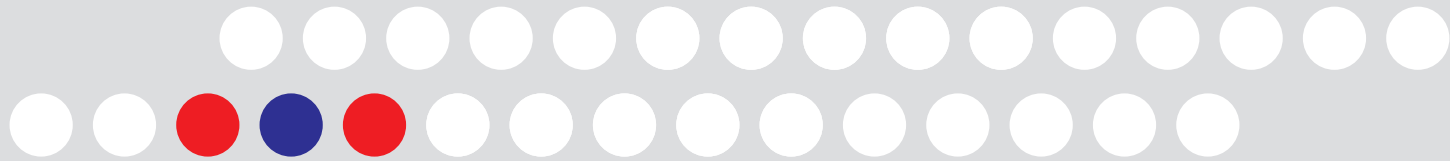
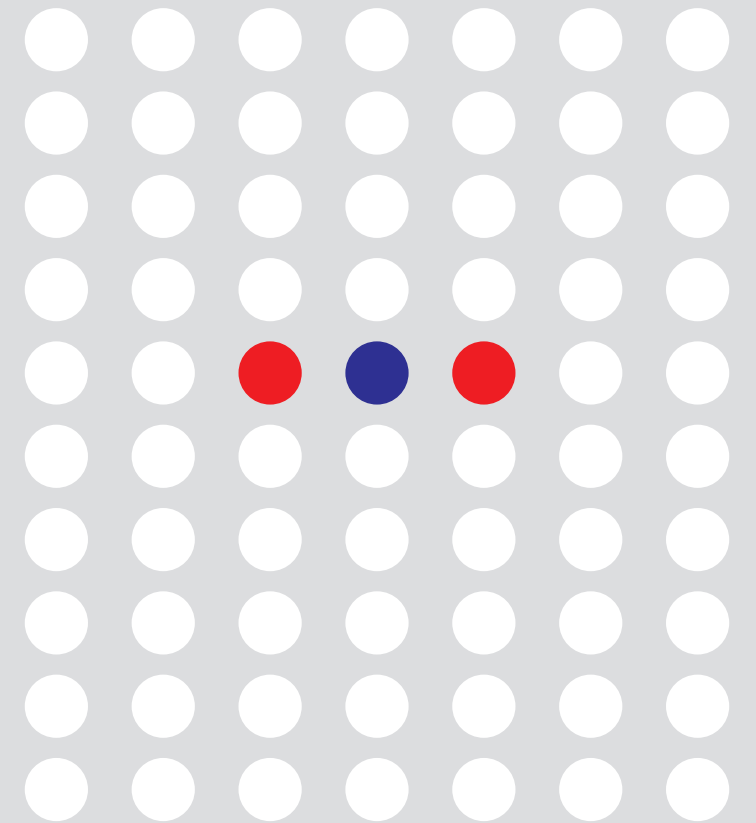


WARISAN TC HOLDINGS BERHAD

ANNUAL REPORT 2004

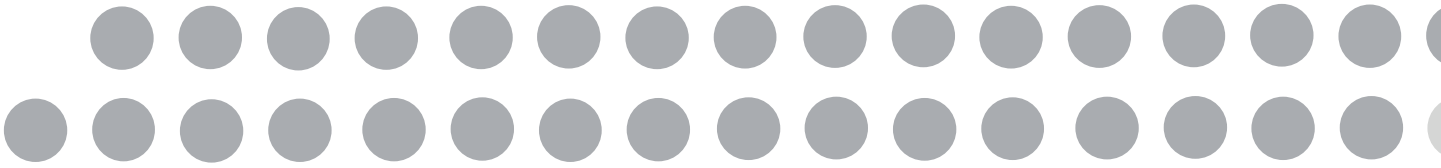


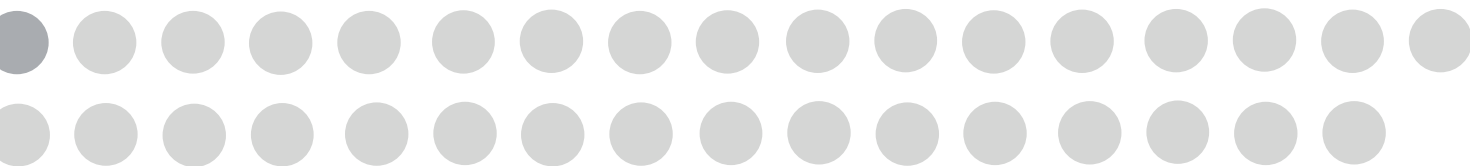
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WARISAN TC HOLDINGS BERHAD

(424834-W)





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## Corporate Information

### DIRECTORS

Dato' Tan Heng Chew JP, DJMK  
Chairman

Ngu Ew Look  
Executive Director

Yeoh Keong Lian  
Executive Director

Dato' Lee Eng Guan @ Lee Eng Yuan DPTJ, ANS

Dato' Haji Nadzam bin Haji Mohd Din JP, DJMK, KMN, AMP

Ismail bin Rautin Ibrahim

Seow Thiam Fatt

### AUDIT COMMITTEE

Seow Thiam Fatt  
Chairman

Ismail bin Rautin Ibrahim

Ngu Ew Look

### REGISTRARS

Tenaga Koperat Sdn. Bhd.  
20th Floor, Plaza Permata  
Jalan Kampar, Off Jalan Tun Razak  
50400 Kuala Lumpur  
Telephone: 03-40416522  
Facsimile: 03-40426352

### COMPANY SECRETARY

Chan Yoke-Lin

### AUDITORS

KPMG  
Wisma KPMG  
Jalan Dungun, Damansara Heights  
50490 Kuala Lumpur

### REGISTERED OFFICE

62-68 Jalan Ipoh  
51200 Kuala Lumpur  
Telephone : 03-40478888  
Facsimile : 03-40478636  
E-mail : warisan@tanchong.com.my

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
(Listed on the Main Board on 15 December 1999)

# BUSINESS

## DIVISIONS

### Consumer Products

Cosmetics

Hair Care Products

Lingerie



### Machinery

Material Handling Equipment

Construction Equipment

Agricultural Tractors

Engine & Generator Sets



### Travel & Car Rental

Inbound Tours

Corporate Travel

Airline Ticketing

Car Rental



## Chairman's Statement

On behalf of the Board, I am pleased to present the Annual Report and Audited Financial Statements of Warisan TC Holdings Berhad for the financial year ended 31 December 2004.

### Financial Review

For the financial year under review, the Group recorded a profit before taxation of RM21.2 million on a turnover of RM269 million compared to a profit before taxation of RM18.9 million on a turnover of RM226.9 million achieved in 2003. The increase in turnover was mainly contributed from the Travel & Car Rental and the Machinery divisions.

In respect of profitability, the Group registered an increase in profit before taxation of 12% compared to last financial year. This was a reflection of the improved performance of all the three core divisions in 2004.

### Dividends

An interim dividend of 3% tax exempt per share amounting to RM2,016,000 was paid on 18 September 2004.

The Board of Directors has recommended for your approval payment of a final dividend of 4% tax exempt per share amounting to RM2,688,000 for the financial year ended 31 December 2004.

## Perutusan Pengerusi

*Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Warisan TC Holdings Berhad bagi tahun kewangan berakhir 31 Disember 2004.*

### Tinjauan Kewangan

*Kumpulan telah mencatatkan keuntungan sebelum cukai sebanyak RM21.2 juta atas pendapatan sebanyak RM269 juta berbanding keuntungan sebelum cukai sebanyak RM18.9 juta atas pendapatan sebanyak RM226.9 juta yang dicapai pada tahun 2003. Peningkatan di dalam pendapatan sebahagian besarnya disumbangkan oleh Bahagian Pelancongan dan Penyewaan Kereta dan Bahagian Kejenteraan.*

*Dari segi keuntungan, Kumpulan mencatatkan peningkatan keuntungan sebelum cukai sebanyak 13% berbanding tahun kewangan yang sebelumnya. Ini mencerminkan peningkatan prestasi bagi kesemua bahagian teras pada tahun 2004.*

### Dividen

*Dividen pertengahan sebanyak 3% sesaham yang bebas cukai berjumlah RM2,016,000 telah dibayar pada 18 September 2004.*

*Lembaga Pengarah telah mencadangkan pembayaran dividen akhir sebanyak 4% sesaham yang dikecualikan dari cukai berjumlah RM2,688,000 bagi tahun kewangan yang berakhir pada 31 Disember 2004.*



Power  
your  
skin



### Review of Operations

For the financial year ended 31 December 2004, the Group continued to operate with its 3 core divisions, namely Consumer Products, Travel & Car Rental and Machinery.

### Consumer Products

Tung Pao Sdn Bhd ("Tung Pao") launched the Shiseido new concept counters and installed the Skin Visiom II (Shiseido's skin analyzer) in a number of key stores. These investments, together with new product launches in the whitening, anti-aging and men's skincare segments, have enabled the business to attract and retain customers, thereby contributing to higher revenue growth of the Shiseido brand and consequently to the Group revenue.

Consistent with the multi-brand and multi-channel strategy, Tung Pao launched "PURE & MILD", a new brand in the self-selection market segment during the year.

### Tinjauan Operasi

Bagi tahun kewangan berakhir 31 Disember 2004, Kumpulan terus beroperasi dengan 3 bahagian utamanya, iaitu Barangan Pengguna, Pelancongan & Penyewaan Kereta dan Kejenteraan.

### Barangan Pengguna

Tung Pao Sdn Bhd ("Tung Pao") telah melancarkan kaunter berkonsep baru dan memasang Skin Visiom II (penganalisa kulit Shiseido) di beberapa gedung membeli belah utama. Pelaburan ini, bersama-sama dengan pelancaran produk baru pemutihan, anti-penuaan dan segmen penjagaan kulit lelaki, telah membolehkan penarikan dan pengkalan pelanggan, dengan ini menyumbang kepada pertumbuhan pendapatan yang lebih tinggi bagi jenama Shiseido dan seterusnya pendapatan Kumpulan.

Sejajar dengan strategi pelbagai jenama dan saluran, Tung Pao telah melancarkan "PURE & MILD", satu jenama di dalam segmen pasaran pilihan sendiri pada tahun tersebut.





Shiseido Professional continues to enjoy healthy growth in the professional hair salon market with its high quality treatment products and the relaunch of the popular US Senscience range.

*Shiseido Professional terus menikmati pertumbuhan yang sihat dalam pasaran salon rambut profesional dengan produk rawatan yang berkualiti tinggi dan pelancaran semula pilihan popular US Senscience.*

Wacoal Malaysia Sdn Bhd continues to undertake the business strategies of focusing on building strong market presence, distributing improved merchandise range and upgrading Wacoal counters' image. With all these, the Wacoal undergarments and lingerie line is expected to grow and remain competitive in the local market.

*Wacoal Malaysia Sdn Bhd terus menjalankan strategi perniagaan yang menumpukan pembinaan kehadiran yang kukuh di dalam pasaran, pengedaran pilihan barangan niaga yang lebih baik serta meningkatkan imej kaunter Wacoal. Dengan usaha ini, pilihan pakaian dalam dan pakaian dalam wanita dijangka berkembang dan mengekalkan saingan di pasaran tempatan.*

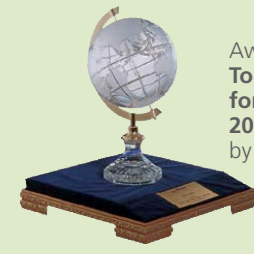


# Mayflower

We create and deliver delightful travel experiences for our customers



Awarded  
**The Best Inbound  
Tour Operator**  
for 2001/2002  
by Tourism Malaysia



Awarded  
**Top Agent in Malaysia**  
for 2001/2002,  
2002/2003, 2003/2004  
by Malaysian Airlines



[www.mayflower.com.my](http://www.mayflower.com.my)





#### Travel & Car Rental

With the intensive promotion carried out by the Ministry of Tourism in promoting Malaysia as a safe destination to visit, the year 2004 was a fruitful year for the division. Total influx of tourists increased by approximately 42% in 2004 compared to 2003. This certainly had a positive impact on the inbound sector which contributed significantly to the division.

Mayflower Acme Tours Sdn Bhd ("Mayflower") actively participated in the tourism activities in 2004. Mayflower took part in the road shows and inaugural flights organised by Malaysia Tourism Promotion Board and MAS respectively for the purpose of exploring new revenue stream. In addition, a department to focus on golf tourism was set up by Mayflower in the last quarter of 2004 to embark on sports tourism for 2005. There were also new tour counters set up at Holiday Inn Penang and Sutera Harbour to expand businesses in the Northern and East Malaysian regions.

#### Pelancongan & Penyewaan Kereta

*Dengan promosi intensif yang telah dijalankan oleh Kementerian Pelancongan untuk menggalakkan Malaysia sebagai destinasi yang selamat untuk dilawati, tahun 2004 merupakan tahun yang berhasil bagi bahagian ini. Jumlah kedatangan pelancong meningkat lebih kurang 42% pada 2004 berbanding dengan 2003. Ini pasti memberikan kesan yang positif terhadap sektor pelancongan dan memberikan sumbangan besar kepada bahagian ini.*

*Mayflower Acme Tours Sdn Bhd ("Mayflower") menyertai secara aktif dalam aktiviti-aktiviti pelancongan pada 2004. Mayflower mengambil bahagian di dalam persembahan sewaktu kunjungan dan penerbangan sulung yang dianjurkan oleh Lembaga Promosi Pelancongan Malaysia dan MAS yang masing-masing bertujuan untuk mencari aliran pendapatan yang baru. Tambahan pula, satu jabatan yang menumpukan pelancongan sukan golf ditubuhkan oleh Mayflower pada suku akhir 2004 untuk meningkatkan usaha dalam sukan pelancongan pada tahun 2005. Terdapat juga kaunter-kaunter pelancongan yang baru di Holiday Inn Pulau Pinang dan Sutera Harbour untuk mengembangkan perniagaan di kawasan Utara dan Timur Malaysia.*

Consistent with the prior year's strategy, continuous effort was put in to expand the car rental business. Total fleet size increased by approximately 36% in 2004 compared to 2003 and this was in line with the growth in fleet management solutions to the corporate sector. In order to further enhance the publicity of "Mayflower Car Rental", a new counter was set up at KL Sentral in August 2004.

The ticketing business under Mayflower American Express Travel Services Sdn Bhd ("MAE") performed well and recorded an increase in revenue of approximately 40% in 2004 compared to 2003. MAE was awarded MAS Top Agent for FY2003/04 for the third consecutive year and Abacus Top Agent for FY2003/04.

*Sejajar dengan strategi tahun sebelumnya, usaha berterusan telah dijalankan untuk mengembangkan perniagaan penyewaan kereta. Jumlah kenderaan telah bertambah lebih kurang 36% pada 2004 berbanding 2003 dan ini sejajar dengan pertumbuhan di dalam penyelesaian pengurusan kenderaan kepada sektor korporat. Untuk meningkatkan lagi publisiti "Penyewaan Kereta Mayflower", satu kaunter baru telah dibina di KL Sentral dalam bulan Ogos 2004.*

*Perniagaan tiket di bawah Mayflower American Express Travel Services Sdn Bhd ("MAE") berjalan dengan baik dan mencatatkan peningkatan di dalam pendapatan sebanyak 40% pada 2004 berbanding 2003. MAE telah diberikan anugerah Ejen Terbaik Bagi Tahun 2003/2004 untuk kali ketiga berturut-turut dan Ejen Terbaik Abacus Bagi Tahun 2003/2004.*



Powerful equipment to fulfill your needs



### Machinery

The machinery division reported healthy sales growth in 2004 on the back of strong contribution from all departments including forklift rental despite stiff competition encountered for the year. The division's products, in particular, the Nissan forklift continued to enjoy good demand and strong market presence. In view of the strong demand from the manufacturing sector, the fleet size for forklift rental was further expanded by approximately 26% compared to 2003.

