



Annual Report
2004
Laporan Tahunan



EG Industries Berhad
222897-W
(Formerly known as EG.COM Berhad)
Incorporated in Malaysia

EG Industries Berhad 222897-W
(Formerly known as EG.COM Berhad)

Lot 37, Jalan 6, Bakar Arang Industrial Estate,
08000 Sungai Petani, Kedah.
Tel : 604-421 8131 Fax : 604-421 9876
Website : <http://www.eg.com.my>

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NOTIS MESYUARAT NOTICE OF MEETING

NOTIS DENGAN INI DIBERI BAHAWA Mesyuarat Agung Tahunan EG INDUSTRIES BERHAD (formerly known as EG.COM BERHAD) yang KETIGABELAS akan diadakan di Tingkat 2, Bilik Sri Intan, Hotel City Bayview, 25-A, Lebuhr Farquhar, 10200 Pulau Pinang pada hari Jumaat, 31hb Disember 2004 pada pukul 11:30 pagi bagi tujuan-tujuan berikut:-

AGENDA-AGENDA

1. Menerima dan meluluskan Penyata Kewangan yang telah diaudit bagi tahun kewangan berakhir 30 Jun 2004 berserta dengan Lapuran-lapuran para Pengarah dan Juruaudit. Resolusi 1
2. Meluluskan bayaran yuran kepada Pengarah-Pengarah Syarikat sebanyak RM28,000.00 bagi tahun kewangan berakhir 30 Jun 2004. Resolusi 2
3. Memilih semula Pengarah-Pengarah berikut yang bersara menurut Artikel 98(1) Tataurusan Syarikat:-
 - a) TAI KEIK HOCK Resolusi 3
 - b) NIK AZALAN BIN NIK A. KADIR Resolusi 4
4. Melantik semula Ernst & Young sebagai juruaudit dan memberi kuasa kepada Lembaga Pengarah untuk menentukan ganjaran mereka. Resolusi 5
 Urusan Khas:
5. Resolusi Biasa
 Menimbang dan sekiranya difikirkan sesuai, meluluskan, Resolusi Biasa seperti berikut:-
 "BAHAWA tertakluk kepada Akta Syarikat, 1965, Tataurusan Penubuhan Syarikat dan kelulusan pihak berkuasa kerajaan/penguatkuasa, Para Pengarah, berhubung dengan Seksyen 132D dalam Akta Syarikat, 1965 dengan ini diberi kuasa untuk menerbitkan saham dalam syarikat dari masa ke semasa berdasarkan kepada terma dan syarat bagi tujuan tersebut menurut yang dianggap sesuai oleh para Pengarah selagi bilangan agregat saham yang diterbitkan berhubung dengan resolusi ini tidak melebihi 10% daripada modal terbitan Syarikat pada masa sekarang dan bahawa kuasa sedemikian akan terus terlaksana sehingga penyelesaian Mesyuarat Agung Tahunan Syarikat yang berikutnya." Resolusi 6
6. Resolusi Biasa
 Menimbang dan sekiranya difikirkan sesuai, meluluskan, Resolusi Biasa seperti berikut:-
 "BAHAWA Modal Dibenarkan Syarikat Dinaikkan daripada RM100,000,000/- dibahagikan kepada 100,000,000 syer biasa bernilai RM1/- setiap satu kepada RM200,000,000/- dengan mengujudkan modal tambahan sebanyak 100,000,000 syer biasa bernilai RM1/- setiap satu." Resolusi 7
7. Mengurus perkara-perkara lain bagi mana notis telah diberi selaras dengan keperluan Tataurusan Syarikat dan Akta Syarikat, 1965.

Dengan Perintah Lembaga Pengarah

CHAI CHURN HWA (MAICSA 0811600)

