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## CORPORATE INFORMATION

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### BOARD OF DIRECTORS

Tunku Dato' Seri Mahmud Bin Tunku Besar Burhanuddin  
*Chairman*

Cheam Heng Cheang  
*Managing Director*

Col (Rtd) Dato' Ir Cheng Wah  
*Independent Non-Executive Director*

Soong Mun Wai  
*Independent Non-Executive Director*

Goh Joon Hai  
*Independent Non-Executive Director*

### COMPANY SECRETARIES

Lim Ming Toong, ACIS  
(MAICSA 7000281)

Hoh Kean Nyuk, ACIS  
(MAICSA 7043594)

### REGISTERED OFFICE

Mezzanine Floor  
8A Jalan Sri Semantan Satu  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 03-20941888  
Fax : 03-20947673

### REGISTRARS

Symphony Share Registrars Sdn Bhd  
Level 26, Menara Multi Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : 03-27212222  
Fax : 03-27212530 & 03-27212531

### AUDITORS

Moore Stephens  
Chartered Accountants  
8A Jalan Sri Semantan Satu  
Damansara Heights  
50490 Kuala Lumpur

### SOLICITORS

Azhar & Wong  
Penthouse, 16th Floor, Heritage House  
33 Jalan Yap Ah Shak  
50300 Kuala Lumpur

Ajmer, Sandhu & Ong  
Suite B-10-7 Block B  
Megan Phileo Promenade  
189 Jalan Tun Razak  
50400 Kuala Lumpur

David Gurupatham & Koay  
No 15 Jalan 12/12  
46200 Petaling Jaya  
Selangor Darul Ehsan

### PRINCIPAL BANKERS

Hong Leong Bank Berhad  
Bumiputra Commerce Bank Berhad  
Affin Bank Berhad  
OCBC Bank (Malaysia) Berhad

### STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia Securities Berhad

## PROFILE OF BOARD OF DIRECTORS

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### **Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin** **Chairman – Malaysian**

Aged 75, was appointed Chairman of Tamadam Bonded Warehouse Berhad on 25 March 1982. Yang Mulia Tunku joined the Malay Administrative Services in 1953 where he was attached to the Chief Secretary's office in Kuala Lumpur. He later became the Assistant District Officer of Tampin and subsequently the Assistant District Officer of Jelebu.

In 1957 he joined the Royal Customs and Excise Department where he remained for twenty three years and rose to the position of Director of Customs. He moved to the corporate sector in 1980 and joined Island and Peninsular Development Berhad as General Manager until 1984.

Yang Mulia Tunku currently sits on the board of PWE Industries Berhad. He also sits on the boards of fourteen private companies.

He is the Chairman of the Malayan Amateur Racing Association and a committee member of the Malaysian Equine Council. He is also involved in charitable organisations that include the Malaysian Community and Education Foundation and the Inter-Community Welfare Foundation.

Yang Mulia Tunku has attended all six Tamadam Bonded Warehouse Berhad board meetings held during 2004. He has no family relationship with any director and/or substantial shareholder of Tamadam Bonded Warehouse Berhad and has no conflict of interest with Tamadam Bonded Warehouse Berhad nor has he been charged with any offences within the last ten years.

### **Cheam Heng Cheang** **Managing Director – Malaysian**

Aged 39, was appointed a director of Tamadam Bonded Warehouse Berhad on 1 October 1993. On 1 January 2001, he was appointed Managing Director.

Mr Cheam obtained a Master of Arts in Jurisprudence from St. John's College, Oxford University, England in 1989. He became a member of Gray's Inn and was called to the Bar of England and Wales in 1990. In 1990, he joined the Corporate Finance Department of Standard Chartered Merchant Bank Asia Limited in Singapore. In 1992, he left to join the Corporate Finance Department of Arab Malaysian Merchant Bank Berhad ("AMMB") in Kuala Lumpur. He left AMMB in mid-1994 to join Tamadam.

When Mr Cheam initially joined Tamadam Bonded Warehouse Berhad, he was in charge of the legal and finance departments of the company. As Managing Director, Mr Cheam is responsible for planning the Group's strategy and day to day operations of the Group.

Mr Cheam has experience in finance, retailing, trading, information technology, manufacturing, food and beverage as well as in logistics. He is not a director of any other public listed companies. He sits on the boards of several private companies including Ivory Holdings Sdn Bhd and Inveshold Sdn Bhd.

Mr Cheam is a member of the company's Audit Committee. He has attended all six Tamadam Bonded Warehouse Berhad board meetings as well as all five Audit Committee meetings held during 2004. He has no family relationship with any director and/or substantial shareholder of Tamadam Bonded Warehouse Berhad and has no conflict of interest with Tamadam Bonded Warehouse Berhad nor has he been charged with any offences within the last ten years.

**Soong Mun Wai**  
**Independent Non-Executive Director – Malaysian**

Aged 68, was appointed a director of Tamadam Bonded Warehouse Berhad on 22 September 1994.

He graduated with a Bachelor of Arts from the University of Malaya in 1960 and qualified as a Chartered Librarian of the Library Association of London in 1964. He has more than 30 years of academic and professional experience in the University of Malaya, from which he retired in 1992 as Deputy Chief Librarian.

He was a former Council Member of the Library Association of Malaysian and a former member of the Perak State Library Board. Since 1992, he has been managing the Library and Information Resource Center of HELP (Higher Education Learning Programme) Institute, a private college in Kuala Lumpur which provides university level undergraduate and postgraduate education. Mr Soong is not a director of any other public listed companies.

Mr Soong is a member of the Company's Audit Committee. He has attended five of the six board meetings as well as four out of the five Audit Committee meetings held during 2004. He has no family relationship with any director or substantial shareholder of Tamadam Bonded Warehouse Berhad and has no conflict of interest with Tamadam Bonded Warehouse Berhad nor has he been charged with any offences within the last ten years.

**Col (Rtd) Dato' Ir Cheng Wah**  
**Independent Non-Executive Director – Malaysian**

Aged 66, has been a Director of Tamadam since 24 December 1993. He holds a Bachelor of Engineering degree in Civil Engineering from the University of Malaya. He is a Professional Engineer with the Board of Engineers, Malaysia. He was also a graduate from the Royal Military Academy Sandhurst, UK and the Command and General Staff College, Fort Leavenworth, USA.

He had served about 26 years i.e. from the period of December 1957 to September 1983 in the Malaysian Armed Forces. He had held various positions in the Malaysian Armed Forces and rose to the positions of Director of Armed Forces Works, Logistic Division, Ministry of Defence in 1978 and Director of Logistic, Ministry of Defence in 1980 before retiring in September 1983. Upon retirement in 1983, he joined Resorts World Berhad, a related company of Genting Berhad, as Senior Vice President (Property Development). Currently, he is also a Director of PacificMas Berhad and Kien Huat Berhad until his retirement from the company in June 2004.

He is the Chairman of the Company's Audit Committee. During the financial year he attended all the six board meetings as well as all the five Audit Committee meetings held during 2004. He does not have any family relationship with any director and/or substantial shareholder of the Company, nor any personal interest in any business arrangement involving Tamadam Bonded Warehouse Berhad. To-date, there has not been any occurrence of conflict of interest with Tamadam Bonded Warehouse Berhad. He has never been convicted of any offence.

**Goh Joon Hai**  
**Independent Non-Executive Director – Malaysian**

Aged 66, was appointed a director of Tamadam Bonded Warehouse Berhad on 22 March 2002.

Mr Goh Joon Hai has been in public practice as a Chartered Accountant for the past twenty five years. He was a lecturer at the Faculty of Economics and Administration, University of Malaya. Mr Goh was also financial adviser to various organisations. He was a member of the Council of the Malaysian Institute of Accountants from 1991 to 2001.

Mr Goh obtained a Bachelor of Arts (Honours) from the University of Malaya in 1964. He obtained a Master of Business Administration from the University of British Columbia, Canada in 1966. He is a member of the Canadian Institute of Chartered Accountants, Malaysian Institute of Accountants and Malaysian Institute of Taxation.

Mr Goh joined Citibank in Kuala Lumpur in 1964 after graduating from university. He subsequently joined the Faculty of Economics & Administration, University of Malaya as a lecturer in 1972.

He spent a short period with Coopers & Lybrand, Kuala Lumpur before becoming executive director/financial adviser of the Guinness & Peat Group Malaysia which was the holding company of Charles Bradburne (1930) Sdn Bhd, a member company of the Kuala Lumpur Stock Exchange. Between 1977 and 1980 he was executive director/financial advisor of the Lee Yan Lian Group.

He commenced his own practice in 1980 and subsequently became a partner of an accounting firm with international affiliation in Kuala Lumpur.

Mr Goh has been active in professional and social organisations and was formerly chairman of the Joint Technical Committee as well as chairman of the Accounting and Audit Committee of the Malaysian Institute of Accounting. He was also a member of the Council of the University of Malaya between 1972 and 1975 and a former Treasurer and Vice President of the Guild of Graduates, University of Malaya.

Mr Goh is a member of the Company's Audit Committee. He has attended five out of the six Tamadam Bonded Warehouse Berhad board meetings as well as four of the five Audit Committee meetings held during 2004. He has no family relationship with any director or substantial shareholder of Tamadam Bonded Warehouse Berhad and has no conflict of interest with Tamadam Bonded Warehouse Berhad nor has he been charged with any offences within the last ten years.

# AUDIT COMMITTEE REPORT

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## CHAIRMAN

Col (Rtd) Dato' Ir Cheng Wah – Independent Non-Executive Director

## MEMBERS

Cheam Heng Cheang – Managing Director

Soong Mun Wai – Independent Non-Executive Director

Goh Joon Hai – Independent Non-Executive Director

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Board of Directors of TAMADAM BONDED WAREHOUSE BERHAD ("the Company") hereby constitutes and establishes an audit committee ("the Committee") as provided below: -

### 1. Composition

- i) The Committee shall comprise at least three directors, a majority of whom is independent of management and operating responsibilities. One of the Committee members who is an independent non-executive director shall be appointed as the Committee's Chairman by the members of the Committee; and
- ii) If the number of members of the Committee is reduced to below three for reasons of resignation, death or otherwise, the Board of Directors of the Company shall appoint such number of new members as may be required to make up the minimum number of three members.

### 2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries, and all employees are directed to cooperate as requested by members of the Committee. The Committee is empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

### 3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee directors, the external auditors, internal auditors and the Management as their duties relate to financial accounting, reporting and controls. The Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of management and the adequacy of disclosures to shareholders.

#### 4. Functions

The functions of the Committee are as follows: -

- i) review with the external auditors, his audit plan;
- ii) review with the external auditors and internal auditors, his evaluation of the system of internal accounting control;
- iii) review with the external auditors, his audit report;
- iv) review the assistance given by the Company's officers to the external auditors;
- v) review the scope and the results of the internal audit procedures;
- vi) review the financial statements of the Company and the consolidated financial statements of the Group prior to the directors' approval;
- vii) review related party transactions that may arise within the Company or the Group; and
- viii) consider the appointment of auditors, their audit fees and any question of resignation and dismissal.

#### 5. Meetings

- i) The Committee is to meet at least two (2) times a year and as many times as the Committee deems necessary;
- ii) The quorum for any meeting of the committee shall be a majority of independent non-executive directors;
- iii) The finance director (head of finance), the head of internal audit and a representative of the external auditors shall normally attend meetings of the Committee;
- iv) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the directors or shareholders of the Company.

#### 6. Secretary

The secretary of the Committee shall be the Company Secretary.

#### 7. Minutes

Minutes of each meeting are prepared and sent to the Committee members, and the Company's directors who are not members of the Committee. If the Company Secretary had not taken the minutes, they should be sent to him or her for permanent filing.

#### 8. Attendance at Meetings

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

Name of Member	No. of meetings attended
Col (Rtd) Dato' Ir Cheng Wah	5/5
Soong Mun Wai	4/5
Cheam Heng Cheang	5/5
Goh Joon Hai	4/5

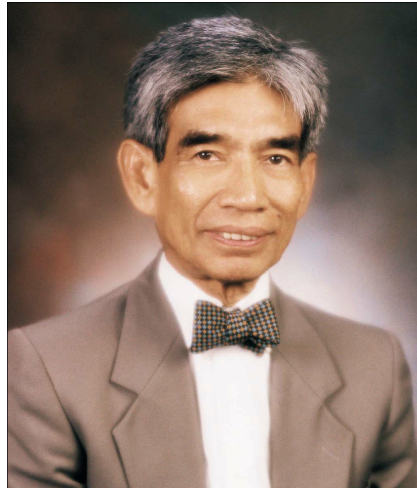
## 9. Summary of Activities

During the year under review, the following were the activities of the Audit Committee:

- Reviewed and discussed the observations, recommendations and Audit Report and the Management's comments in respect of the issues raised by the Internal Auditor on their evaluation of the system of internal controls;
- Reviewed the staffing requirements of the Internal Audit Department (IAD) to ensure that the IAD is adequately staffed employees with the relevant skills, knowledge and experience to enable the IAD to perform its role including the provision of training;
- Reviewed the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Reviewed and discussed the internal audit reports;
- Reviewed the quarterly and year end financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with, focusing particularly on:
  - changes in implementation of major accounting policy;
  - the going concern assumptions;
  - significant adjustments resulting from audit;
  - major judgemental areas, significant and unusual events; and
  - compliance with accounting standards and other legal requirements; and
- Reviewed the related party transactions and conflict of interest situations that may arise within the Company or Group including any transactions, procedures or course of conduct that raise questions of management integrity which were incurred during the financial year, were done in the ordinary course of business.

## CHAIRMAN'S STATEMENT

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Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin  
*Chairman*

On behalf of the Board, I am pleased to present the Annual Report and Financial Statements for Tamadam Bonded Warehouse Berhad ("Tamadam" or "the Company") and its subsidiary and associated companies ("the Group") for the year ended 31 December 2004.

### FINANCIAL REVIEW

I am very pleased to report that the Group turned around in 2004.

Group profit from operations was RM2.7 million compared to a loss of RM13.6 million the previous year. The Group also made a profit after tax of RM125,462 compared to a loss of RM12.9 million the previous year.

Improvement in Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") was also significant with the Group and Company having positive EBITDA of RM6.3 million and RM4.7 million respectively. Group's revenue was RM18.2 million in 2004 and the turnover of our core logistics division improved by 3% from RM17.6 million to RM18.2 million.

