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date used are as follows:

	2004 RM	2003 RM
United States Dollar	3.80	3.80

(k) 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 balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at 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.

(l) 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 obligations, 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.

(m) 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, net of outstanding bank overdrafts.

Notes to the financial statements

- 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Equity compensation benefits

The Company's Employees' Share Option Scheme ("ESOS") allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(iv) Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of a restructuring. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(o) 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) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Interest and rental income

Interest is recognised on a time proportion basis that reflects the effective yield on the assets. Rental income is recognised on an accrual basis.

(iii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.



Notes to the financial statements

- 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) 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.

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

(q) 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, 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) Trade and other receivables

Trade and other 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.

(ii) Trade and other creditors

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

(iii) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

(iv) Equity Instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.



Notes to the financial statements

- 31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Financial Instruments

(iv) Equity Instruments (cont'd)

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

3. REVENUE

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Gross dividend income				
- subsidiaries	-	-	1,500,000	1,700,000
- quoted shares	81,600	124,900	81,600	124,900
Sale of goods	124,843,487	120,574,785	-	-
Management services	-	-	4,798,000	500,000
	<u>124,925,087</u>	<u>120,699,685</u>	<u>6,379,600</u>	<u>2,324,900</u>

4. PROFIT/(LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit/(loss) before taxation is arrived at after charging/(crediting):				
Staff costs (Note 5)	24,296,503	24,671,537	2,612,251	895,358
Non-executive directors' remuneration (Note 6)				
- current year	263,950	228,000	263,950	228,000
- underprovided in prior year	-	1,000	-	-
Auditors' remuneration	95,000	103,000	18,000	13,000
Amortisation of goodwill	298,185	280,530	-	-
Depreciation (Note 10)	3,048,152	2,791,899	133,183	145,512
Amortisation of trademarks	34,318	52,920	31,794	31,658
Rental of premises	6,802,084	5,248,119	-	-
Interest expense	1,510,968	1,088,809	738,683	674,540
Allowance for doubtful debts	3,253,156	269,069	-	-
Provision for diminution in value of investments	48,758	275,000	48,758	275,000
Bad debts written off	1,527	-	-	-
Property, plant and equipment written off	5,044	147,942	-	89,968
(Gain)/loss on disposal of property, plant and equipment	(126,895)	50,625	-	-
(Gain)/loss on disposal of investment in quoted shares	(65,273)	166,539	(65,273)	166,539

Notes to the financial statements

- 31 December 2004

4. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest income				
- short term/long term deposits	(7,283)	(148,414)	-	-
- amount due from subsidiary	-	-	(187,146)	(89,442)
Provision for employees' benefits	116,550	-	35,327	-
Write down of inventories	232,537	-	-	-

5. STAFF COSTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Wages and salaries	13,580,522	13,664,488	1,898,385	529,597
Termination benefits	-	371,914	-	-
Social security costs	730,737	257,431	18,398	814
Short term accumulating compensated absences	64,567	200,000	5,383	-
Pension costs - defined contribution plans	1,757,877	2,266,530	260,757	95,459
Other staff related expenses	8,162,800	7,911,174	429,328	269,488
	24,296,503	24,671,537	2,612,251	895,358

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM807,520 (2003: RM1,222,194) and RM588,000 (2003: RM806,400) respectively as further disclosed in Note 6.

6. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Directors of the Company				
Executive				
Salaries and other emoluments	420,000	465,000	420,000	465,000
Bonus	105,000	255,000	105,000	255,000
Pension costs - defined contribution plans	63,000	86,400	63,000	86,400
Benefits-in-kind	23,950	23,950	23,950	23,950
	611,950	830,350	611,950	830,350
Non-executive (Note 4)				
Fees	240,000	228,000	240,000	228,000
Benefits-in-kind	23,950	-	23,950	-
	263,950	228,000	263,950	228,000



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6. DIRECTORS' REMUNERATION (cont'd)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Other Directors				
Executive				
Salaries and other emoluments	168,000	371,747	-	-
Bonus	28,000	2,417	-	-
Pension costs - defined contribution plans	23,520	41,630	-	-
Benefits-in-kind	-	8,333	-	-
	<u>219,520</u>	<u>424,127</u>	-	-
Non-executive:				
Fees (underprovided in prior year)	-	1,000	-	-
	<u>-</u>	<u>1,000</u>	-	-
Total	<u>1,095,420</u>	<u>1,483,477</u>	<u>875,900</u>	<u>1,058,350</u>
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	807,520	1,222,194	588,000	806,400
Total non-executive directors' remuneration	240,000	229,000	240,000	-
Total directors' remuneration excluding benefits-in-kind	<u>1,047,520</u>	<u>1,451,194</u>	<u>828,000</u>	<u>806,400</u>

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

	Number of Directors	
	2004	2003
Executive directors:		
RM150,001 - RM200,000	-	1 *
RM600,001 - RM650,000	1	1
Non executive directors:		
Below RM50,000	7	7*
RM50,001 - RM100,000	2	2

* The executive director became a non-executive director in the previous financial year.

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7. TAXATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax expense for the year:				
Malaysian income tax	1,957,006	1,867,097	501,068	526,097
Deferred taxation relating to origination and reversal of temporary differences (Note 27)	(106,452)	4,200	-	-
(Over)/underprovision in prior year:				
Malaysian income tax	56,542	(570,503)	-	(210,992)
	<u>1,907,096</u>	<u>1,300,794</u>	<u>501,068</u>	<u>315,105</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003:28%) of the estimated assessable profit for the year. Certain subsidiaries with a paid-up capital of RM2,500,000 and below are subject to tax at the rate of 20% on chargeable income up to RM500,000 (2003 : RM100,000). For chargeable income in excess of RM500,000 (2003 : RM100,000), tax at the rate of 28% is still applicable.

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

GROUP	2004 RM	2003 RM
Profit before taxation	6,061,545	4,433,088
Taxation at statutory tax rate of 28% (2003 : 28%)	1,697,233	1,241,265
Effect of different tax rate on subsidiaries with paid-up capital RM2.5 million and below	(101,556)	(19,799)
Effect of income not subject to tax	(677,484)	(542,870)
Effect of expenses not deductible for tax purposes	989,012	1,330,757
Utilisation of previously unabsorbed capital allowances	(12,912)	(173,640)
Deferred tax asset not recognised during the year	(43,739)	35,584
(Over)/underprovided in prior years	56,542	(570,503)
Tax expense for the year	<u>1,907,096</u>	<u>1,300,794</u>
COMPANY		
Profit / (Loss) before taxation	1,360,929	(161,955)
Taxation at statutory tax rate of 28% (2003 : 28%)	381,060	(45,347)
Effect of income not subject to tax	(206,831)	(209,986)
Effect of expenses not deductible for tax purposes	326,839	781,430
(Over)/underprovided in prior years	-	(210,992)
Tax expense for the year	<u>501,068</u>	<u>315,105</u>



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7. TAXATION (cont'd)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax savings recognised during the year arising from:				
- Utilisation of current year tax losses	-	209,986	-	209,986
- Utilisation of previously unrecognised tax losses	-	335,508	-	-

8. DIVIDENDS

	GROUP/COMPANY			
	Net dividend per share		Amount	
	2004 RM	2003 RM	2004 RM	2003 RM
In respect of financial year ended 31 December 2003				
- Final dividend of 3.5% less tax at 28%, paid on 22 September 2004	2.52	-	1,332,316	-
	2.52	-	1,332,316	-

In respect of financial year ended 31 December 2003

- Final dividend of 3.5% less tax at 28%, paid on 22 September 2004

2.52	-	1,332,316	-
2.52	-	1,332,316	-

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2004, of 3.5% less 28% taxation on 52,874,667 ordinary shares, amounting to a total dividend payable of RM1,332,442 (2.52 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2005.

9. EARNINGS PER SHARE

(a) Basic

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

	GROUP	
	2004 RM	2003 RM
Profit/(loss) after taxation (RM)	4,154,449	3,132,294
Weighted average number of ordinary shares in issue	52,851,647	51,878,134
Basic earnings per shares (sen)	7.86	6.04

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9. EARNINGS PER SHARE (cont'd)

(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 financial year have been adjusted for the effects of dilutive potential ordinary shares from the exercise of the warrants and the ESOS. The exercise price for warrants is RM1.15 and for ESOS is RM1.40, RM1.53 and RM1.27 respectively as disclosed in Note 24 to the financial statements.