The division is constantly seeking new opportunities to expand its generator sets business which is one of its areas of core competence. In 2004, TCIM Sdn Bhd entered into a joint venture agreement with a Singaporean business partner Esasia Engineering Pte Ltd for the purpose of streamlining and expanding the generator sets business. A joint venture company was set up, namely TCIM Esasia Sdn Bhd to focus on this line of business. The said joint venture is expected to contribute positively to the Group.

### Kejenteraan

*Bahagian kejenteraan mencatatkan pertumbuhan jualan yang baik pada 2004 disokong dengan sumbangan daripada semua bahagian termasuklah penyewaan trak angkat susun ("forklift") walaupun menghadapi persaingan dalam tahun tersebut. Produk bahagian ini, terutamanya, trak angkat susun Nissan terus menikmati permintaan yang tinggi dalam pasaran yang kukuh. Memandangkan permintaan yang tinggi daripada sektor pembuatan, jumlah kenderaan trak angkat susun untuk penyewaan telah ditambah lagi sebanyak 26% berbanding 2003.*

*Bahagian ini sentiasa mencari peluang baru untuk mengembangkan perniagaan set penjana ("generator set") yang merupakan salah satu bidang teras kepakarannya. Pada tahun 2004 TCIM Sdn Bhd telah menandatangani perjanjian usaha sama dengan rakan perniagaan Esasia Engineering Pte Ltd dari Singapura untuk tujuan memperkemas dan memperkembangkan perniagaan set penjana. Sebuah syarikat usaha sama telah ditubuhkan iaitu TCIM Esasia Sdn Bhd untuk menumpukan perniagaan di dalam bidang ini. Usaha sama tersebut dijangka memberi sumbangan yang memberangsangkan kepada Kumpulan.*



### Current Year Prospects

The Group remains committed to focus on its core businesses. At the same time, we are constantly seeking opportunities for diversification of businesses to enhance the long term performance of the Group.

The Group has always been operating in highly competitive industries. This will not be a deterrent to us. We are prepared to face continuing competition and margin pressure. With prudent management and effective controls in place, we cautiously anticipate financial year 2005's profitability would be above last financial year, barring any unforeseen circumstances.

### Acknowledgement

On behalf of the Board, I would like to take this opportunity to thank all our shareholders, valued customers, business associates and financiers for their continued support to the Group. I would like to record our appreciation to the management team and employees for their dedication and commitment.

Lastly, I would like to thank my fellow Board members for their invaluable contribution to the Group.

### Prospek Tahun Semasa

*Kumpulan tetap bertanggungjawab menumpukan perhatian terhadap perniagaan terasnya. Pada masa yang sama, kami sentiasa mencari peluang bagi mempelbagaikan perniagaan dalam meningkatkan prestasi jangka panjang Kumpulan.*

*Kumpulan sentiasa beroperasi dalam industri yang persaingan tinggi. Ini tidak akan menjadi halangan kepada kami. Kami bersedia untuk menghadapi persaingan dan tekanan margin yang berterusan. Dengan pengurusan yang cermat dan kawalan berkesan yang tersedia ada, kami meramalkan secara berhati-hati keuntungan bagi tahun kewangan 2005 akan melebihi tahun kewangan yang terdahulu, jika tiada perkara yang tidak dijangkakan berlaku.*

### Penghargaan

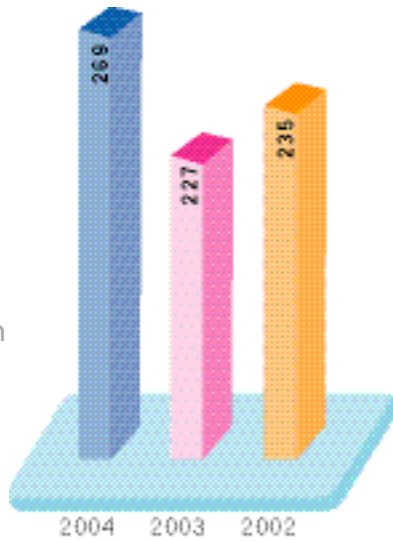
*Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada para pemegang saham, pelanggan yang dihargai, sekutu perniagaan dan ahli kewangan di atas sokongan mereka yang berterusan kepada Kumpulan. Saya ingin merakamkan penghargaan kepada pihak pengurusan dan kakitangan terhadap dedikasi dan komitmen mereka.*

*Akhir sekali saya ingin mengucapkan terima kasih kepada ahli Lembaga Pengarah di atas sumbangan yang tidak ternilai kepada Kumpulan.*

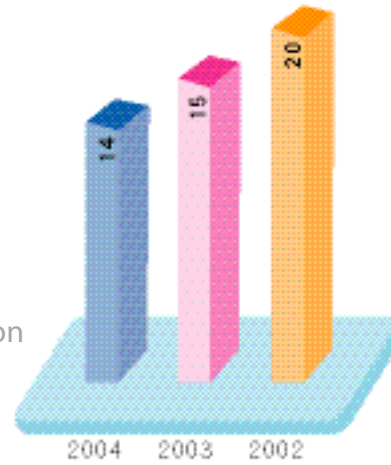
Dato' Tan Heng Chew JP, DJMK  
Chairman / Pengerusi  
Kuala Lumpur  
31 March 2005

## Financial Charts

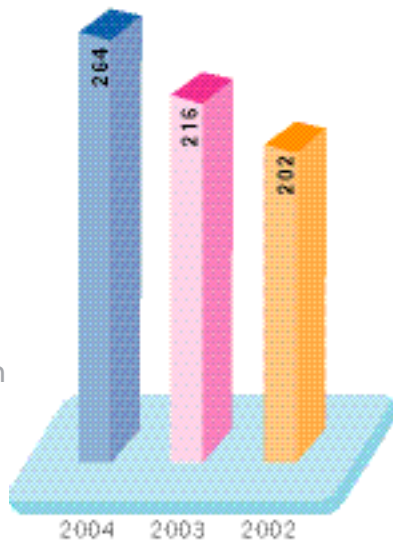
**REVENUE**  
RM Million



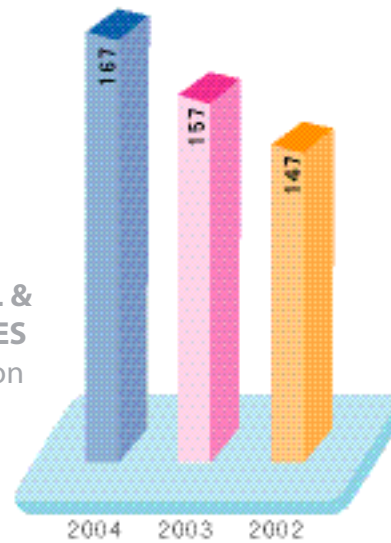
**PROFIT AFTER TAX**  
RM Million



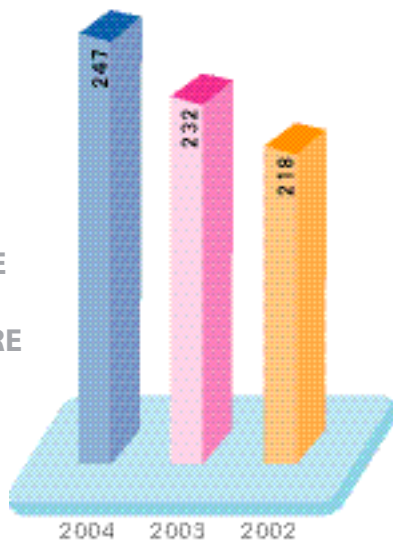
**TOTAL ASSETS**  
RM Million



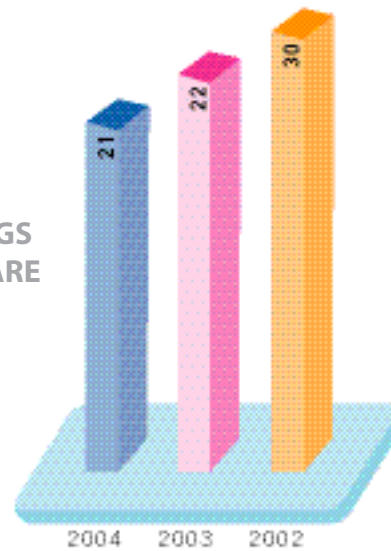
**CAPITAL & RESERVES**  
RM Million



**NET TANGIBLE ASSETS PER SHARE**  
Sen



**EARNINGS PER SHARE**  
Sen





## Other Information

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## Profile of the Board of Directors

### **Dato' Tan Heng Chew, JP, DJMK**

59, a Malaysian, is a Non-Executive and Non-Independent Director and the Chairman of Warisan TC Holdings Berhad. He was the first director of the Company when it was incorporated on 26 March 1997.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Motor Holdings Berhad Group of companies in 1970 and was instrumental in the establishment of its Autoparts Division in the 1970s and early 1980s. Dato' Tan sits on the Board of Tan Chong Motor Holdings Berhad as Executive Deputy Chairman and also is the Chairman of APM Automotive Holdings Berhad.

He is a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan does not have any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group with related parties involving himself.

Dato' Tan attended all the five board meetings held in 2004.

### **Yeoh Keong Lian**

50, a Malaysian, is an Executive Director. She was appointed to the Board on 20 March 2003.

Ms. Yeoh is a Fellow of the Association of Chartered Certified Accountants and holds a Diploma in Applied International Management. She served in various management capacities in the Tan Chong Motor Holdings Berhad Group for about 12 years before joining PK Electronic Industries Group in 1992 where she was the Senior Manager for about 3 years. Prior to this appointment, she was the Finance Director of Kimberly-Clark Corporation's Malaysia and Singapore operations.

Ms. Yeoh 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.

Ms. Yeoh attended all the five board meetings held in 2004.

### **Ngu Ew Look**

51, a Malaysian, is an Executive Director. He was appointed to the Board on 26 July 2002 and is a member of the Audit Committee. Mr. Ngu is a Fellow of the Association of Chartered Certified Accountants. He served the Tan Chong Motor Holdings Berhad Group in various financial and management positions over the last 24 years. He was an Accountant for the travel business and later became the Product Manager and subsequently promoted to General Manager of the industrial machinery business, both operations of which are now under the Warisan Group.

Since January 1999 and until his current appointment, he was the General Manager, in charge of the heavy commercial vehicles division of the Tan Chong Group and overseeing the heavy commercial vehicle business of the Tan Chong Group in East Malaysia. Mr. Ngu 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.

Mr. Ngu attended all the five board meetings held in 2004.

### **Dato' Haji Nadzam bin Haji Mohd Din, JP, DJMK, KMN, AMP**

62, a Malaysian, is a Non-Executive Non-Independent Director. He was appointed to the Board on 1 November 1999.

Dato' Haji Nadzam was in the Malaysian civil service and served as the Press Secretary for the Minister of Culture, Youth and Sport - 1972 to 1975; the Minister of Trade and Industry - 1975 to 1978 and the Minister of Law and Attorney General - 1978 to 1980. He has been the Head of the Public Affairs Department of the Tan Chong Motor Holdings Berhad Group since 1981.

Dato' Haji Nadzam 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 abstained from deliberation and voting in respect of transactions between the Group with related parties involving himself.

Dato' Haji Nadzam attended all the five board meetings held in 2004.

## Profile of the Board of Directors

### **Ismail bin Rautin Ibrahim**

70, a Malaysian, is an Independent and Non-Executive Director. He was appointed to the Board on 24 November 1999 and is a member of the Audit Committee.

Encik Ismail is a Fellow of the Institute of Commercial Management, United Kingdom and holds a Diploma in Entrepreneurial Management from Algonquin College, Canada. He joined the Royal Malaysia Police Force in 1954 and went on to join the Department of the Chief Government Security Officers in the Prime Minister's Department in 1967 and was appointed as its Chief in 1980. He subsequently opted for early retirement and went into his own business.

Encik Ismail 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.

Encik Ismail attended all the five board meetings held in 2004.

### **Dato' Lee Eng Guan, DPTJ, ANS**

59, a Malaysian, is a Non-Executive and Non-Independent Director. He was elected to the Board at the Annual General Meeting on 20 May 2003.

Dato' Lee has a Bachelor of Arts degree from the University of Queensland, Australia. He was the divisional director of the heavy machinery and equipment operations of the Tan Chong Motor Holdings Berhad ("TCMH") group until the re-structuring of TCMH, resulting in the emergence of the Company. Prior to joining TCMH, he was with the Inchcape Group and the Tractors Malaysia Group.

Dato' Lee 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.

Dato' Lee attended all the five board meetings held in 2004.

### **Seow Thiam Fatt**

64, a Malaysian, is an Independent and Non-Executive Director. He was appointed to the Board on 26 July 2002 and is the Chairman of the Audit Committee. He is also an Independent and Non-Executive Director of Tan Chong Motor Holdings Berhad, Affin Merchant Bank Berhad, ING Funds Berhad and a Non-Independent Non-Executive Director of Malaysian Pacific Corporation Berhad.

Mr. Seow, a Chartered Accountant, was admitted as a member of CPA Australia in 1963, the Institute of Chartered Secretaries and Administrators in 1964 and the Institute of Chartered Accountants in Australia in 1968. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA) since 1969. He is a past President of MICPA and also served four years as a government appointed independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE).

He has more than 20 years' professional experience as a practising accountant in the capacity of a Senior Partner of Larry Seow & Co./ Moores & Rowland and a Partner of Arthur Young. He diverted from professional practice in 1994 and thereafter held various senior positions in private and public companies. His work experience includes a two-year contract with the Securities Commission of Malaysia as General Manager of the Financial Reporting Surveillance and Compliance Department.

Mr. Seow 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.

Mr. Seow attended all the five board meetings held in 2004.

None of the directors had convictions for any offences within the past 10 years.

# Corporate Governance Statement

The Board of Directors (the “Board”) of Warisan TC Holdings Berhad recognises that the exercise of good corporate governance in conducting the business and affairs of the Company and the Group forms a fundamental part of discharging its responsibilities to protect shareholders’ value and to enhance the Group’s performance. Therefore, it is the policy of the Board to manage the business and affairs of the Group in accordance with the appropriate standards for good corporate governance.

In line with the Bursa Malaysia Securities Berhad (“BMSB”)’s Listing Requirements, the Board wishes to report on the manner the Group has applied the principles and the extent of compliance with the best practices set out in the Malaysian Code on Corporate Governance (the “Code”).

## A: DIRECTORS

### I The Board

The Board is entrusted with the responsibility in leading and directing the Group towards realising long term shareholders’ values. The Board retains full and effective control of the Group’s strategic plans, overseeing the conduct of the Groups’ businesses, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Company’s system of internal control.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. In 2004, the Board held five (5) Board Meetings. In every Board Meeting, there is a schedule of matters reserved for the Board’s decision and apart from the broad policy making decisions, these matters include the approval of annual and interim results, annual business plans and budgets, significant acquisitions and disposals, material agreements, major capital expenditures, senior executive appointments and significant corporate matters. Other matters are delegated to Board Committees, officers and the management.