We have vigorously endeavoured to retire the principal on our borrowings as soon as finances allowed. As a result, the Group's finance charges declined by 12% from RM2.8 million in 2003 to RM2.5 million in 2004. We expect to further reduce finance charges in 2005. In particular, some of our hire purchase obligations will be fully paid off this year.

### REVIEW OF OPERATIONS

The Tamadam Group's core business is the operation of warehouses and distribution of goods throughout Malaysia. In addition, we provide forwarding, trucking, container storage, container repair, insurance and other related services.

The Group currently manages 1,000,000 sq ft of warehouse space at our complexes in Port Klang, Penang and Johor. In 2004, several new warehouses were opened in Port Klang which have contributed favourably to the Group's revenue.

Although we had to absorb a significant loss in 2003, this enabled us to turn a profit in 2004. Key contributors to the improvement in performance have been the crucial support of our bankers, reduction in interest costs and depreciation together with cost cutting measures taken during the year and dedication of the employees.

## **EXTENSION OF WARRANTS**

The Company has 21,780,000 warrants outstanding. The duration and exercise period of these warrants was originally due to expire on 5 January 2005.

On 4 October 2004, an Extraordinary General Meeting of the Company's shareholders and a meeting of the Company's warrant holders both approved the extension of the duration and exercise period of the Company's warrants by five years from 5 January 2005 up to and including 4 January 2010. The exercise price of the warrants is unchanged at RM1.45.

## **PROPOSED ACQUISITION OF AIR-MARINE CARGO AGENCY SDN BHD ("AIR- MARINE")**

In my previous Chairman's statement, I mentioned that the Company intended to merge with Air-Marine. The merger would have been effected through the acquisition of the entire issued and paid-up capital of Air-Marine via an issue of 110 million new ordinary shares in the Company to the existing shareholders of Air-Marine at RM1.00 per share.

I regret to report that on 17 December 2004, the Company announced that the proposed acquisition had been deemed terminated due to default of the Vendor. More details on this transaction are found in Note 36 of the accounts.

## **FUTURE PROSPECTS**

As promised in my previous Chairman's statement, we have managed to trim overheads, increase efficiency and increase sales of our core logistics businesses, thereby turning the Group around.

We are continuing our efforts to increase efficiency and secure new customers. We believe that product quality is important. To this end, we have already embarked on obtaining ISO 9001:2000 quality certification.

In 2004, we saw demand for outsourced logistics services in Malaysia continue to grow. Customers continue to seek an efficient, reliable service at reasonable prices. We are striving to provide the best solutions for each customer – we believe that there is significant untapped demand for the services we offer.

While demand for logistics services is increasing, there is also an increasing number of local and international entrants into this sector. However, we are confident that with the management systems already in place and the extensive services and experience in hand, Tamadam should remain competitive. Therefore, all factors considered, we expect results for 2005 to be satisfactory.

## **DIVIDEND**

Although the Group is profitable, no dividend has been declared in respect of the year ended 31 December 2004.

## **APPRECIATION**

I would like to thank our shareholders for their faith and support. It has taken far longer for the Group to show a profit than expected. However, we have finally achieved it and strive to improve on it. I would also like to thank our other stakeholders, namely our management and employees, suppliers, bankers, lenders and business associates. Finally, I would like to thank our loyal customers, whose support has given us the strength and impetus to further improve our customer services.

## **CORPORATE GOVERNANCE STATEMENT**

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The Board of Directors recognises the importance of practicing the highest standards of Corporate Governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of Tamadam Bonded Warehouse Berhad.

As such, the Board of Directors continues to affirm its commitment to adhering to Principles and Best Practices set out in the Malaysian Code on Corporate Governance.

Set out below is a description of how the Group has applied the Principles of the Code and how the Board of Directors has complied with the Best Practices set out in the Code throughout the twelve months ended 31 December 2004.

### **SECTION A – THE BOARD OF DIRECTORS**

#### **Composition of the Board**

An experienced and effective Board consisting of mainly independent members with a wide range of skills and experience from financial and business background leads and controls the Group.

The directors bring depth and diverse expertise to the leadership of the challenging and highly competitive logistics and warehousing business.

The Board continues to give close consideration to its size, composition, spread of experience and expertise. No individual or group of individuals dominates the Board's decision making. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account the long term interests of stakeholders of the Company.

The Board comprises the Chairman, a Managing Director and three Non-Executive Directors. The three Non-Executive Directors are all Independent Directors.

#### **Board Responsibilities**

The responsibilities of the Board of Directors of the Company are as follows: -

- Reviewing and adopting a strategic plan for the Company which will enhance the future growth of the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage the risks; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

#### **Board Balance**

The roles of the Chairman and Managing Director are separate with clearly defined responsibilities to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and workings of the Board whilst the Managing Director is responsible for the overall operations of the business and the implementation of Board strategy and policy.

All the Independent Non-Executive Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They have the calibre to ensure that the strategies proposed by the management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders, employees and customers.

### **Board Meetings and Supply of Information to the Board**

During the financial year ended 31 December 2004, six (6) meetings of the Board were held. The details of attendance are provided on page 79 in the Statement Accompanying Notice of Annual General Meeting.

The Managing Director of the Company undertakes the responsibility to ensure that the agenda and full set of Board papers (including qualitative information of the Company) for consideration are distributed well before each meeting of the Board to ensure that the Directors have sufficient time to study them and be properly prepared for discussion and decision making. Minutes of Board meetings are maintained.

All directors of the Company whether in full Board or in their individual capacity, have access to all information within the Company and are able to seek independent professional advice where necessary and, in appropriate circumstances, in furtherance of their duties.

The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

### **Appointment and re-election of directors**

Each director must retire from office at least once in every three years and can offer himself for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointment.

### **Nomination Committee**

The Board has established a Nomination Committee comprised entirely of Non-Executive Directors. The functions of the Nomination Committee, amongst others, is to recommend to the Board candidates for all directorships or Board Committee places to be filled.

## **SECTION B – DIRECTORS’ REMUNERATION**

### **Remuneration Policy and Procedures**

The Code states that remuneration for Directors should be determined so as to ensure that the Company attracts and retains the Directors needed to run the Company successfully. In Tamadam Bonded Warehouse Berhad, remuneration for Executive Directors is structured so as to link reward to corporate and individual performance. In the case of Non-Executive Directors, we believe that the level of remuneration should reflect the level of experience and responsibilities undertaken.

The aggregate Directors’ remuneration paid or payable or otherwise made available to all Directors of the company during the financial year are as follows:

Category	Fees	Salaries & other emoluments	Benefits in kind
Executive Directors	10,000	330,799	-
Non Executive Directors	25,000	-	-

The number of Directors of the Company whose income from the Company falling within the following bands are:

Range of Remuneration	Executive Director	Non-Executive Directors
0 – RM50,000	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-

#### Remuneration Committee

The Remuneration Committee is responsible for recommending the level of remuneration of individual directors. The interested Directors abstain from any discussion on their own remuneration packages.

## SECTION C – SHAREHOLDERS

### Dialogue with investors and shareholders

The Annual General Meeting is the principal forum for dialogue with shareholders. At each Annual General Meeting, the Board presents the progress and performance of the business and shareholders are encouraged to participate in the question and answer session.

## SECTION D – ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Directors are responsible for the preparation of the annual audited accounts and the Board ensures that the accounts and other financial reports of the Company are prepared in accordance with Approved Accounting Standards and present a balanced and comprehensive assessment of the Company's position and prospects, to all the shareholders.

The Company's Annual Report and quarterly announcements of results gives an updated financial performance of the Company periodically.

### **Audit Committee**

The Audit Committee comprises three Independent Non-Executive Directors and one Managing Director with Col (Rtd) Dato' Ir Cheng Wah as Chairman of the Committee. The composition and Terms of Reference of the Audit Committee are also provided in this report.

The Audit Committee has explicit authority from the Board to investigate any matter and is given full responsibility within its term of reference and necessary resources which it need to do so and full access to information. The Audit Committee also meets once a year with the external auditors without the presence of the Executive Board members.

### **Internal Control**

The Directors recognise their responsibility for the maintenance of a sound system of internal control, covering not only financial controls but also compliance controls including risk assessment framework and control activities covering information and communication, and reviewing its effectiveness. As with any such system, controls can only provide reasonable but not absolute assurance against material misstatements or loss. The Group is continuously looking into the adequacy and integrity of its system of internal controls.

### **Internal audit**

The Board has an internal audit department. The internal audit department is to be independent and audit work will be conducted with impartiality, proficiency and due professional care.

### **Relationship with external auditors**

The Board ensures that there is transparent arrangement for the achievement of objectives and maintenance of professional relationship with external auditors.

### **Other Information**

During the financial year ended 31December 2004, there were no: -

- Corporate fund-raising exercise undertaken by the Company;
- Options, warrants or convertible securities were exercised or issued by the Company or its subsidiary companies;
- Share buybacks;
- American Depository Receipts or Global Depository Receipts programmes sponsored by the Company;
- Sanctions and/or penalties imposed on the Company or its subsidiary companies;
- Non-audit fees paid to the external auditors of the Company;
- Variance of results which differ by 10% or more from any profit estimate / forecast / projection / unaudited results announced;
- Profit guarantees given by the Company;
- Material contracts of the Company and its subsidiary companies involving directors and substantial shareholders;

- Recurrent related party transactions of a revenue nature where:-
  1. the consideration value of the assets, capital outlay or costs of the recurrent transaction is equal to or exceeds RM1 million; or
  2. the percentage ratio of such recurrent transaction is equal to or exceed 1%, whichever is the lower;
- Contracts relating to loans by the Company; nor
- Revaluation policy on landed properties during the financial year.

The management noted the following Best Practices of the Code and will be looking into its compliance in due course: -

- Succession planning of senior management; and
- Formal schedule of matters reserved for Board's decision.

## STATEMENT ON INTERNAL CONTROLS

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### Responsibility for Risk and Internal Control

The Board acknowledges its overall responsibility for maintaining the Company's system of internal control, which provides reasonable assessment of effective and efficient operations, risk management practices, internal financial controls and compliance with laws and regulations, as well as with internal procedures and guidelines, to safeguard the shareholders' investments and the Company's assets. However, due to the complexity and management of a wide range of risks, the nature of these risks means that events may occur which could give rise to unanticipated or unavoidable losses. It should be noted that the Company's system of internal control and risk management are designed to provide reasonable but not absolute assurance against material misstatement, frauds or losses. It is possible that internal controls can be circumvented or overridden. Due to the changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The rationale of the system of internal controls is to enable the Company to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all the risks. The associated company has not been dealt with as part of the group for the purpose of this statement.

### Risk Management Framework

The Company has established a control environment and a framework towards these objectives through the following Committees:-

a. The Audit Committee

The Audit Committee regularly reviews, improves and monitor the effectiveness of internal control and risk management implementation with regular updates to the Board.

b. The Risk Management Committee "RMC"

The aim of the RMC is to coordinate with relevant operating units to identify principal risk exposures of the Company, compile principal risk profile and ensure the implementation of the risk control systems are in place to manage such risk and to prepare risk management reports with recommendations to improve the current risk control system to further strengthen the integrity of the internal control mechanism.

### Key Processes

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

The key processes that the directors have established in reviewing the adequacy and integrity of the system of internal controls are as follows:-

- a. A documented operating procedures manual, guidelines and directives are issued and updated from time to time to ensure that the business objectives are achieved;
- b. Monthly reporting of results and key performance indicators to assess and sustain the effectiveness of the Company's system of controls;

- c. Review the effectiveness, adequacy and integrity of the Company's internal control system. The results are reviewed with various levels of management and any major concerns identified are raised to senior management and the Board's Audit Committee;
- d. An independent internal audit department has been established which reports to the Audit Committee of the Company. The internal audit team performed its duties in accordance with its annual audit plan covering management, operational and system audit of the Company;
- e. A clearly defined organisational structure with clear lines of delegation of responsibilities to Committees of the Board, the management of the Company and operating units including authorisation levels for all aspects of the businesses; and
- f. The professionalism and competence of staff is maintained through a rigorous recruitment process, a performance appraisal system and a wide variety of training and development programmes. Effective monitoring on a continuous basis is an essential component of a sound system of internal control. Reports on internal controls are regularly reviewed by the Board. Any significant control failings or weaknesses identified will be discussed in the reports, including any impact on the Company and the actions being taken to rectify them. The effectiveness of the Company's system of internal controls will continue to be reviewed, added to or updated in line with the changes in the operating environment. The Board further seeks regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the Internal Auditors. The Board is of the view that the current system of internal control is in place throughout the Company and is sufficient to safeguard the Company's interests.

There were no material losses incurred during the financial year as a result of weaknesses in internal control. The Board, together with Management continues to take measures to strengthen the control environment.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the results of their operations and cash flows of the Group as at the end of the financial year in accordance with the requirements of the Companies Act, 1965 (the "Act").

During the preparation of the Company's financial statements for the year ended 31 December 2004, the Directors have:-

- used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates;
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the notes to the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors are required to keep proper accounting records which disclose with reasonable accuracy the financial position of the Company and the Group in compliance with the Act.

The Directors are also responsible for safeguarding the assets of the Company and the Group and to prevent and detect fraud and other irregularities that may arise.

## DIRECTORS' REPORT

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

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of bonded warehousing, freight forwarding and transportation. The principal activities of the subsidiary companies are as stated in note 3 to the financial statements.

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

### RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) attributable to shareholders	125,462	(273,474)

### DIVIDEND

No dividend has been paid or declared by the company since the end of the previous financial year and the Directors do not recommend any dividend payment for the current financial year.

### RESERVES AND PROVISIONS

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

### BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

### CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

#### **VALUATION METHODS**

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

#### **CONTINGENT AND OTHER LIABILITIES**

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

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

No contingent liability or other liability of the Group or of the Company 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 or of the Company to meet their obligations as and when they fall due.

#### **CHANGE OF CIRCUMSTANCES**

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

#### **ITEMS OF AN UNUSUAL NATURE**

In the opinion of the Directors:-

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

#### **SHARE CAPITAL**

During the financial year, no new issue of shares was made by the Company.

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## WARRANTS

The warrants were offered free to the entitled shareholders of the Company. One warrant will carry the right to subscribe for one (1) new ordinary share of RM1/- each in the Company for every warrant held and may be exercised at any time within the period commencing one (1) day after the date of issue of the warrant and ending five (5) years from the date of issue of the warrants unless extended up to a maximum further period of five (5) years in accordance with the provisions of the Deed Poll and subject to the Companies Act, 1965.