Setiausaha Syarikat

Pulau Pinang
3 Disember 2004

Nota:-

1. Seseorang ahli yang layak hadir dan mengundi boleh melantik proksi untuk hadir dan mengundi bagi pihaknya dan proksi tersebut tidak semestinya seorang ahli Syarikat.
 Sekiranya proksi itu dilantik oleh sebuah perbadanan, Borang Proksi tersebut hendaklah dibuat di bawah meterainya atau menerusi seorang pegawai atau wakil mutlak yang diperakukan.
 Seorang ahli yang melantik lebih daripada dua proksi, dia mestilah mencatatkan berapa sahamnya diwakili oleh setiap proksi.
 Borang proksi yang telah dilengkapkan mestilah diserahkan kepada Pejabat Berdaftar Syarikat di Suite 18.01, 18th Floor, MWE Plaza, 8 Lebuhr Farquhar, 10200 Penang tidak lewat dari 48 jam sebelum masa yang ditetapkan untuk mesyuarat Agung Tahunan.
2. Nota penerangan mengenai Urusan Khas
 Resolusi Biasa
 • Resolusi 6
 Resolusi No. 6 yang dicadangkan adalah berkenaan dengan pelan pengembangan aktiviti Syarikat yang mungkin melibatkan penerbitan saham-saham biasa yang baru. Mengikut Akta Syarikat, 1965, Lembaga Pengarah perlu mengadakan satu Mesyuarat Agung untuk meluluskan penerbitan saham-saham baru walaupun jumlah saham yang bakal diterbitkan adalah kurang daripada 10% jumlah modal terbitan Syarikat. Maka, adalah dianggap sesuai untuk Lembaga Pengarah Syarikat mendapatkan kelulusan para ahli Syarikat terlebih dahulu untuk menerbitkan saham-saham Syarikat sehingga satu agregat yang tidak melebihi 10% daripada jumlah modal terbitan Syarikat pada masa tersebut. Ini akan mengelakkan penangguhan dan kos penyelenggaraan Mesyuarat Agung. Walaubagaimanapun, kuasa ini, sekiranya tidak ditarik balik atau ditukar dalam mesyuarat agung, akan berkuatkuasa sehingga mesyuarat agung tahunan yang akan datang.
 Resolusi Biasa
 • Resolusi 7
 Resolusi No. 7 yang dicadangkan adalah untuk meningkatkan Modal Dibenarkan dari RM100,000,000/- dibahagikan kepada 100,000,000 syer biasa bernilai RM1/- setiap satu kepada RM200,000,000/- dibahagikan kepada 200,000,000 syer biasa bernilai RM1/- setiap satu.

NOTIS MESYUARAT NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the THIRTEENTH ANNUAL GENERAL MEETING of the Company will be held at Level 2, Sri Intan Room, The City Bayview Hotel, 25-A Farquhar Street, 10200 Penang on Friday, 31 December, 2004 at 11:30 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 30 June 2004 and the Reports of the Directors and the Auditors thereon. Resolution 1
2. To approve the payment of Directors' Fees of RM28,000.00 for the year ended 30 June 2004. Resolution 2
3. To re-elect the following directors retiring in accordance with Article 98(1) of the Company's Articles of Association:-
 - a) TAI KEIK HOCK Resolution 3
 - b) NIK AZALAN BIN NIK A. KADIR Resolution 4
4. To re-appoint Ernst & Young as auditors and to authorize the Directors to fix their remuneration. Resolution 5
As Special Business:-
5. Ordinary Resolution
To consider and if thought fit, to pass the following as an Ordinary Resolution:-
"THAT subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." Resolution 6
6. Ordinary Resolution
To consider and if thought fit, to pass the following as an Ordinary Resolution:-
"THAT the authorized share capital of the Company be increased from RM100,000,000/- divided into 100,000,000 ordinary shares of RM1/- each to RM200,000,000/- by the creation of an additional 100,000,000 ordinary shares of RM1/- each to rank pari passu with the existing shares of the Company in all respects." Resolution 7
7. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

CHAI CHURN HWA (MAICSA 0811600)

Company Secretary

Penang
3 December 2004

NOTES:

1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy, and in the case of a corporation, a duly authorized representative to attend and vote in his stead. A proxy may but need not be a member of the Company.
The instrument appointing a proxy shall be in writing under the hand of the appointer or if such appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorized.
A member who appoints two or more proxies shall specify the proportion of his shareholdings to be represented by each proxy.
The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 18.01, 18th Floor, MWE Plaza, 8 Lebu Farquhar, 10200 Penang not less than forty-eight (48) hours before the time fixed for holding this meeting or at any adjournment thereof.
2. Explanatory note on Special Business
Ordinary Resolution
• Resolution 6
The proposed Resolution No. 6 is in line with the Company's expansion plan of which may involve the issue of new shares. Under the Companies Act, 1965, the Directors would have to call a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the total issued capital. In order to avoid any delay and cost involved in convening such a general meeting, it is considered appropriate to seek the shareholders' approval for the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issue share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.
Ordinary Resolution
• Resolution 7
The proposed increase in authorized share capital is to enable the Company to cater for future increases in the issued share capital of the Company.