The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued in the event of warrants and ESOS being exercised.

	GROUP	
	2004 RM	2003 RM
Profit after taxation (RM)	4,154,449	3,132,294
Weighted average number of ordinary shares in issue	52,851,647	51,878,134
Adjustment for assumed warrants exercised	1,470,199	1,945,437
Adjustment for assumed ESOS exercised	195,645	332,435
Adjusted weighted average number of ordinary shares in issue and issuable	54,517,491	54,156,006
Diluted earnings per share (sen)	7.62	5.78

10. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold Land RM	Buildings RM	Renovation RM	Motor Vehicles RM	Furniture, Fixtures, Fittings & Equipment RM	Sewing Machine & Equipment RM	Capital Work - In Progress RM	Total RM
Cost								
At 1 January 2004	3,413,032	9,386,801	1,774,471	2,149,560	28,386,748	990,369	381,024	46,482,005
Additions	-	-	241,640	-	3,476,110	-	-	3,717,750
Disposals	-	-	-	(180,446)	(400,030)	(958,208)	-	(1,538,684)
Written off	-	-	-	-	(13,095)	-	-	(13,095)
At 31 December 2004	3,413,032	9,386,801	2,016,111	1,969,114	31,449,733	32,161	381,024	48,647,976
Accumulated Depreciation and Impairment Losses								
At 1 January 2004	-	910,846	363,688	1,495,258	16,270,645	924,735	381,024	20,346,196
Depreciation charge for the year (Note 4)	-	187,736	119,338	208,123	2,532,955	-	-	3,048,152
Disposals	-	-	-	(156,386)	(302,409)	(893,597)	-	(1,352,392)
Written off	-	-	-	-	(8,051)	-	-	(8,051)
At 31 December 2004	-	1,098,582	483,026	1,546,995	18,493,140	31,138	381,024	22,033,905

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10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP	Freehold Land RM	Buildings RM	Renovation RM	Motor Vehicles RM	Furniture, Fixtures, Fittings & Equipment RM	Sewing Machine & Equipment RM	Capital Work - In Progress RM	Total RM
Net Book Value								
At 31 December 2004	3,413,032	8,288,219	1,533,085	422,119	12,956,593	1,023	-	26,614,071
At 31 December 2003	3,412,932	8,475,955	1,410,783	654,402	12,116,103	65,634	-	26,135,809
Depreciation charge for 2003 (Note 4)	-	173,414	69,496	239,842	2,256,593	52,554	-	2,791,899

	Office Equipment RM	Furniture & Fittings RM	Capital work-in progress RM	Motor Vehicles RM	Total 2004 RM
COMPANY					
Cost					
At 1 January 2004	-	-	381,024	1,153,848	1,534,872
Additions	40,720	1,660	-	-	42,380
Disposal	-	-	-	(180,446)	(180,446)
At 31 December 2004	40,720	1,660	381,024	973,402	1,396,806
Accumulated Depreciation and Impairment Losses					
At 1 January 2004	-	-	381,024	688,297	1,069,321
Disposal	-	-	-	(156,386)	(156,386)
Depreciation charge for the year (Note 4)	1,568	138	-	131,477	133,183
At 31 December 2004	1,568	138	381,024	663,388	1,046,118
Net Book Value					
At 31 December 2004	39,152	1,522	-	310,014	350,688
At 31 December 2003	-	-	-	465,551	465,551
Depreciation charge for 2003 (Note 4)	-	-	-	145,512	145,512



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10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Net book values of property, plant and equipment held under hire purchase arrangements are as follows:

	GROUP	
	2004 RM	2003 RM
Motor vehicles	82,480	110,499

11. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2004 RM	2003 RM
Unquoted shares at cost	67,088,970	67,088,970

11,352,326 ordinary shares of RM1.00 each at par of a subsidiary, Anakku Holdings Sdn. Bhd., amounting to RM11,352,326 (2003: RM11,352,326) are pledged to a commercial bank for bank borrowings of the Company as referred to in Note 22.

Details of the subsidiaries are as follows:

	Principal activities	Country of incorporation	Effective Equity Interest	
			2004 %	2003 %
AIMB Marketing Sdn. Bhd.	Marketing and trading of lingerie and ladies' leisure wear	Malaysia	100	100
Audrey Body Fashion Sdn. Bhd.	Manufacturer of lingerie and ladies' leisure wear	Malaysia	100	100
Pelita Hebat Sdn. Bhd.	Investment holding and provision of rental of properties	Malaysia	100	100
Anakku Holdings Sdn. Bhd.	Dormant	Malaysia	100	100
Anakku Baby Connection Sdn. Bhd.	Trading and retailing of children's wear, care and related products	Malaysia	100	100
Anakku Baby Products Sdn. Bhd.	Trading and retailing of children's wear, care and related products	Malaysia	100	100

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11. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

	Principal activities	Country of incorporation	Effective Equity Interest	
			2004 %	2003 %
Anakku LSR Baby Products Sdn. Bhd.	Inactive	Malaysia	100	100
Generasi Arif (M) Sdn. Bhd.	Inactive	Malaysia	100	100
Weltex Knitwear Industries Sdn. Bhd.^	Manufacturer of children's wear and related products	Malaysia	100	100
Subsidiary company of AIMB Marketing Sdn. Bhd.				
AIMB Cottonshop Sdn. Bhd.	Marketing and trading of lingerie and ladies' leisure wear	Malaysia	100	100

^ Became inactive during the year

All companies are audited by Ernst & Young, Malaysia.

12. OTHER INVESTMENTS - QUOTED SHARES

	GROUP/COMPANY	
	2004 RM	2003 RM
Quoted shares in Malaysia, at cost	1,524,959	1,668,006
Provision for diminution in value	(323,758)	(275,000)
	<u>1,201,201</u>	<u>1,393,006</u>
Market value of quoted shares	<u>1,201,201</u>	<u>1,392,600</u>

13. TRADEMARKS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Cost	677,058	631,559	635,870	631,559
Addition	-	19,025	-	4,311
Acquisition of subsidiaries	-	26,474	-	-
Accumulated amortisation	(404,295)	(369,977)	(380,509)	(348,715)
	<u>272,763</u>	<u>307,081</u>	<u>255,361</u>	<u>287,155</u>



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14. GOODWILL ON CONSOLIDATION

	GROUP	
	2004 RM	2003 RM
At 1 January	5,963,692	1,726,608
Arising from acquisition of subsidiaries	-	4,237,084
	<u>5,963,692</u>	<u>5,963,692</u>
Less: Accumulated amortisation	(1,385,961)	(1,087,776)
At 31 December	<u>4,577,731</u>	<u>4,875,916</u>

15. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary in prior year represented an advance which was unsecured, bore interest rate of 0.5% per annum and was not repayable within the next 12 months. The amount due from subsidiary is now classified as Other Receivables as stated in Note 18.

16. INVENTORIES

	GROUP	
	2004 RM	2003 RM
At cost:		
Finished goods	47,542,280	42,045,077
Raw materials	156,290	386,361
Work-in-progress	-	628,124
	<u>47,698,570</u>	<u>43,059,562</u>
At net realisable value:		
Finished goods	-	57,472
	<u>47,698,570</u>	<u>43,117,034</u>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM61,740,843 (2003: RM62,300,054).

17. TRADE RECEIVABLES

	GROUP	
	2004 RM	2003 RM
Trade debtors	40,086,882	42,309,772
Allowance for doubtful debts	(5,966,938)	(2,713,782)
	<u>34,119,944</u>	<u>39,595,990</u>

The Group's normal trade credit terms ranges from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

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



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18. OTHER RECEIVABLES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Due from subsidiaries				
- interest bearing (Note 15)	-	-	11,411,120	-
- interest free	-	-	11,685,281	9,935,477
Deposits	2,594,685	4,196,209	2,500	-
Prepayments	747,123	903,192	56,345	5,881
Sundry receivables	3,006,201	1,192,394	73,625	10,998
Tax recoverable	3,579,724	1,539,820	210,992	210,992
	<u>9,927,733</u>	<u>7,831,615</u>	<u>23,439,863</u>	<u>10,163,348</u>

The amount due from subsidiaries are unsecured, interest free and have no fixed terms of repayment except for advances due from a subsidiary in current year which bear interest rate of 1.34% per annum. The Company has undertaken not to seek reimbursement of advances to the subsidiary as long as banking facilities of RM5,400,000 are available to the subsidiary.