On 5th January, 2000, 21,780,000 warrants were granted to the entitled shareholders of the Company at an exercise price of RM1.45 to subscribe for one (1) new ordinary share of RM1/- each of the Company.

During the current financial year, the warrants have been extended for a further period of five years from 5 January 2005 up to and including 4 January 2010.

The summary of the movement of warrants eligible to subscribe for new ordinary shares of RM1/- each as at the financial year end is as follows:-

Exercise Price Per Share RM	Number Of Warrants		
	At 1.1.04	Exercised	At 31.12.04
1.45	21,780,000	-	21,780,000

As at end of the financial year, no warrants were exercised to subscribe for ordinary shares.

## EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Under the Company's Employees' Share Option Scheme ("ESOS") which became effective on 26 June 2000, options to subscribe for 2,631,000 new ordinary shares of RM1/- each in the Company were made available to eligible employees and executive directors of the Group.

The main features of the ESOS are:-

- (a) eligible persons are employees and executive directors of the Group who have been in continuous employment for a period of at least 12 months and that his/her employment must be confirmed at the date when the offer is made in writing to an employee or an executive director to participate in the ESOS. The eligibility for participation in the ESOS shall be at the discretion of the Company's Board of Directors;
- (b) the total number of new ordinary shares available under the ESOS shall not exceed 10% of the total issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;
- (c) no option shall be granted for less than 1,000 options nor more than 500,000 options and shall always be multiples of 1,000 options;
- (d) the ordinary shares issued under the ESOS are in the same class and shall rank *pari passu* in all respects with the existing ordinary shares of the Company; and
- (e) the option granted may be exercised on the first five (5) market days of every calendar month by notice in writing to the Company. The scheme shall be in force for a duration of five (5) years from the Effective Date which was on 26 June, 2000 subject however to any extension or renewal of the scheme as may be approved by all the relevant parties/authorities in accordance with the Bye-Laws of the scheme.

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The summary of the movement of share options granted under ESOS during the financial year is as follows:-

Date of Offer	Exercise Price Per Share RM	Number Of Share Options Under ESOS			At 31.12.04
		At 1.1.04	Exercised	Lapsed	
26.6.2000	1.45	2,433,000	-	-	2,433,000

#### **DIRECTORS OF THE COMPANY**

The Directors in office since the date of the last report are:-

Y.M. TUNKU DATO' SERI MAHMUD BIN TUNKU BESAR BURHANUDDIN

CHEAM HENG CHEANG

COL (RTD) DATO' IR CHENG WAH

SOONG MUN WAI

GOH JOON HAI

## DIRECTORS' INTERESTS

The shareholdings of those who were directors at year end are as follows:-

	Number Of Ordinary Shares Of RM1/- Each			
	At 1.1.04	Bought	Sold	At 31.12.04
<b>Direct Interest</b>				
Y.M. Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin	250,000	-	-	250,000
Col (Rtd) Dato' Ir Cheng Wah	22,500	-	-	22,500
Cheam Heng Cheang	14,271,000	-	(300,000)	13,971,000
<b>Indirect Shareholdings Being Shares Held Through Corporation In Which The Director Is Interested</b>				
Cheam Heng Cheang	1,435,000*	-	-	1,435,000*

\* Inclusive of 60,000 ordinary shares held by person connected to director pursuant to Section 122A of the Companies Act, 1965.

	Number Of Warrants Of The Company				Exercise Price RM
	At 1.1.04	Bought	Sold	At 31.12.04	
Cheam Heng Cheang	7,056,000	-	-	7,056,000	1.45
Col (Rtd) Dato' Ir Cheng Wah	10,000	-	-	10,000	1.45

	Share Options Under ESOS			Exercise Price RM
	At 1.1.04	Exercised	At 31.12.04	
Y.M. Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin	200,000	-	200,000	1.45
Cheam Heng Cheang	200,000	-	200,000	1.45

In accordance with the Articles of Association, Mr. Soong Mun Wai retires from the board at the forthcoming annual general meeting and being eligible offers himself for re-election.

Y.M. Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin retires pursuant to Section 129 of the Companies Act, 1965, and being eligible offers himself for re-appointment as director under the provision of Section 129(6) of the said Act to hold office until the next annual general meeting of the Company.

#### **DIRECTORS' BENEFITS**

Since the end of the previous financial year no director of the Company has received or become entitled to receive any benefit (other than those shown as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for benefit that may have deemed to have arise from transaction as disclosed in note 34(b) to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate other than the ESOS as mentioned above.

#### **SIGNIFICANT EVENTS**

Significant events arising during the financial year are disclosed in note 36 to the financial statements.

#### **AUDITORS**

The auditors, Messrs. Moore Stephens, have expressed their willingness to continue in office.

On Behalf of the Board

CHEAM HENG CHEANG

TUNKU DATO' SERI MAHMUD BIN  
TUNKU BESAR BURHANUDDIN

KUALA LUMPUR  
29 April 2005

## STATEMENT BY DIRECTORS

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We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 27 to 71, are 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 as at 31st December, 2004 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

On Behalf of the Board

CHEAM HENG CHEANG

TUNKU DATO' SERI MAHMUD BIN  
TUNKU BESAR BURHANUDDIN

KUALA LUMPUR  
29 April 2005

## STATUTORY DECLARATION

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I, Khor Chin Joo, NRIC No. : 651202-07-5609, being the person primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 27 to 71 are 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 at        )  
Kuala Lumpur in the Federal Territory        ) KHOR CHIN JOO  
this 29<sup>th</sup> day of **APRIL 2005**                        )

Before me

HARON HASHIM  
No. W128

Commissioner for Oaths  
Kuala Lumpur  
Malaysia

## **REPORT OF THE AUDITORS TO THE MEMBERS OF TAMADAM BONDED WAREHOUSE BERHAD (Incorporated in Malaysia)**

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We have audited the financial statements set out on pages 27 to 71.

The preparation of the financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those 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 towards any other person for the content of this report.

We conducted our audit in accordance with the 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 considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit 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 have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
  - (i) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Group and of the Company; and
  - (ii) the state of affairs of the Group and of the Company as at 31st December, 2004 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965, to be kept by the Company and its subsidiary companies 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 subsidiary companies 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 these purposes.

Our auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS  
(AF.0282)

CHONG KWONG CHIN  
707/04/06 (J/PH)  
PARTNER

KUALA LUMPUR  
**29 April 2005**

## BALANCE SHEETS

### AS AT 31 DECEMBER 2004

	NOTE	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	2	53,917,865	56,902,151	23,546,613	25,914,224
Investment in subsidiary companies	3	-	-	908	908
Interest in associated company	4	1,100	104,634	1	1
Other investments	5	1	1	1	1
Goodwill on consolidation	6	-	-	-	-
Amount owing by subsidiary companies	7	-	-	27,904,042	28,012,013
Amount owing by associated company	8	141,255	-	141,255	-
		54,060,221	57,006,786	51,592,820	53,927,147
<b>CURRENT ASSETS</b>					
Inventories	9	-	-	-	-
Trade receivables	10	3,607,848	3,280,943	3,607,848	3,280,943
Other receivables, deposits and prepayments	11	2,199,262	1,583,838	1,954,781	1,397,824
Tax assets	12	5,888	5,888	-	-
Cash and bank balances		257,859	80,583	243,198	61,091
		6,070,857	4,951,252	5,805,827	4,739,858
<b>CURRENT LIABILITIES</b>					
Trade payables	13	2,118,571	1,439,125	2,118,571	1,420,373
Other payables and accruals	14	1,666,544	1,800,421	1,742,648	1,449,420
Provision	15	53,588	46,815	53,588	46,815
Amount owing to directors	16	4,527,422	4,837,903	4,174,791	4,485,272
Hire purchase payables	17	750,398	869,624	750,398	869,624
Bank borrowings	18	3,810,026	1,738,509	1,733,750	963,123
Bank overdrafts	19	16,938,340	17,209,938	16,938,340	17,209,938
		29,864,889	27,942,335	27,512,086	26,444,565
NET CURRENT LIABILITIES		(23,794,032)	(22,991,083)	(21,706,259)	(21,704,707)
		30,266,189	34,015,703	29,886,561	32,222,440

	NOTE	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>CAPITAL AND RESERVES</b>					
Share capital	20	49,005,000	49,005,000	49,005,000	49,005,000
Reserves	21	(26,378,655)	(26,504,117)	(22,924,139)	(22,650,665)
SHAREHOLDERS' EQUITY		22,626,345	22,500,883	26,080,861	26,354,335
<b>NON-CURRENT LIABILITIES</b>					
Amount owing to a subsidiary company	7	-	-	-	12,534
Hire purchase payables	17	815,131	1,265,986	815,131	1,265,986
Bank borrowings	18	6,824,713	10,248,834	2,990,569	4,589,585
		7,639,844	11,514,820	3,805,700	5,868,105
		30,266,189	34,015,703	29,886,561	32,222,440
NET TANGIBLE ASSETS PER SHARE (SEN)	22	46	46	53	54

The annexed notes 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	2003 RM	2004 RM	2003 RM
OPERATING REVENUE	23	18,215,717	18,409,552	18,183,478	17,671,179
DIRECT OPERATING COSTS	24	(12,042,987)	(13,328,296)	(13,134,354)	(14,170,206)
GROSS PROFIT		6,172,730	5,081,256	5,049,124	3,500,973
OTHER OPERATING REVENUE		1,037,671	509,640	1,301,898	1,378,503
DISTRIBUTION COSTS		(661,059)	(709,282)	(661,059)	(697,820)
ADMINISTRATIVE COSTS		(3,621,260)	(3,618,676)	(3,760,784)	(3,466,094)
OTHER OPERATING COSTS		(206,923)	(14,883,954)	(205,818)	(25,030,028)
		(4,489,242)	(19,211,912)	(4,627,661)	(29,193,942)
PROFIT/(LOSS) FROM OPERATIONS		2,721,159	(13,621,016)	1,723,361	(24,314,466)
FINANCE COSTS		(2,492,163)	(2,831,812)	(1,996,835)	(2,300,236)
SHARE OF RESULTS OF ASSOCIATED COMPANY	25	(103,534)	3,522,178	-	-
PROFIT/(LOSS) BEFORE TAXATION	26	125,462	(12,930,650)	(273,474)	(26,614,702)
TAXATION	27	-	-	-	-
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS		125,462	(12,930,650)	(273,474)	(26,614,702)
EARNINGS/(LOSS) PER SHARE (SEN)	22	0.3	(26.4)		

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2004

	SHARE CAPITAL RM	SHARE PREMIUM RM	*CAPITAL RESERVE RM	ACCUMULATED LOSSES RM	TOTAL SHAREHOLDERS' EQUITY RM
<b>GROUP</b>					
As at 1.1.03	49,005,000	13,622,637	437,695	(27,633,799)	35,431,533
Net loss for the year	-	-	-	(12,930,650)	(12,930,650)
As at 31.12.03	49,005,000	13,622,637	437,695	(40,564,449)	22,500,883
Net profit for the year	-	-	-	125,462	125,462
As at 31.12.04	49,005,000	13,622,637	437,695	(40,438,987)	22,626,345
<b>COMPANY</b>					
As at 1.1.03	49,005,000	13,622,637	437,695	(10,096,295)	52,969,037
Net loss for the year	-	-	-	(26,614,702)	(26,614,702)
As at 31.12.03	49,005,000	13,622,637	437,695	(36,710,997)	26,354,335
Net loss for the year	-	-	-	(273,474)	(273,474)
As at 31.12.04	49,005,000	13,622,637	437,695	(36,984,471)	26,080,861

\* Capital reserve is in respect of the surplus arising from revaluation of the Company's leasehold land and building in 1993.

The annexed notes 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

	NOTE	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Profit/(Loss) Before Taxation		125,462	(12,930,650)	(273,474)	(26,614,702)
Adjustments for:-					
Allowance for doubtful debts		134,144	768,337	134,144	768,337
Allowance for doubtful debts no longer required		(59,831)	-	(59,831)	-
Impairment loss on investment in subsidiary company		-	-	-	8,627,270
Bad debts written off		12	7,389,644	12	15,504,674
Depreciation of property, plant and equipment		3,641,161	3,811,129	3,024,486	3,049,648
Gain on disposal of investment in subsidiary company		(547,974)	-	(2)	-
Inventories written off		-	4,995	-	-
Property, plant and equipment written off		68	3,806,258	68	26,696
Provision for employee benefits		6,773	46,815	6,773	46,815
Financing charges		778,225	839,813	303,611	327,424
Goodwill on consolidation written off		-	2,705,231	-	-
Interest expense		1,662,275	1,954,635	1,662,282	1,935,766
Interest revenue		-	(86,909)	(750,199)	(826,772)
(Gain)/Loss on disposal of property, plant and equipment		(9,717)	15,172	(9,717)	15,172
Share of results in associated company	25	103,534	(3,522,178)	-	-
Operating Profits Before Working Capital Changes		5,834,132	4,802,292	4,038,153	2,860,328
Decrease in inventories		-	6,720	-	-
(Increase)/Decrease in trade and other receivables		(1,056,654)	2,162,247	(958,186)	2,148,062
Increase/(Decrease) in trade and other payables		823,707	(1,100,688)	680,944	(1,109,018)
Cash Generated From Operations		5,601,185	5,870,571	3,760,911	3,899,372
Interest paid		(1,575,376)	(1,819,943)	(1,575,383)	(1,801,074)
Interest received		-	86,909	-	86,909
Income tax paid		-	(2,912)	-	-
Net Cash Generated From Operating Activities Carried Down		4,025,809	4,134,625	2,185,528	2,185,207

	NOTE	GROUP		COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
Net Cash Generated From Operating Activities Brought Down		4,025,809	4,134,625	2,185,528	2,185,207
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of investment in subsidiary company		-	-	2	-
Repayments from associated company		(141,255)	(168,755)	(141,255)	(168,755)
Repayment from subsidiary companies		-	-	95,437	243,972
Interest recovered		-	-	750,199	739,863
Proceeds from disposal of investment in subsidiary company, net of cash disposed off	28	(644)	-	-	-
Purchase of property, plant and equipment	29	(308,706)	(508,134)	(308,706)	(452,284)
Proceeds from disposal of property, plant and equipment		44,279	10,277	44,280	10,277
Net Cash (Used In)/Generated From Investing Activities		(406,326)	(666,612)	439,957	373,073
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Financing charges paid		(778,225)	(839,813)	(303,611)	(327,424)
Interest paid		(86,899)	(134,692)	(86,899)	(134,692)
Repayment of other bank borrowings		(1,352,604)	(1,241,280)	(828,389)	(853,669)
Payment to hire purchase payables		(952,881)	(670,836)	(952,881)	(670,836)
Net Cash Used In Financing Activities		(3,170,609)	(2,886,621)	(2,171,780)	(1,986,621)
NET INCREASE IN CASH AND CASH EQUIVALENTS		448,874	581,392	453,705	571,659
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(17,129,355)	(17,710,747)	(17,148,847)	(17,720,506)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30	(16,680,481)	(17,129,355)	(16,695,142)	(17,148,847)

The annexed notes form an integral part of,  
and should be read in conjunction with, these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31 DECEMBER 2004

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

#### 1. SIGNIFICANT ACCOUNTING POLICIES

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

##### (a) Basis of Accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention (as modified by the revaluation of certain leasehold land and building of the Group and of the Company) unless otherwise indicated in this summary of significant accounting policies.