### II Board Balance

The Board currently has seven (7) members comprising the Chairman, two (2) Executive Directors and four (4) Non-Executive Directors, two (2) of whom are Independent Directors. This Board membership meets the requirement of at least one third being Independent Non-Executive Directors.

The Board collectively has a diverse background in business and financial experience and skills vital for the continued progress and success of the Group. The profiles of the Board members are set out on pages 16 to 17.

### III Supply of Information

All Board and Committee meetings held were preceded with formal agenda issued by the Company Secretary. The agenda was accompanied by the minutes of previous meetings, relevant documents for deliberations and reports on current trading and business issues, periodic financial reports and proposal papers from the management as and when required.

The Board has approved an agreed procedure for Directors to take independent professional advice at the Company’s expense.

The Directors have direct access to the advice and the services of the Company Secretary who is responsible for ensuring Board procedures are followed.

## Corporate Governance Statement

### IV Appointment to the Board

The Board is of the view that an assessment carried out by drawing upon the wealth of experience of all the Directors on the Board would be more effective and therefore a Nomination Committee is currently not required. Consequently, this role will be performed by the Board as a whole when necessary and as appropriate.

It is an essential part of the Board policy that Directors receive training and update from time to time, particularly on relevant new laws and regulations and changing commercial risks.

### V Re-election

The names of the Directors at the date of this Report, together with their profiles are set out on pages 16 to 17.

The Company's Articles of Association provide that at every Annual General Meeting of the Company, one-third of the Directors shall retire from office by rotation and that all Directors shall retire from office once at least in every three years, but shall be eligible for re-election at each Annual General Meeting.

Non-Executive Directors are not appointed for a specific term and are subject to election by shareholders at the next Annual General Meeting following their appointment, and to re-election in accordance with the Company's Articles of Association.

## B: DIRECTORS' REMUNERATION

The Board is of the view that existing remuneration guidelines formulated by drawing upon the wealth of experience of all the directors on the Board would be more effective and therefore a Remuneration Committee is currently not required. Consequently, this role will be performed by the Board as a whole when necessary and as appropriate. The remuneration policy of the Group essentially seeks to attract, retain and motivate all level of employees including Executive Directors to contribute positively towards the Group's performance.

The quantum of the annual performance bonus and increment for the employees of the Group is dependent on the operating results of the Group after taking into account the prevailing business conditions and takes into consideration the individual's performance. The same guidelines apply to the Executive Directors.

The aggregate remuneration of the Directors for the financial year ended 31 December 2004 is as follows:

	<b>Fees RM</b>	<b>Salaries &amp; Allowance RM</b>	<b>Bonus RM</b>	<b>Benefits-in kind RM</b>	<b>Total RM</b>
Executive Directors	-	607,194	206,483	27,100	840,777
Non-Executive Directors	87,000	13,700	-	-	100,700

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

<b>Range of remuneration</b>	<b>Executive</b>	<b>Non Executive</b>
50,000 and below	-	7
350,001 - 400,000	1	-
450,001 - 500,000	1	-

# Corporate Governance Statement

The remuneration of each of the Non-Executive Director is determined by the Board as a whole. Non-Executive Directors do not take part in discussions of their own remuneration.

## C: RELATIONS WITH SHAREHOLDERS

### I Dialogue between Companies and Investors

The Board acknowledges the need to communicate with shareholders on all material business matters affecting the Group. The Company will hold group and individual discussions with analysts, institutional shareholders and investment communities, at their request, with the view to foster greater understanding of the business of the Group. When appropriate, the Company will also conduct press conference to inform shareholders and investors of any material business developments of the Group. The Group's quarterly result announcements are available from the BMSB website and serve to keep the interested shareholders informed of the Group's progress from time to time.

### II The Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with the shareholders which allows the shareholders to have direct access to the Board. The shareholders are given the opportunity to raise questions or issues regarding the Company's performance or on any proposed resolutions. The shareholders attending the AGM are also advised of the number of proxy votes lodged and the outcome for each resolution.

The last AGM was held on Thursday, 20 May 2004 at 2:30pm at the Grand Ballroom, Grand Seasons Hotel, Kuala Lumpur. It was attended by registered shareholders, or their proxies or Corporate Representatives, representing 57% of the issued share capital. The Notice of Meeting was attached to the Annual Report sent to shareholders.

## D: ACCOUNTABILITY AND AUDIT

### I Financial Reporting

The Board aims to present a balanced and understandable assessment of the Company's and the Group's position and prospects to the shareholders, investors and regulatory authorities primarily through the annual report and quarterly financial statements.

### II Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control which would cover all aspects of the business including financial, operational and compliance controls. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system cannot totally eliminate risks and thus there can never be an absolute assurance that the Group will achieve its objectives or will there be no material loss arising thereon.

The system of internal control is embedded in the overall management processes and some of the key elements of the system may be described as the control environment and this is represented by the following:

1. Review and approval of annual business plan and budget of all major business units by the Board. These plans set out the key business objectives of the respective business units and the major risks and opportunities in the operations and ensuing action plans.
2. Regular review of the performance of business units by the Board which also assesses the impact of the changes in business and competitive environment.

## Corporate Governance Statement

3. Active participation by certain members of the Board in the day to day running of the major businesses and regular dialogues with the senior management of smaller business units.
4. Monthly financial reporting to the Holding Company.

There is an on-going process for identifying, evaluating and managing significant risks that would affect the business. Measures of internal control are enhanced through the internal audit function which provides assurance that the system of internal control functions as intended.

The internal control of the Group is further supported by an established organisation structure with reporting lines and appropriate limits of authority clearly set out for different purposes, decisions or commitments. The conduct of Executive Management Committee (EMC) will set the platform for the Group to lay down the authority limits that have been established to manage and control its businesses. Matters beyond the limits of authority are referred to the main Board for approval.

The above processes are also complemented by the Systems & Internal Audit Department. The Audit Committee approves plans for control reviews and deals with significant issues raised by the Systems & Internal Audit Department or the external auditors.

### III Audit Committee and Auditors

The Board has established an Audit Committee. The membership of this Committee, the terms of reference and its activities report are set out on pages 25 to 27.

### STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES IN CORPORATE GOVERNANCE

The Directors considered that for the financial year ended 31 December 2004, the Company had complied substantially with the Best Practices in Corporate Governance as set out under Part 2 of the Code, except for the formation of Nomination and Remuneration Committees.

### STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and their results for the financial year.

In preparing the financial statements for the year ended 31 December 2004, the Directors have:

1. adopted the appropriate accounting policies, which are consistently applied;
2. made judgments and estimates that are reasonable and prudent; and
3. ensured that the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965 are complied with.

The Directors have the responsibility for ensuring that the Company and the Group keep proper and adequate accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and to ensure that the financial statements comply with the requirements of the Companies Act, 1965. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## Statement on Internal Control

### Responsibility

The Board has overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Group's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. In pursuing these objectives, it can only provide reasonable but not absolute assurance against material misstatement or loss.

### Internal Control System

The key elements of the Group's internal control system are described as below:

- \* Defined lines of responsibility, delegation of authority, segregation of duties and information flow.
- \* The Executive Management Committee (EMC) which reviews high level policies as well as monitors the performance and profitability of business divisions.
- \* Internal policies and procedures have been established and documented.
- \* Business planning and budgeting process for business units with periodical monitoring of performance so that major variances are followed up and management action taken.
- \* Justification and approval process for major expenditures to ensure congruence with Company's strategic objectives.
- \* Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures and legislation whilst assessing the effectiveness of the Group's system of financial, compliance and operational control.



## Statement on Internal Control

### **Risk Management Framework**

The Board confirms that there is a continuous process to identify and manage the significant risks of the Group. Key risks relating to the Group's operations and strategic mission are addressed, evaluated and subsequently tabled and endorsed by the Board.

The key features of the risk management framework are as follows:

- \* Risk Management Committee, which is headed by an Executive Director and comprising key management personnel from respective business divisions, has been established. The Committee is entrusted with the responsibility to identify and communicate to the Board through the Audit Committee on the risk that the Group faces, their changes and management action plans to mitigate the risks.
- \* A Risk Management Oversight Policies and Procedures which outlines the risk management framework for the Group and offers practical guidance on risk management issues has been formed and presented to the Audit Committee for adoption.
- \* Updates on Corporate Risk Scorecards by the heads of business divisions with focus on operational risks. The database of all risks and controls in a form of risk scorecard is subject to review.

### **Internal Audit Function**

An in house internal audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Group's system of internal control. Internal audit appraises and contributes towards improving the Group's risk management and control system and reports to the Audit Committee on a quarterly basis.

The internal audit team is independent and has no involvement in the operation with the Group.

The Board is of the opinion that the system of internal control is adequate to achieve the Group's business objectives. During the year, there were no material losses caused by breakdown in internal control.

## Additional Compliance Information

In compliance with the Bursa Malaysia Securities Berhad's Listing Requirements, the following additional information is provided:

**i) Utilisation of Proceeds**

There were no proceeds arising from the corporate exercises during the financial year.

**(ii) Share Buybacks**

There were no share buybacks during the financial year.

**(iii) Warrant and Convertible Securities**

There were no warrants and convertible securities issued during the financial year.

**(iv) American Depository Receipt ("ADR") / Global Depository Receipt ("GDR")**

The Company did not sponsor any ADR or GDR Programme during the financial year.

**(v) Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

**(vi) Non-audit Fee**

The amount of non-audit fees paid by the Group to the external auditors during the financial year was amounted RM66,445.

**(vii) Variance in Results**

There were no variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on profit estimate, forecast or projection.

**(viii) Profit Guarantee**

The Company did not give any profit guarantee during the financial year.

**(ix) Material Contracts**

During the financial year, there were no:

- material contracts between the Company and its subsidiaries involving directors' or major shareholders' interests; and
- contract of loans between the Company and its subsidiaries involving directors' or major shareholders' interests.

**(x) Revaluation Policy**

The Company did not carry out any revaluation on landed properties during the financial year.

# Audit Committee Report

## COMPOSITION

Members of the Audit Committee, their respective designations and directorships are as follows:

Seow Thiam Fatt (Chairman, Independent Non-Executive)

Ismail bin Rautin Ibrahim (Member, Independent Non-Executive)

Ngu Ew Look (Member, Executive)

## TERMS OF REFERENCE

### Membership

The members of the Committee shall be appointed by the Board and shall consist of no less than three members, the majority of whom shall be independent non-executive directors.

No alternative director shall be appointed to the Committee.

At least one member of the Committee must be a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least 3 years working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act 1967 or is a member of one of the associations specified in Part II of the said Schedule.

The members of the Committee shall elect a chairman from amongst their number who shall be an independent director.

In the event of any vacancy in the Committee resulting in the non compliance of the Listing Requirements of Bursa Malaysia Securities Berhad, the vacancy must be filled within three months.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three years.

### Attendance at Meeting

The Heads of Finance and Internal Audit shall normally attend the meetings. The presence of a representative of the external auditors will be requested if required. Other officers may be invited to brief the Committee on issues that are incorporated into the agenda. The Company Secretary shall be the secretary of the Committee.

### Frequency of Meetings

The Committee shall meet at least four (4) times in a financial year with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. The Committee shall meet with the external auditors at least once a year without the executive board members present.

## Audit Committee Report

During the financial year ended 31 December 2004, the Committee held a total of five (5) meetings. The details of attendance of the Committee members were as follows:

<b>Committee Members</b>	<b>Attendance</b>
Seow Thiam Fatt	5/5
Ismail bin Rautin Ibrahim	5/5
Ngu Ew Look	5/5

### **Quorum**

The quorum for a meeting shall be two (2) members who are independent directors.

### **Authority**

The Committee shall have the authority to investigate any matter within its terms of reference and the resources which are required to perform its duties. The Committee shall have full and unrestricted access to both internal and external auditors and to all employees of the Group. The Committee may, with the approval of the Board, obtain independent professional or other advice, if necessary.

### **Duties**

The duties of the Committee include the following:

- \* To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal.
- \* To discuss with the external auditors the nature and scope of the audit, audit reports, evaluation of the system of internal controls and the extent of assistance rendered by employees of the auditee.
- \* To review the adequacy of the scope, functions and resources of the internal audit function.
- \* To review the internal audit programmes and results of the internal audit process and when necessary ensure that appropriate action is taken on recommendations of the internal audit function.
- \* To review any appraisal or assessment of the performance of the members of the internal audit function.
- \* To approve any appointment or termination of senior staff of the internal audit function.
- \* To ensure that internal auditors have unrestricted access to all activities, records, property and personnel necessary to perform their duties.
- \* To review the Risk Management Framework adopted within the Group annually and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a timely manner which results in minimizing losses and maximizing opportunities of the Group.
- \* To review the quarterly and year end financial statements of the Company, focusing on:
  - any changes in accounting policies and practices.
  - major judgmental areas.
  - significant audit adjustments from the audit.
  - the going concern assumption.
  - compliance with accounting standards and other legal requirements.
- \* To consider any related party transactions that may arise within the Company or Group.
- \* To consider the major findings of internal investigations and management's response.
- \* To consider other topics, as defined by the Board.

# Audit Committee Report

## **SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES**

In discharging its responsibilities for the financial year, the Committee, in particular:

- \* Reviewed the quarterly and year end financial statements and made recommendations to the Board.
- \* Deliberated over the internal audit and compliance reports.
- \* Reviewed and assisted in the development and implementation of sound and effective internal control and business system within the Group.
- \* Discussed and reviewed with the external auditors the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- \* Reviewed the Company's compliance with regards to the Listing Requirements of the Bursa Malaysia Securities Berhad and compliance with updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board.
- \* Reviewed the related party transactions of the Company and the Group to ensure that all such transactions are reflected in the annual report.
- \* Reviewed the key risks and their related control strategies of the Group.

## **INTERNAL AUDIT FUNCTION**

The Committee is supported by Systems and Internal Audit Department, which reports functionally to the Committee and is independent of the activities they audit.

During the financial year, the Systems and Internal Audit Department carried out, inter alia, the following activities:

- \* Formulated and agreed with the Committee on the audit plan, strategy and scope of work.
- \* Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- \* Analysed and assessed certain key business processes, report findings, and made recommendations to improve their effectiveness and efficiency.
- \* Other on going assurance and advisory work to the Board and management.

The Systems & Internal Audit Department also assists the Risk Management Committee to compile the key factors in identifying, evaluating and mitigating the risks of the Group.