**PENYATA MENGIKIRI NOTIS MESYUARAT AGUNG TAHUNAN
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

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

- Tai Keik Hock (Resolution 3)
- Nik Azalan Bin Nik A. Kadir (Resolution 4)

Profile of Directors who are standing for re-election:-

- Tai Keik Hock

Age	66
Nationality	Malaysian
Qualification	Nil
Position	Chairman, Managing Director
Working Experience & Occupation	Businessman, Company Director
Date Appointed to the Board	14 July 1993
Other Board Committee	Audit Committee Member, Remuneration Committee Member
Other Directorships (in Public Companies)	Nil
Family Relationships with other Directors	Brother to Tai Keng Eng Father to Tai Lee Keow
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	4

- Nik Azalan Bin Nik A. Kadir

Age	48
Nationality	Malaysian
Qualification	Degree in Electronics Data Processing Caulfield Institute of Technology Melbourne
Position	Independent Non-Executive Director
Working Experience & Occupation	Businessman Bank Officer
Date Appointed to the Board	14 July 1993
Other Board Committee	Chairman of Audit Committee Chairman of Remuneration Committee Nomination Committee Member
Other Directorships (in Public Companies)	Emico Holdings Bhd
Family Relationships with other Directors	Nil
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	4

Attendance at Board Meeting

Four Meetings were held during the financial year from 1 July 2003 to 30 June 2004. The details of attendance of Directors at the Board Meetings are as follows:-

Name of Directors	Date of Meetings			
	28/8/03	19/11/03	26/2/04	27/5/04
Tai Keik Hock	X	X	X	X
Tai Keng Eng	X	-	X	X
Tai Lee Keow	-	X	X	X
Nik Azalan Bin Nik A. Kadir	X	X	X	X
Dato' Rahadian Mahmud Bin Mohammad Khalil	-	X	-	X
Khoo Boo Yeang	X	X	X	X

Place, date and time of the Thirteenth Annual General Meeting

The Thirteenth Annual General Meeting of the Company is scheduled to be held on Friday, 31 December 2004 at 11:30 a.m. at Level 2, Sri Intan Room, The City Bayview Hotel, 25-A Lebuhr Farquhar, 10200 Penang.

**PENYATA MENGIKIRI NOTIS MESYUARAT AGUNG TAHUNAN
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

Directors' Remunerations

The details of remuneration for Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 30 June 2004 are as follows:-

Aggregate remuneration categorized into components -

	Executive Directors	Non-Executive Directors	Total
Fees (RM)	6,000	22,000	28,000
Salaries (RM)	444,288	-	444,288
Bonuses and Allowances (RM)	-	-	-
Benefits-in-kind (RM)	-	-	-
Total (RM)	450,288	22,000	472,288

The number of Directors of the Company whose total remuneration fall within the following bands -

	Executive Directors	Non-Executive Directors	Total
0 to RM50,000	-	3	3
RM50,001 to RM100,000	1	-	1
RM100,001 to RM150,000	1	-	1
RM150,001 to RM200,000	-	-	-
RM200,001 to RM250,000	1	-	1
RM250,001 to RM300,000	-	-	-

Statement of Directors' Responsibilities

Pursuant to Paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 30 June 2004, the Group has used appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant accounting standards have been followed in the preparation of these financial statements.

Utilisation of Proceeds

No proceeds were raised by the Company.

Share Buybacks

During the financial year, there were no share buybacks by the Company.

Options, Warrants Or Convertible Securities

During the financial year, there were no exercise of Employee Share Option Scheme and Warrants.

American Depository Receipt (ADR) Or Global Depository Receipt (GDR) Programme

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

Imposition of Sanctions/Penalties

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

PENYATA MENGIKIRI NOTIS MESYUARAT AGUNG TAHUNAN
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Non-audit Fees

Nil.

Profit Estimate, Forecast Or Projection

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

Profit Guarantees

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

Material Contracts

- (a) Conditional Sale and Purchase Agreement dated 24 March 2004 made between the Company ("the Vendor") and Piani Sdn Bhd ("the Purchaser") to dispose of the following:
- (i) 100% equity interest in Dai-Ichi Electronics (M) Sdn Bhd comprising 5,108,000 ordinary shares of RM1.00 each for a cash consideration of RM1.00; and
 - (ii) 100% equity interest in Dynamic Electronics (M) Sdn Bhd comprising 1,000,000 ordinary shares of RM1.00 each for a cash consideration of RM998,994; and
- (b) Conditional Sale and Purchase Agreement dated 24 March 2004 made between the company ("the Vendor") and Mr Tan Meng Hwa ("the Purchaser") to dispose of 70% equity interest in Mastimber Door & Furniture Industries Sdn Bhd comprising 700,000 ordinary shares of RM1.00 each for a cash consideration of RM1.00 only.

Recurrent Related Party Transactions of a Revenue or Trading Nature

Details of transactions with related parties undertaken by the Group during the year are disclosed in Note 28 of the financial statements.

Revaluation Of Landed Properties

The Company does not have a revaluation policy on landed properties.