##### (b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies which are disclosed in note 3 to the financial statements made up to the end of the financial year.

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

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

Gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences.

The consolidated financial statements are prepared on the basis that excess of losses attributable to minority shareholders over their equity interest will be absorbed by the Group. All profits subsequently reported by the subsidiary companies will be allocated to the Group until the minority shareholders' share of losses previously absorbed by the Group has been recovered.

##### (c) Goodwill or Reserve on Consolidation

Goodwill or reserve on consolidation represents the difference between purchase consideration paid for acquiring the share capital of the subsidiary companies and the fair values attributable to the Group's share of net assets at the acquisition date.

Goodwill on consolidation is written off when there is an impairment in their carrying value. Reserve on consolidation will be transferred to retained earnings upon disposal of the subsidiary company concerned.

**(d) Subsidiary Companies**

Subsidiary companies are companies in which the Group has a long term equity interest and where it directly or indirectly exercises control over the financial and operating policies so as to obtain benefits therefrom.

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's financial statements.

**(e) Associated Companies**

Associated companies are defined as companies, not being subsidiary companies, in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are stated at cost less impairment losses, if any, in the Company's financial statements.

Investments in associated companies are accounted for in the consolidated financial statements based on the equity method of accounting. The Group's share of post-acquisition results of associated companies is included in the consolidated income statement. The Group's interest in associated companies is initially stated at cost and adjusted thereafter for any post-acquisition change in the Group's share of net assets of the associated companies.

**(f) Property, Plant and Equipment**

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

Depreciation is calculated on the straight line method to write off the cost or revalued amount of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:-

Leasehold land, buildings and improvements	Over the lease period ranging from 32 to 96 years
Building improvements	10%
Coldroom	5%
Pallets	33 $\frac{1}{3}$ %
Plant and machinery	10%
Warehouse renovations and electrical installations	10%
Signboard	33 $\frac{1}{3}$ %
Furniture, fittings and office equipment	10%
Motor vehicles	20%
Containers	10%
Lorries and trucks	10%
EDP equipment	20%

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

The Group and the Company's leasehold land and building stated at valuation is based on valuation by professional valuers in 1993 using the open market value basis, less accumulated depreciation. The leasehold land and building of the Group and of the Company have not been revalued since the last valuation exercise as the Directors have not adopted a policy of regular revaluation of such assets.

Accordingly, the valuation of the revalued assets has not been updated and they continue to be stated at their last revalued amounts less accumulated depreciation as allowed under the transitional provisions issued by Malaysian Accounting Standards Board on adoption of International Accounting Standard No. 16 (Revised).

#### **(g) Impairment of Assets**

The carrying amounts of assets other than inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of net selling price and the value in use, which is measured by reference to discounted future cash flows. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statement. However, an impairment loss on a revalued assets will be treated as a revaluation deficit to the extent that the loss does not exceed the amount held in revaluation reserve in respect of the same assets.

Any subsequent increase in recoverable amount due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statement. However, the reversal of impairment loss on a revalued assets will be treated as a revaluation surplus to the extent that the reversal does not exceed the amount previously held in revaluation reserve of the same asset.

#### **(h) Inventories**

Inventories are stated at the lower of cost and net realisable value and are determined on the first-in-first-out basis. Costs includes the actual cost of purchase and incidentals in bringing the inventories into store.

#### **(i) Hire Purchase**

Hire purchase instalment plans are agreements where by the lender conveys to the hirer, in return for a series of instalment payments, the rights to use the assets involved with an option for hirer to purchase the assets upon full settlement of the instalment payments.

Cost of property, plant and equipment acquired under the hire purchase instalment plans are capitalised as property, plant and equipment and depreciated in accordance with the Company's policy on depreciation of property, plant and equipment. The related finance charges are allocated to the income statement over

the period of the instalment plans based on the sum-of-digit method so as to produce a constant periodic rate of interest charges on the remaining balance of the liability. The total outstanding instalment payments after deducting the future finance charges, representing the present value of hire purchase liabilities, are included in creditors.

**(j) Al-Bai Bithaman Ajil ("ABBA") Facility**

Cost of property, plant and equipment acquired under the ABBA facility are capitalised as property, plant and equipment and depreciated in accordance with the Group's policy on depreciation of property, plant and equipment. The ABBA facility obligations are included in payables and the related financial charges are allocated to the income statement on a systematic basis over the period of the financing.

**(k) Taxation**

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

**(l) Capitalisation Of Borrowing Costs**

Borrowing costs in respect of expenditure incurred on acquisition of property, plant and equipment which takes a substantial period of time to get them ready for their intended use are capitalised.

**(m) Revenue Recognition**

Warehousing and container depot revenue is recognised on due and receivable basis.

Sales of goods and forwarding and transportation revenue are recognised when the goods are delivered and when the forwarding and transportation services are rendered.

Commission revenue and rental revenue are recognised on an accrual basis.

Interest revenue is recognised on a time proportion basis that reflects the effective yield on the asset.

**(n) Employee Benefits**

(i) Short Term Employee Benefits

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

(ii) Defined Contribution Plans

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

(iii) Equity Compensation Benefits

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

**(o) Provisions**

Provisions are recognised when there is a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**(p) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

**(q) Financial Instruments**

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

The recognised financial instruments comprise cash at banks, trade and other receivables, trade and other payables and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise financial guarantees granted to subsidiary companies. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable. The financial guarantees are recognised only when underlying transactions occurred when settled.

(i) Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which is the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

(ii) Payables

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

(iii) Other Non-Current Investments

Non-current investments other than investments in subsidiary and associated companies are stated at cost less allowance for diminution in value, if any.

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

(iv) Interest Bearing Borrowings

Interest bearing borrowings include bank overdrafts, term loan and amount owing to a director which are stated at the amount of proceeds received, net of transaction costs.

(v) Equity Instruments

Equity instruments include ordinary shares.

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

## 2. PROPERTY, PLANT AND EQUIPMENT

	LEASEHOLD LAND, BUILDINGS & IMPROVEMENTS RM	CONTAINERS, COLDROOM, PALLETS, PLANT & MACHINERY RM	RENOVATIONS & ELECTRICAL INSTALLATIONS RM	SIGNBOARD, FURNITURE, FITTINGS, EDP EQUIPMENT & OFFICE EQUIPMENT RM	MOTOR VEHICLES, LORRIES & TRUCKS RM	TOTAL RM
<b>GROUP</b>						
<b>COST/ VALUATION</b>						
At 1.1.04	58,503,745	16,416,983	1,274,532	4,186,445	2,974,860	83,356,565
Additions	60,800	172,046	-	45,604	413,056	691,506
Disposals	(560)	(92,080)	-	(100,022)	(42,234)	(234,896)
Written off	-	-	-	(248)	-	(248)
At 31.12.04	58,563,985	16,496,949	1,274,532	4,131,779	3,345,682	83,812,927
<b>ACCUMULATED DEPRECIATION</b>						
At 1.1.04	11,043,305	10,256,410	1,019,405	2,834,110	1,301,184	26,454,414
Charge for the year	1,487,953	1,238,018	74,369	487,775	353,046	3,641,161
Disposals	(336)	(77,998)	-	(79,765)	(42,234)	(200,333)
Written off	-	-	-	(180)	-	(180)
At 31.12.04	12,530,922	11,416,430	1,093,774	3,241,940	1,611,996	29,895,062
<b>NET BOOK VALUE</b>						
At 31.12.04	46,033,063	5,080,519	180,758	889,839	1,733,686	53,917,865
At 31.12.03	47,460,440	6,160,573	255,127	1,352,335	1,673,676	56,902,151
Depreciation charge for the year ended 31.12.03	1,605,688	1,302,690	90,697	535,768	276,286	3,811,129

	LEASEHOLD LAND, BUILDINGS & IMPROVEMENTS RM	CONTAINERS, COLDROOM, PALLETS, PLANT & MACHINERY RM	RENOVATIONS & ELECTRICAL INSTALLATIONS RM	SIGNBOARD, FURNITURE, FITTINGS, EDP EQUIPMENT & OFFICE EQUIPMENT RM	MOTOR VEHICLES, LORRIES & TRUCKS RM	TOTAL RM
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**ANALYSIS OF COST/  
VALUATION**

**2004**

At cost	42,902,985	16,496,949	1,274,532	4,131,779	3,345,682	68,151,927
At 1993 valuation	15,661,000	-	-	-	-	15,661,000
	<u>58,563,985</u>	<u>16,496,949</u>	<u>1,274,532</u>	<u>4,131,779</u>	<u>3,345,682</u>	<u>83,812,927</u>

**2003**

At cost	42,842,745	16,416,983	1,274,532	4,186,445	2,974,860	67,695,565
At 1993 valuation	15,661,000	-	-	-	-	15,661,000
	<u>58,503,745</u>	<u>16,416,983</u>	<u>1,274,532</u>	<u>4,186,445</u>	<u>2,974,860</u>	<u>83,356,565</u>

**COMPANY**

**COST/VALUATION**

At 1.1.04	24,133,055	16,416,983	1,274,532	4,185,900	2,974,859	48,985,329
Additions	60,800	172,046	-	45,604	413,056	691,506
Disposals	(560)	(92,080)	-	(100,022)	(42,234)	(234,896)
Written off	-	-	-	(248)	-	(248)
	<u>24,193,295</u>	<u>16,496,949</u>	<u>1,274,532</u>	<u>4,131,234</u>	<u>3,345,681</u>	<u>49,441,691</u>

**ACCUMULATED  
DEPRECIATION**

At 1.1.04	7,660,542	10,256,410	1,019,405	2,833,565	1,301,183	23,071,105
Charge for the year	871,278	1,238,018	74,369	487,775	353,046	3,024,486
Disposals	(336)	(77,998)	-	(79,765)	(42,234)	(200,333)
Written off	-	-	-	(180)	-	(180)
	<u>8,531,484</u>	<u>11,416,430</u>	<u>1,093,774</u>	<u>3,241,395</u>	<u>1,611,995</u>	<u>25,895,078</u>

	LEASEHOLD LAND, BUILDINGS & IMPROVEMENTS RM	CONTAINERS, COLDROOM, PALLETS, PLANT & MACHINERY RM	RENOVATIONS & ELECTRICAL INSTALLATIONS RM	SIGNBOARD, FURNITURE, FITTINGS, EDP EQUIPMENT & OFFICE EQUIPMENT RM	MOTOR VEHICLES, LORRIES & TRUCKS RM	TOTAL RM
NET BOOK VALUE						
At 31.12.04	15,661,811	5,080,519	180,758	889,839	1,733,686	23,546,613
At 31.12.03	16,472,513	6,160,573	255,127	1,352,335	1,673,676	25,914,224
Depreciation charge for the year ended 31.12.03	873,125	1,302,690	90,697	506,850	276,286	3,049,648

**COMPANY**

**ANALYSIS OF COST/  
VALUATION**

**2004**

At cost	8,532,295	16,496,949	1,274,532	4,131,234	3,345,681	33,780,691
At 1993 valuation	15,661,000	-	-	-	-	15,661,000
	24,193,295	16,496,949	1,274,532	4,131,234	3,345,681	49,441,691

**2003**

At cost	8,472,055	16,416,983	1,274,532	4,185,900	2,974,859	33,324,329
At 1993 valuation	15,661,000	-	-	-	-	15,661,000
	24,133,055	16,416,983	1,274,532	4,185,900	2,974,859	48,985,329

Certain leasehold land and building of the Group and of the Company were revalued on 27th September, 1993 by the Directors based on an independent professional valuations on the open market value basis.

The leasehold land and buildings at cost/valuation comprises:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Leasehold land				
- held on short lease	5,135,000	5,135,400	5,135,400	5,135,400
- held on long lease	949,000	949,000	949,000	949,000
Building	52,479,985	52,419,345	18,108,895	18,048,655
	<b>58,563,985</b>	<b>58,503,745</b>	<b>24,193,295</b>	<b>24,133,055</b>

The net book values of these assets as if no valuation had been made are as follows:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Leasehold land				
- held on short lease	2,637,727	2,764,338	2,637,727	2,764,338
- held on long lease	366,484	370,825	366,484	370,825
Building	37,207,749	41,625,863	10,006,168	10,637,936
	<b>40,211,960</b>	<b>44,761,026</b>	<b>13,010,379</b>	<b>13,773,099</b>

Long lease are leases which have an unexpired lease periods of more than 50 years.

Property, plant and equipment under hire purchase included above for the Group and the Company are as follows:-

	←----- GROUP/COMPANY -----→			
	2004		2003	
	Cost RM	Net Book Value RM	Cost RM	Net Book Value RM
Furniture and fittings	6,008	3,505	6,008	4,105
Pallets	532,500	17,778	532,500	166,117
Plant and machinery	83,000	67,092	83,000	75,392
EDP equipment	1,066,290	317,512	1,066,290	530,770
Office equipment	26,820	15,738	26,820	18,421
Lorries and trucks	1,611,568	1,205,905	1,618,268	1,301,895
Motor vehicles	713,761	424,639	330,961	135,251
	<b>4,039,947</b>	<b>2,052,169</b>	<b>3,663,847</b>	<b>2,231,951</b>

The net book values of leasehold land and buildings charged to banks for banking facilities obtained by the Group and by the Company are as follows:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Leasehold land, buildings and improvements	46,033,063	47,460,440	15,661,811	16,472,513

As disclosed in note 31 to the financial statements, the subsidiary company, Tamadam Warehouse Direct Sdn. Bhd., has in the previous financial year ceased its business operations and terminated the lease agreement and surrendered the leased land which has unexpired lease period of 29 years to Majlis Perbandaran Seberang Prai. As a result, the property, plant and equipment with the cost and accumulated depreciation of RM11,010,514/- and RM7,230,952/- have been written off in the previous financial year.