## Shareholders' Statistics as at 29 April 2005

### SHARE CAPITAL

Authorised	:	RM100,000,000
Issued and Fully Paid-up	:	RM67,200,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary share

### ANALYSIS BY SIZE OF HOLDINGS as at 29 April 2005

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	2,902	27.20	141,338	0.21
100 - 1000	5,922	55.50	2,113,766	3.15
1,001 - 10,000	1,553	14.55	5,514,867	8.21
10,001 - 100,000	227	2.13	7,050,844	10.49
100,001 - 3,359,999	64	0.60	27,425,852	40.81
3,360,000 and above	2	0.02	24,953,333	37.13
<b>Total</b>	<b>10,670</b>	<b>100.00</b>	<b>67,200,000</b>	<b>100.00</b>

### DIRECTORS' SHAREHOLDING (as per Register of Directors' Shareholding)

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1. Dato' Tan Heng Chew	581,983	0.87	28,653,333	42.64*
2. Ngu Ew Look	10,000	0.01	-	-
3. Dato' Lee Eng Guan @ Lee Eng Yuan	8,000	0.01	-	-
4. Dato' Haji Nadzam bin Haji Mohd Din	95,000	0.14	-	-

\*Deemed interest by virtue of interest in Tan Chong Consolidated Sdn Bhd and Parasand Limited pursuant to Section 6A of the Companies Act, 1965.

### SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

Name	No. of Shares Held	%
1) Tan Chong Consolidated Sdn Bhd	15,213,333	22.64 *
2) Parasand Limited	13,440,000	20.00 *

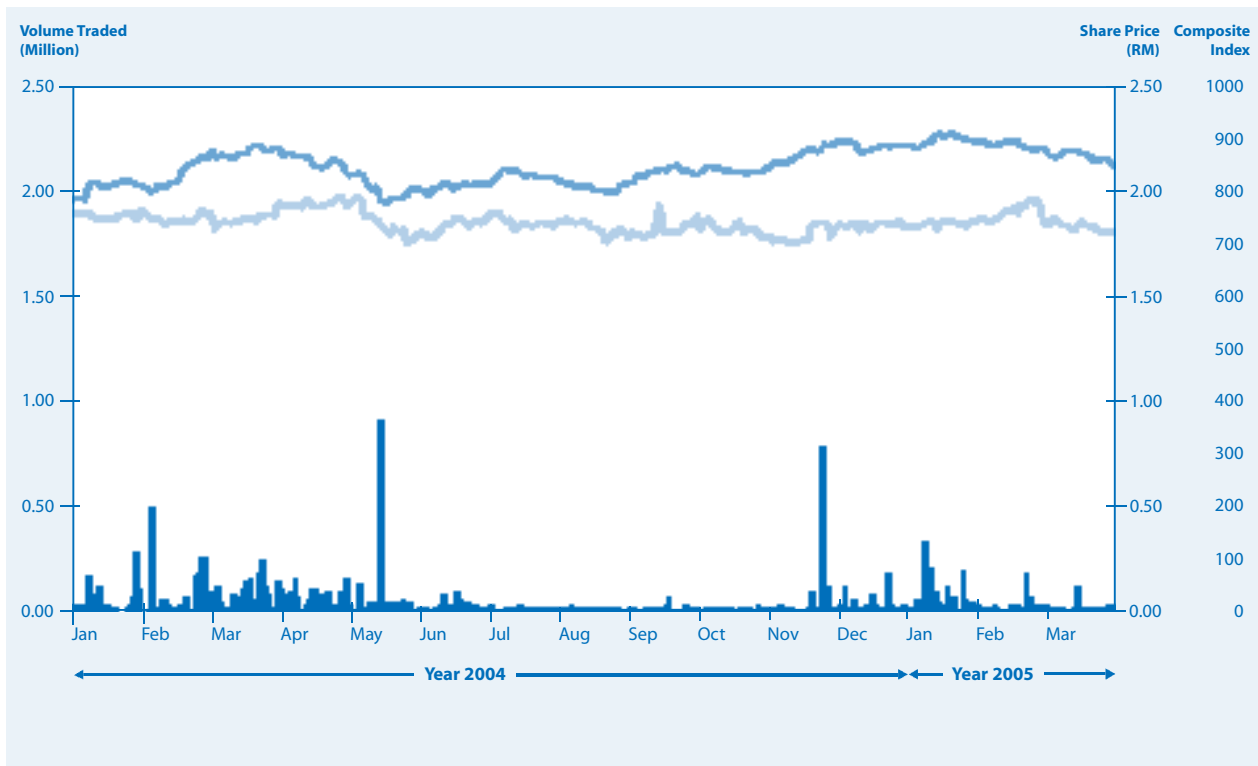
\* Dato' Tan Heng Chew, Mr. Tan Eng Soon, Dato' Tan Kim Hor, Dr. Tan Ban Leong, Mr. Tan Beng Keong, Mr. Tan Boon Pun, Mr. Tan Chee Keong, Mr. Tan Hoe Pin, Dr. Tan Kang Leong and Mr. Tan Kheng Leong are deemed interested in the shares held by Tan Chong Consolidated Sdn Bhd and Parasand Limited by virtue of Section 6A of the Companies Act, 1965, and consequently, are substantial shareholders of Warisan TC Holdings Berhad.

## Shareholders' Statistics as at 29 April 2005

### THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares Held	%
1. Parasand Limited	13,440,000	20.00
2. Tan Chong Consolidated Sdn Bhd	11,513,333	17.13
3. Mayban Nominees (Tempatan) Sdn Bhd <i>Tan Chong Consolidated Sdn Bhd (N14011984860)</i>	2,250,000	3.35
4. M & A Securities Sdn Bhd <i>IVT (B)</i>	1,719,900	2.56
5. Tan Boon Hui	1,481,600	2.20
6. HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Austral International Holdings Limited</i>	1,396,100	2.08
7. F.I.T Nominees (Asing) Sdn Bhd <i>Platinum Broking Co Ltd for Modern Dynasty Limited</i>	1,300,000	1.93
8. Key Development Sdn Berhad	1,130,000	1.68
9. HSBC Nominees (Asing) Sdn Bhd <i>Coutts BKVDN Ernst SG for Cyber Structure Ltd</i>	1,100,000	1.64
10. Cimsec Nominees (Tempatan) Sdn Bhd <i>Allied Investments Limited for Tan Chong Consolidated Sdn Bhd</i>	1,000,000	1.49
11. F.I.T Nominees (Asing) Sdn Bhd <i>Platinum Broking Co Ltd for Super Oriental Limited</i>	1,000,000	1.49
12. HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Drylon Holdings Limited</i>	1,000,000	1.49
13. HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Haveling Estates Limited</i>	900,000	1.34
14. Malaysian Assurance Alliance Berhad	899,000	1.34
15. HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Noble Pacific Mutual Fund Limited</i>	774,000	1.15
16. Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Khor Swee Wah @ Koh Bee Leng (Margin-MM1208)</i>	549,369	0.82
17. M & A Nominee (Asing) Sdn Bhd <i>Pedigree Limited</i>	484,000	0.72
18. AMMB Nominees (Tempatan) Sdn Bhd <i>Meridian Asset Management Sdn Bhd for Kumpulan Wang Amanah Pencen (1/184-8)</i>	460,000	0.68
19. Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Chong Consolidated Sdn Bhd (014011528927)</i>	450,000	0.67
20. Chinchoo Investment Sdn Berhad	369,000	0.55
21. HSBC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Kit Pheng</i>	368,500	0.55
22. Citicorp Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Hoi Seng @ Chew Hooi Seng (473592)</i>	333,000	0.50
23. Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Koh Bee Hoon (Margin-M1208B)</i>	330,000	0.49
24. Rengo Malay Estate Sendirian Berhad	330,000	0.49
25. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)</i>	328,500	0.49
26. Citicorp Nominees (Asing) Sdn Bhd <i>MLPFS for Hang Chooi Seng</i>	310,250	0.46
27. Yeo Khee Nam	310,000	0.46
28. AMMB Nominees (Tempatan) Sdn Bhd <i>Meridian Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd (1/154-6)</i>	299,100	0.45
29. Pacific & Orient Insurance Co Berhad	274,000	0.41
30. Citicorp Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Heng Chew (473963)</i>	271,900	0.40
<b>TOTAL</b>	<b>46,371,552</b>	<b>69.01</b>

# Shareholders' Statistics as at 29 April 2005



**Volume Traded**  
(number of shares traded for the day)

**Share Price**  
(closing price for the day)

**BMSB Composite Index**  
(closing index for the day)



## Group Properties

Location	Description	Land Area (sq. feet)	Built-up Area (sq. feet)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)
18 Jalan Segambut Pusat 51200 Kuala Lumpur	Office & vehicle storage yard	17,574	18,160	Leasehold 16.6.2067	1.78	28
9 Jalan Kemajuan (12/18) 46200 Petaling Jaya Selangor	Showroom, offices, workshop & warehouse	78,801	86,451	Leasehold 6.9.2065	8.75	22
Lot 9 Jalan Delima 1/1 Subang Hi Tech Industrial Park 40000 Shah Alam Selangor	Showroom, office, workshop & vehicle storage yard	98,349	53,766	Freehold	4.54	12
43 Jalan IMJ 3 Taman Industry Malim Jaya 75050 Melaka	Office and workshop	11,087	3,700	Leasehold 18.11.2095	0.38	8
19 Jalan Bertam 8 Taman Daya 81100 Johor Bahru Johor	Office and workshop	8,456	7,553	Freehold	0.68	12
1A Jalan Kemajuan 13/1 Section 13 46200 Petaling Jaya Selangor	Office and warehouse	94,596	33,900	Leasehold 10.6.2058	11.29	30
Lot 29 Jalan Delima 1/3 Subang Hi Tech Industrial Park 40000 Shah Alam Selangor	Showroom, office, workshop and vehicle storage yard	125,871	40,808	Freehold	7.93	12

## Directors' Report for the year ended 31 December 2004

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

### Principal Activities

The Company is principally engaged in investment holding and the provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 28 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### Results

	<b>Group RM'000</b>	<b>Company RM'000</b>
Net profit for the year	14,386	12,165

### Reserves and Provisions

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

### Dividends

Since the end of the previous financial year, the Company paid:

- (i) a final dividend of 3% tax exempt per share totalling RM 2,016,000 in respect of the year ended 31 December 2003 on 18 June 2004;
- (ii) an interim dividend of 3% tax exempt per share totalling RM 2,016,000 in respect of the year ended 31 December 2004 on 23 September 2004.

The final dividend recommended by the Directors in respect of the year ended 31 December 2004 is 4% tax exempt per share totaling RM2,688,000.

## Directors' Report for the year ended 31 December 2004

### Directors of the Company

Directors who served since the date of the last report are:

Dato' Tan Heng Chew  
 Dato' Haji Nadzam bin Haji Mohd Din  
 Ismail bin Rautin Ibrahim  
 Ngu Ew Look  
 Seow Thiam Fatt  
 Yeoh Keong Lian  
 Dato' Lee Eng Guan @ Lee Eng Yuan  
 Foo Kai Yuen (did not seek re-election at the Annual General Meeting held on 20.5.2004)

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2004
	At 1.1.2004	Bought	Sold	
<i>Shareholdings in which Directors have direct interests</i>				
Dato' Tan Heng Chew	151,083	266,000	-	417,083
Dato' Haji Nadzam bin Haji Mohd Din	95,000	-	-	95,000
Dato' Lee Eng Guan @ Lee Eng Yuan	8,000	-	-	8,000
Ngu Ew Look	-	10,000	-	10,000
<i>Shareholdings in which Directors have deemed interests</i>				
Dato' Tan Heng Chew	28,653,333	-	-	28,653,333

By virtue of the interests in the shares of the Company, Dato' Tan Heng Chew is deemed interested in the shares of the subsidiaries during the financial year to the extent that Warisan TC Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2004 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## Directors' Report for the year ended 31 December 2004

### Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and of related corporations or the fixed salaries of full time employees of the Company and of related corporations as shown in the financial statements of the Company and of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and rental income receivable and rental expense payable from/to companies in which the Directors have significant financial interests.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Issue of Shares

There were no changes in the issued and paid-up capital of the Company during the financial year.

### Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the year.

### Significant Event During the Year

During the year, a subsidiary ("TCIM") entered into a Joint Venture Agreement dated 15 December 2004 with Esasia Engineering Pte.Ltd. ("EE"), wherein the parties agreed to participate in the business of manufacturing, importation, marketing, distribution, provision of technical support and contract services in relation to products such as generator sets, engines and alternators through a joint venture company, TCIM Esasia Sdn. Bhd. ("TE"). The subscriber shares of RM2 in TE was fully acquired by TCIM.

### Significant Event Subsequent to Balance Sheet Date

On 11 January 2005, following the increase in issued and paid-up share capital in TE from RM2 to RM2,000,000, EE and TCIM had each subscribed for 600,000 and 1,399,998 new ordinary shares of RM1 each in TE which together with the two subscribers shares owned by TCIM, had resulted in EE and TCIM owning 30% and 70% respectively of the issued and paid up share capital in TE.

### Other Statutory Information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

## Directors' Report for the year ended 31 December 2004

### Other Statutory Information (continued)

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) 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, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2004 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

**Ngu Ew Look**

Kuala Lumpur,  
31 March 2005

**Yeoh Keong Lian**

## Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

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In the opinion of the Directors, the financial statements set out on pages 38 to 76 are, except for pages 41 to 42 which are expressed in USD equivalent, drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

**Ngu Ew Look**

**Yeoh Keong Lian**

Kuala Lumpur,  
31 March 2005

## Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

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I, Chua Tian Pang, the officer primarily responsible for the financial management of Warisan TC Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 76 are, except for pages 41 to 42 which are expressed in USD equivalent, to the best of my knowledge and belief, 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 Chua Tian Pang (MIA: 12361) in Kuala Lumpur on 31 March 2005.

Before me:

**Mohd Radzi bin Yasin**

No. W327

Commissioner for Oaths

*(Pesuruhjaya Sumpah)*

Kuala Lumpur

## Report of the Auditors to the members of Warisan TC Holdings Berhad

We have audited the financial statements set out on pages 38 to 76, except for pages 41 to 42 which are expressed in USD. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

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

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

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

**KPMG**

Firm Number: AF 0758  
Chartered Accountants

Kuala Lumpur,  
31 March 2005

**Jimmy Leow Min Fong**

Partner  
Approval Number: 595/03/06(J/PH)

## Balance Sheets at 31 December 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Property, plant and equipment</b>	2	<b>104,921</b>	63,782	<b>11,510</b>	290
<b>Investments in subsidiaries</b>	3	-	-	<b>72,478</b>	72,478
<b>Investment in jointly controlled entities</b>	4	<b>6,968</b>	6,305	<b>8,000</b>	8,000
<b>Deferred tax assets</b>	5	<b>470</b>	430	<b>161</b>	161
<b>Goodwill</b>	6	<b>694</b>	782	-	-
<b>Other investments</b>	7	<b>10</b>	10	-	-
<b>Long term lease receivables</b>	9	<b>2,343</b>	2,017	-	-
		<b>115,406</b>	73,326	<b>92,149</b>	80,929
<b>Current assets</b>					
Inventories	8	<b>41,102</b>	32,649	-	-
Trade and other receivables	9	<b>53,657</b>	50,481	<b>2,893</b>	1,567
Cash and cash equivalents	10	<b>54,210</b>	59,519	<b>35,502</b>	45,601
		<b>148,969</b>	142,649	<b>38,395</b>	47,168
<b>Current liabilities</b>					
Trade and other payables	11	<b>37,965</b>	33,490	<b>39,560</b>	45,301
Borrowings	13	<b>28,344</b>	16,379	-	-
Taxation		<b>3,104</b>	2,499	-	-
		<b>69,413</b>	52,368	<b>39,560</b>	45,301
<b>Net current assets/(liabilities)</b>		<b>79,556</b>	90,281	<b>(1,165)</b>	1,867
		<b>194,962</b>	163,607	<b>90,984</b>	82,796



## Balance Sheets at 31 December 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Share capital	14	67,200	67,200	67,200	67,200
Reserves	15	100,219	89,865	23,457	15,324
		<b>167,419</b>	157,065	<b>90,657</b>	82,524
<b>Long term and deferred liabilities</b>					
Deferred tax liabilities	5	6,862	5,305	-	-
Retirement benefits		1,497	1,237	327	272
Borrowings	13	19,184	-	-	-
		<b>27,543</b>	6,542	<b>327</b>	272
		<b>194,962</b>	163,607	<b>90,984</b>	82,796

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2005.