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

19. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash on hand and at banks	8,506,852	2,266,003	994,759	19,382
Deposits with licensed banks	164,820	164,820	-	-
Cash and bank balances	<u>8,671,672</u>	<u>2,430,823</u>	<u>994,759</u>	<u>19,382</u>
Less: Bank overdrafts (Note 22)	-	(849,639)	-	(18,005)
Cash and cash equivalents	<u>8,671,672</u>	<u>1,581,184</u>	<u>994,759</u>	<u>1,377</u>

Deposits with licensed banks of the Group amounting to RM164,820 (2003: RM164,820) are pledged to banks for credit facilities granted to certain subsidiaries as referred to in Note 22.

The weighted average effective interest rates and average maturities of deposits at the balance sheet date were as follows:

GROUP	Weighted average effective interest rates		Average maturities	
	2004 %	2003 %	2004 Days	2003 Days
Licensed banks	3.2	3.1	30	27



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20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 days.

21. OTHER PAYABLES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Due to subsidiaries	-	-	11,951,785	11,932,521
Due to directors	229,152	217,222	229,152	217,222
Due to a corporate shareholder	1,546,639	1,906,639	-	-
Accruals	2,994,033	4,284,864	72,087	195,369
Sundry payables	3,095,717	1,434,588	457,512	5,795
	<u>7,865,541</u>	<u>7,843,313</u>	<u>12,710,536</u>	<u>12,350,907</u>

The amounts due to subsidiaries, directors and a corporate shareholder are unsecured, interest-free and have no fixed terms of repayment.

22. BANK BORROWINGS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Short Term Borrowings				
Secured:				
Bank overdrafts (Note 19)	-	442,804	-	-
Revolving credits	5,000,000	5,000,000	5,000,000	5,000,000
Bankers' acceptances	11,585,000	4,735,000	-	-
Term loans	1,793,866	1,844,239	1,707,865	1,541,239
Hire purchase and lease payables (Note 23)	79,888	62,474	-	-
	<u>18,458,754</u>	<u>12,084,517</u>	<u>6,707,865</u>	<u>6,541,239</u>
Unsecured:				
Bank overdrafts (Note 19)	-	406,835	-	18,005
Revolving credits	2,000,000	2,500,000	2,000,000	2,500,000
Bankers' acceptances	6,137,000	4,430,000	-	-
	<u>8,137,000</u>	<u>7,336,835</u>	<u>2,000,000</u>	<u>2,518,005</u>
	<u>26,595,754</u>	<u>19,421,352</u>	<u>8,707,865</u>	<u>9,059,244</u>

Long Term Borrowings

Secured:				
Term loans	1,330,251	3,168,236	1,330,251	3,082,236
Hire purchase and lease payables (Note 23)	48,487	110,958	-	-
	<u>1,378,738</u>	<u>3,279,194</u>	<u>1,330,251</u>	<u>3,082,236</u>



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22. BANK BORROWINGS (cont'd)

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Total Borrowings				
Bank overdrafts (Note 19)	-	849,639	-	18,005
Revolving credits	7,000,000	7,500,000	7,000,000	7,500,000
Bankers' acceptances	17,722,000	9,165,000	-	-
Term loans	3,124,117	5,012,475	3,038,117	4,623,475
Hire purchase and lease payables (Note 23)	128,375	173,432	-	-
	<u>27,974,492</u>	<u>22,700,546</u>	<u>10,038,117</u>	<u>12,141,480</u>

Maturity of borrowings (excluding hire purchase and finance lease):

Within one year	26,595,754	19,358,878	8,707,866	9,059,244
More than 1 year and less than 2 years	1,378,738	1,627,239	1,330,251	1,541,239
More than 2 years and less than 5 years	-	1,540,997	-	1,540,997
	<u>27,974,492</u>	<u>22,527,114</u>	<u>10,038,117</u>	<u>12,141,480</u>

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase, were as follows:

	GROUP		COMPANY	
	2004 %	2003 %	2004 %	2003 %
Bank overdrafts	7.50	7.80	-	7.81
Revolving credits	5.20	5.16	5.20	5.16
Term loans (floating rates)	7.50	7.70	7.50	7.70
Bankers' acceptances	3.30	4.03	-	-

The secured bank overdrafts, term loans and bankers' acceptances of the Group are secured by the following:

- fixed deposits as disclosed in Note 19;
- fixed and floating charge over the assets of certain subsidiaries; and
- corporate guarantee from the Company.

The term loans and revolving credits of the Company are secured by a pledge on 11,352,326 ordinary shares of RM1.00 each at par of a subsidiary, Anaku Holdings Sdn. Bhd. as disclosed in Note 11.



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23. HIRE PURCHASE

	GROUP	
	2004 RM	2003 RM
Minimum lease payments:		
Not later than 1 year	97,418	78,566
Later than 1 year and no later than 2 years	58,577	78,566
Later than 2 year and no later than 5 years	1,220	59,794
	<u>157,215</u>	<u>216,926</u>
Less: Future finance charges	(28,840)	(43,494)
Present value of finance lease liabilities	<u>128,375</u>	<u>173,432</u>
Present value of finance lease liabilities		
Not later than 1 year	79,888	62,474
Later than 1 year and no later than 2 years	48,487	62,474
Later than 2 year and no later than 5 years	-	48,484
	<u>128,375</u>	<u>173,432</u>
Analysed as:		
Due within 12 months (Note 22)	79,888	62,474
Due after 12 months (Note 22)	48,487	110,958
	<u>128,375</u>	<u>173,432</u>

The hire purchase bore interest at the balance sheet date of 4.6% (2003: 4.6%) per annum.

24. SHARE CAPITAL

	GROUP/COMPANY			
	Number of Ordinary Share of RM1 Each		Amount	
	2004 Units	2003 Units	2004 RM	2003 RM
Authorised:				
At 1 January	100,000,000	100,000,000	100,000,000	100,000,000
Created during the year	-	-	-	-
At 31 December	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:				
At 1 January	52,823,667	40,348,000	52,823,667	40,348,000
Issued and paid up during the year:				
- Issue of share capital	-	11,666,667	-	11,666,667
- Exercise of Warrants	-	500,000	-	500,000
- Exercise of Employees' Share Options	51,000	309,000	51,000	309,000
At 31 December	<u>52,874,667</u>	<u>52,823,667</u>	<u>52,874,667</u>	<u>52,823,667</u>

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24. SHARE CAPITAL (cont'd)

(a) During the year, the issued and paid-up share capital of the Company has been increased from RM52,823,667 to RM52,874,667 by the issuance of 51,000 new ordinary shares of RM1.00 each for cash at exercise prices of between RM1.27 to RM1.53 per ordinary share as disclosed pursuant to the Company's Employees' Share Option Scheme ("ESOS"). The share premium arising amounting to RM20,400 has been credited to the share premium account.

All the new ordinary shares above rank *pari passu* in all respects with the existing ordinary shares.

(b) On 11 January 2002, the Company established the ESOS. The main features of the ESOS are as follows:

- (i) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the full time employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of directors;
- (ii) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share and paid-up share capital of the Company at any point of time during the duration of the ESOS, which shall be in force for a period of five years from the effective date;
- (iii) The option price for each share shall be the higher of the following:
 - 1) at a discount of not more than 10% from the weighted average market quotation of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days preceding the date of offer; or
 - 2) the par value of the shares.
- (iv) No offer shall be made for less than 1,000 shares nor more than 500,000 shares to any eligible employee;
- (v) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer; and
- (vi) The number of shares under option or the option price or both so far as the option remains unexercised may be adjusted following any variation in the issued share capital of the Company by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of the Company's shares made by the Company.