In previous year, included in additions of property, plant and equipment of the Group and of the Company are property, plant and equipment purchased from an associated company, Expertyard (Penang) Sdn. Bhd., for a consideration of RM6,925/-.

### 3. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2004 RM	2003 RM
Unquoted shares, at cost		
At beginning of the year	908	8,628,178
Less: Impairment loss for the year (note 26(a)(i))	-	(8,627,270)
At end of the year	908	908

The subsidiary companies, incorporated in Malaysia, are as follows:-

Company	Percentage Of Equity Holding		Principal Activities
	2004	2003	
Tamadam Logistics Berhad	100%	100%	Provision of property management services
Tamadam Warehouse Direct Sdn. Bhd.	-	100%	Operator of licenced container yard and warehousing.
Tamadam Crest Sdn. Bhd.	100%	100%	Insurance agency
Tamadam Industries Sendirian Berhad	90.2%	90.2%	Provision of warehouse for rental
Dreamspire Logistics Sdn. Bhd.	100%	100%	Dormant

Tamadam Warehouse Direct Sdn. Bhd. was disposed during the financial year.

#### 4. INTEREST IN ASSOCIATED COMPANY

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Unquoted shares, at cost	1	1	1	1
Group's share of post acquisition profits	1,099	104,633	-	-
	<u>1,100</u>	<u>104,634</u>	<u>1</u>	<u>1</u>
Represented By:-				
Group's share of net (liabilities)/assets	(39,280)	64,254		
Goodwill on acquisition	40,380	40,380		
	<u>1,100</u>	<u>104,634</u>		

The associated company, incorporated in Malaysia, is as follows:-

Company	Percentage Of Equity Holding		Principal Activities
	2004	2003	
Expertyard (Penang) Sdn. Bhd.	50%	50%	Operator of bonded trucking

#### 5. OTHER INVESTMENTS

	GROUP/COMPANY	
	2004 RM	2003 RM
At cost:		
Unquoted shares	125,000	125,000
Less: Allowance for diminution in value	(124,999)	(124,999)
	<u>1</u>	<u>1</u>

#### 6. GOODWILL ON CONSOLIDATION

	GROUP	
	2004 RM	2003 RM
At beginning of the year	-	2,705,231
Written off during the year (note 26(a)(i))	-	(2,705,231)
	<u>-</u>	<u>-</u>

**7. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES**

	<b>COMPANY</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Amount owing by:-		
Tamadam Warehouse Direct Sdn. Bhd.	-	13,517,783
Tamadam Crest Sdn Bhd.	31,570	-
Tamadam Industries Sendirian Berhad	27,795,428	27,914,761
Tamadam Logistics Berhad	66,220	89,785
Dreamspire Logistics Sdn. Bhd.	10,824	7,467
	<b>27,904,042</b>	<b>41,529,796</b>
Less: Amount owing by Tamadam Warehouse Direct Sdn. Bhd. written off (note 26(a)(i))	-	(13,517,783)
	<b>27,904,042</b>	<b>28,012,013</b>
Amount owing to:-		
Tamadam Crest Sdn. Bhd.	-	12,534

These amounts are non-trade in nature, unsecured, interest free and with no fixed term of repayment except for the following amount owing by a subsidiary company which bear interest at the rate of 7.8% (2003 : 7.8%) per annum on a monthly rest basis.

	<b>COMPANY</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Tamadam Industries Sendirian Berhad	9,629,962	9,073,053

**8. AMOUNT OWING BY ASSOCIATED COMPANY**

	<b>GROUP/COMPANY</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
At beginning of the year	-	1,729,116
Advances during the year	214,920	221,376
Repayment during the year	(73,665)	(52,621)
Written off during the year (note 27(a)(i))	-	(1,897,871)
	<b>141,255</b>	<b>-</b>

This amount owing by associated company, Expertyard (Penang) Sdn. Bhd., is non-trade in nature, unsecured, interest free and with no fixed term of repayment.

## 9. INVENTORIES

	<b>GROUP</b>	
	<b>2004 RM</b>	<b>2003 RM</b>
At cost,		
Trading inventories	-	4,995
Less: Written off during the year	-	(4,995)
	-	-

## 10. TRADE RECEIVABLES

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2004 RM</b>	<b>2003 RM</b>	<b>2004 RM</b>	<b>2003 RM</b>
Balance outstanding	4,616,649	10,020,734	4,616,649	4,539,099
Less: Allowance for doubtful debts	(1,008,801)	(1,337,038)	(1,008,801)	(1,258,156)
Amount owing by Expertyard (Penang) Sdn. Bhd. written off (note 27(a)(i))	-	(5,402,753)	-	-
	3,607,848	3,280,943	3,607,848	3,280,943

The Group's and the Company's normal trade credit term ranges from 30 to 60 days.

Other credit terms are assessed and approved on a case-by-case basis.

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2004 RM</b>	<b>2003 RM</b>	<b>2004 RM</b>	<b>2003 RM</b>
Other receivables	1,605,101	957,754	1,605,101	957,754
Deposits	414,377	309,144	187,764	137,864
Prepayments	357,387	408,507	339,519	393,773
	2,376,865	1,675,405	2,132,384	1,489,391
Less: Allowance for doubtful debts	(177,603)	(91,567)	(177,603)	(91,567)
	2,199,262	1,583,838	1,954,781	1,397,824

Included in other receivables of the Group and of the Company in previous year is an amount of RM488,747/- which bears interest at the rate of 10% per annum on a monthly rest basis.

The maturity profile and effective interest rates are disclosed in note 39 to the financial statements.

## 12. TAX ASSETS

	GROUP	
	2004 RM	2003 RM
Tax recoverable	1,392	2,976
Tax paid in advance	4,496	2,912
	5,888	5,888

## 13. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company ranges from 30 to 60 days.

## 14. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Other payables	14,546	395,063	160,100	195,300
Deposits	781,412	753,460	716,162	608,062
Accruals	870,586	651,898	866,386	646,058
	1,666,544	1,800,421	1,742,648	1,449,420

## 15. PROVISION

	GROUP/COMPANY	
	2004 RM	2003 RM
At beginning of the year	46,815	-
Additions	6,773	46,815
	53,588	46,815

This is in respect of employee benefits of short term accumulating compensated absences for employees.

The provision is made based on the number of days of outstanding compensated absences of each employee multiplied by their respective salary/wages as at year end.

### Employees' Share Option Scheme ("ESOS")

Under the Company's Employees' Share Option Scheme ("ESOS") which became effective on 26th June, 2000, options to subscribe for 2,631,000 new ordinary shares of RM1/- each in the Company were made available to eligible employees and executive directors of the Group.

The main features of the ESOS are:-

- (a) eligible persons are employees and executive directors of the Group who have been in continuous employment for a period of at least 12 months and that his/her employment must be confirmed at the date when the offer is made in writing to an employee or an executive director to participate in the ESOS. The eligibility for participation in the ESOS shall be at the discretion of the Company's Board of Directors;
- (b) the total number of new ordinary shares available under the ESOS shall not exceed 10% of the total issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;
- (c) no option shall be granted for less than 1,000 options nor more than 500,000 options and shall always be multiples of 1,000 options;
- (d) the ordinary shares issued under the ESOS are in the same class and shall rank pari passu in all respects with the existing ordinary shares of the Company; and
- (e) the option granted may be exercised on the first five (5) market days of every calendar month by notice in writing to the Company. The scheme shall be in force for a duration of five (5) years from the Effective Date which was on 26th June, 2000 subject however to any extension or renewal of the scheme as may be approved by all the relevant parties/authorities in accordance with the Bye-Laws of the scheme.

The summary of the movement of share options granted under ESOS during the financial year is as follows:-

Date of Offer	Exercise Price Per Share RM	Number Of Share Options Under ESOS			
		At 1.1.04	Exercised	Lapsed	At 31.12.04
26.6.2000	1.45	2,433,000	-	-	2,433,000

## 16. AMOUNT OWING TO DIRECTORS

Amounts owing to directors are non-trade in nature, unsecured and with no fixed term of repayment except for an amount of RM3,479,233/- (2003 : RM3,519,933/-) owing to a director of the Company, Mr. Cheam Heng Cheang, which bears interest at the rate of 6.8% (2003 : 6.8%) per annum.

The maturity profile and effective interest rate are disclosed in note 39 to the financial statements.

## 17. HIRE PURCHASE PAYABLES

	GROUP/COMPANY	
	2004 RM	2003 RM
Gross instalment payments	1,796,540	2,475,859
Less: Future finance charges	(231,011)	(340,249)
	1,565,529	2,135,610
Present value of hire purchase liabilities	1,565,529	2,135,610
Payable within 1 year		
Gross instalment payments	867,230	1,061,199
Less: Future finance charges	(116,832)	(191,575)
Present value of hire purchase liabilities	750,398	869,624
Payable after 1 year but not later than 5 years		
Gross instalment payments	830,238	1,411,807
Less: Future finance charges	(101,796)	(148,652)
Present value of hire purchase liabilities	728,442	1,263,155
Payable after 5 years		
Gross instalment payments	99,072	2,853
Less: Future finance charges	(12,383)	(22)
Present value of hire purchase liabilities	86,689	2,831
Present value of hire purchase liabilities	1,565,529	2,135,610
Representing Hire Purchase Payables:-		
Payable within 12 months	750,398	869,624
Payable after 12 months	815,131	1,265,986
	1,565,529	2,135,610

The maturity profile and effective interest rates are disclosed in note 39 to the financial statements.

## 18. BANK BORROWINGS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Repayable within 12 months				
Term loan				
- unsecured	593,434	547,709	593,434	547,709
ABBA facilities - secured	3,216,592	1,190,800	1,140,316	415,414
	3,810,026	1,738,509	1,733,750	963,123

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Repayable after 12 months				
Term loan				
- unsecured	265,884	859,282	265,884	859,282
ABBA facilities - secured	6,558,829	9,389,552	2,724,685	3,730,303
	6,824,713	10,248,834	2,990,569	4,589,585
	10,634,739	11,987,343	4,724,319	5,552,708

The unsecured term loan of the Group and of the Company bears interest at a rate of 1.5% (2003 : 1.5%) per annum above the prevailing base lending rate of the bank and is repayable over a period of thirty six months commencing from July, 2003.

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Analysis of ABBA facilities				
Gross instalments	10,810,710	12,393,866	4,278,087	4,862,414
Less: Deferred financing charges	(1,035,289)	(1,813,514)	(413,086)	(716,697)
	9,775,421	10,580,352	3,865,001	4,145,717
Less: Repayable within 12 months	(3,216,592)	(1,190,800)	(1,140,316)	(415,414)
Repayable after 12 months	6,558,829	9,389,552	2,724,685	3,730,303

The Islamic financing facility of Al-Bai Bithaman Ajjil ("ABBA") scheme of the Company is repayable over a period of sixty two months commencing from May, 2002. It carries a financing charge of 7.62% (2003 : 7.62%) per annum and is secured by a legal charge over the Company's leasehold land and building.

The Islamic financing facility of Al-Bai Bithaman Ajjil ("ABBA") Scheme of a subsidiary company, Tamadam Industries Sendirian Berhad, is repayable in 60 monthly instalments commencing May 2003. It carries a financing charge of 7.71% (2003 : 7.71%) per annum and is secured and supported as follows:-

- i. corporate guarantee from holding company; and
- ii. legal assignment over Tamadam Industries Sendirian Berhad sub-lease on the 25 acres of land and warehouse buildings in Port Klang.

The maturity profile and effective interest rates are disclosed in note 39 to the financial statements.

## 19. BANK OVERDRAFTS

	<b>GROUP/COMPANY</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Secured	6,946,964	6,999,994
Unsecured	9,991,376	10,209,944
	16,938,340	17,209,938

The bank overdraft facilities of the Group and of the Company bear interest at rates ranging from 1.25% to 2.5% (2003 : 1.25% to 2.5%) per annum above the banks' prevailing base lending rates.

The secured bank overdraft is secured as follows:-

- i. a legal charge over the Company's leasehold land and buildings; and
- ii. a legal assignment over the subsidiary company's, Tamadam Industries Sendirian Berhad, sub-lease on the 25 acres of land and warehouse buildings in Port Klang.

The maturity profile and effective interest rates are disclosed in note 39 to the financial statements

## 20. SHARE CAPITAL

	<b>GROUP/COMPANY</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Authorised:		
100,000,000 ordinary shares of RM1/- each	100,000,000	100,000,000
Issued and fully paid:		
49,005,000 ordinary shares of RM1/- each	49,005,000	49,005,000

### Warrants

On 5th January, 2000, 21,780,000 warrants were granted to the entitled shareholders of the Company. Each warrants can be exercised at an exercise price of RM1.45 to subscribe for one (1) new ordinary share of RM1/- each of the Company.

The warrants were offered free to the entitled shareholders of the Company. One warrant will carry the right to subscribe for one (1) new ordinary share of RM1/- each in the Company for every warrant held and may be exercised at any time within the period commencing one (1) day after the date of issue of the warrant and ending five (5) years from the date of issue of the warrants unless extended up to a maximum further period of five (5) years in accordance with the provisions of the Deed Poll and subject to the Companies Act, 1965.

During the current financial year, the warrants have been extended for a further period of five years from 5th January, 2005 up to and including 4th January, 2010.

As at 31st December, 2004, non of the holders of the 21,780,000 (2003 : 21,780,000) outstanding warrants have exercised their entitlement.

## 21. RESERVES

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Accumulated losses	(40,438,987)	(40,564,449)	(36,984,471)	(36,710,997)
NON-DISTRIBUTABLE				
Share premium	13,622,637	13,622,637	13,622,637	13,622,637
Capital reserve	437,695	437,695	437,695	437,695
	14,060,332	14,060,332	14,060,332	14,060,332
	(26,378,655)	(26,504,117)	(22,924,139)	(22,650,665)

Capital reserve is in respect of the surplus arising from revaluation of the Company's leasehold land and building in 1993.

## 22. NET TANGIBLE ASSETS AND LOSS PER SHARE

The basic earnings per ordinary share of the Group is calculated by dividing the Group's profits after taxation RM250,665/- by the number of ordinary shares in issue during the year of 49,005,000.