MAKLUMAT SYARIKAT CORPORATE INFORMATION

PENGERUSI / PENGARAH URUSAN CHAIRMAN / MANAGING DIRECTOR

TAI KEIK HOCK

PENGARAH EKSEKUTIF EXECUTIVE DIRECTORS

- Non-Independent

TAI KENG ENG
TAI LEE KEOW

PENGARAH BEBAS BUKAN EKSEKUTIF INDEPENDENT NON-EXECUTIVE DIRECTORS

NIK AZALAN BIN NIK A. KADIR
DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
KHOO BOO YEANG

SETIAUSAHA SYARIKAT COMPANY SECRETARY

CHAI CHURN HWA [MAICSA 0811600]

JAWATANKUASA AUDIT AUDIT COMMITTEE

Pengerusi
Chairman

NIK AZALAN BIN NIK A. KADIR
(Independent Non-Executive Director)

Ahli
Members

TAI KEIK HOCK
(Non-Independent Executive Director)
KHOO BOO YEANG
(Independent Non-Executive Director)

PEGUAM SOLICITORS

WONG BEH & TOH

PEJABAT YANG DIDAFTARKAN REGISTERED OFFICE

Suite 18.01, 18th Floor, MWE Plaza
8 Lebuhr Farquhar
10200 Penang

Tel: 04-2637762 & 2625424
Fax: 04-2635901

PEJABAT PENDAFTARAN SAHAM & WARAN REGISTRAR FOR SHARES & WARRANTS

SYMPHONY SHARE REGISTRARS SDN BHD
(formerly known as MALAYSIAN SHARE REGISTRATION
SERVICES SDN BHD)
Level 26, Menara Multi-Purpose
Capital Square
No.8, Jalan Munshi Abdullah
50100 Kuala Lumpur

Tel: 03-27212222
Fax: 03-27212530

JURUAUDIT AUDITORS

ERNST & YOUNG

BANK-BANK BANKERS

HSBC BANK MALAYSIA BERHAD
SOUTHERN BANK BERHAD
AMMERCHANT BANK BERHAD
UNITED OVERSEAS BANK

PENYENARAIAAN BURSA SAHAM STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD SECOND BOARD

PROFIL PARA PENGARAH PROFILE OF DIRECTORS

LEMBAGA PENGARAH BOARD OF DIRECTORS

PENGERUSI EKSEKUTIF & PENGARAH URUSAN KUMPULAN EXECUTIVE CHAIRMAN & GROUP MANAGING DIRECTOR

	TAI KEIK HOCK
Age	66
Nationality	Malaysian
Qualification	Primary School
Position	Chairman, Managing Director
Working Experience & Occupation	Businessman, Company Director
Date appointed to the Board	14 July 1993
Other Board Committee	Audit Committee Member, Remuneration Committee Member
Other Directorships (in Public Companies)	Nil
Family relationships with other Directors	Brother of Tai Keng Eng Father of Tai Lee Keow
Conflict of interest with listed issuer	Nil
Offences convicted for the past 10 years	Nil
No. of Board Meeting attended during the financial year	4

PARA PENGARAH EKSEKUTIF EXECUTIVE DIRECTOR

	TAI KENG ENG	TAI LEE KEOW
Age	47	38
Nationality	Malaysian	Malaysian
Qualification	Form Six	Bachelor of Commerce Degree, University of Melbourne Master of Business Administration
Position	Executive Director	Executive Director
Working Experience & Occupation	General Manager Executive Director	General Manager Executive Director
Date appointed to the Board	14 July 1993	14 July 1993
Other Board Committee	Nil	Nil
Other Directorships (in Public Companies)	Nil	Nil
Family relationships with other Directors	Sister of Tai Keik Hock Aunty of Tai Lee Keow	Daughter of Tai Keik Hock Niece of Tai Keng Eng
Conflict of interest with listed issuer	Nil	Nil
Offences convicted for the past 10 years	Nil	Nil
No. of Board Meeting attended during the financial year	3	3