Information with respect to the movement in the number of options granted under the ESOS is as follows:

	Numbers of Share Options	
	2004 RM	2003 RM
At 1 January	2,123,000	2,037,000
Granted	2,505,000	410,000
Exercised	(51,000)	(309,000)
Resigned	(82,000)	(15,000)
At 31 December	4,495,000	2,123,000



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24. SHARE CAPITAL (cont'd)

Details of share options granted during the year:

Exercise Period	Exercise Price RM	Number of Share Options	
		2004	2003
17.05.2003 - 09.01.2007	1.40	-	-
02.01.2004 - 09.01.2007	1.53	-	410,000
05.07.2004 - 09.01.2007	1.27	2,505,000	-
		<u>2,505,000</u>	<u>410,000</u>

Details of share options exercised during the year and the fair value, at exercise date, of shares issued are as follows:

Exercise Date	Exercise Price RM	Consideration Received RM	Number of Share Options Exercised		Fair Value of Shares Issued RM
			2004	2003	
20.06.2003	1.40	11,200		8,000	1.70
16.07.2003	1.40	50,400		36,000	1.80
16.07.2003	1.53	15,300		10,000	1.80
30.07.2003	1.40	11,200		8,000	1.80
30.10.2003	1.40	254,800		182,000	2.00
10.11.2003	1.53	7,650		5,000	1.90
10.11.2003	1.40	19,600		14,000	1.90
20.11.2003	1.40	11,200		8,000	1.80
01.12.2003	1.40	42,000		30,000	1.80
10.12.2003	1.40	5,600		4,000	1.70
20.12.2003	1.40	5,600		4,000	1.70
24.02.2004	1.40	5,600	4,000		1.57
01.03.2004	1.40	11,200	8,000		1.56
07.03.2004	1.40	9,800	7,000		1.56
22.03.2004	1.40	21,000	15,000		1.56
30.03.2004	1.53	7,650	5,000		1.56
08.04.2004	1.40	9,800	7,000		1.48
08.12.2004	1.27	6,350	5,000		1.39
		<u>505,950</u>	<u>51,000</u>	<u>309,000</u>	

The terms of share options outstanding as at the end of the year are as follows:

Exercise Period	Exercise Price RM	Number of Share Options Outstanding	
		2004	2003
17.05.2003 - 09.01.2007	1.40	1,650,000	1,743,000
02.01.2004 - 09.01.2007	1.53	360,000	380,000
05.07.2004 - 09.01.2007	1.27	2,485,000	-
		<u>4,495,000</u>	<u>2,123,000</u>

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- 31 December 2004

24. SHARE CAPITAL (cont'd)

- (c) The 2002/2012 Warrants issued in financial year ended 31 December 2002 entitle the registered holders to subscribe for one new ordinary share of RM1.00 each at par in the Company at an exercise price of RM1.15 each, exercisable at any time within a period between 18 February 2003, being the date of the first anniversary of the issue of the warrants and the expiry date of ten (10) years from the date of issue of the rights to allotment of warrants on 18 February 2002. The exercise price of the 2002/2012 Warrants is subject to adjustment from time to time in accordance with the condition as stipulated in the Deed Poll executed by the Company on 1 August 2001.

The movement of warrants is as follows:

	Numbers of Warrants	
	2004 RM	2003 RM
At 1 January	6,166,667	6,666,667
Exercised	-	(500,000)
At 31 December	6,166,667	6,166,667

25. TREASURY SHARES

The shareholders of the Company, by a special resolution passed in a general meeting held on 25 June 2003, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company had in the financial year 2003, repurchased 2,000 of its issued ordinary shares of RM1.00 each at an average price of RM1.68 per share for a total consideration of RM3,389 from the open market with internally generated funds. These shares were being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 and together with the previous year's quantum of 8,000 shares, the total treasury shares as at 31 December 2004 amounted to 10,000 shares (2003: 10,000 shares). Accordingly, the issued and paid up share capital of the Company with voting rights as at 31 December 2004 was 52,864,667 (2003: 52,813,667) shares.

26. RETAINED PROFITS

As at 31 December 2004, the Company has tax exempt profits available for distribution of approximately RM3,616,000 (2003: RM3,616,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 December 2004.

27. DEFERRED TAXATION

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
At 1 January	1,283,000	779,000	-	-
Acquisition of subsidiaries	-	499,800	-	-
Recognised in the income statement (Note 7)	(106,452)	4,200	-	-
At 31 December	1,176,548	1,283,000	-	-

Notes to the financial statements

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27. DEFERRED TAXATION

Movement of deferred tax liabilities of the Group during the financial year are as follows:

	Accelerated Capital Allowances RM	Total RM
At 1 January 2004	1,283,000	1,283,000
Recognised in the income statement	(106,452)	(106,452)
At 31 December 2004	<u>1,176,548</u>	<u>1,176,548</u>

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

	GROUP	
	2004 RM	2003 RM
Unused tax losses	767,352	335,508
Unabsorbed capital allowances	460,670	1,320,248
	<u>1,228,022</u>	<u>1,655,756</u>

The unused tax losses and unabsorbed capital allowances 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.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2004 RM	2003 RM
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Group

Sales to Ocean Capital Berhad Group of Companies, a group in which certain directors# of the Company have an interest	-	<u>684,140</u>
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Certain directors in this note refer to the directors who have interest in Ng Tiong Seng Corporation Sdn. Bhd. ("NTS"), via family members and spouse. NTS is a substantial shareholder of Ocean Capital Berhad.

	2004 RM	2003 RM
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Company

Management fee from subsidiaries	4,798,000	500,000
Interest income from subsidiaries	187,146	89,441
Gross dividends from subsidiaries	<u>1,500,000</u>	<u>1,700,000</u>

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



Notes to the financial statements

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29. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Unsecured				
Corporate guarantees given to financial institutions in respect of credit facilities extended to:				
- third party #	-	12,400,000	-	-
- subsidiaries	-	-	38,737,000	29,550,000
	-	12,400,000	38,737,000	29,550,000

This relates to a corporate guarantee for banking facility granted to a former subsidiary, Consobiz Ventures Sdn. Bhd. in prior years. The utilised portion of the facility as at 31 December 2003 amounted to RM8,181,440. The corporate guarantee was subsequently released in January 2004.

30. COMMITMENTS

Non-Cancellable Operating Lease Commitments

	2004 RM	2003 RM
Future minimum rentals payable:-		
Not later than 1 year	5,486,858	3,357,106
Later than 1 year and not later than 5 years	5,248,799	7,181,230
	10,735,657	10,538,336

Operating lease payments represents rentals payable by the Group for use of shoplots in shopping complexes and buildings. Generally, the leases are negotiated for an average term of 2 years to 3 years.

31. 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 businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2004.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalize on cheaper funding in a low interest rate environment and achieves a certain level of protection against rate hikes.

The investments in financial assets are long term in nature and they are not held for speculative purposes.



Notes to the financial statements

- 31 December 2004

31. FINANCIAL INSTRUMENTS (cont'd)

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(d) Credit Risk

The risk of counter parties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimized and monitored via strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

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

(e) Fair Values

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

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets				
As at 31 December 2004				
Amount due from subsidiaries	-	-	23,096,401	#
As at 31 December 2003				
Other investments				
- quoted shares (Note 12)	1,393,006	1,392,600	1,393,006	1,392,600
Amount due from subsidiaries	-	-	25,935,477	#
Financial Liabilities				
As at 31 December 2004				
Amount due to subsidiaries	-	-	11,951,785	#
As at 31 December 2003				
Amount due to subsidiaries	-	-	11,932,521	#

It is not practical to estimate the fair values of amounts due to/from subsidiaries mainly due to lack of fixed repayment term entered between the parties involved and without incurring excessive costs.



Notes to the financial statements

- 31 December 2004

31. FINANCIAL INSTRUMENTS (cont'd)

(e) Fair Values (cont'd)

The nominal/notional amount and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are:

	Group		Company	
	Nominal/ Notional Amount RM	Net Fair Value RM	Nominal/ Notional Amount RM	Net Fair Value RM
At 31 December 2004: Contingent liabilities	-	##	38,737,000	##
At 31 December 2003: Contingent liabilities	12,400,000	##	29,550,000	##

It is not practical to estimate the fair value of contingent liabilities due to uncertainties of timing, costs and eventual outcome.

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

(i) Cash and cash equivalents, trade and other receivables, payables and short term borrowings

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

(ii) Other investments - quoted shares

The fair value of quoted shares is determined by reference to stock exchange quoted at market bid prices at the close of the business on the balance sheet date.