The net tangible assets per ordinary share is calculated by dividing the shareholders' funds with the number of ordinary shares in issue as at the balance sheet date.

The basic loss per ordinary share of the Group is calculated by dividing the Group's loss after taxation of RM12,930,650/- in previous year by the number of ordinary shares in issue during the year of 49,005,000.

Fully diluted earnings/(loss) per ordinary share is not disclosed as the conversion of warrants and outstanding share options to ordinary shares is anti-dilutive.

## 23. OPERATING REVENUE

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Warehouse revenue	15,550,326	15,831,018	15,550,326	15,161,516
Commission revenue	32,239	64,415	-	-
Sales of goods	-	4,456	-	-
Forwarding and transportation revenue	1,787,262	1,862,797	1,787,262	1,862,797
Container depot revenue	845,890	646,866	845,890	646,866
	18,215,717	18,409,552	18,183,478	17,671,179

## 24. DIRECT OPERATING COSTS

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Warehouse cost	9,121,743	10,697,940	10,213,110	11,551,565
Cost of sales	-	11,715	-	-
Forwarding and transportation direct costs	2,188,995	2,147,905	2,188,995	2,147,905
Container depot direct costs	732,249	470,736	732,249	470,736
	<u>12,042,987</u>	<u>13,328,296</u>	<u>13,134,354</u>	<u>14,170,206</u>

## 25. SHARE OF RESULTS OF ASSOCIATED COMPANY

	GROUP	
	2004 RM	2003 RM
Share of current year loss	(103,534)	(128,134)
Share of exceptional gain arising from waiver of debts from the Company and a related company, Tamadam Warehouse Direct Sdn. Bhd.	-	3,650,312
	<u>(103,534)</u>	<u>3,522,178</u>

## 26. PROFIT/(LOSS) BEFORE TAXATION

(a) Profit/(Loss) before taxation is arrived at after charging/(crediting):-

(i) Exceptional items

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Amount owing by a subsidiary company written off (note 7)	-	-	-	13,517,783
Amount owing by an associated company written off				
- non-trade (note 8)	-	1,897,871	-	1,897,871
- trade (note 10)	-	5,402,753	-	-
Goodwill on consolidation written off (note 6)	-	2,705,231	-	-
Property, plant and equipment written off	-	3,779,562	-	-
Impairment loss on investment in a subsidiary company (note 3)	-	-	-	8,627,270
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,627,270</u>

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
(ii) Other items				
Allowance for doubtful debts	134,144	768,337	134,144	768,337
Auditors' remuneration				
- current year	35,000	40,500	31,000	31,000
- overprovision in prior year	-	(200)	-	-
Bad debts written off	12	89,020	12	89,020
Depreciation of property, plant and equipment	3,641,161	3,811,129	3,024,486	3,049,648
Directors' remuneration				
- Directors of the Company				
- fees	35,000	35,000	35,000	35,000
- other emoluments	330,799	257,687	330,799	257,687
Financing charges	778,225	839,813	303,611	327,424
Hire of equipment	513,706	518,643	513,706	518,643
Hire of trucks and lorries	447,084	605,443	447,084	605,443
Interest expenses				
- bank overdrafts	1,279,300	1,328,352	1,279,300	1,328,352
- bill of exchange interest	39,721	10,783	39,721	10,783
- term loan	86,899	134,692	86,899	134,692
- overdue	1,609	1,984	1,609	1,984
- hire purchase	196,938	206,182	196,938	206,182
- others	60,808	272,642	59,424	253,773
Inventories written off	-	4,995	-	-
Leased land rental	79,297	970,260	-	-
Property, plant and equipment written off	68	26,696	68	26,696
Provision for employee benefits	6,773	46,815	6,773	46,815
Rental of buildings	394,844	407,497	3,291,608	3,246,909
(Gain)/Loss on disposal of property, plant and equipment	(9,717)	15,172	(9,717)	15,172
Allowance for doubtful debts no longer required	(59,831)	-	(59,831)	-
Gain on disposal of investment in subsidiary company	(547,974)	-	(2)	-
Interest revenue	-	(86,909)	(750,199)	(826,772)
Rental revenue	(60,000)	(70,000)	(69,000)	(79,000)

(b) Employees Information

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Staff costs	4,606,496	4,435,017	4,606,496	4,435,017

The number of employees including full-time directors of the Group and of the Company as at the financial year end were 118 (2003 : 144) and 118 (2003 : 144) respectively.

## 27. TAXATION

Effective from Year of Assessment 2004, the Malaysian government enacted a change in the statutory tax rate from 28% to 20%, for companies with paid-up share capital of RM2.5 million and below at the beginning of the basis period of chargeable income of up to RM500,000/- (Year of Assessment 2003 : RM100,000/-). For chargeable income in excess of RM500,000/- (Year of Assessment 2003 : RM100,000/-), statutory tax at the rate of 28% is still applicable.

The reconciliation from the tax amount at statutory tax rate to the Group's and the Company's tax expense are as follows:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit/(Loss) before taxation	125,462	(12,930,650)	(273,474)	(26,614,702)
Tax at the applicable tax rate of:-				
- first RM500,000/- (Year of Assessment 2003: RM100,000/-) at 20%	-	(3,800)	-	-
- balance 28%	35,200	(3,615,000)	(76,600)	(7,452,000)
Effect of lower of tax rate for Malaysia subsidiary company with issued and paid-up share capital of RM2.5 million and below	4,900	-	-	-
Tax expense	-	-	-	-

The Company has estimated unrelieved tax losses and unabsorbed capital allowance of RM3,192,000/- (2003 : RM3,192,000/-) and RM6,579,000/- (2003 : RM8,972,000/-) respectively available for set-off against future taxable profits, subject to agreement by the Inland Revenue Board.

The Company has an estimated tax credit of RM5,142,000/- (2003 : RM5,142,000/-) under Section 108 of Income Tax Act, 1967, to frank future payment of dividends of approximately RM13,220,000/- (2003 : RM13,220,000/-) without incurring additional tax liability, subject to agreement of the Inland Revenue Board.

The Group has estimated unrelieved tax losses of RM4,694,000/- (2003 : RM5,290,000/-) and unabsorbed capital and industrial building allowances of RM13,833,000/- (2003 : RM15,193,000/-) available for set-off against future taxable profits, subject to agreement by the Inland Revenue Board.

## 28. DISPOSAL OF A SUBSIDIARY COMPANY

The subsidiary company, Tamadam Warehouse Direct Sdn. Bhd. ("TWDSB"), was disposed off on 22nd December, 2004.

### (i) Effect on Consolidated Income Statements

The results of the subsidiary company incorporated into the consolidated results of the Group for the previous period up to the effective date of disposal was as follows:-

	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Revenue	-	1,105,958
Cost of sales	-	(913,368)
Gross profit	-	192,590
Other operating revenue	70,000	13,517,783
Distribution costs	-	(11,462)
Administration costs	(40,909)	(162,917)
Other operating costs	(1,105)	(9,471,669)
	(42,014)	(9,646,048)
Profit from operation	27,986	4,064,325
Finance costs	(19,250)	(19,025)
Profit for the year	8,736	4,045,300

(ii) Effect on Consolidated Financial Position

The financial position of the subsidiary company as at the effective date of disposal and as at the end of the previous financial year was as follows:

	<b>GROUP</b>	
	<b>2004 RM</b>	<b>2003 RM</b>
Sundry deposits and prepayments	-	1,610
Amount owing by former related company	40,000	40,000
Cash at bank	646	7,118
Trade payables	(4,015)	(18,752)
Sundry payables, deposits and accruals	(509,162)	(586,684)
Amount owing to former holding company	(75,441)	-
	(547,972)	(556,708)
Gain on disposal of subsidiary company	547,974	-
	2	(556,708)
Less: Cash and bank balances of subsidiary company disposed	(646)	
Cash flow on disposal, net of cash disposed of	(644)	

### 29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM691,506/- (2003 : RM1,620,614/-) and RM691,506/- (2003: RM1,564,764/-) respectively of which RM382,800/- (2003 : RM1,112,480/-) and RM382,800/- (2003 : RM1,112,480/-) was acquired by means of hire purchase. Cash payments of RM308,706/- (2003 : RM508,134/-) and RM308,706/- (2003 : RM452,284/-) were made to purchase property, plant and equipment.

### 30. CASH AND CASH EQUIVALENTS

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2004 RM</b>	<b>2003 RM</b>	<b>2004 RM</b>	<b>2003 RM</b>
These represent:-				
Cash and bank balances	257,859	80,583	243,198	61,091
Bank overdrafts	(16,938,340)	(17,209,938)	(16,938,340)	(17,209,938)
	(16,680,481)	(17,129,355)	(16,695,142)	(17,148,847)

### 31. DISCONTINUING OPERATION

On 3rd November, 2003, the Company announced that its subsidiary company, Tamadam Warehouse Direct Sdn. Bhd. ("TWDSB"), has ceased operating a warehouse located at Lot 593, Port of Lot 530(ii), 531(i), 531(ii), 1332, 1086, 1087 and 1088, Mukim 14, Jalan Bagan Lallang, Seberang Prai, Penang with effect from 31st October, 2003. Due to cessation of operations of the warehouse, TWDSB has terminated the lease agreement and surrendered the leased land which has unexpired lease period of 29 years to Majlis Perbandaran Seberang Prai. As a result, the container yard and warehouse which included the equipment within the warehouse have been written off.

The revenue, results and cash flows of the discontinuing operation of TWDSB in the Group level are as follows:-

	2004 RM	2003 RM
<b>Income Statement</b>		
Operating revenue	-	673,958
Direct costs	-	(913,368)
Gross loss	-	(239,410)
Other operating revenue	-	-
Distribution costs	-	(11,462)
Administration costs	-	(162,917)
Other operating costs	-	(9,471,669)
	-	(9,646,048)
Loss from operations	-	(9,885,458)
Finance costs	-	(19,025)
Loss for the year	-	(9,904,483)
<b>Cash Flow Statement</b>		
Cash flow from operating activities	-	(284,056)
Cash flow from investing activities	-	-
Net decrease in cash and cash equivalents	-	(284,056)
<b>Balance Sheet</b>		
Total assets	-	8,728
Total liabilities	-	605,436

### 32. DEFERRED TAXATION

The estimated deferred tax liabilities/(assets) arising from temporary differences not recognised in the financial statements are as follows:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Differences between the carrying amount of property, plant and equipment and its tax base	2,107,800	2,329,000	470,000	919,000
Deferred tax liabilities on temporary differences arising from revaluation of leasehold land and buildings	736,000	736,000	736,000	736,000
Deductible temporary differences in respect of expenses	(246,000)	(228,000)	(246,000)	(228,000)
Unrelieved tax losses	(1,291,100)	(1,482,000)	(894,000)	(894,000)
Unabsorbed capital and industrial building allowances	(3,873,000)	(4,264,000)	(1,842,000)	(2,460,000)
Net estimated deferred tax assets not recognised	<u>(2,566,300)</u>	<u>(2,909,000)</u>	<u>(1,776,000)</u>	<u>(1,927,000)</u>

The estimated unrelieved tax losses and unabsorbed capital and industrial building allowances are subject to agreement by the Inland Revenue Board and are not available for set-off between subsidiary companies.

### 33. SIGNIFICANT INTER-COMPANY TRANSACTIONS

In addition to related party disclosure mentioned elsewhere in the financial statements, set out below are the Company's other significant related party transactions.

	COMPANY	
	2004 RM	2003 RM
<b>Interest revenue receivable from subsidiary companies:-</b>		
Tamadam Industries Sendirian Berhad	(750,199)	(739,863)
<b>Management fee receivable from subsidiary companies:-</b>		
Tamadam Industries Sendirian Berhad	(72,000)	(60,000)
Tamadam Crest Sdn. Bhd.	(60,000)	(60,000)

	COMPANY	
	2004 RM	2003 RM
<b>Rental receivable from subsidiary company:-</b>		
Tamadam Crest Sdn. Bhd.	(9,000)	(9,000)

The above transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies.

	COMPANY	
	2004 RM	2003 RM
<b>Rental payable to subsidiary companies:-</b>		
Tamadam Warehouse Direct Sdn. Bhd.	-	432,000
Tamadam Industries Sendirian Berhad	2,191,200	2,191,200
Tamadam Logistics Berhad	705,564	216,216

The above transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies.

#### 34. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) In addition to related party disclosure mentioned elsewhere in the financial statements, set out below are the Group's and the Company's other significant related party transactions with an associated company, Expertyard (Penang) Sdn. Bhd..

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Management fee receivable	(30,000)	(60,000)	(30,000)	(60,000)
Transport revenue receivable	(60,600)	(70,684)	(60,600)	(70,684)
Purchase of property, plant and equipment	-	6,925	-	6,925
Rental revenue/(payable) receivable	7,200	(158,558)	7,200	-

- (b) Significant related party transaction with a director of the Company, Mr. Cheam Heng Cheang, is as follows:-

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest charges	59,424	272,642	59,424	253,773

The above transactions have been entered in the ordinary course of business at terms mutually agreed between the parties concerned.

- (c) Directors' remuneration

The Directors whose total remuneration fall within the following bands are as follows:-

	GROUP/COMPANY	
	2004 RM	2003 RM
Paid and payable to executive director <b>Cheam Heng Cheang</b>		
Other emoluments consist of salaries, bonuses, employees' provident fund and social security costs	300,000 to 350,000	200,001 to 250,000
Director's fee	Below 50,000	Below 50,000
Paid and payable to non-executive directors		
Directors' fees		
<b>Y.M. Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin</b>	Below 50,000	Below 50,000
<b>Col. (Rtd) Dato' Ir Cheng Wah</b>	Below 50,000	Below 50,000
<b>Soong Mun Wai</b>	Below 50,000	Below 50,000
<b>Goh Joon Hai</b>	Below 50,000	Below 50,000

### 35. SEGMENT ANALYSIS - GROUP

Segment information is presented in respect of the Group's business segments.

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

Segment assets and liabilities do not include income tax assets and tax liabilities respectively. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

## Business Segments

### Primary Reporting Format

The Group comprises the following main business segments:-

Warehouse rental, freight forwarding and transportation services	Provision of bonded warehousing, freight forwarding and transportation services
Trading and insurance agency	Trading of electrical and electronic goods and engaged as general insurance agent

There is no inter-segment revenue transactions during the year.

The Group has no secondary reporting format as the Group operates wholly in Malaysia.