PROFIL PARA PENGARAH PROFILE OF DIRECTORS

PARA PENGARAH BEBAS BUKAN EKSEKUTIF INDEPENDENT NON-EXECUTIVE DIRECTOR

	NIK AZALAN BIN NIK A. KADIR	DATO' RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Age	53	31
Nationality	Malaysian	Malaysian
Qualification	Degree in Electronics Data Processing Caulfield Institute of Technology Melbourne	Degree in Civil Engineering University of London
Position	Independent Non-Executive Director	Independent Non-Executive Director
Working Experience & Occupation	Businessman Bank Officer	General Management of Company Company Director
Date appointed to the Board	14 July 1993	10 February 2000
Other Board Committee	Chairman of Audit Committee, Chairman of Remuneration Committee and Nomination Committee Member	Nomination Committee Member
Other Directorships (in Public Companies)	Emico Holdings Bhd	Kinsteel Bhd North Borneo Corporation Bhd Sanburni Holdings Bhd Eden Enterprises (M) Bhd Cepatwawasan Group Bhd
Family relationships with other Directors	Nil	Nil
Conflict of interest with listed issuer	Nil	Nil
Offences convicted for the past 10 years	Nil	Nil
No. of Board Meeting attended during the financial year	4	2
	KHOO BOO YEANG	
Age	39	
Nationality	Malaysian	
Qualification	Qualified Public Accountant Member of the Malaysian Institute of Accountants Member of the Malaysian Institute of Certified Public Accountants Master in Business Administration, Heriot Watt University	
Position	Independent Non-Executive Director	
Working Experience & Occupation	Attached to KPMG for 9 years Served as Financial Controller in two public listed companies Management Consultant with Horwath TY Consulting Sdn Bhd	
Date appointed to the Board	31 December 2001	
Other Board Committee	Audit Committee Member, Chairman of Nomination Committee and Remuneration Committee Member	
Other Directorships (in Public Companies)	Nil	
Family relationships with other Directors	Nil	
Conflict of interest with listed issuer	Nil	
Offences convicted for the past 10 years	Nil	
No. of Board Meeting attended during the financial year	4	

PENYATA TADBIR URUS KORPORAT CORPORATE GOVERNANCE STATEMENT

The Board of Directors of EG Industries Berhad (formerly known as EG.Com Berhad) is pleased to report to shareholders on the manner the Company has applied the principles, and the extent of compliance with the Best Practices in Corporate Governance as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance ("the Code").

The Board welcomes the recommendations of the Code which sets out the principles and best practices on structures and processes that the Company's may use in their operations towards achieving the optimal governance framework.

Set out in the ensuing paragraphs, are descriptions of how the Company has applied the principles and best practices of the Code.

1. DIRECTORS

1.1a Composition and Balance

As at the date of this statement, the Board consists of 6 members, comprising 1 (one) Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. With this Board composition, the Company complies with paragraph 15.02 of the Listing Requirement of the Bursa Malaysia Securities Berhad where at least 2 Directors or 1/3 of the Board whichever is higher, are independent Directors.

The Directors from different backgrounds and specialization collectively bring depth and diversity in experience to the Group's operations. The Independent Non-Executive Directors are independent from Management and have no relationships that could interfere with the exercise of their independent judgment. They bring to bear objective and independent judgment to the decision making of the Board and provide an effective check and balance for the Executive Directors.

The profiles of the members of the Board are set out in this Annual Report under the section named Profile of Directors.

1.1b Duties and Responsibilities

The Board of EG Industries Berhad (formerly known as EG.Com Berhad) is primarily responsible for:-

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identify principal risk and ensure the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations program or shareholder communications policy for the Company; 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.

1.2 Supply of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties. All Directors are furnished with the meeting agenda and other documents on matters requiring their consideration prior to and in advance of each meeting. The documents are comprehensive and include qualitative and quantitative information to enable the Board members to make an informed decision. Senior management is invited to attend these meetings to explain and clarify matters being tabled.

During the financial year ended 30 June 2004, the Board met 4 times where it deliberated on and considered matters relating to the Group's financial performance, significant investments, corporate development, strategic issues and business plan. Details of each Director's attendance of Board meetings are set out below.

Name of Director	No. of meetings attended
Tai Keik Hock	4
Tai Keng Eng	3
Tai Lee Keow	3
Nik Azalan Bin Nik A. Kadir	4
Dato' Rahadian Mahmud Bin Mohammad Khalil	2
Khoo Boo Yeang	4

All the directors have access to the advise and services of the Company Secretary. If required, the Directors may engage independent professionals at the Group's expense, in the furtherance of their duties.

1.3 Appointments to the Board

On 28 May 2002 the Board established the Nomination Committee. The members of the Nomination Committee are as follows:

Mr Khoo Boo Yeang - Chairman, Independent Non-Executive Director
 En Nik Azalan Bin Nik A. Kadir - Independent Non-Executive Director
 Dato' Rahadian Mahmud Bin Mohammad Khalil - Independent Non-Executive Director

PENYATA TADBIR URUS KORPORAT CORPORATE GOVERNANCE STATEMENT

The duties and functions of the Nomination Committee are:-

1. Recommending to the Board, candidates for directorships to be filled by the shareholders on the board
2. Recommending to the Board, directors to fill seats on board committees
3. Reviewing annually the required skills and experience and other qualities and core competencies of non-executive directors should bring to the Board
4. Assessing annually the effectiveness of the Board as a whole and the contribution of each individual director

The decision on new appointment of new directors rests with the Board after considering the recommendations of the Nomination Committee.

During the year under review, there was one meeting held for the Nomination Committee.