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31. SEGMENTAL REPORTING

BUSINESS SEGMENTS

	Trading		Manufacturing		Investment holding		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE								
Sales	145,005,644	120,545,665	1,272,553	3,952,666	7,123,360	2,824,884	153,401,557	127,323,215
Inter-segment sales	(20,592,042)	-	(842,668)	(3,952,666)	(7,041,760)	(2,670,864)	(28,476,470)	(6,623,530)
Total external revenue	<u>124,413,602</u>	<u>120,545,665</u>	<u>429,885</u>	<u>-</u>	<u>81,600</u>	<u>154,020</u>	<u>124,925,087</u>	<u>120,699,685</u>
RESULT								
Segment result	13,853,153	7,723,335	(1,030,356)	(15,643)	(5,257,567)	(2,334,209)	7,565,230	5,373,483
Interest expense							(1,510,968)	(1,088,809)
Interest income							7,283	148,414
Profit before taxation							6,061,545	4,433,088
Income taxes							(1,907,096)	(1,300,794)
Profit after taxation							<u>4,154,449</u>	<u>3,132,294</u>
OTHER INFORMATION								
Segment assets	108,063,586	103,819,865	71,844	1,444,182	15,939,648	15,174,442	124,075,078	120,438,489
Unallocated assets	2,499,023	115,039	87,152	19,100	6,422,432	5,114,646	9,008,607	5,248,785
	<u>110,562,609</u>	<u>103,934,904</u>	<u>158,996</u>	<u>1,463,282</u>	<u>22,362,080</u>	<u>20,289,088</u>	<u>133,083,685</u>	<u>125,687,274</u>
Segment liabilities	34,495,544	27,492,056	27,599	814,009	12,249,682	14,450,088	46,772,825	42,756,153
Unallocated liabilities	1,847,580	1,451,406	-	8,000	557,254	459,222	2,404,834	1,918,628
	<u>36,343,124</u>	<u>28,943,462</u>	<u>27,599</u>	<u>822,009</u>	<u>12,806,936</u>	<u>14,909,310</u>	<u>49,177,659</u>	<u>44,674,781</u>
Capital expenditure	3,690,986	2,669,173	-	-	16,290	31,367,686	3,707,276	34,036,859
Amortisation of								
- goodwill	-	-	-	-	298,185	280,530	298,185	280,530
- trademark	2,524	52,920	-	-	31,794	-	34,318	52,920
Depreciation	2,704,743	2,403,818	-	66,674	343,409	321,407	3,048,152	2,791,899
Non-cash expenses								
- allowance for doubtful debt	3,253,156	269,069	-	-	-	-	3,253,156	269,069
- provision for diminution in value in investment in quoted shares	-	-	-	-	48,758	275,000	48,758	275,000
- short term accumulating compensated absences	64,567	200,000	-	-	-	-	64,567	200,000
- allowance for obsolete inventories	200,000	-	-	-	-	-	200,000	-
- property, plant and equipment written off	5,044	57,974	-	-	-	89,968	5,044	147,942



Notes to the financial statements

- 31 December 2004

31. SEGMENTAL REPORTING (cont'd)

The principal activities of the respective business segments are as follows:

1. Trading marketing and trading of lingerie, ladies' leisure wear, children's wear, care and related products.
2. Manufacturing manufacturing of lingerie, ladies' leisure wear, children's wear and related products.
3. Investment holding provision of management services and rental of properties.

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.

The distribution of the Group sales by geographical markets as follows:

	2004 RM	2003 RM
Malaysia	120,487,912	115,462,177
Brunei Darussalam	2,294,338	3,156,043
Republic of Indonesia	632,094	851,886
Singapore	598,220	901,051
Others	912,523	328,528
	<u>124,925,087</u>	<u>120,699,685</u>

32. CURRENCY

All amounts are stated in Ringgit Malaysia.

Analysis of shareholdings as at 30 April 2005

Authorised Share Capital	: RM 100,000,000.00
Issued and Paid-up Share Capital	: RM 52,874,667.00
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100	126	10.35	2,994	0.01
100 - 1,000	144	11.83	127,542	0.24
1,001 – 10,000	840	69.02	2,933,809	5.55
10,001 – 100,000	85	6.99	2,157,894	4.08
100,001 – 2,643,732 (less than 5% of issued shares)	18	1.48	16,111,639	30.47
2,643,733 (5% of issued shares) and above	4	0.33	31,540,789	59.65
Total	1,217	100.00	52,874,667	100.00

Directors' Direct and Indirect Interests in Shares in the Company

Other than as disclosed below, there is no other Director of the Company who has interests, direct or indirect, in shares in the Company.

	Direct		Indirect	
	No. of Shares Held	% of Shares Held	No. of Shares Held	% of Shares Held
Shares held in the Company:				
Tan Sri Datuk Arshad Bin Ayub	2,044,039	3.87	6,278,125	11.88
Dato' Ng Tiong Seng	-	-	20,432,997	38.65
Ng Chin Huat	1,825,000	3.45	18,607,997	35.20
Sia Kim Kiat	12,000	0.02	20,420,997	38.63
Low Wee Chin (alternate to Dato' Ng Tiong Seng)	-	-	20,432,997	38.65

The above directors are also deemed interested in shares in subsidiaries of AIMB to the extent that AIMB has an interest.

Substantial Shareholders as Per Register of Substantial Shareholders

	Direct		Indirect	
	No. of Shares Held	% of Shares Held	No. of Shares Held	% of Shares Held
Ng Tiong Seng Corporation Sdn. Bhd.	18,595,997	35.18	-	-
Perak Corporation Berhad	11,666,667	22.07	-	-
Zalaraz Sdn. Bhd.	6,278,125	11.88	-	-
Tan Sri Datuk Arshad Bin Ayub	2,044,039	3.87	6,278,125	11.88
Dato' Ng Tiong Seng	-	-	20,432,997	38.65
Ng Chin Huat	1,825,000	3.45	18,607,997	35.20
Sia Kim Kiat	12,000	0.02	20,420,997	38.63
Low Wee Chin (alternate to Dato' Ng Tiong Seng)	-	-	20,432,997	38.65

analysis of shareholdings as at 30 April 2005 (cont'd)

Top Thirty Securities Account Holders (without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares Held	% of Shares Held
1.	RC Nominees (Tempatan) Sdn. Bhd. - Perak Corporation Berhad	11,666,667	22.07
2.	RC Nominees (Tempatan) Sdn. Bhd. - Ng Tiong Seng Corporation Sdn. Bhd.	9,499,999	17.97
3.	Ng Tiong Seng Corporation Sdn. Bhd.	7,595,998	14.37
4.	Zalaraz Sdn. Bhd.	2,778,125	5.25
5.	Malaysia Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Zalaraz Sdn. Bhd.	2,000,000	3.78
6.	Ng Chin Huat	1,825,000	3.45
7.	Malaysia Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Tan Sri Datuk Arshad Bin Ayub	1,790,000	3.39
8.	Prestasio Sdn. Bhd.	1,500,000	2.84
9.	HLB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Ng Tiong Seng Corporation Sdn. Bhd.	1,500,000	2.84
10.	Sia Yoke Lian	1,000,000	1.89
11.	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Zalaraz Sdn. Bhd.	1,000,000	1.89
12.	HLB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Chu Siew Siang	833,100	1.58
13.	Unique Portfolio Sdn. Bhd.	816,700	1.54
14.	Tandaraya Sdn. Bhd.	726,900	1.37
15.	Amsec Nominees (Tempatan) Sdn. Bhd. - AMFinance Berhad for Zaman Simfoni Sdn. Bhd	650,000	1.23
16.	HLB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lee Soo Har	536,200	1.01
17.	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Zalaraz Sdn. Bhd.	500,000	0.95
18.	HLB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Thean Yew Thye	450,200	0.85
19.	AFFIN-ACF Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lee Yow Seng	333,800	0.63
20.	Arshad Bin Ayub	254,039	0.48
21.	Ching Chooi Kuan	200,400	0.38
22.	Lew Kow @ Leow Chin Heng	195,300	0.37
23.	Ng Siew Leng	100,000	0.19
24.	Chen Fui Chung	93,000	0.18
25.	HLB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Chantika Holdings Sdn. Bhd.	81,999	0.16
26.	Jimmy Lim Thaw Chay	80,000	0.15
27.	Yip Kim Leng	71,600	0.14
28.	Lee Choon Hooi	69,000	0.13
29.	Kong Tiam	59,000	0.11
30.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Tan Chee @ Tan Choo	54,000	0.10
	Total	48,261,027	91.29

Analysis of warrant holdings as at 30 April 2005

Distribution of Warrant Holdings

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants Held	% of Warrants Held
Less than 100	99	9.53	1,626	0.03
100 -1,000	500	48.12	322,952	5.24
1,001 – 10,000	361	34.75	1,349,719	21.89
10,001 – 100,000	75	7.22	2,244,939	36.40
100,001 – 308,332 (less than 5% of issued warrants)	2	0.19	277,800	4.50
308,333 (5% of issued warrants) and above	2	0.19	1,969,631	31.94
Total	1,039	100.00	6,166,667	100.00

Directors' Direct and Indirect Interests in Warrants in the Company

Other than as disclosed below, there is no other Director of the Company who has interests, direct or indirect, in warrants in the Company.