### Primary Reporting Format - Business Segment

	WAREHOUSE RENTAL, FREIGHT FORWARDING TRANSPORTATION SERVICES - CONTINUING OPERATIONS RM	WAREHOUSE RENTAL, FREIGHT FORWARDING & TRANSPORTATION SERVICES - DISCONTINUING OPERATIONS RM	TRADING & INSURANCE AGENCY RM	ELIMINATIONS RM	CONSOLIDATED RM
<b>2004</b>					
<b>REVENUE</b>					
External revenue	18,183,478	-	32,239	-	18,215,717
Total revenue	18,183,478	-	32,239	-	18,215,717
<b>RESULT</b>					
Segment results	2,165,826	-	(41,304)	-	2,124,522
Interest expenses					(1,665,275)
Financing charges					(778,225)
Gain on disposal of subsidiary company					547,974
Share of results of associated company					(103,534)
Profit for the year					125,462
<b>OTHER INFORMATION</b>					
Segment assets	59,100,838	-	11,076	-	59,111,914
Interest in associated company					1,100

	WAREHOUSE RENTAL, FREIGHT FORWARDING TRANSPORTATION SERVICES - CONTINUING OPERATIONS RM	WAREHOUSE RENTAL, FREIGHT FORWARDING & TRANSPORTATION SERVICES - DISCONTINUING OPERATIONS RM	TRADING & INSURANCE AGENCY RM	ELIMINATIONS RM	CONSOLIDATED RM
Other investments					1
Tax paid in advance					5,888
Amount owing by associated company					141,255
Unallocated corporate assets					<u>870,920</u>
Consolidated total assets					<u>60,131,078</u>
<b>2004</b>					
<b>OTHER INFORMATION</b>					
Segment liabilities	5,395,109	-	9,123	-	5,404,232
Unallocated corporate liabilities					<u>32,100,501</u>
Consolidated total liabilities					<u>37,504,733</u>
Capital expenditure	691,506	-	-	-	691,506
Depreciation of property, plant and equipment	3,641,161	-	-	-	3,641,161
Non cash expenses other than depreciation					
Allowance for doubtful debts	134,144	-	-	-	134,144
Bad debts written off	12	-	-	-	12
Property, plant and equipment written off	68	-	-	-	68
Provision for employee benefits	6,773	-	-	-	6,773

	WAREHOUSE RENTAL, FREIGHT FORWARDING TRANSPORTATION SERVICES - CONTINUING OPERATIONS RM	WAREHOUSE RENTAL, FREIGHT FORWARDING & TRANSPORTATION SERVICES - DISCONTINUING OPERATIONS RM	TRADING & INSURANCE AGENCY RM	ELIMINATIONS RM	CONSOLIDATED RM
<b>2003</b>					
<b>REVENUE</b>					
External revenue	17,666,723	673,958	68,871	-	18,409,552
Total revenue	<u>17,666,723</u>	<u>673,958</u>	<u>68,871</u>	-	<u>18,409,552</u>
<b>2003</b>					
<b>RESULT</b>					
Segment results	(3,916,987)	(9,885,458)	57,156	-	(13,745,289)
Interest revenue					86,909
Interest expenses					(1,954,635)
Financing charges					(839,813)
Share of results of associated company					<u>3,522,178</u>
Loss for the year					<u>(12,930,650)</u>
<b>OTHER INFORMATION</b>					
Segment assets	61,016,938	8,728	18,459	-	61,044,125
Interest in associated company					104,634
Other investments					1
Tax paid in advance					5,888
Unallocated corporate assets					<u>803,390</u>
Consolidated total assets					<u>61,958,038</u>
Segment liabilities	4,804,769	605,436	11,766	-	5,421,971
Unallocated liabilities					<u>34,035,184</u>
Consolidated total liabilities					<u>39,457,155</u>

	WAREHOUSE RENTAL, FREIGHT FORWARDING TRANSPORTATION SERVICES - CONTINUING OPERATIONS RM	WAREHOUSE RENTAL, FREIGHT FORWARDING & TRANSPORTATION SERVICES - DISCONTINUING OPERATIONS RM	TRADING & INSURANCE AGENCY RM	ELIMINATIONS RM	CONSOLIDATED RM
<b>2003</b>					
Capital expenditure	1,620,614		-	-	1,620,614
Depreciation of property, plant and equipment	3,666,007	145,122	-	-	3,811,129
Non cash expenses other than depreciation					
Allowance for doubtful debts	768,337		-	-	768,337
Bad debts written off	1,986,891	5,402,753	-	-	7,389,644
Property, plant and equipment written off	26,696	3,779,562	-	-	3,806,258
Goodwill on consolidation written off	2,705,231	-	-	-	2,705,231

### 36. SIGNIFICANT EVENTS

(a) On 17 May 2004, the Company proposed:-

- (i) Extension of the duration and exercise period of the existing outstanding 2000/2005 warrants of the Company ("Tamadam Warrants") by five (5) years from 5th January 2005 up to and including 4th January 2010 ("Proposed Extension");
- (ii) Settlement of debt owing to the Managing Director of the Company to be satisfied by the issuance of new ordinary shares of RM1/- each of the Company at an issue price of RM1/- per share on the basis of one (1) new share for every RM1/- debt ("Proposed Debt Settlement");
- (iii) Acquisition of the entire equity interest in Air-Marine Cargo Agency Sdn Bhd ("Air-Marine") for a purchase consideration of RM110 million to be satisfied by the issuance of 110 million new shares of the Company at an issue price of RM1/- per share ("Proposed Acquisition") as per the Share Acquisition Agreement ("SAA") dated 17th May, 2004;
- (iv) Waiver to the vendors of Air-Marine ("Vendors") and parties acting in concert with them from the obligation to extend an unconditional mandatory General Offer ("GO") for all the remaining shares not already owned by them in the Company after the Proposed Acquisition ("Proposed Go Waiver");

- (v) Renounceable rights issue of up to 18,583,200 new shares ("Rights Shares") together with up to 37,166,400 detachable free warrants ("New Warrants") at an issue price of RM1/- per rights share on the basis of one (1) rights share with two (2) new warrants attached for every ten (10) existing shares held after the proposed debt settlement and proposed acquisition ("Proposed Rights Issue with Warrants");
  - (vi) Placement of shares held by the vendor(s) to public investors to be identified ("Proposed Vendor Placement"); and
  - (vii) Increase in the authorized share capital of the Company from RM100,000,000 to RM500,000,000 by the creation of 400,000,000 new shares ("Proposed Increase in Authorised Share Capital") in the Company.
- (b) On 24 June 2004, the Company announced that the Securities Commission ("SC") had, via its letter dated 22 June 2004, approved the Proposed Extension subject to the following conditions:-
- (i) the approval of the shareholders of the Company at an Extraordinary General Meeting to be convened at which at least 75% of the shareholders present vote in favour of the Proposed Extension; and
  - (ii) the approval of the holders of the Tamadam Warrants for the Propose at a warrants holders' meeting to be convened.
- (c) On 14 July 2004 AmMerchant Bank Berhad has announced on behalf of the Company Extension, that the solicitors of one of the shareholders of Air-Marine, William Chiew Soon Ming ("WCSM") and Air-Marine had informed the Company in writing that WCSM and Air-Marine have been served with a Writ of Summons on 13 July 2004 and a Summons in Chambers by Lim Poh Hooi ("LPH"), Mustafa bin Ali ("MA"), Tee Tuan Sem ("TTS") and Yasuo Takahashi ("Yasuo") (collectively to be referred to as "Plaintiffs") relating to 270,000 shares in Air-Marine which represent 27% of the total issued and paid-up capital of Air-Marine, for which TTS and Yasuo claim beneficial ownership. The Plaintiffs have alleged misrepresentation by WCSM in respect of the value of said 270,000 shares in Air-Marine and have appealed for injunctive relief via the summons in chambers in relation to the said shares.
- (d) On 27 August 2004, the Company announced it had filed an application to intervene into the action brought against WCSM and Air-Marine by LPH and three others in July 2004. The Company was granted leave to intervene into the aforementioned action by the High Court on 16 August 2004.
- (e) On 4 October 2004, an Extraordinary General Meeting of the Company and meeting of holders of the Tamadam Warrants was held and approval was granted held for the Proposed Extension of the Duration and Exercise period of the existing outstanding 2000/2005 warrants of the Company for a period of five (5) years from 5 January 2005 up to and including 4 January 2010.
- (f) On 17 December 2004, the Company announced that the SAA has been deemed terminated due to default of the Vendor and that a letter to this effect has been sent to the Vendor. In view of the foregoing, the Company announced that the Proposed Acquisition, the Proposed Rights Issue with Warrants, the Proposed Increase in Authorised Share Capital, the Proposed GO Waiver, Proposed Vendor Placement and Proposed Debt Settlement would not be proceeding due to the inter-conditionality of these proposals.
- (g) On 22 December 2004, the Company disposed the entire issued and paid up share capital of Tamadam Warehouse Direct Sdn Bhd ("TWDSB"), a wholly owned subsidiary company of the Company, to Encik Mansor Bin Md. Darus and Ramli Bin Md. Hashim for a total cash consideration of RM2/-

### 37. CONTINGENT LIABILITIES - UNSECURED

In addition to related party disclosure mentioned elsewhere in the financial statements, set out below are the Company's other significant related party transactions.

	<b>COMPANY</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Corporate guarantees given by the Company to a financial institution for banking facilities granted to the following subsidiary companies:-		
Tamadam Logistics Bhd.	77,000	77,000
Tamadam Industries Sendirian Berhad	6,622,623	7,621,452
	6,699,623	7,698,452

### 38. LEASE COMMITMENTS

	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Lease rental payable:-		
Within one year	71,983	71,139
Within two to five years	290,627	287,932
Within six to ten years	380,741	376,985
Within eleven to fifteen years	399,881	395,988
Within sixteen to twenty years	354,061	415,562
Within twenty one to twenty five years	-	20,827
	1,497,293	1,568,433

The lease rental payable is in respect of lease agreements entered between the subsidiary company, Tamadam Industries Sendirian Berhad, has entered into a lease agreement with KTM Warehouse Management Sdn. Bhd. for a piece of land for a period of 30 years with an option to renew for a further period of 30 years.

### 39. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group is exposed to a variety of risks in the normal course of business. The Group's risk management seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows:-

(i) Interest Rate Risk

The Group's exposure to interest rate risk relates to

- Interest bearing financial assets;

Interest bearing financial assets include advances to third party bear interest as mentioned in note 11 to the financial statements; and

- Interest bearing financial liabilities.

Interest bearing financial liabilities include term loans, hire purchase payables, amount owing to a director and bank overdraft facilities.

The Group manages its interest rate exposure and actively reviews its debt portfolio to ensure minimum exposure against interest rate hikes.

The effective interest rates at the balance sheets date and the periods in which the financial assets and liabilities, reprice or mature, whichever is earlier, are as follows:-

	Effective Interest Rate %	Total RM	←----- Maturities -----→		
			Within 1 Year RM	1-5 Years RM	After 5 Years RM
<b>2004</b>					
<b>GROUP/COMPANY</b>					
<b>Financial Asset</b>					
Amount owing by a subsidiary company	7.8	9,629,962	96,29,962	-	-
Other receivables	10.00	870,920	870,920	-	-
<b>Financial Liabilities</b>					
Term loan	7.5	859,318	593,434	265,884	-
Hire purchase payables	7.05 to 10.68	1,565,529	750,398	728,442	86,689
Bank overdrafts	7.25 to 8.50	16,938,340	16,938,340	-	-
Amount owing to a director	6.80	3,479,233	3,479,233	-	-

	Effective Interest Rate %	Total RM	←----- Maturities -----→		
			Within 1 Year RM	1-5 Years RM	After 5 Years RM
<b>2003</b>					
<b>Financial Assets</b>					
Other receivables	10	488,747	488,747	-	-
<b>Financial Liabilities</b>					
Term loan	7.5	1,406,991	547,709	859,282	-
Hire purchase payables	7.14 to 10.78	2,135,610	869,624	1,263,155	2,831
Bank overdrafts	7.25 to 8.50	17,209,939	17,209,939	-	-
Amount owing to a director	6.80	3,797,417	3,797,417	-	-

(ii) Credit Risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group does not have any significant exposure to any individual customer.

(iii) Liquidity and Cash Flow Risks

The Group actively manages its debt maturity profile and operating cash flows to meet its working capital requirements.

(b) Fair Values

The methods and assumptions used to estimate the fair values of each class of financial assets and liabilities are as follows:-

(i) Cash and Cash Equivalents, Trade and Other Receivables and Payables

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

(ii) Borrowings

The carrying amounts of bank overdrafts and amount owing to a director approximate fair values due to the relatively short term maturity of these financial liabilities.

The carrying amounts of long term floating rate loans approximate their fair values.

The fair values of hire purchase payables are estimated using discounted cash flow analysis, based on current lending rates for similar types of lending and borrowing arrangements.

The carrying amounts of financial assets and liabilities recognised in the financial statements approximate to their fair values except for the following:-

	<b>Carrying Amount RM</b>	<b>Fair Value RM</b>
<b>2004</b>		
<b>GROUP</b>		
<b>Financial Asset</b>		
Other investments	1	- *
Amount owing by associated company	141,255	- **
<b>Financial Liability</b>		
Hire purchase payables	1,565,529	1,547,551
<b>COMPANY</b>		
<b>Financial Assets</b>		
Other investments	1	- *
Amount owing by subsidiary companies	27,904,042	- **
Amount owing by associated company	141,255	- **
<b>Financial Liability</b>		
Hire purchase payables	1,565,529	1,547,551
<b>2003</b>		
<b>GROUP</b>		
<b>Financial Asset</b>		
Other investments	1	- *
<b>Financial Liability</b>		
Hire purchase payables	2,135,610	2,197,323
<b>COMPANY</b>		
<b>Financial Asset</b>		
Other investments	1	- *
Amount owing by subsidiary company	28,012,013	- **
<b>Financial Liability</b>		
Hire purchase payables	2,135,610	2,197,323
Amount owing to a subsidiary company	12,534	- **

\* It is not practical to estimate the fair values of unquoted other investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

\*\* It is not practical to estimate the fair values of amount owing by associated company and amount owing by/to subsidiary companies due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group and the Company do not anticipate the carrying amounts of these financial assets and liabilities to be significantly different from the values that would eventually be received or settled.