1.4 Re-election of Directors

In accordance with the Company's Articles of Association, one third of the Directors shall retire from office and be eligible for re-election at the annual general meeting. Furthermore, each Director shall retire from office at least once in every three years.

Information of the directors who will be retiring at the forthcoming Annual General Meeting is disclosed in the Statement Accompanying Notice of Annual General Meeting.

1.5 Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia (RIIAM). The Directors will continue to undergo further Continuous Education Program (CEP) to enhance their skills and knowledge where relevant.

2. THE AUDIT COMMITTEE

The Board has on 21 July 1994 established the Audit Committee. The present Audit Committee comprises of 3 members. Please refer to the Audit Committee Report for further details.

3. DIRECTORS' REMUNERATION

The remuneration of Directors is determined at levels which will enable the Company to attract and retain Directors with the relevant experience and expertise to run the Company successfully. The remuneration of Executive Directors is structured to link rewards to corporate and individual performance.

On 28 May 2002 the Board established the Remuneration Committee which comprises the following members:

En Nik Azalan Bin Nik A. Kadir - Chairman, Independent Non-Executive Director
Mr Khoo Boo Yeang - Independent Non-Executive Director
Mr Tai Keik Hock - Chairman & Managing Director

The primary duty of the Remuneration Committee is to review and recommend the remuneration packages of Executives Directors for Board approval and the individual Directors are required to abstain from discussion on their own remuneration.

The details of the remuneration for Directors during the financial year ended 30 June 2004 are disclosed in the Statement Accompanying Notice of Annual General Meeting.

4. SHAREHOLDERS

4.1 Dialogue with investors

The Board recognizes the importance of timely dissemination of information to shareholders and other stakeholders. The primary tools of communication with the shareholders of the Company are through the annual report, announcements through Bursa Malaysia Securities Berhad and circulars. All queries from shareholders and members of the public received through phone calls or letters are handled by the Corporate Affairs Manager and Company Secretary. Additional information about the Company is made available at its website: <http://www.eg.com.my>

4.2 General Meeting

At the annual general meeting and extraordinary general meeting, the Chairman gives shareholders ample opportunity to participate through questions on the prospects, performance of the Group and other matters of concern to them with the Board.

PENYATA TADBIR URUS KORPORAT CORPORATE GOVERNANCE STATEMENT

5. ACCOUNTABILITY AND AUDIT

5.1 Financial Reporting

The Board is responsible for presenting a balanced and meaningful assessment of the Group's financial performance and prospects primarily through the annual report / financial statements and quarterly announcements of the Group's results.

The Responsibility Statement by the Directors pursuant to the Bursa Malaysia Securities Berhad Revamped Listing Guidelines is set out on page 5.

5.2 Internal Control

The Board is ultimately responsible for the overall system of internal control which includes not only financial controls but also controls relating to operations, compliance and risk management. The internal control system which is designed to meet the needs of the Company and to manage risks to which the Company is exposed to can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

Further details relating to internal control are set out in the Statement on Internal Control on page 13 and the Audit Committee Report on pages 14 and 15.

5.3 Relationship with Auditors

The external auditors, Messrs Ernst & Young has continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report.

PENYATA KAWALAN DALAMAN STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Board is pleased to include a statement on the state of the Group's internal controls in accordance with the paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance").

BOARD RESPONSIBILITY

It is the Board's view that the Group's objectives, its internal organization and the environment in which it operates continuously evolve; and as a result, the risks that it faces also change. A sound system of internal control therefore depends on a thorough and regular evaluation of the nature and extent of the risks that threatens the Group's continuous growth and financial viability.

The Board further believes that the Group's system of internal control and risk management practices are vital to good corporate governance. The internal controls, financial or otherwise should provide reasonable assurance regarding the achievement of the Group's objectives in:

- Effectiveness and efficiency of operations
- Reliability and transparency of financial information
- Compliance with laws and regulations
- Safeguarding of the Group's assets
- Realising the Group's strategic objectives
- Optimising the returns to and protecting the interest of stakeholders (including shareholders, customers and staff)

The Board acknowledges its responsibility for maintaining a sound system of internal control. However, it recognises that reviewing the Group's system of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the Board is also of the view that the Group's system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss. The concept of reasonable assurance also recognizes that the cost of control procedures should not exceed the expected benefits.

RISK MANAGEMENT FRAMEWORK

Major business risks, their possible impact and likelihood of crystallization are evaluated by the key executives, reviewed and endorsed by senior management and subsequently by the Board of Directors. Key risks and actions to mitigate these risks are considered at Board Meetings.

During the financial year, a consultancy firm was engaged to put in place a structured risk management framework for the Group and reinforce the tone of risk awareness and control consciousness.