The notes set out on pages 48 to 76 form an integral part of, and should be read in conjunction with, these financial statements.

## Income Statements for the year ended 31 December 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Revenue</b>	16	<b>268,980</b>	226,900	<b>20,197</b>	17,835
<b>Operating profit</b>	16	<b>19,085</b>	17,217	<b>17,188</b>	14,695
Interest expense		(1,126)	(382)	(1,280)	(1,128)
Interest income		1,780	1,849	1,521	1,512
Share of profit of jointly controlled entities		1,457	242	-	-
<b>Profit before taxation</b>		<b>21,196</b>	18,926	<b>17,429</b>	15,079
Tax expense	18	(6,810)	(4,310)	(5,264)	(1,899)
<b>Net profit for the year</b>		<b>14,386</b>	14,616	<b>12,165</b>	13,180
Basic earnings per ordinary share (sen)	19	<b>21.4</b>	21.8		
Dividend per ordinary share - net (sen)					
- excluding proposed final dividend	20	<b>3.0</b>	3.0	<b>3.0</b>	3.0
- including proposed final dividend	20	<b>7.0</b>	6.0	<b>7.0</b>	6.0

The notes set out on pages 48 to 76 form an integral part of, and should be read in conjunction with, these financial statements.

## Consolidated Balance Sheets at 31 December 2004 (in USD equivalent)

	2004 USD'000	2003 USD'000
<b>Property, plant and equipment</b>	<b>27,611</b>	16,785
<b>Investment in jointly controlled entities</b>	<b>1,834</b>	1,659
<b>Deferred tax assets</b>	<b>124</b>	113
<b>Goodwill</b>	<b>183</b>	206
<b>Other investments</b>	<b>2</b>	2
<b>Long term lease receivable</b>	<b>616</b>	531
	<b>30,370</b>	19,296
<b>Current assets</b>		
Inventories	<b>10,816</b>	8,592
Trade and other receivables	<b>14,120</b>	13,284
Cash and cash equivalents	<b>14,266</b>	15,663
	<b>39,202</b>	37,539
<b>Current liabilities</b>		
Trade and other payables	<b>9,991</b>	8,813
Borrowings	<b>7,459</b>	4,310
Taxation	<b>817</b>	658
	<b>18,267</b>	13,781
<b>Net current assets</b>	<b>20,935</b>	23,758
	<b>51,305</b>	43,054
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	<b>17,684</b>	17,684
Reserves	<b>26,373</b>	23,648
	<b>44,057</b>	41,332
<b>Long term and deferred liabilities</b>		
Deferred taxation	<b>1,806</b>	1,396
Retirement benefits	<b>394</b>	326
Borrowings	<b>5,048</b>	-
	<b>7,248</b>	1,722
	<b>51,305</b>	43,054

The information presented on this page does not form part of the audited financial statements of the Group.

Figures for both 2004 and 2003 are converted into USD equivalent using the same exchange rate of RM3.80 = USD1.00, which approximates that prevailing on 31.12.2004.

## Consolidated Income Statements for the year ended 31 December 2004 (in USD equivalent)

	<b>2004</b>	<b>2003</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Revenue</b>	<b>70,784</b>	59,711
<b>Operating profit</b>	<b>5,022</b>	4,531
Interest expense	(296)	(101)
Interest income	468	486
Share of profit of jointly controlled entities	383	64
<b>Profit before taxation</b>	<b>5,577</b>	4,980
Tax expense	(1,792)	(1,134)
<b>Net profit for the year</b>	<b>3,785</b>	3,846
Basic earnings per ordinary share (US cents)	<b>5.6</b>	5.7
Dividends per ordinary share - net (US cents)		
- excluding proposed final dividend	<b>0.8</b>	0.8
- including proposed final dividend	<b>1.8</b>	1.6

*The information presented on this page does not form part of the audited financial statements of the Group. Figures for both 2004 and 2003 are converted into USD equivalent using the same exchange rate of RM3.80 = USD1.00, which approximates that prevailing on 31.12.2004.*

## Consolidated Statement of Changes in Equity for the year ended 31 December 2004

Group	Note	Share capital RM'000	Reserves			Sub-total RM'000	Total RM'000
			Capital reserve RM'000	Merger reserve RM'000	Retained profits RM'000		
<b>At 1 January 2003</b>		67,200	615	(41,614)	120,952	79,953	147,153
Net profit for the year		-	-	-	14,616	14,616	14,616
Dividend - 2002 final	20	-	-	-	(2,688)	(2,688)	(2,688)
- 2003 interim	20	-	-	-	(2,016)	(2,016)	(2,016)
<b>At 31 December 2003/ 1 January 2004</b>		67,200	615	(41,614)	130,864	89,865	157,065
Net profit for the year		-	-	-	14,386	14,386	14,386
Dividend - 2003 final	20	-	-	-	(2,016)	(2,016)	(2,016)
- 2004 interim	20	-	-	-	(2,016)	(2,016)	(2,016)
<b>At 31 December 2004</b>		<b>67,200</b>	<b>615</b>	<b>(41,614)</b>	<b>141,218</b>	<b>100,219</b>	<b>167,419</b>

Note 14

Note 15

## Statement of Changes in Equity for the year ended 31 December 2004

Company	Note	<i>Distributable</i>		Total RM'000
		Share capital RM'000	Retained profits RM'000	
<b>At 1 January 2003</b>		67,200	6,848	74,048
Net profit for the year		-	13,180	13,180
Dividend - 2002 final	20	-	(2,688)	(2,688)
- 2003 interim	20	-	(2,016)	(2,016)
<b>At 31 December 2003/1 January 2004</b>		67,200	15,324	82,524
Net profit for the year		-	12,165	12,165
Dividend - 2003 final	20	-	(2,016)	(2,016)
- 2004 interim	20	-	(2,016)	(2,016)
<b>At 31 December 2004</b>		<b>67,200</b>	<b>23,457</b>	<b>90,657</b>
		Note 14	Note 15	

The notes set out on pages 48 to 76 form an integral part of, and should be read in conjunction with, these financial statements.

## Cash Flow Statements for the year ended 31 December 2004

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	21,196	18,926	17,429	15,079
Adjustments for:				
Amortisation of goodwill	88	88	-	-
Dividend income	(2)	(11)	(19,370)	(16,994)
Depreciation	16,428	14,139	295	76
Gain on disposal of subsidiary's business	-	(2,375)	-	-
(Gain)/Loss on disposal of property, plant and equipment	(3,866)	(1,781)	-	3
Interest expense	1,126	382	1,280	1,128
Interest income	(1,780)	(1,849)	(1,521)	(1,512)
Loss on foreign exchange-unrealised	29	136	-	-
Provision for retirement benefits	399	189	55	11
Reversal of retirement benefits	(46)	(173)	-	-
Profit retained in jointly controlled entities	(1,457)	(242)	-	-
Operating profit/(loss) before working capital changes	32,115	27,429	(1,832)	(2,209)
Decrease/(Increase) in working capital:				
Inventories	(8,129)	1,408	-	-
Trade and other receivables	(4,061)	(1,706)	(1,326)	(765)
Trade and other payables	4,447	(938)	(5,741)	8,437
Provision for warranties	-	(1,330)	-	-
Cash generated from/(used in) operations	24,372	24,863	(8,899)	5,463
Income taxes paid	(3,659)	(5,693)	(5,264)	(1,892)
Interest paid	(1,126)	(382)	(1,280)	(1,128)
Interest received	1,780	1,849	1,521	1,512
Retirement benefits paid	(93)	(217)	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>21,274</b>	<b>20,420</b>	<b>(13,922)</b>	<b>3,955</b>

## Cash Flow Statements for the year ended 31 December 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of subsidiary	(ii)	-	(1,211)	-	-
Dividends received		2	11	19,370	16,994
Proceeds from disposal of property, plant and equipment		9,056	3,714	-	140
Purchase of property, plant and equipment		(62,757)	(26,830)	(11,515)	(327)
Investment in joint venture		-	(8,000)	-	(8,000)
Proceeds from disposal of subsidiary's business	(iii)	-	11,237	-	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(53,699)</b>	<b>(21,079)</b>	<b>7,855</b>	<b>8,807</b>
<b>Cash flows from financing activities</b>					
Dividends paid to shareholders of the Company		(4,032)	(4,704)	(4,032)	(4,704)
Proceeds from bills payable		88,319	46,403	-	-
Repayment of bills payable		(81,907)	(39,076)	-	-
Proceeds from term loan		26,000	-	-	-
Repayment of term loan		(1,264)	(125)	-	-
<b>Net cash generated from/(used in) financing activities</b>		<b>27,116</b>	<b>2,498</b>	<b>(4,032)</b>	<b>(4,704)</b>
Net (decrease)/increase in cash and cash equivalents		(5,309)	1,839	(10,099)	8,058
Cash and cash equivalents at beginning of year		59,519	57,680	45,601	37,543
Cash and cash equivalents at end of year	(i)	54,210	59,519	35,502	45,601
Notes to cash flow statement:					
<i>i) Cash and cash equivalents</i>					
Cash and bank balances		13,434	7,745	3,404	261
Deposits		40,776	51,774	32,098	45,340
		54,210	59,519	35,502	45,601



## Cash Flow Statements for the year ended 31 December 2004

Notes to cash flow statement (continued):

(ii) *Acquisition of assets and liabilities*

In 2003, the Group acquired Discovery Tours (Sabah) Sdn. Bhd. which had the following effect on the Group's assets and liabilities:

	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	-	420
Current assets	-	595
Current liabilities	-	(416)
	-	599
Goodwill on acquisition	-	870
	-	1,469
Purchase price paid	-	(258)
Cash acquired	-	-
Net cash outflow	-	1,211

(iii) *Disposal of assets and liabilities*

In 2003, the Group disposed of Tan Chong Apparels Sdn. Bhd.'s business to Wacoal Malaysia Sdn. Bhd., a jointly controlled entity. The disposal had the following effect on the Group's assets and liabilities as at 1 June 2003.

	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	-	57
Current assets	-	6,540
Current liabilities	-	(77)
Long term liabilities	-	(33)
Net assets acquired	-	6,487
Gain on disposal of business	-	4,750
Consideration received	-	11,237

The notes set out on pages 48 to 76 form an integral part of, and should be read in conjunction with, these financial statements.

# Notes to the Financial Statements

## 1. Summary of Significant Accounting Policies

The following accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years.

### (a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

### (b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries acquired from TCMH Group\* pursuant to an internal reorganisation are consolidated using the merger method of accounting. TC Beauty Services Sdn. Bhd. is consolidated using the acquisition method of accounting.

\* TCMH Group refers to companies in the Tan Chong Motor Holdings Berhad Group before the reorganisation and demerger of the Autoparts and Non-Motor Divisions of TCMH Group.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital and reserves of the merged subsidiaries is taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences).

Under the acquisition method of accounting, the results of a subsidiary acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair value of the subsidiary's net asset is determined and this value is reflected in the Group financial statements. The difference between the acquisition cost and the fair value of the subsidiary's net asset is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

### (c) Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1984 was carried out primarily for the purpose of issuing bonus shares then in certain subsidiaries and was not intended to effect a change in the accounting policy to one of revaluation of properties.

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### (c) Property, plant and equipment (continued)

In accordance with the transitional provisions issued by the MASB on the adoption of International Accounting Standard ("IAS") No. 16 (Revised) - "Property, Plant and Equipment", the valuation of these properties have not been updated and they continue to be stated at their existing carrying amounts less accumulated depreciation.

The Directors are of the opinion that the current market values of the revalued properties are not less than their net book values as at 31 December 2004.

#### *Depreciation*

Freehold land and capital work-in-progress are not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases which range from 54 to 800 years. Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period.

The straight-line method is used to write off the cost of the other property, plant and equipment over the term of their estimated useful lives at the following principal annual rates:

Plant, machinery, equipment and equipment for lease	15% - 20%
Furniture, fixtures, fittings and office equipment	10% - 50%
Motor vehicles, coaches and motor vehicles for lease	10% - 20%

#### (d) Impairment

The carrying amount of the Group's assets, other than inventories (refer Note 1(h)), deferred tax assets and financial assets (other than investments in subsidiaries and joint ventures), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### (e) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses (refer Note 1(d)).

Goodwill is amortised from the date of initial recognition over its estimated useful life of 10 years.

In respect of associates and jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the investment in the associate or jointly controlled entity.

#### (f) Investments

Long term investments, other than in subsidiaries and joint ventures, are stated at cost less impairment loss. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Investments in subsidiaries and joint ventures in the Company are stated at cost less impairment loss, where applicable.

#### (g) Joint venture

A joint venture is a contractual agreement whereby the Group and other parties have joint control over an economic entity.

In respect of its interest in the jointly controlled entity, the Group uses the equity method to account for its interest.

Unrealised profits or losses arising from transactions between the Group and its joint ventures are recognised only to the extent of that portion of the gain or loss which is attributable to the interests of the other venturer. Unrealised losses are recognised in full when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

#### (h) Inventories

Inventories are stated at the lower of cost and net realisable value.

Raw materials, work-in-progress, manufactured inventories, trading inventories and spare parts are determined mainly on the weighted average basis, while machinery and workshop inventories are determined on a specific identification basis.

Costs of work-in-progress and manufactured inventories consist of costs of raw materials, indirect materials, direct labour and an appropriate allocation of manufacturing overheads.

Costs of raw materials, trading inventories and machinery, spare parts and workshop inventories consist of purchase cost and all expenses incurred in bringing the inventories to their present location and condition.

#### (i) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

# Notes to the Financial Statements

## 1. Summary of Significant Accounting Policies (continued)

### (j) Lease receivables and leased assets

Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership other than legal title, are classified as lease receivables. The balance sheet amount represents the total minimum lease payments receivable less unearned income and prepaid rentals. Initial direct costs including legal fees and commissions are recognised immediately as expenses.

Assets leased to customers under agreements whereby substantially all risks and rewards associated with ownership are retained with the Group, are classified as leased assets. These leased assets are accounted for in accordance with the Group's policy on property, plant and equipment and depreciation as disclosed in Note 1(c) above.

### (k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

### (l) Retirement benefits

The Company operates an unfunded defined benefit scheme for qualifying employees who have completed a qualifying period of service. The benefits payable on retirement are based on a fixed percentage of the basic salaries of the employees less the statutory contributions to the Employees Provident Fund ("EPF"). A provision is made monthly for each employee regardless of whether the employee has completed the qualifying period of service. Should an employee leave before completing the qualifying period of service, the provision made for the employee is written back. An actuarial valuation is being conducted on the retirement benefits provision. In the opinion of the Directors the differences in amount estimated through an actuarial valuation as compared to the provision made in the balance sheet would not be material in relation to these financial statements. The Company has no obligation for the payment of retirement benefits beyond the amount provided.