The nominal amount and fair value of financial liabilities not recognised in the balance sheet is as follows:-

	<b>Nominal Amount RM</b>	<b>Fair Value RM</b>
<b>COMPANY</b>		
<b>2004</b>		
Contingent liabilities arising from corporate guarantee to secure banking facilities of subsidiary companies	6,699,623	- *
<b>2003</b>		
Contingent liabilities arising from corporate guarantee to secure banking facilities of subsidiary companies	7,698,452	- *

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

#### 40. GENERAL INFORMATION

(a) Legal Form, Country of Incorporation and Domicile

The Company is a public limited liability company domiciled in Malaysia and incorporated under the Companies Act, 1965, with its shares listed on the Second Board of the Bursa Malaysia.

(b) Registered Office

Mezzanine Floor, 8A, Jalan Sri Semantan Satu, Damansara Heights, 50490 Kuala Lumpur.

(c) Principal Place of Business

902, Uptown Two, 2, Jalan SS 21/37, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan.

(d) Date of Authorisation for Issue

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 29th April, 2005.

## LIST OF PROPOERTIES OWNED BY THE GROUP AS AT 31 DECEMBER 2004

Location	Tenure	Size	Description	Net Book Value	Average Age
<b>Tamadam Bonded Warehouse Berhad</b>					
Lot No. 11614 Mukim and District of Kelang Selangor Darul Ehsan	Leasehold - 60 years (expiring 1 November 2025)	4.735 Hectares	Land with warehouses	12,984,444	8-34 Years
Lot No. PT 21596 Mukim and District of Kelang Selangor Darul Ehsan	Leasehold - 99 years (expiring 10 May 2089)	79,050 Sq. Ft.	Land with warehouses	2,677,367	10 Years
<b>Tamadam Industries Sdn Bhd</b>					
Lot 14773 Mukim and District of Kelang Selangor Darul Ehsan	Leasehold - 30 years (expiring 1 April 2024 with option to renew for a further 30 years)	25 Acres	Land with warehouses	30,583,213	6½ Years

## ANALYSIS OF SHAREHOLDINGS AS AT 10 MAY 2004

### SHARE CAPITAL

Authorised Share Capital	:	RM 100,000,000.00
Issued and Fully Paid Share Capital	:	RM 49,005,000.00
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	57	1.60	1,991	0.00
100 to 1,000	1,204	33.76	1,158,838	2.37
1,001 to 10,000	2,006	56.25	7,834,194	15.99
100,001 to 100,000	262	7.35	7,213,180	14.72
100,001 to less than 5% of issued shares	34	0.95	15,550,990	31.73
5% and above of issued shares	3	0.09	17,245,807	35.19
<b>Total</b>	<b>3,566</b>	<b>100.00</b>	<b>49,005,000</b>	<b>100.00</b>

### LIST OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Held		No. of Shares Held		Total No. of Shares Held	
	Direct	%	Indirect	%		%
1. Cheam Heng Cheang	13,971,000	28.51	1,435,000*	2.93	15,406,000	31.44
2. Ivory Holdings Sdn Bhd	3,274,807	6.68	-	-	3,274,807	6.68
3. Lim Lee Shia	572,000	1.17	3,274,807**	6.68	3,846,807	7.85

\* held through Inveshold Sdn Bhd and spouse.

\*\* held through Ivory Holding Sdn Bhd.

### DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest		Total No. of	
	No. of Shares	%	No. of Shares	%		%
1. Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin	250,000	0.51	-	-	250,000	0.51
2. Cheam Heng Cheang	13,971,000	28.51	1,435,000*	2.93	15,406,000	31.44
3. Col (Rtd) Dato' Ir Cheng Wah	22,500	0.05	-	-	22,500	0.05

\* held through Inveshold Sdn Bhd and spouse.

**TAMADAM BONDED WAREHOUSE BERHAD - ORDINARY SHARES**

**LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 16 May 2004**

Name of Shareholders	No. of Shares	%
1. HLB NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG CHEANG (BSR 21168-6)>	7,700,000	15.71
2. CHEAM HENG CHEANG	6,271,000	12.80
3. IVORY HOLDINGS SDN BHD	3,274,807	6.68
4. INVESHOLD SDN BHD	1,375,000	2.81
5. LIM SWEE SIE	1,300,200	2.65
6. KHONG HONG CHOO	1,219,700	2.49
7. LIM YOKE LING	1,203,640	2.46
8. LIM FONG MO @ LIM FUNG CHEE	1,200,000	2.45
9. CHAN WAN MOI	1,146,000	2.34
10. TA NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR NIK AZALAN BIN NIK A. KADIR>	726,000	1.48
11. CHEW BOON SENG	614,900	1.25
12. YEO KOK LEONG	600,000	1.22
13. LIM LEE SHIA	572,000	1.17
14. LIM ENG HUAT	439,000	0.90
15. LEE MING CHONG @ LEE MING CHEUNG	433,000	0.88
16. SEIH MANN SDN BHD	411,750	0.84
17. HDM NOMINEES (TEMPATAN) SDN BHD < UOB KAY HIAN PTE LTD FOR WONG KEONG (MARGIN)>	386,300	0.79
18. ANG SIONG HENG	364,900	0.74
19. LEMBAGA TABUNG HAJI	355,000	0.68
20. JF APEX NOMINEES (TEMPATAN) SDN BHD < PLEDGED SECURITIES ACCOUNT FOR LIM MEE SHIA (JH8)>	300,000	0.61
21. TAN MEI LIAN	293,400	0.60
22. KOAY KENG TEIK @ KOAY CHIA WAH	258,200	0.53
23. TUNKU MAHMUD BIN TUNKU BESAR BURHANUDDIN	250,000	0.51
24. HSBC NOMINEES (ASING) SDN BHD <HPBS SG FOR MALCARO LIMITED>	250,000	0.51
25. CITICORP NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR CHIANG MEI LENG (471069)>	200,000	0.41
26. TA NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR MUHAMMAD SYAFIQ BALJIT BIN ABDULLAH>	190,600	0.39
27. TA NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR CHAI NAM KIONG>	166,000	0.34
28. TAN KUAN HOCK	150,000	0.31
29. MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <PLEDGED SECURITIES ACCOUNT FOR ONG HUEY PENG (REM 650)>	148,000	0.30
30. JF APEX NOMINEES (TEMPATAN) SDN BHD <LIM GAIK BWAY @ LIM CHIEW AH>	147,400	0.30

**ANALYSIS OF WARRANT HOLDINGS  
AS AT 16 MAY 2005**

**No of Warrants Issued : 21,780,000**

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrant Held	% of Warrant Holdings
Less than 100	2	0.13	55	0.00
100 to 1,000	438	29.24	410,100	1.88
1,001 to 10,000	890	59.41	3,481,200	15.98
100,001 to 100,000	147	9.82	4,068,500	18.68
100,001 to less than 5% of issued warrants	19	1.27	4,708,700	21.62
5% and above of issued warrants	2	0.13	9,111,445	41.84
<b>Total</b>	<b>1,498</b>	<b>100.00</b>	<b>21,780,000</b>	<b>100.00</b>

**DIRECTORS' WARRANT HOLDINGS AS AT 16 MAY 2005**

Name	Direct Interest		Indirect Interest		No. of Warrants Held	
	No. of Warrants Held	%	No. of Warrants Held	%	No. of Warrants Held	%
1. Cheam Heng Cheang	7,056,000	32.40	-	-	7,056,000	32.40
2. Tunku Dato' Seri Mahmud Bin Tunku Besar Burhanuddin	-	-	-	-	-	-
3. Col (Rtd) Dato' Ir Cheng Wah	10,000	0.05	-	-	10,000	0.05
4. Soong Mun Wai	-	-	-	-	-	-
5. Goh Joon Hai	-	-	-	-	-	-

**TAMADAM BONDED WAREHOUSE BERHAD - WARRANTS**

**LIST OF TOP THIRTY (30) LARGEST REGISTERED WARRANT HOLDERS  
AS AT 16 MAY 2005**

Name of Warrant Holders	Warrant holdings	%
1. CHEAM HENG CHEANG	7,506,000	32.40
2. IVORY HOLDINGS SDN BHD	2,055,445	9.44
3. KHONG HONG CHOO	757,500	3.48
4. LIM YOKE LING	561,500	2.58
5. LIM SWEE SIE	551,900	2.53
6. CHEAM SHOU-SEN	365,000	1.68
7. LIN HAI MOH @ LIN SEE YAN	300,000	1.38
8. YEO KOK LEONG	272,900	1.25
9. LOKE KHONG MUNG @ LOKE KHONG MING	215,500	0.99
10. SALAHUDDIN BIN ABDULLAH	191,600	0.88
11. SIEH MANN SDN BHD	183,000	0.84
12. MARY HO	181,000	0.83
13. TANG SUET MOOI	170,000	0.78
14. LOH SIEW WENG	160,000	0.73
15. MAK NGIA NGIA !@ MAK YOKE LUM	133,900	0.61
16. TA NOMINEES (TEMPATAN) SDN BHD <PLEGDED SECURITIES ACCOUNT FOR LEONG SIEW WING>	120,000	0.55
17. NGU SHANG SHANG	113,900	0.52
18. TAN NYAP KEONG @ TONY TAN	110,000	0.51
19. NEOI AH HA @ LEONG PENG LAM	109,000	0.50
20. LING CHOON KOH @ NEE CHOON KOH	107,000	0.49
21. LOW PAK SENG	105,000	0.48
22. LOH SWEE KEE	100,000	0.46
23. LIM KAM	100,000	0.46
24. LIM LEE SHIA	95,000	0.44
25. TEO TIEW	92,000	0.42
26. MAK NGIA NGIA @ MAK YOKE LUM	85,000	0.39
27. WONG YOON THAM	80,000	0.37
28. ONG LIAN OEU	77,700	0.36
29. EOW AI BOEY	74,000	0.34
30. KWONG MEE WAN	71,000	0.33

## **NOTICE OF ANNUAL GENERAL MEETING**

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NOTICE IS HEREBY GIVEN THAT the Twenty-Third (23rd) Annual General Meeting of the Company will be held at the GC Room, Kelab Taman Perdana DiRaja Kuala Lumpur, Jalan Kebun Bunga, Off Jalan Parlimen, 50704 Kuala Lumpur on Friday, 24 June 2005 at 10.00 a.m. for the following purposes:-

### **A G E N D A**

1. To receive the Audited Financial Statements for the year ended **31st December 2004** together with the Reports of the Directors and Auditors thereon.

**(Resolution 1)**

2. To approve the payment of Directors' Fees for the year ended **31st December 2004**.

**(Resolution 2)**

3. To re-elect the following Director retiring under the provisions of the Articles of Association of the Company:-

(i) Soong Mun Wai

**(Resolution 3)**

4. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

"THAT Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin, a director after having attained the age of seventy years, be and is hereby re-appointed as a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting."

**(Resolution 4)**

5. To re-appoint **Messrs Moore Stephens** as Auditors of the Company and to authorise the Directors to fix their remuneration.

**(Resolution 5)**

6. As Special Business :

To consider and if thought fit, to pass the following Ordinary Resolution:-

### **AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES**

"THAT subject to the provisions of Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and such authority shall remain in force until the next Annual General Meeting of the Company."

**(Resolution 6)**

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

**LIM MING TOONG**  
**HOH KEAN NYUK**  
Company Secretaries

KUALA LUMPUR  
1 June 2005

NOTES:

- (1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (2) The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
- (3) The instrument appointing a proxy must be deposited at the Company's Registrars, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting or at any adjournment thereof.

**EXPLANATORY NOTE ON SPECIAL BUSINESS :**

**RESOLUTION NO. 6**

The proposed resolution No. 6, if passed, will give the Directors of the Company the power to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting of the Company.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

*Pursuant to Paragraph 8.28(2) of The Listing Requirements Of Bursa Malaysia*

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1. The Directors who are standing for re-election in accordance with the Company's Articles of Association are as follows :-

- (a) Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin
- (b) Soong Mun Wai

2. The details of attendance of Directors at Board Meetings are as follows :-

During the financial year ended 31st December 2004, six Board Meetings were held :

<b>Directors</b>	<b>No. of Meetings Attended</b>
Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin	6
Col (Rtd) Dato' Ir Cheng Wah	6
Mr Cheam Heng Cheang	6
Mr Soong Mun Wai	5
Mr Goh Joon Hai	5

3. The Twenty-Third Annual General meeting will be held at :-

<b>Date</b>	<b>Time</b>	<b>Venue</b>
24/06/2005	10.00 a.m.	GC Room, Kelab Taman Perdana DiRaja Kuala Lumpur, Jalan Kebun Bunga, Off Jalan Parlimen, 50704 Kuala Lumpur

4) Further details on the Directors who are standing for re-election at the Twenty-Third Annual General Meeting are set out on page 3 of the Annual Report.

# Tamadam Bonded Warehouse Berhad

(82731-A)  
(Incorporated in Malaysia)

## FORM OF PROXY

I / We .....NRIC No.....  
(Full Name In Capital Letters)

of .....  
(Address)

being a member/members of **TAMADAM BONDED WAREHOUSE BERHAD**, hereby appoint

.....NRIC No.....  
(Full Name In Capital Letters)

of.....  
(Address)

or failing him/her, the Chairman of the Meeting, as my/our proxy, to attend and vote for me/us and on my/our behalf at the **TWENTY-THIRD (23RD) ANNUAL GENERAL MEETING** of the Company to be held at the **GC Room, Kelab Taman Perdana DiRaja Kuala Lumpur, Jalan Kebun Bunga, Off Jalan Parlimen, 50704 Kuala Lumpur** on **Friday, 24 June 2005 at 10.00 a.m.** or at any adjournment thereof.

My/our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space below.

RESOLUTIONS	FOR	AGAINST
1. To receive the Audited Financial Statements for the year ended 31st December 2004.		
2. To approve the payment of Directors' Fees for the year ended 31st December 2004.		
3. To re-elect Mr Soong Mun Wai as Director retiring under the provisions of the Articles of Association of the Company.		
4. To re-appoint Tunku Dato' Seri Mahmud Bin Tunku Besar Burhanuddin as a Director pursuant to Section 129(6) of the Companies Act, 1965.		
5. To re-appoint Messrs Moore Stephens as Auditors of the Company and to authorise the Directors to determine their remuneration.		
6. To authorise Directors to allot and issue shares		

(If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.)

Dated this.....day of.....2005.

Number of Shares Held

.....  
Signature(s)/Common Seal of Shareholder(s)

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