AUDIT COMMITTEE & INTERNAL AUDIT

The Group engaged an outsourced Internal Audit function that provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the financial year under review, Internal Audit carried out audits based on the internal audit plan approved by the Audit Committee. The audit findings are deliberated and resolved with management. The Audit Committee, on behalf of the Board, reviews internal control issues identified and recommendations from reports prepared by the internal and external auditors on a regular basis.

CONCLUSION

The Board is satisfied with the ongoing process for identifying, evaluating, managing and monitoring significant risks, and is of the opinion that the Group's internal controls systems are adequate.

LAPORAN JAWATANKUASA AUDIT AUDIT COMMITTEE REPORT

Composition

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

NIK AZALAN BIN NIK A. KADIR
Chairman, Independent Non-Executive Director

KHOO BOO YEANG
Independent Non-Executive Director

TAI KEIK HOCK
Non-Independent Executive Director

Terms of Reference

Objective

The principal objective of the Audit Committee (as a committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

Reporting Responsibility

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

Quorum

Two and the majority of members present must be independent non-executive directors.

Frequency of Meetings

Meetings shall be held not less than four times a year and as many times as the Committee deems necessary.

Rights of the Audit Committee

The Company shall ensure that wherever necessary and reasonable for the performance of the Committee's duties, the committee shall, in accordance with procedure determined by the Board of Directors and at the cost of the Company:-

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) be able to obtain independent professional or other advise; and
- f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

Functions of the Audit Committee

The functions of the Audit Committee include the following:-

- a) to recommends the appointment, to consider the audit and suitability of re-appointment of the external auditor and any questions of resignation or dismissal.
- b) to discuss with the external auditor before the commencement of audit, their audit plan, nature and scope of the audit.
- c) to discuss problems and reservations (including level of assistance given by the employees) arising from the interim and final audits and any matter the external auditor may wish to discuss (in the absence of management, where necessary).
- d) to review the external auditor's reports, its management letter and management's response.
- e) to review the quarterly and year end financial statements, prior to the approval of the Board, focusing particularly on :-
 - (i) any changes in accounting policies and practices;
 - (ii) significant adjustments arising from the audit, significant and unusual events;
 - (iii) the going concern assumption; and
 - (iv) compliance with accounting standards and other legal requirements.
- f) to review the adequacy of the scope, functions, authority and resources of the internal audit function.
- g) to review the internal audit program and results, ensuring the appropriate action is taken on the recommendations of the internal audit function.
- h) to approve any appointments or termination of the internal auditor / senior staff members of the internal audit function.
- i) to consider related party transactions and review the procedures to ensure appropriateness and adequacy.
- j) to consider the major findings of internal investigations and management's response.
- k) to consider other topics as defined by the Board from time to time.

LAPORAN JAWATANKUASA AUDIT AUDIT COMMITTEE REPORT

Summary of Activities

The Audit Committee met four times during the financial year ended 30 June 2004. Details on the attendance of each member is outlined below:-

	Date of Meetings			
	28/8/03	19/11/03	26/2/04	27/5/04
Nik Azalan Bin Nik A. Kadir - Chairman	X	X	X	X
Khoo Boo Yeang	X	X	X	X
Tai Keik Hock	X	X	X	X

In discharging its functions and duties, the Committee have considered, reviewed and discussed the followings:-

- a) the quarterly and yearly results / announcements of the Company and making relevant recommendations to the Board for approval;
- b) the unusual and significant related parties transactions;
- c) the external audit plan with the external auditors;
- d) the assistance given by the company's officers and staff to the external auditors;
- e) the findings of the external auditors and their reports;
- f) the nomination of external auditors for Board's approval;
- g) reviewed related party transactions and report the same to the Board; and
- h) reviewed the scope of internal audit function to ensure that risk-based approach is being adopted.

Summary of Activities of the Internal Audit Function

The Group has outsourced the Internal Audit function, which reports to the Audit Committee and assists the Board in monitoring and managing risks and internal control. The department carries out its duties impartially and independently of the activities reviewed. It has the principal responsibility for carrying out audits on the operations within the Group and provided general assurances to the management and Audit committee the Audit Committee approves the coming year internal audit plan during the fourth Audit committee meeting. The internal audit plan is derived based on a risk-based assessment of all units and operations, including subsidiaries. The internal audit reports highlighting and deficiencies or findings are discussed with management and relevant action plans are agreed and implemented. Significant findings are presented in the Audit Committee Meetings for consideration and reporting to the Board. A follow-up audit review is also conducted to determine whether all audit recommendations are effectively implemented.