### (m) Liabilities

Borrowings and trade and other payables are stated at cost.

### (n) Employee benefits

#### (i) Short term benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Company. 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 absences occur.

#### (ii) Defined contribution plans

Obligations for contributions to the statutory Employees Provident Fund is recognised as an expense in the income statement as incurred.

# Notes to the Financial Statements

## 1. Summary of Significant Accounting Policies (continued)

### (o) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

#### *Provision for warranties*

A provision for warranties is recognised when the underlying products or services are sold. It is based on historical warranty date and a weighting of all possible outcomes against the associated probabilities.

### (p) Derivative financial instruments

The Group uses forward foreign exchange contracts to hedge its exposure to foreign exchange risks arising from operational activities. Transaction costs related to the foreign exchange contracts are expensed to the income statement.

Foreign currency monetary items, which are hedged by forward foreign exchange contracts in respect of trade transactions, are reported using the rates of exchange specified in those contracts.

### (q) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### (r) Foreign currency

#### *(i) Foreign currency transactions*

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Except for monetary items which are hedged by forward exchange contracts (Note 1(p)), monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

## Notes to the Financial Statements

### 1. Summary of Significant Accounting Policies (continued)

#### (r) Foreign currency (continued)

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

1 USD	:	RM3.80	(2003-1 USD	:	RM3.80)
100 JPY	:	RM3.68	(2003-100 JPY	:	RM3.54)
1 EUR	:	RM5.15	(2003-1 EUR	:	RM4.75)

#### (ii) Financial statements of a subsidiary incorporated in Labuan

The Group's operations in Labuan, Warisan Captive Incorporated (Note 28), are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of the operations in Labuan, which are denominated in USD, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of the operations in Labuan are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity. The closing rate used to translate the financial statements of the Labuan operations is 1 USD: RM3.80 (2003 - 1 USD: RM3.80).

#### (s) Revenue

##### (i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

##### (ii) Services rendered

Revenue from services rendered is recognised in the income statement as and when the services are performed.

##### (iii) Operating lease and car hire income

Operating lease and car hire income are recognised in the income statement based on the value invoiced to customers during the year.

##### (iv) Finance lease income

Finance lease income is recognised in the income statement over the terms of the lease commencing from the month the lease is executed to give a constant periodic rate of interest over the remaining period of the lease receivable amount outstanding.

##### (v) Dividend income

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

#### (t) Interest income

Interest income from finance lease transactions is recognised based on the sum-of-digits method. Where an account becomes non-performing, interest income is suspended until it is realised on a cash basis. An account is classified as non-performing where repayments are in arrears for more than six months. Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

#### (u) Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred.

## Notes to the Financial Statements

### 2. Property, Plant and Equipment

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery, and equipment RM'000	Equipment for lease RM'000	Furniture, fixtures, and office equipment RM'000	Motor vehicles and coaches RM'000	Motor vehicles for lease RM'000	Boats, rafts and cabin RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group</b>											
<b>Cost/Valuation</b>											
Opening balance	2,421	6,957	15,147	1,578	29,766	15,022	30,449	11,750	187	188	113,465
Additions	5,428	10,200	3,979	22	14,482	1,650	15,441	11,536	19	-	62,757
Disposals	-	(1,600)	(71)	-	(5,833)	(1,074)	(8,903)	(53)	(102)	(188)	(17,824)
Transfer	-	-	-	-	-	-	61	(61)	-	-	-
Closing balance	7,849	15,557	19,055	1,600	38,415	15,598	37,048	23,172	104	-	158,398
<b>Representing items at:</b>											
Cost	7,849	10,200	9,504	1,600	38,415	15,598	37,048	23,172	104	-	143,490
Directors' valuation	-	5,357	9,551	-	-	-	-	-	-	-	14,908
Closing balance	7,849	15,557	19,055	1,600	38,415	15,598	37,048	23,172	104	-	158,398
<b>Accumulated depreciation</b>											
Opening balance	-	1,398	4,799	1,525	13,917	11,405	14,381	2,074	184	-	49,683
Charge for the year	-	260	411	33	6,563	1,352	5,109	2,698	2	-	16,428
Disposals	-	-	(41)	-	(4,921)	(1,066)	(6,495)	(8)	(103)	-	(12,634)
Transfer	-	-	-	-	-	-	(5)	5	-	-	-
Closing balance	-	1,658	5,169	1,558	15,559	11,691	12,990	4,769	83	-	53,477
<b>Net book value</b>											
At 31 December 2004	7,849	13,899	13,886	42	22,856	3,907	24,058	18,403	21	-	104,921
At 31 December 2003	2,421	5,559	10,348	53	15,849	3,617	16,068	9,676	3	188	63,782
Depreciation charge for the year ended 31 December 2003	-	71	281	34	5,018	1,837	5,423	1,291	184	-	14,139



## Notes to the Financial Statements

### 2. Property, plant and equipment (continued)

	Long term leasehold land RM'000	Building RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Company</b>					
<b>Cost</b>					
Opening balance	-	-	78	311	389
Additions	10,200	1,300	15	-	11,515
Closing balance	10,200	1,300	93	311	11,904
<b>Accumulated depreciation</b>					
Opening balance	-	-	37	62	99
Charge for the year	189	26	18	62	295
Closing balance	189	26	55	124	394
<b>Net book value</b>					
At 31 December 2004	<b>10,011</b>	<b>1,274</b>	<b>38</b>	<b>187</b>	<b>11,510</b>
At 31 December 2003	-	-	41	249	290
Depreciation charge for the year ended 31 December 2003	-	-	14	62	76

#### Revaluation

Certain land and buildings of the Group are stated at Directors' valuation based on professional valuations on the existing use basis conducted in 1984.

The net book value of the revalued properties had they been stated at cost less accumulated depreciation calculated on original cost as required by MASB 15-Property, Plant and Equipment is not shown as the records are not available since the revaluation was done in 1984.

## Notes to the Financial Statements

### 3. Investments in Subsidiaries

	<b>Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	<b>74,178</b>	74,178
Less: Impairment loss	<b>(1,700)</b>	(1,700)
	<b>72,478</b>	72,478

Details of the subsidiaries are shown in Note 28.

### 4. Investment in Jointly Controlled Entities

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	<b>8,210</b>	8,210
Share of post acquisition reserve	<b>1,133</b>	470
Less: Group share of gain on disposal of business to joint venture entity	<b>(2,375)</b>	(2,375)
	<b>6,968</b>	6,305

The Group's interest in the assets and liabilities, revenue and expenses of jointly controlled entities are as follows:

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Assets and liabilities</i></b>		
Long term assets	<b>1,074</b>	1,244
Current assets	<b>12,923</b>	11,577
Long term and deferred liabilities	<b>(84)</b>	(72)
Current liabilities	<b>(6,621)</b>	(6,127)
	<b>7,292</b>	6,622
Unrealised profit eliminated	<b>(324)</b>	(317)
	<b>6,968</b>	6,305
Net assets	<b>6,968</b>	6,305

## Notes to the Financial Statements

### 4. Investment in Jointly Controlled Entities (continued)

	Group	
	2004 RM'000	2003 RM'000
<b>Revenue and expenses</b>		
Income	165,695	117,038
Expenses	(164,238)	(116,796)
Profit before taxation	1,457	242
Tax expense (Note 18)	(470)	(329)
Net profit/(loss) for the year	987	(87)

Details of the jointly controlled entities are as follows:

Name	Principal activities	Country of incorporation	Proportion of effective ownership interest	
			2004 %	2003 %
Mayflower American Express Travel Services Sdn. Bhd.	Operation of inbound tours and provision of air ticketing services	Malaysia	70	70
Wacoal Malaysia Sdn. Bhd.	Distribution and sale of undergarments	Malaysia	50	50

#### Company

The Company's investments in jointly controlled entity represents cost of shares in Wacoal Malaysia Sdn. Bhd.

### 5. Deferred Tax

The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deferred tax assets	(470)	(430)	(161)	(161)
Deferred tax liabilities	6,862	5,305	-	-

## Notes to the Financial Statements

### 5. Deferred Tax (continued)

Deferred tax liabilities and assets are offset above where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Deferred tax assets</b>				
Provisions	(1,248)	(1,251)	(110)	(110)
Unabsorbed capital allowances	(2,311)	(952)	(68)	(68)
Unutilised tax losses	(11)	(14)	(4)	(4)
	<b>(3,570)</b>	<b>(2,217)</b>	<b>(182)</b>	<b>(182)</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment				
- capital allowance	8,570	5,677	21	21
- revaluation	1,392	1,415	-	-
	<b>9,962</b>	<b>7,092</b>	<b>21</b>	<b>21</b>

No deferred tax has been recognised for the following items:

	Group	
	2004 RM'000	2003 RM'000
Deductible temporary differences	13	13
Unabsorbed capital allowances	152	193
	<b>165</b>	<b>206</b>

The unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

## Notes to the Financial Statements

### 6. Goodwill

	Group	
	2004 RM'000	2003 RM'000
Goodwill at cost	870	870
Cumulative amortisation	(176)	(88)
	<b>694</b>	782

### 7. Other Investments

	Group	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	10	10

### 8. Inventories

	Group	
	2004 RM'000	2003 RM'000
Raw materials	2,499	1,214
Work-in-progress	177	111
Manufactured inventories	389	370
Trading inventories	31,891	25,746
Spare parts and workshop inventories	6,146	5,208
	<b>41,102</b>	32,649

The following inventories are carried at net realisable value:

Trading inventories	1,941	3,429
Spare parts and workshop inventories	1,659	2,935
	<b>3,600</b>	6,364

During the year, there was a reversal of inventories written down of RM450,000 (2003-RM1,677,038). The reversal was due to an increase in net realisable value as a result of improving prices for trading inventories.

## Notes to the Financial Statements

### 9. Trade and Other Receivables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	<b>46,667</b>	42,457	-	-
Less: Allowance for doubtful debts	<b>(2,936)</b>	(3,407)	-	-
	<b>43,731</b>	39,050	-	-
Lease receivables	<b>2,441</b>	2,585	-	-
Subsidiaries	-	-	<b>2,782</b>	1,520
Tax recoverable	<b>1,028</b>	1,584	-	-
Other receivables, deposits and prepayments	<b>6,457</b>	7,262	<b>111</b>	47
	<b>53,657</b>	50,481	<b>2,893</b>	1,567

During the year, bad debts of RM225,137 (2003 - RM18,680) were written off against the allowance for doubtful debts.

Lease receivables are receivable as follows:

Group	Lease payments	Interest	Principal	Lease payments	Interest	Principal
	2004 RM'000	2004 RM'000	2004 RM'000	2003 RM'000	2003 RM'000	2003 RM'000
Less than one year	<b>3,002</b>	<b>(561)</b>	<b>2,441</b>	3,087	(502)	2,585
Between one and three years	<b>2,778</b>	<b>(435)</b>	<b>2,343</b>	2,404	(387)	2,017
	<b>5,780</b>	<b>(996)</b>	<b>4,784</b>	5,491	(889)	4,602

The amounts due from subsidiaries are non-trade in nature, unsecured, have no fixed term of repayment and are interest free.

Included in other receivables, deposits and prepayments of the Group are advances made to related party for trade deposits of Nil (2003-RM794,000) and non trade balances of RM1,868,000 (2003-RM2,857,000) which is subject to interest rates ranging from 4% to 7% (2003-4% to 6.4%) per annum.

## Notes to the Financial Statements

### 10. Cash and Cash Equivalents

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash and bank balances	13,434	7,745	3,404	261
Deposits	40,776	51,774	32,098	45,340
	<b>54,210</b>	59,519	<b>35,502</b>	45,601
Deposits are placed with:				
Licensed banks	13,210	9,809	4,532	3,375
Licensed finance companies	2,062	4,365	2,062	4,365
Other corporations	25,504	37,600	25,504	37,600
	<b>40,776</b>	51,774	<b>32,098</b>	45,340

Deposits placed have an effective interest yield of 2.72% to 3.3% (2003-2.75% to 3.5%) per annum.

Included in deposits of the Company is an amount of RM29,903,367 (2003-RM35,631,187) placed on behalf of subsidiaries (Note 11). Interest earned on these deposits are passed back to these subsidiaries.

### 11. Trade and Other Payables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	20,709	21,808	-	-
Other payables and accrued expenses	17,256	11,682	348	322
Subsidiaries	-	-	39,212	44,979
	<b>37,965</b>	33,490	<b>39,560</b>	45,301

The amounts due to subsidiaries are non-trade in nature, unsecured, have no fixed terms of repayment and are interest free except for an amount of RM29,903,367 (2003-RM35,631,187) which are subject to interest of 2.72% to 3.3% (2003-2.75% to 3.5%) per annum (Note 10).

## Notes to the Financial Statements

### 12. Provision for Warranties

	Group	
	2004 RM'000	2003 RM'000
Balance at 1 January	-	1,330
Reversal/utilised during the year	-	(1,330)
Balance at 31 December	-	-

The provision for warranties relates to machinery sold. The provision is based on estimates made from historical warranty data and past claims.

### 13. Borrowings

	Group	
	2004 RM'000	2003 RM'000
<b>Current</b>		
Bills payable-unsecured	22,792	16,379
Term loan-unsecured	5,552	-
	<b>28,344</b>	16,379
<b>Non-current</b>		
Term loan-unsecured	19,184	-

#### Terms and debt repayment schedule

The bills payable of the Group is subject to interest at rates ranging from 2.7% to 3.14% (2003 - 3.0% to 3.15%) per annum. The bills payable is supported by a negative pledge over the current and future assets of a subsidiary.

The term loans of the Group are subject to interest at rates ranging from 4.6% to 5.2% per annum in the first three years and 5.2% to 5.75% per annum in the next two years.

	Total RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000
Unsecured term loan	24,736	5,552	6,838	12,346



## Notes to the Financial Statements

### 14. Share Capital

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Ordinary shares of RM1.00 each Authorised	<b>100,000</b>	100,000
Issued and fully paid	<b>67,200</b>	67,200

### 15. Reserves

#### *Company*

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank approximately RM23,457,000 (2003 - RM15,324,000) of its distributable reserves at 31 December 2004 if paid out as dividends.