	Direct		Indirect	
	No. of Warrants Held	% of Warrants Held	No. of Warrants Held	% of Warrants Held
Warrants held in the Company:				
Dato' Ng Tiong Seng	-	-	1,475,200	23.92
Ng Chin Huat	-	-	1,475,200	23.92
Sia Kim Kiat	-	-	1,475,200	23.92
Low Wee Chin (alternate to Dato' Ng Tiong Seng)	-	-	1,475,200	23.92

Substantial Warrant Holders as Per Register of Substantial Warrant Holders

	Direct		Indirect	
	No. of Warrants Held	% of Warrants Held	No. of Warrants Held	% of Warrants Held
Ng Tiong Seng Corporation Sdn. Bhd.	1,475,200	23.92	-	-
Unique Portfolio Sdn. Bhd.	494,431	8.02	-	-
Dato' Ng Tiong Seng	-	-	1,475,200	23.92
Ng Chin Huat	-	-	1,475,200	23.92
Sia Kim Kiat	-	-	1,475,200	23.92
Low Wee Chin (alternate to Dato' Ng Tiong Seng)	-	-	1,475,200	23.92



analysis of warrant holdings as at 30 April 2005 (cont'd)

Top Thirty Registered Warrant Holders (without aggregating the warrants from different warrant accounts belonging to the same Depositor)

No.	Name	No. of Warrants Held	% of Warrants Held
1.	Ng Tiong Seng Corporation Sdn. Bhd.	1,475,200	23.92
2.	Unique Portfolio Sdn. Bhd.	494,431	8.02
3.	Ch'ng Gim Chew	149,800	2.43
4.	HDM Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Curahan Cekal Sdn. Bhd.	128,000	2.08
5.	Laimon Bin Nasron	100,000	1.62
6.	Md Ali Bin Md Dewal	100,000	1.62
7.	Cheng Ah Kow	91,000	1.48
8.	Lee Seng Pin	90,000	1.46
9.	Tan Chun Hwee, Vincent (Chen Junhui, Vincent)	75,000	1.22
10.	Hang Siew Eng	73,000	1.18
11.	Cheah Jye Pey	68,000	1.10
12.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Yap Sin Kok	66,000	1.07
13.	Lee Teck Hoe	64,000	1.04
14.	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Koay Poon Hock	62,100	1.01
15.	HLB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lim Tiong Seng	55,000	0.89
16.	ECM Libra Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chan Boon Yong	55,000	0.89
17.	Siow Chung Peng	50,000	0.81
18.	Chen Fui Chung	45,000	0.73
19.	TA Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Loke Shee Ann	43,334	0.70
20.	Cheah Wei Jeng	42,000	0.68
21.	Pek Kiam Kek	40,000	0.65
22.	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Ong Eng Joo	40,000	0.65
23.	HLB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lee Soo Har	37,400	0.61
24.	Lim Poh Mei	36,000	0.58
25.	Tan Seok Kheng	35,000	0.57
26.	Yio Kim Sim	31,000	0.50
27.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Ting Ik	30,000	0.49
28.	Chia See Huat	30,000	0.49
29.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Kong Beng	30,000	0.49
30.	Lawrence Albert Kueh Keh Siah @ Jui Sern	28,100	0.46
	Total	3,664,365	59.44



NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company will be held at the Registered Office of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan on Monday, 27 June 2005 at 11.30 a.m. for the following purposes:

Notice of annual general meeting

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2004 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**
2. To approve the payment of a Final Dividend of 3.5% less 28% income tax in respect of the financial year ended 31 December 2004. **Ordinary Resolution 2**
3. To approve the payment of Directors' fees of RM240,000 in respect of the financial year ended 31 December 2004. **Ordinary Resolution 3**
4. To re-elect as Director, Ong See Seng, who retires by rotation in accordance with Article 122 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 4**
5. To re-elect as Director, Dato' Khor Ah Hua @ Khor Choo Fong, who retires by rotation in accordance with Article 122 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 5**
6. To re-elect as Director, Harbhajan Singh A/L Ujagar Singh, who retires by rotation in accordance with Article 122 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 6**
7. To consider and, if thought fit, pass a resolution that pursuant to Section 129 of the Companies Act, 1965, Tan Sri Datuk Arshad Bin Ayub be re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company. **Ordinary Resolution 7**
8. To consider and, if thought fit, pass a resolution that pursuant to Section 129 of the Companies Act, 1965, Dato' Ng Tiong Seng be re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company. **Ordinary Resolution 8**
9. To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration. **Ordinary Resolution 9**

notice of annual general meeting (cont'd)

AS SPECIAL BUSINESS:

10. To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolutions:

Proposed Renewal of Authority for the Purchase by AIMB of its Own Shares ("Proposed Share Buy-Back")

"THAT subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the requirements of the Bursa Malaysia and the approvals of all relevant governmental and/or regulatory authorities, if any, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time, through the Bursa Malaysia and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i) the aggregate number of shares purchased pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company as quoted on the Bursa Malaysia as at the point of purchase; and
- ii) an amount not exceeding the Company's retained profit and the share premium account at the time of the purchase(s) will be allocated by the Company for the Proposed Share Buy-Back;

AND ALSO TO RESOLVE THAT

- i) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder; or
- ii) the Directors of the Company may distribute the treasury shares as dividends to shareholders or resell the treasury shares on the market of the Bursa Malaysia in accordance with the relevant rules of the Bursa Malaysia;

AND THAT the authority conferred by this resolution will commence immediately and will, subject to renewal thereof, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution (unless earlier revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting) but shall not prejudice the completion of purchase(s) by the Company or any person before that aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by the Bursa Malaysia or any other relevant authorities;

AND THAT the Directors be and are hereby authorised to take all such steps as are necessary such as entering into agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, if any, as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of AIMB shares in accordance with the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association, the Listing Requirements of the Bursa Malaysia and any other regulatory authorities, and other relevant approvals."

Ordinary Resolution 10

Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the Companies Act, 1965 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 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 total issued capital of the Company and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 11

notice of annual general meeting (cont'd)

11. To transact any other business of the Company for which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a Final Dividend of 3.5% less 28% income tax in respect of the financial year ended 31 December 2004, if approved by the shareholders, will be paid on 22 September 2005 to Depositors whose names appear in the Record of Depositors on 25 August 2005.

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

- a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 25 August 2005 in respect of transfers;
- b) Securities bought on the Bursa Malaysia on a cum entitlement basis according to the Rules of the Bursa Malaysia.

BY ORDER OF THE BOARD,

NG SAY OR
Company Secretary
(LS 00515)

Date: 6 June 2005

Notes:-

Proxy

- A member entitled to attend and vote at this meeting is entitled to appoint another person who is not a member as his proxy.

- A member is not entitled to appoint more than two (2) proxies to attend and vote at this meeting.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
- To be valid, the proxy form duly completed must be deposited at the registered office of the Company situated at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan not less than Forty-Eight (48) hours before the time for holding the meeting.
- If the member is a corporation, the proxy form must be executed under its Seal or under the hand of its attorney.

Explanatory Notes on Special Business

- The proposed Ordinary Resolution 10, if passed, will empower the Company to purchase its own shares up to 10% of the issued and paid-up share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Share Buy-Back Statement for more information.
- The proposed Ordinary resolution 11, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Statement accompanying notice of annual general meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

DIRECTORS STANDING FOR RE-ELECTION/RE-APPOINTMENT

- a) Retiring in accordance with Article 122 of the Company's Articles of Association:-
- Ong See Seng
 - Dato' Khor Ah Hua @ Khor Choo Fong
 - Harbhajan Singh A/L Ujagar Singh
- b) Retiring in accordance with Section 129 of the Companies Act, 1965:-
- Tan Sri Datuk Arshad Bin Ayub
 - Dato' Ng Tiong Seng

The details of the five Directors standing for re-election/re-appointment are set out in the Directors' profiles which appear from page 4 to page 9 of the Annual Report.