### 16. Operating Profit

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
Sale of goods	<b>148,745</b>	139,477	-	-
Services rendered including hire income	<b>119,593</b>	86,977	<b>827</b>	841
Gross dividends	-	-	<b>19,370</b>	16,994
Lease interest income	<b>642</b>	446	-	-
	<b>268,980</b>	226,900	<b>20,197</b>	17,835
<b>Cost of sales</b>				
Sale of goods	<b>93,876</b>	89,196	-	-
Services rendered including hire services	<b>93,759</b>	57,789	-	-
	<b>187,635</b>	146,985	-	-
<b>Gross profit</b>	<b>81,345</b>	79,915	<b>20,197</b>	17,835
Distribution costs	<b>(49,448)</b>	(46,814)	-	-
Administration expenses	<b>(18,037)</b>	(19,462)	<b>(3,025)</b>	(3,112)
Other operating expenses	<b>(1,408)</b>	(2,665)	<b>(18)</b>	(28)
Other operating income	<b>6,633</b>	6,243	<b>34</b>	-
<b>Operating profit</b>	<b>19,085</b>	17,217	<b>17,188</b>	14,695

## Notes to the Financial Statements

### 16. Operating Profit (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Operating profit is arrived at after crediting:				
Gross dividends/tax exempt dividends from unquoted shares of:				
Subsidiaries				
- tax exempt dividends	-	-	570	10,238
- gross dividends	-	-	18,800	6,756
Investments	2	11	-	-
Bad debts recovered	13	54	-	-
Gain on disposal of property, plant and equipment	3,866	1,781	-	-
Gain on disposal of subsidiary's business	-	2,375	-	-
Gain on foreign exchange-realised	901	313	-	-
Management fees from subsidiaries	-	-	827	841
Rental income on land and buildings	962	699	34	-
Rental of equipment	11,087	10,092	-	-
Write back of allowance for doubtful debts	720	118	-	-
Write back of inventories written down	450	1,677	-	-
Write back of provision for retirement benefits	46	173	-	-
and after charging:				
Auditors' remuneration				
- current year	123	120	25	28
- (over)/under provision in prior year	(3)	(1)	1	(4)
Allowance for doubtful debts	474	1,229	-	-
Amortisation of goodwill	88	88	-	-
Bad debts written off	91	19	-	-
Company's Directors:				
Remuneration	827	740	827	740
Fees	87	90	87	90
Depreciation	16,428	14,139	295	76
Inventories written off	251	1,963	-	-
Management fees to a related party	136	132	136	132
Provision for retirement benefits	399	189	55	11
Provision for employee benefits	40	55	-	23
Provision for inventories	986	79	-	-

## Notes to the Financial Statements

### 16. Operating Profit (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
and after charging (continued):				
Rental expense on land and buildings	1,277	1,178	-	-
Rental of equipment	218	86	-	-
Loss on disposal of property, plant and equipment	-	-	-	3
Loss on foreign exchange - realised	277	91	-	-
- unrealised	29	136	-	-
Legal fees	185	533	185	533

The estimated monetary value of Directors' benefits-in-kind of the Group and of the Company are RM27,100 (2003-RM23,800) and RM27,100 (2003-RM23,800) respectively.

### 17. Employee Information

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Staff costs	33,549	33,174	1,481	1,280

The number of employees of the Group (including Directors) and of the Company (including Directors) at the end of the year was 1,177 (2003-1,100) and 12 (2003-10) respectively. Staff costs include contributions to the Employees' Provident Fund of the Group and the Company at the end of the year of RM3,071,345 (2003-RM3,009,186) and RM151,289 (2003-RM145,501) respectively.

## Notes to the Financial Statements

### 18. Tax Expense

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current tax expense				
Malaysian - current year	<b>4,334</b>	3,408	<b>5,264</b>	1,892
- prior year	<b>445</b>	156	-	-
Deferred tax expense				
- current year	<b>1,006</b>	440	-	7
- prior year	<b>534</b>	-	-	-
- revaluation reserve	<b>(23)</b>	(23)	-	-
Tax expense on share of profit of jointly controlled entities	<b>470</b>	329	-	-
Real property gain tax	<b>44</b>	-	-	-
	<b>6,810</b>	4,310	<b>5,264</b>	1,899
<b>Reconciliation of effective tax rate</b>				
Profit before taxation	<b>21,196</b>	18,926	<b>17,429</b>	15,079
Income tax using Malaysian tax rates	<b>5,477</b>	5,299	<b>4,880</b>	4,222
Non-deductible expenses	<b>815</b>	840	<b>214</b>	641
Tax exempt income	<b>(1,158)</b>	(1,947)	<b>(161)</b>	(3,182)
Crystallisation of revaluation reserve	<b>(23)</b>	(23)	-	-
Utilisation of unrecognised deferred tax assets	<b>(41)</b>	(536)	-	-
Jointly controlled entities	<b>470</b>	329	-	-
Other items	<b>374</b>	192	<b>331</b>	218
	<b>5,914</b>	4,154	<b>5,264</b>	1,899
Under provision in prior years	<b>852</b>	156	-	-
Real property gain tax	<b>44</b>	-	-	-
	<b>6,810</b>	4,310	<b>5,264</b>	1,899

### 19. Earnings Per Ordinary Share

#### Group

The calculation of basic earnings per share is based on the net profit attributable to shareholders of RM14,386,000 (2003-RM14,616,000) and the number of ordinary shares in issue during the year of 67,200,000 (2003-67,200,000).

## Notes to the Financial Statements

### 20. Dividends

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Ordinary		
Final:		
2003 final dividend of 3% tax exempt per share paid on 18 June 2004 (2002 final dividend - 4% tax exempt per share paid on 18 June 2003)	<b>2,016</b>	2,688
Interim:		
2004 interim dividend of 3% tax exempt per share paid on 23 September 2004 (2003 interim dividend- 3% tax exempt per share paid on 18 September 2003)	<b>2,016</b>	2,016
	<b>4,032</b>	4,704

#### ***Proposed final dividend for the financial year ended 31 December 2004***

The proposed final dividend for the year ended 31 December 2004 of 4% tax exempt per share totalling RM2,688,000 has not been accounted for in the financial statements of the Group and of the Company as at 31 December 2004.

#### ***Dividend per share***

The calculation of dividend per share is based on the net dividend declared and proposed for the financial year and the number of ordinary shares in issue during the year of 67,200,000 (2003-67,200,000).

### 21. Segmental Information

Segment information is presented in respect of the Group's business segments. Segment information by geographical location is not provided as the activities of the Group are located principally in Malaysia.

Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

#### ***Business Segments***

The Group comprises the following main business segments:

Consumer products	The manufacture and distribution of under-garments and distribution of cosmetics.
Travel and car rental	Operation of inbound and outbound tours, the hiring of cars and coaches and the sale of air tickets.
Machinery	The distribution and rental of industrial machinery and equipment.

## Notes to the Financial Statements

### 21. Segmental Information (continued)

	Consumer products		Travel and car rental		Machinery		Other operations		Eliminations		Consolidated	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
	(Restated)											
<b>Business Segments</b>												
Revenue from												
external customers	63,543	69,807	98,031	67,839	106,216	88,463	1,190	791	-	-	268,980	226,900
Inter-segment revenue	-	-	278	133	-	-	-	-	(278)	(133)	-	-
<b>Total revenue</b>	<b>63,543</b>	<b>69,807</b>	<b>98,309</b>	<b>67,972</b>	<b>106,216</b>	<b>88,463</b>	<b>1,190</b>	<b>791</b>	<b>(278)</b>	<b>(133)</b>	<b>268,980</b>	<b>226,900</b>
<b>Segment result</b>	<b>5,481</b>	<b>7,913</b>	<b>4,945</b>	<b>2,069</b>	<b>10,296</b>	<b>9,363</b>	<b>545</b>	<b>172</b>	<b>-</b>	<b>-</b>	<b>21,267</b>	<b>19,517</b>
Unallocated expenses											(2,182)	(2,300)
Operating profit											19,085	17,217
Interest expense											(1,126)	(382)
Interest income											1,780	1,849
Share of profit/(loss) of jointly controlled entities	39	(406)	1,418	648	-	-	-	-	-	-	1,457	242
Profit before taxation											21,196	18,926
Tax expense											(6,810)	(4,310)
<b>Net profit for the year</b>											<b>14,386</b>	<b>14,616</b>
<b>Segment assets</b>	<b>46,299</b>	<b>42,323</b>	<b>61,995</b>	<b>42,085</b>	<b>92,805</b>	<b>71,548</b>	<b>337</b>	<b>378</b>	<b>-</b>	<b>-</b>	<b>201,436</b>	<b>156,334</b>
Share of net assets in jointly controlled entities	4,562	4,951	2,406	1,354	-	-	-	-	-	-	6,968	6,305
Unallocated assets											55,971	53,336
<b>Total assets</b>											<b>264,375</b>	<b>215,975</b>
Segment liabilities	(12,260)	(11,475)	(11,688)	(8,651)	(14,756)	(13,922)	(83)	(65)	-	-	(38,787)	(34,113)
Unallocated liabilities											(58,169)	(24,797)
<b>Total liabilities</b>											<b>(96,956)</b>	<b>(58,910)</b>

## Notes to the Financial Statements

### 21. Segmental Information (continued)

	Consumer products		Travel and car rental		Machinery		Other operations		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Capital expenditure	929	1,864	27,181	15,055	23,132	9,584	-	-	-	-	51,242	26,503
Unallocated capital expenditure											11,515	327
<b>Total capital expenditure</b>											<b>62,757</b>	<b>26,830</b>
Depreciation and amortisation	(1,069)	(889)	(7,564)	(7,304)	(7,500)	(5,870)	-	-	-	-	(16,133)	(14,063)
Unallocated depreciation and amortisation											(295)	(76)
<b>Total depreciation and amortisation</b>											<b>(16,428)</b>	<b>(14,139)</b>
Non-cash expenses other than depreciation and amortisation	(318)	(2,126)	(260)	(130)	(356)	(152)	-	-	-	-	(934)	(2,408)
Unallocated non-cash expenses											(55)	(10)
<b>Total non-cash expenses</b>											<b>(989)</b>	<b>(2,418)</b>

### 22. Commitments

	Group	
	2004 RM'000	2003 RM'000
Capital commitments: Property, plant and equipment contracted but not provided for in the financial statements	3,079	6,506

## Notes to the Financial Statements

### 23. Financial Instruments

#### Financial risk management objectives and policies

Exposure to credit, interest rate and foreign currency risk arises in the normal course of the Group and the Company's business. Credit and foreign currency risk in relation to the Group's core business activities are managed by the respective operating units. The Group monitors the interest rate trend on an on going basis.

Forward exchange rate contracts are used to reduce exposure to fluctuations in foreign exchange rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

#### Credit risk

In respect of the operating units, credit policies that are specific to their respective industries are in place. Exposure to credit risk is monitored on an on going basis.

The Group and the Company also places a significant portion of their excess funds with licensed financial institutions. The management is of the view that credit risk exposure to licensed financial institutions is minimal.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of the receivables presented in the balance sheet.

#### Interest rate risk

The Group and the Company's exposure to interest rate risk mainly arises through its fixed deposits, bills payable and term loans. The Group adopt a policy of ensuring their exposure to changes in interest rates on term loan is on a fixed rate basis.

#### Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flow.

#### Foreign currency risk

The Group incurs foreign currency risk mainly on purchases that are denominated in Japanese Yen. The Group monitors its exchange exposure regularly and undertakes selective hedging whenever deemed necessary.

A subsidiary's financial statements are denominated in US Dollar. The Group is not exposed to foreign exchange risk arising from translation of the subsidiary's financial statements from US Dollar to Ringgit Malaysia given the current government's peg.



## Notes to the Financial Statements

### 23. Financial Instruments (continued)

#### *Effective interest rates and repricing analysis*

In respect of interest-earning financial assets and interest-bearing liabilities, the following table indicates their effective interest rates at the balance sheet date and the period they reprice or mature, whichever is earlier.

	Effective interest rate per annum %	2004			Effective interest rate per annum %	2003	
		Total RM'000	Within 1 year RM'000	1-5 years RM'000		Total RM'000	Within 1 year RM'000
<b>Group</b>							
<b>Financial assets</b>							
Fixed deposits	3.08	40,776	40,776	-	3.1	51,774	51,774
Amount due from related companies	6.0	1,868	1,868	-	6.4	2,857	2,857
<b>Financial liabilities</b>							
Bills payable	3.0	22,792	22,792	-	3.1	16,379	16,379
Term loan	5.2	24,736	5,552	19,184	-	-	-
<b>Company</b>							
<b>Financial asset</b>							
Fixed deposits	3.08	32,098	32,098	-	3.1	45,340	45,340
<b>Financial liability</b>							
Amount due to subsidiaries	3.08	29,903	29,903	-	3.1	35,631	35,631

#### **Fair values**

As at balance sheet date, the carrying amounts of trade and other receivables and trade and other payables approximate fair value due to the relatively short term nature of these financial instruments.

### 24. Related Parties

#### *Identity of related parties*

The Group and the Company have a controlling related party relationship with its subsidiaries and substantial shareholder of the Company, Tan Chong Consolidated Sdn. Bhd.

## Notes to the Financial Statements

### 24. Related Parties (continued)

#### Transactions and balances with related parties

- (i) Significant transactions and balances with Tan Chong Motor Holdings Berhad (“TCMH”) Group and APM Automotive Holdings Berhad (“APM”) Group, companies in which a Director of the holding company, namely Dato’Tan Heng Chew is deemed to have substantial financial interests are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<i>Transactions:</i>				
<i>With TCMH Group</i>				
Insurance expense	1,182	1,041	-	-
Interest expense	-	2	-	-
Interest income	-	(2)	-	-
Management fees	136	132	136	132
Purchase of property, plant and equipment	1,154	1,897	-	185
Purchases	1,748	1,471	-	-
Rental expense	194	303	-	-
Rental income	(697)	(669)	-	-
Sales	(9,854)	(5,629)	-	-
Sale of property, plant and equipment	(2,690)	-	-	-

	Group	
	2004 RM'000	2003 RM'000
<i>With APM Group</i>		
Purchases	214	74
Rental income of equipment	-	(31)
Sales	(2,323)	(1,010)

## Notes to the Financial Statements

### 24. Related Parties (continued)

- (ii) Significant transactions with jointly controlled entities other than those disclosed elsewhere in the financial statements are as follows:

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales	<b>(8,087)</b>	(3,945)
Interest income	<b>(116)</b>	(151)
Sale of business operation	-	(2,375)
Sale of investment	-	(49)
Sale of property, plant and equipment	-	(86)
Sale of inventories	-	(5,491)

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

- (iii) Significant transactions with related corporations other than those disclosed elsewhere in the financial statements are as follows:

	<b>Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Subsidiaries		
Gross dividend income	<b>(19,370)</b>	(16,994)
Management fee income	<b>(827)</b>	(841)
Interest expenses	<b>1,280</b>	1,128

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

### 25. Contingent Liability

In 2002, a former director of the Company together with a former director who served on the Board of certain subsidiaries claimed against the Company and the respective subsidiaries in relation to their non re-election as Directors of the subsidiaries. Their application for interim injunctions was dismissed with costs. The High Court has struck out their Writ and Statement of Claim on 19 July 2003. They have appealed to the Court of Appeal and at this stage, no hearing date has been fixed. Based on legal advice, the Directors of the Company are of the opinion that the claim is unlikely to succeed and will ultimately be dismissed with costs. No provision for damages needs to be made in the financial statements due to the unlikely success of the claim.

## Notes to the Financial Statements

### 26. Operating Leases

The Group leases out its equipment and motor vehicle for lease under operating lease arrangement. These assets are included under property, plant and equipment (Note 2). Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2004 RM'000	2003 RM'000
Less than one year	3,194	2,439
Between one and five years	1,359	1,358
	4,553	3,797

### 27. Significant Event During the Year

During the year, a subsidiary ("TCIM") entered into a Joint Venture Agreement dated 15 December 2004 with Esasia Engineering Pte. Ltd. ("EE"), wherein the parties agreed to participate in the business of manufacturing, importation, marketing, distribution, provision of technical support and contract services in relation to products such as generator sets, engines and alternators through a joint venture company, TCIM Esasia Sdn. Bhd. ("TE"). The subscriber shares of RM2 in TE was fully acquired by TCIM.

### 28. Companies in the Group

The principal activities of the subsidiaries in the Group, their places of incorporation and the interest of Warisan TC Holdings Berhad are shown below:

Name	Principal activities	Country of incorporation	Effective ownership interest	
			2004 %	2003 %
Tung Pao Sdn. Bhd.	Distribution and sale of cosmetics and consumer products	Malaysia	100	100
Tan Chong Apparels Sdn. Bhd.	Dormant	Malaysia	100	100
Tan Chong Apparels Manufacturer Sdn. Bhd.	Manufacture of under-garments	Malaysia	100	100

## Notes to the Financial Statements

### 28. Companies in the Group (continued)

Name	Principal activities	Country of incorporation	Effective ownership interest	
			2004 %	2003 %
TCIM Sdn. Bhd.	Distribution, sale and rental of material handling equipment, agriculture tractors, engines and construction equipment and parts	Malaysia	100	100
Jentrakel Sdn. Bhd.	Sale and rental of industrial machinery and equipment	Malaysia	100	100
TCIM Esasia Sdn Bhd (100% of equity is held by TCIM Sdn. Bhd.)	Manufacturing, distribution and sale of generator sets, engines, alternators and its related accessories	Malaysia	100	-
Mayflower Acme Tours Sdn. Bhd.	Operation of inbound and outbound tours, the hiring of cars and coaches and sale of air tickets	Malaysia	100	100
Discovery Tours (Sabah) Sdn. Bhd. (100% of equity is held by Mayflower Acme Tours Sdn. Bhd.)	Operation of inbound tours and sale of air tickets	Malaysia	100	100
Warisan Captive Incorporated	Underwriting of captive insurance business	Labuan, Malaysia	100	100
TC Beauty Services Sdn. Bhd. (100% of equity is held by Tung Pao Sdn. Bhd.)	Rental of salon equipment	Malaysia	100	100
Belize Holdings Sdn. Bhd.	Investment holding	Malaysia	100	100
Comit Communications Technologies (M) Sdn. Bhd.	Dormant	Malaysia	100	100

## Notes to the Financial Statements

### 28. Companies in the Group (continued)

Name	Principal activities	Country of incorporation	Effective ownership interest	
			2004 %	2003 %
Comit Phone (Malaysia) Sdn. Bhd.	Dormant	Malaysia	100	100
Telechoice Communication Sdn. Bhd.	Dormant	Malaysia	100	100
Angka-Tan Machinery Sdn. Bhd.	Dormant	Malaysia	100	100

### 29. Significant Event Subsequent to Balance Sheet Date

On 11 January 2005, following the increase in issued and paid-up share capital in TE from RM2 to RM2,000,000, EE and TCIM had each subscribed for 600,000 and 1,399,998 new ordinary shares of RM1 each in TE which together with the two subscribers shares owned by TCIM, had resulted in EE and TCIM owning 30% and 70% respectively of the issued and paid up share capital in TE.

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Warisan TC Holdings Berhad ("Company") will be held at the Grand Ballroom, Level 2, Grand Seasons Hotel, No. 72 Jalan Pahang, 53000 Kuala Lumpur, Malaysia on Friday, 24 June 2005 at 3:00 p.m. to transact the following businesses:

### Ordinary Business:

1. To receive and consider the Financial Statements for the financial year ended 31 December 2004 together with the Reports of the Directors and Auditors thereto. **Resolution 1**
2. To declare a final dividend of 4 % tax exempt for the financial year ended 31 December 2004. **Resolution 2**
3. To re-elect the following Directors, who are eligible and have offered themselves for re-election, in accordance with Article 100 of the Company's Articles of Association.
  - i Dato' Haji Nadzam bin Haji Mohd Din **Resolution 3**
  - ii Yeoh Keong Lian **Resolution 4**
4. To re-appoint Ismail bin Rautin Ibrahim as Director pursuant to Section 129(6) of the Companies Act, 1965. **Resolution 5**
5. To re-appoint the Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

### Special Business:

6. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

#### **PROPOSED GRANT OF AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"**THAT**, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals and requirements of the relevant governmental/regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue new ordinary shares of RM1.00 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to the resolution does not exceed 10% of the issued and paid-up share capital for the time being 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." **Resolution 7**

## Notice of Annual General Meeting

7. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD GROUP**

**"THAT**, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("WTCH Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the WTCH Group as set out under section 5.3.1.1 of the circular to shareholders dated 2 June 2005 ("Related Parties") provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

**AND THAT** such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

**AND THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

**Resolution 8**

8. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD GROUP**

**"THAT**, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("WTCH Group") to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the WTCH Group as set out under section 5.3.1.2 of the circular to shareholders dated 2 June 2005 ("Related Parties") provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

**AND THAT** such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

**AND THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

**Resolution 9**



## Notice of Annual General Meeting

9. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

**PROPOSED DISPOSAL BY TUNG PAO SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF WARISAN TC HOLDINGS BERHAD, OF ALL THAT PIECE OF LAND HELD UNDER TITLE NUMBER PN 4914 LOT NO.73 SEKSYEN 13, BANDAR PETALING JAYA, DAERAH PETALING, SELANGOR DARUL EHSAN MEASURING IN LAND AREA OF APPROXIMATELY 78,801 SQUARE FEET TOGETHER WITH A SHOWROOM, OFFICES, WORKSHOP AND WAREHOUSE ERECTED THEREON MEASURING IN BUILT UP AREA OF APPROXIMATELY 86,451 SQUARE FEET TO TAN CHONG & SONS MOTOR COMPANY SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF TAN CHONG MOTOR HOLDINGS BERHAD, FOR A CASH CONSIDERATION OF NOT LESS THAN RM14 MILLION**

**“THAT** pursuant Section 132E of the Companies Act, 1965 and Paragraph 10.08(2)(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, authority be and is hereby given to Tung Pao Sdn Bhd (“TP”), a wholly-owned subsidiary of the Company, to dispose of all that piece of land held under title number PN 4914 Lot No. 73 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan measuring in land area of approximately 78,801 square feet together with a showroom, offices, workshop and warehouse erected thereon measuring in built up area of approximately 86,451 square feet (“Property”) to Tan Chong & Sons Motor Company Sdn Bhd (“Purchaser”), a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad which is deemed to be connected with Dato’ Tan Heng Chew, a Director of the Company, by virtue of the provisions of Section 122A of the Companies Act, 1965, for a cash consideration of not less than Ringgit Malaysia fourteen million (RM14,000,000.00), being the current market value of the Property as determined by professional valuers, Henry Butcher Malaysia (Sel) Sdn Bhd, and upon such arm’s length and commercially acceptable terms and conditions as the Board of Directors of TP shall determine and agree upon with the Purchaser **AND THAT** the Directors of TP be and are hereby given full power to assent to any conditions, modifications, revaluations, variations and/or amendments that may be required and to take all such steps and to execute all such documents as they may deem necessary or expedient in order to implement, finalise and give full effect to the aforesaid disposal.”

**Resolution 10**

10. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

**PROPOSED DISPOSAL AND JOINT-VENTURE**

**“THAT** the proposed disposal to Shiseido Malaysia Sdn Bhd (“Shiseido-M”) upon the terms and conditions as set out in the conditional Asset Sale Agreement (“ASA”) and conditional Transfer of Business Agreement, both dated 18 April 2005, entered into between Tung Pao Sdn Bhd (“TP”) and Shiseido-M of the business of importation, distribution and sale of products under the brand names of Shiseido and its related companies in Malaysia and Brunei (“Business”) carried out by TP and certain assets and stock of TP as described in the ASA for an estimated consideration of RM21.68 million as may be adjusted in accordance with the terms of the ASA and the proposed joint-venture between Warisan TC Holdings Berhad (“WTCH”) and Shiseido Co., Ltd (“Shiseido”) to carry on the Business through Shiseido-M upon the terms and conditions of the Joint-Venture Agreement and the Equity Compliance Agreement both dated 18 April 2005 between Shiseido, WTCH and Shiseido-M be and are hereby approved **AND THAT** the Directors of the Company be and are hereby authorised to give effect to the aforesaid disposal and joint-venture with full power to assent to any conditions, modifications, revaluations, variations and/or amendments as they may consider to be in the best interest of the Company and/or that may be required by the relevant authorities and to take all such steps and to execute all such documents as they may deem necessary or expedient in order to implement, finalise and give full effect to the aforesaid disposal and joint-venture.”

**Resolution 11**

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

By order of the Board  
**CHAN YOKE-LIN**  
Company Secretary

Kuala Lumpur  
2 June 2005

# Notice of Annual General Meeting

## Notes:

1. A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
2. In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.
3. An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
4. The form of proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

### 5. Explanatory Statement in relation to Resolution 7

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion or diversification proposals involve the issue of new shares, the Directors of the Company, unless the grant of authority under Section 132D of the Companies Act, 1965 is renewed at this Annual General Meeting, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued share capital of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors of the Company be empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purpose. This authority, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the next annual general meeting of the Company.

### 6. Explanatory Statement in relation to Resolution 8 and Resolution 9

The proposed resolutions 8 and 9, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day to day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on resolutions 8 and 9 are set out in the circular to shareholders dated 2 June 2005 despatched together with the Company's 2004 Annual Report.

### 7. Explanatory Statement in relation to Resolution 10

The Company proposes to dispose of the Property held by the Group to Tan Chong & Sons Motor Company Sdn. Bhd. at a cash consideration of not less than RM14,000,000.00. The audited net book value of the Property as at 31 December 2004 is RM8.8 million. The Property is currently used by Tung Pao Sdn. Bhd. ("TP") for the business of distributing cosmetics and hair care products. Part of the Property is rented to Tan Chong Motor Holdings Berhad Group to use as car showroom, spare parts store and service workshop. The Company had recently purchased a property intended to house its corporate headquarters and as operating premises for some of its subsidiaries. TP is not an investment holding company and therefore does not intend to keep the Property. As the proposed disposal falls under the provisions of Section 132E of the Companies Act, 1965 and Paragraph 10.08(2)(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, the prior approval of the shareholders at a general meeting is required.

Further details on the proposed disposal are set out in the circular to shareholders dated 2 June 2005 despatched together with the Company's 2004 Annual Report.

### 8. Explanatory Statement in relation to Resolution 11

On 18 April 2005, the Company entered into a conditional Joint-Venture Agreement with Shiseido Co. Ltd ("Shiseido") and Shiseido Malaysia Sdn Bhd ("Shiseido-M") relating to a proposed joint-venture to carry on the business of importation, distribution and sale of Shiseido products in Malaysia and Brunei through Shiseido-M ("Proposed Joint-Venture"). The Proposed Joint-Venture involves the proposed disposal by Tung Pao Sdn Bhd ("TP"), a wholly-owned subsidiary of the Company, to Shiseido-M of the business of TP of importation, distribution and sale of Shiseido products in Malaysia and Brunei ("Proposed Disposal") via the conditional Asset Sale Agreement and conditional Transfer of Business Agreement, both dated 18 April 2005, entered into between TP and Shiseido-M for a total consideration currently estimated to be RM21.68 million ("Estimated Total Price"), to be satisfied by way of the issue of new shares in Shiseido-M at par to the Company and by cash payment to TP. The Estimated Total Price is subject to adjustment after completion of the audit verification of the fixed assets and stock of TP sold to Shiseido-M. Shareholders' approval is now being sought for the Proposed Disposal and Proposed Joint-Venture.

Further details of the Proposed Disposal and Proposed Joint-Venture are set out in the circular to shareholders dated 2 June 2005 despatched together with the Company's 2004 Annual Report.

## Statement Accompanying Notice of Annual General Meeting

### **DIRECTORS STANDING FOR RE-ELECTION/RE-APPOINTMENT AT THE EIGHTH ANNUAL GENERAL MEETING**

The Directors standing for re-election pursuant to Article 100 are Dato' Haji Nadzam bin Haji Mohd Din and Yeoh Keong Lian. Ismail bin Rautin Ibrahim is standing for re-appointment as Director pursuant to Section 129 (6) of the Companies Act, 1965. The profiles of these Directors are set out in the section entitled "Profiles of the Board of Directors" on pages 16 to 17 of the Annual Report. None of the directors hold shares in the Company.

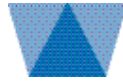
### **DETAILS OF ATTENDANCE OF THE DIRECTORS AT BOARD MEETINGS**

There were a total of five (5) board meetings held during the financial year ended 31 December 2004 and the details of the attendance of the Directors who are standing for re-election/re-appointment are set out in the section entitled "Profiles of the Board of Directors" on pages 16 to 17 of the Annual Report.

### **DATE, TIME AND PLACE OF THE EIGHTH ANNUAL GENERAL MEETING**

Date : Friday, 24 June 2005  
Time : 3:00 p.m.  
Place : Grand Ballroom  
Level 2, Grand Seasons Hotel  
No. 72, Jalan Pahang  
53000 Kuala Lumpur, Malaysia

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**WARISAN TC HOLDINGS BERHAD**

(424834-W)

(Incorporated in Malaysia)

**FORM OF PROXY**

I/We (1) (Name and NRIC No/Company No) \_\_\_\_\_

of (address) \_\_\_\_\_

being a member of WARISAN TC HOLDINGS BERHAD, hereby appoint (Name and NRIC No of Proxy/Proxies (2) /Corporate

Representative (3)) \_\_\_\_\_

or failing him (Name and NRIC No) \_\_\_\_\_

or failing the abovenamed proxy/proxies/corporate representative, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Eighth Annual General Meeting of the Company to be held at the Grand Ballroom, Level 2, Grand Seasons Hotel, No. 72, Jalan Pahang, 53000 Kuala Lumpur, Malaysia, on Friday, 24 June 2005 at 3:00 p.m., and at any adjournment thereof, as indicated below:

		For	Against
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final Dividend		
Resolution 3	Re-elect Dato' Haji Nadzam bin Haji Mohd Din		
Resolution 4	Re-elect Yeoh Keong Lian		
Resolution 5	Re-appoint Ismail bin Rautin Ibrahim		
Resolution 6	Re-appoint Auditors		
Resolution 7	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 8	Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions with Tan Chong Motor Holdings Berhad Group		
Resolution 9	Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions with APM Automotive Holdings Berhad Group		
Resolution 10	Proposed Disposal of Property		
Resolution 11	Proposed Disposal and Joint Venture		

(If you wish to instruct your proxy how to vote, insert a "✓" or "X" in the appropriate box. Subject to any voting instructions so given, the proxy will vote, or may abstain from voting on any resolution as he may think fit.)

<i>If the member is an individual</i>	CDS Account No _____
_____	No of shares held: _____
Signature	Date: _____

<i>If the member is a corporation:</i>	CDS Account No _____
The Common Seal of _____	
was hereunto affixed in accordance with its	common seal
Articles of Association in the presence of	
_____	No of shares held: _____
Director	Date: _____
Director/Secretary	

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**Notes:**

- (1) An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
- (2) A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
- (3) In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.

**The form of proxy must be deposited at the Registered Office of the Company, 62-68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.**

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*Affix Stamp Here*

**The Company Secretary  
WARISAN TC HOLDINGS BERHAD  
62-68 Jalan Ipoh  
51200 Kuala Lumpur**

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