BOARD OF DIRECTORS' MEETINGS

There were six Board meetings held during the financial year ended 31 December 2004. Details of attendance of the Directors are set out in the Corporate Governance Statement on page 13 of the Annual Report.

PLACE, DATE AND TIME OF THE ANNUAL GENERAL MEETING

The Annual General Meeting is to be held at the Registered Office of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan on Monday, 27 June 2005 at 11.30 a.m.

OTHER INFORMATION OF DIRECTORS STANDING FOR RE-ELECTION/RE-APPOINTMENT

a) Shareholdings

Save as mentioned below, none of the other Directors standing for re-election/re-appointment held any interest in shares in the Company:-

Name	No. of shares held	
	Direct	Indirect
Tan Sri Datuk Arshad Bin Ayub	2,044,039	6,278,125
Dato' Ng Tiong Seng	-	20,432,997

b) Family relationship

Save as mentioned below, none of the other Directors standing for re-election/re-appointment have any family relationship with any director and/or substantial shareholder of the Company:-

- Dato' Ng Tiong Seng is the father of Ng Chin Huat and father-in-law to Sia Kim Kiat and Low Wee Chin (alternate to Dato' Ng Tiong Seng).

c) Conflict of Interest

None of the Directors standing for re-election/re-appointment have any conflict of interest with the Company.

d) Convictions of offences

None of the Directors standing for re-election/re-appointment have been convicted for offences within the past 10 years other than traffic offences, if any.

Pursuant to Paragraph 12.06[2(a)] of the Listing Requirements of Bursa Malaysia Securities Berhad

Share Buy-Back Statement

1. Disclaimer Statement

Bursa Malaysia Securities Berhad ("Bursa Malaysia") has not perused the Statement prior to its issuance as it is an exempt document. Bursa Malaysia takes no responsibility for the contents of this Share Buy-Back Statement ("Statement"), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Rationale for the Proposed Purchase by Audrey International (M) Bhd. ("AIMB" or "the Company") of its own Ordinary Shares of RM1.00 each ("Shares") of up to ten per centum (10%) of its Existing Issued and Paid-up Share Capital in accordance with Section 67A of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia ("Proposed Share Buy-Back")

The Proposed Share Buy-Back, if exercised, is expected to potentially benefit the Company and its shareholders as follows:-

- a) Depending on the effective cost of funding of the shares to be purchased, the earnings per share of the Group may be enhanced (in the case where the AIMB Shares so purchased are cancelled), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;

statement accompanying notice of annual general meeting (cont'd)

Share Buy-Back Statement (cont'd)

- b) If the AIMB Shares bought back are kept as treasury shares, the treasury shares may be realised with potential gain without affecting the total issued and paid-up share capital of the Company. Alternatively, the AIMB Shares so purchased can be distributed as share dividends to shareholders; and
- c) The Company may be able to stabilize the supply and demand of its shares in the open market and thereby supporting its fundamental value.

3. Retained Profits and Share Premium

Based on the Audited Financial Statements for the year ended 31 December 2004, the retained profits and share premium accounts of the Company stood at RM8,972,985 and RM8,693,483 respectively.

4. Source of Funds

The amount allocated for the Proposed Share Buy-Back will be financed by internally generated funds and bank borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of internally generated funds and the repayment capability of the Company, if financed by bank borrowings, at the date(s) of the purchase(s).

In the event that the Company decides to utilise external borrowings to finance the Proposed Share Buy-Back, there will be a decline in its net cashflow to the extent of the interest cost associated with such borrowings. However, the Board of Directors of AIMB does not foresee any difficulty in the servicing of interest and repayment of borrowings used for the Proposed Share Buy-Back, if any.

5. Direct and Indirect Interests of the Directors and Substantial Shareholders

Save for the inadvertent proportionate increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a consequence of the Proposed Share Buy-Back, none of the Directors, Substantial Shareholders or persons connected with the Directors and Substantial Shareholders of the Company have any interest, direct or indirect, in the Proposed Share Buy-Back.

The direct and indirect interests of the Directors and Substantial Shareholders of AIMB as at 7 May 2005 are set out in the Table below together with the effect of the Proposed Share Buy-Back based on the following assumptions:-

- a) The Proposed Share Buy-Back is implemented in full, i.e. up to 10% of the enlarged issued and paid-up share capital or 6,352,000 AIMB Shares are purchased;
- b) The outstanding AIMB Warrants and ESOS options are fully exercised; and
- c) AIMB Shares so purchased are from shareholders other than the substantial shareholders and Directors of AIMB.

As at 7 May 2005	Before Proposed Share Buy-Back				After Proposed Share Buy-Back			
	No. of shares		Total		No. of shares		Total	
	Direct	Indirect	No. of shares	%	Direct	Indirect	No. of shares	%
Directors								
Tan Sri Datuk Arshad Bin Ayub	2,044,039	6,278,125(a)	8,322,164	13.10	2,044,039	6,278,125(a)	8,322,164	14.56
* Dato' Ng Tiong Seng	-	22,628,197(b)	22,628,197	35.62	-	22,628,197(b)	22,628,197	39.58
* Ng Chin Huat	2,225,000	20,403,197(b)	22,628,197	35.62	2,225,000	20,403,197(b)	22,628,197	39.58

statement accompanying notice of annual general meeting (cont'd)

Share Buy-Back Statement (cont'd)

5. Direct and Indirect Interests of the Directors and Substantial Shareholders (cont'd)

As at 7 May 2005	Before Proposed Share Buy-Back				After Proposed Share Buy-Back			
	No. of shares Direct	Indirect	Total No. of shares	%	No. of shares Direct	Indirect	Total No. of shares	%
Directors								
* Sia Kim Kiat	332,000	22,296,197(b)	22,628,197	35.62	332,000	22,296,197(b)	22,628,197	39.58
Dato' Haji Abdul Raman Bin Suliman	-	-	-	-	-	-	-	-
Harbhajan Singh A/L Ujagar Singh	-	-	-	-	-	-	-	-
Ong See Seng	-	-	-	-	-	-	-	-
Dato' Khor Ah Hua @ Khor Choo Fong	-	-	-	-	-	-	-	-
Lim Kim Meng	-	-	-	-	-	-	-	-
Kong Sau Kian	-	-	-	-	-	-	-	-
* Low Wee Chin (alternate to Dato' Ng Tiong Seng)	-	22,628,197(b)	22,628,197	35.62	-	22,628,197(b)	22,628,197	39.58
Sharifah Hanizah Bt. Syed Mustaffa (alternate to Harbhajan Singh A/L Ujagar Singh)	-	-	-	-	-	-	-	-
Substantial Shareholders								
* Ng Tiong Seng Corporation Sdn. Bhd.	20,071,197	-	20,071,197	31.60	20,071,197	-	20,071,197	35.10
*Perak Corporation Berhad	11,666,667	-	11,666,667	18.37	11,666,667	-	11,666,667	20.40
Zalaraz Sdn. Bhd.	6,278,125	-	6,278,125	9.88	6,278,125	-	6,278,125	10.98
Tan Sri Datuk Arshad Bin Ayub	2,044,039	6,278,125(a)	8,322,164	13.10	2,044,039	6,278,125(a)	8,322,164	14.56
* Dato' Ng Tiong Seng	-	22,628,197(b)	22,628,197	35.62	-	22,628,197(b)	22,628,197	39.58
* Ng Chin Huat	2,225,000	20,403,197(b)	22,628,197	35.62	2,225,000	20,403,197(b)	22,628,197	39.58
* Sia Kim Kiat	332,000	22,296,197(b)	22,628,197	35.62	332,000	22,296,197(b)	22,628,197	39.58
* Low Wee Chin (alternate to Dato' Ng Tiong Seng)	-	22,628,197(b)	22,628,197	35.62	-	22,628,197(b)	22,628,197	39.58

Notes:

(a) Deemed interest by virtue of his interest in Zalaraz Sdn. Bhd.

(b) Deemed interest by virtue of his/her interest in Ng Tiong Seng Corporation Sdn. Bhd. and persons connected.

statement accompanying notice of annual general meeting (cont'd)

Share Buy-Back Statement (cont'd)

6. Potential Advantages and Disadvantages of the Proposed Share Buy-Back

For the potential advantages of the Proposed Share Buy-Back to the Company and its shareholders, kindly refer to Section 2 above.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- a) The amount of resources available for distribution to the shareholders of the Company will decline and this may result in AIMB Group having to forego feasible investment opportunities that may emerge in the future; and
- b) The working capital of the Company will be affected as the purchase of AIMB Shares will reduce the Company's cashflow, the quantum depending on the number of shares purchased and their corresponding purchase price(s).

Nevertheless, the Directors will be mindful of the interests of the Company and its shareholders when exercising the Proposed Share Buy-Back.

7. Financial Effects of the Proposed Share Buy-Back

a) On Share Capital

The effect of the Proposed Share Buy-Back on the share capital of AIMB will depend on the intention of the Board of Directors with regard to the purchased shares. As at 7 May 2005, the issued and paid-up share capital of the Company is RM52,874,667 comprising 52,874,667 AIMB Shares.

Assuming that the AIMB Warrants and outstanding ESOS options are fully exercised, the enlarged issued and paid-up share capital of the Company will be RM63,526,334 comprising 63,526,334 AIMB Shares. Further assuming that the maximum number of AIMB Shares that could be acquired pursuant to the Proposed Share Buy-Back is purchased, i.e. 6,352,000 AIMB Shares, and that the AIMB Shares so purchased are subsequently cancelled, the Proposed Share Buy-Back will result in a reduction in the issued and paid-up share capital of AIMB to RM57,174,334.

However, if the purchased shares are retained as treasury shares, resold or distributed to shareholders of the Company, the Proposed Share Buy-Back is not expected to have any effect on the issued and paid-up share capital of the Company.

b) On Net Tangible Assets ("NTA")

The effect of the Proposed Share Buy-Back on the NTA per share of the Company is dependent on the number of AIMB Shares purchased, purchase price of the AIMB Shares, the funding cost, if any, and the subsequent treatment of the AIMB Shares so purchased.

If all the AIMB Shares purchased are cancelled, the Proposed Share Buy-Back is likely to reduce the NTA per share of the AIMB Group if the purchase price exceeds the audited NTA per share of the AIMB Group at the time of purchase and conversely, will increase the NTA per share of the AIMB Group if the purchase price is less than the audited NTA per share of the AIMB Group at the time of purchase.

For AIMB Shares so purchased which are kept as treasury shares, upon its resale, the NTA of the AIMB Group may be affected depending on the actual selling price of the treasury shares and the actual number of treasury shares resold.

c) On Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which depends on, amongst others, the number of AIMB Shares eventually purchased and the purchase price of the AIMB Shares.

statement accompanying notice of annual general meeting (cont'd)

Share Buy-Back Statement (cont'd)

7. Financial Effects of the Proposed Share Buy-Back (cont'd)

d) On Earnings

Depending on the number of AIMB Shares purchased and purchase price of AIMB Shares and the effective cost as well as the opportunity cost of funding the shares, the Proposed Share Buy-Back may increase the earnings per share of the Group. Similarly, on the assumption that the AIMB Shares so purchased are treated as treasury shares, the extent of the effect of the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising.

Any cancellation of AIMB Shares so purchased is expected to give rise to increased earnings per share to the Company and the AIMB Group due to the reduced number of shares in issue.

e) On Dividends

For the financial year ended 31 December 2004, the Board of Directors of AIMB recommended a Final Dividend of 3.5% less 28% Malaysian Income Tax, subject to the approval of members at the forthcoming Annual General Meeting ("AGM").

Assuming the Proposed Share Buy-Back is implemented, dividends would be paid on the remaining issued and paid-up share capital of AIMB. The Proposed Share Buy-Back may have an impact on the Company's dividend policy as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed to shareholders of the Company, if the Company so decides.

f) On Shareholdings

The effect of the Proposed Share Buy-Back on the percentage of shareholdings of the Directors and substantial shareholders of AIMB would depend on the timing of purchase, the number of shares purchased, if any, and their actual shareholdings at the time of such purchase.

Please refer to Section 5 above for further details on the shareholding structure of Directors and substantial shareholders of AIMB.

8. Implication Under the Malaysian Code on Take-Overs and Mergers 1998 (the "Code")

Under the Code, the substantial shareholders and/or parties acting in concert will be required to make a mandatory general offer if their shareholdings in the Company is increased to beyond 33% of its issued and paid-up share capital or if their existing shareholdings is more than 33% but less than 50% and it exceeds by another 2% in any six months period.

The Proposed Share Buy-Back, if carried out in full by AIMB, may result in the shareholdings of the substantial shareholders and/or parties acting in concert as indicated with an * in the Table under Section 5 above, to increase by more than 2% within six months period and thus triggering the Code. In the event the number of AIMB Shares bought back subsequent to the date of this Share Buy-Back Statement resulted in the said substantial shareholders and/or parties acting in concert triggering the Code, such substantial shareholders and/or parties acting in concert may consider, seeking an exemption under Practice Note 2.9.10 of the Code.

9. Purchase Made in the Last Financial Year

AIMB did not purchase any of its own shares in the previous 12 months preceding the date of this Share Buy-Back Statement. The total number of AIMB shares retained as treasury as at the date of this Share Buy-Back Statement therefore remained at 10,000 shares. AIMB has not resold or cancelled any treasury shares in the same period.

statement accompanying notice of annual general meeting (cont'd)

Share Buy-Back Statement (cont'd)

10. Public Shareholding Spread

As at 7 May 2005, the public shareholding spread of the Company was 23.53%. The Company had obtained from Bursa Malaysia the extension of time up to 30 June 2005 to meet the public shareholding spread requirement. In order to comply with the requirement, additional ESOS options had been extended to the employees of the enlarged group of AIMB. The substantial shareholders have also agreed in principle to the proposed proportionate sell-down and now await favourable market conditions before embarking on the said exercise.

The Board is mindful of the requirement that any purchase of AIMB Shares by the Company must not result in the public shareholding spread of AIMB falling below 25% of its issued and paid-up share capital and shall endeavour to ensure compliance with the aforementioned requirement.

11. Directors' Statement

The Board of Directors, after careful deliberation, is of the opinion that the Proposed Share Buy-Back is in the best interest of the AIMB Group.

12. Directors' Recommendation

The Board of Directors recommends that you vote in favour of the ordinary resolution in relation to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

13. Other Information

There is no other information concerning the Proposed Share Buy-Back as shareholders and their professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Share Buy-Back and the extent of the risks involved in doing so.

Form of proxy

No. of Shares Held

I/We _____ NRIC/Co.No. _____
of _____
being a member of AUDREY INTERNATIONAL (M) BHD. hereby appoint
_____ NRIC No. _____
of _____
or failing whom, _____ NRIC No. _____
of _____

as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at the Registered Office of the Company at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan on Monday, 27 June 2005 at 11.30 a.m. and, at every adjournment thereof for/against the resolutions to be proposed thereat.

No.	Ordinary Resolutions	For	Against
1	To receive and adopt the Audited Financial Statements and Reports		
2	To approve the payment of Final Dividend		
3	To approve the payment of Directors' fees		
4	To re-elect Ong See Seng as Director		
5	To re-elect Dato' Khor Ah Hua @ Khor Choo Fong as Director		
6	To re-elect Harbhajan Singh A/L Ujagar Singh as Director		
7	To re-appoint Tan Sri Datuk Arshad Bin Ayub as Director		
8	To re-appoint Dato' Ng Tiong Seng as Director		
9	To re-appoint auditors of the Company		
10	To approve the proposed renewal of authority for the purchase by AIMB of its own shares		
11	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

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

Dated this day of 2005

.....
Signature of Member(s)

.....
Affixation of Company's Common Seal
(if applicable)

Notes:-

- i A member entitled to attend and vote at this meeting is entitled to appoint another person who is not a member as his proxy.
- ii A member is not entitled to appoint more than two (2) proxies to attend and vote at this meeting.
- iii Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
- iv To be valid, the proxy form duly completed must be deposited at the registered office of the Company situated at Lot 10449, Jalan Nenas, Batu 4½, Kampung Jawa, 41000 Klang, Selangor Darul Ehsan not less than Forty-Eight (48) hours before the time for holding the meeting.
- v If the member is a corporation, the proxy form must be executed under its Seal or under the hand of its attorney.

FOLD HERE



Stamp
Here

AUDREY INTERNATIONAL (M) BHD
(163155-W)
Lot 10449, Jalan Nenas, Batu 4 1/2,
Kampung Jawa, 41000 Klang,
Selangor Darul Ehsan

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