STATISTIK PEMEGANGAN SAHAM/WARAN PADA 3 NOVEMBER 2004
STATISTICS OF SHAREHOLDINGS/WARRANTHOLDINGS AS AT 3 NOVEMBER 2004

MODAL YANG DIBENARKAN AUTHORISED SHARE CAPITAL	:	RM100,000,000-00
MODAL YANG DIBAYAR PAID-UP CAPITAL	:	RM50,011,067-00
BILANGAN WARAN DITERBITKAN NO. OF WARRANTS ISSUED	:	6,659,570
TARAF SAHAM CLASS OF SHARES	:	RM1-00 SEUNIT SAHAM BIASA <i>ORDINARY SHARES OF RM1-00 EACH FULLY PAID-UP</i>
HAK MENGUNDI PADA MESYUARAT PEMEGANG SAHAM VOTING RIGHTS AT SHAREHOLDERS' MEETING	:	SATU UNDI UNTUK SATU SAHAM <i>ONE VOTE PER SHARE</i>
HAK MENGUNDI PADA MESYUARAT PEMEGANG WARAN VOTING RIGHTS AT WARRANT-HOLDERS' MEETING	:	SATU UNDI UNTUK SATU WARAN <i>ONE VOTE PER WARRANT</i>

• ANALISA PEMEGANGAN SAHAM
ANALYSIS OF SHAREHOLDINGS

SAIZ PEMEGANGAN SIZE OF HOLDINGS	BILANGAN PEMEGANG NO. OF HOLDERS	%	BILANGAN SAHAM NO. OF SHARES	%
1 - 99	1	0.05	33	0.00
100 - 1,000	1,020	46.53	1,004,255	2.01
1,001 - 10,000	960	43.79	3,771,543	7.54
10,001 - 100,000	162	7.39	4,834,180	9.67
100,001 - 2,500,552 (*)	48	2.19	32,851,506	65.68
2,500,553 and above (**)	1	0.05	7,549,550	15.10
TOTAL	2,192	100.00	50,011,067	100.00

Remarks:

- * Less than 5% of issued shares
 ** 5% and above of issued shares

KATEGORI PEMEGANG SAHAM
CATEGORY OF SHAREHOLDERS

Jenis Hakmilik <i>Type of Ownership</i>	Bilangan Pemegang Saham <i>No. of Shareholders</i>	% Pemegang Saham <i>% of Shareholders</i>	Bilangan Saham <i>No. of Shares</i>	% Modal Terbitan <i>% of Issued and Paid-Up Capital</i>
Individual	1,772	80.84	19,007,203	38.01
Body Corporate				
Banks/ Finance Companies	6	0.27	1,026,000	2.05
Investments Trusts/ Foundation/ Charities	5	0.23	1,145,600	2.29
Other Types of Companies	15	0.68	9,247,150	18.49
Government Agencies/ Institutions	0	0.00	0	0.00
Nominees	394	17.98	19,585,114	39.16
Jumlah / Total	2,192	100.00	50,011,067	100.00

STATISTIK PEMEGANGAN SAHAM/WARAN PADA 3 NOVEMBER 2004
STATISTICS OF SHAREHOLDINGS/WARRANTHOLDINGS AS AT 3 NOVEMBER 2004

30 PEMEGANG SAHAM TERBESAR PADA 3 NOVEMBER 2004
30 LARGEST SHAREHOLDERS AS AT 3 NOVEMBER 2004

Nama Name	Saham yang dipegang No. of shares held	%
1. Jupax Enterprise Sdn Bhd	7,549,550	15.10
2. Yeoh Sian Kok	2,348,838	4.70
3. Tai Lee Keow	2,017,379	4.03
4. Mayfin Nominees (Tempatan) Sdn Bhd - <i>Giap Seng Auto Supply Sdn Bhd</i>	2,008,785	4.02
5. RHB Nominees (Tempatan) Sdn Bhd - <i>RHB Asset Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja</i>	2,000,000	4.00
6. HSBC Nominees (Tempatan) Sdn Bhd - <i>Jupax Enterprise Sdn Bhd</i>	2,000,000	4.00
7. EB Nominees (Tempatan) Sdn Bhd - <i>Giap Seng Auto Supply Sdn Bhd</i>	1,803,929	3.61
8. Tai Keik Hock	1,683,715	3.37
9. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd - <i>Mohd Isa Bin Ismail</i>	1,593,500	3.19
10. Tai Lee See	1,454,153	2.91
11. Tai Lee Fung	1,424,838	2.85
12. BHLB Trustee Berhad - <i>TA Small Cap Fund</i>	1,129,600	2.26
13. Mayban Securities Nominees (Tempatan) Sdn Bhd - <i>Azmil Khalili Bin Khalid</i>	1,000,000	2.00
14. Cataban Nominees (Asing) Sdn Bhd - <i>SGC for Premier Wealth Investments Limited</i>	1,000,000	2.00
15. HSBC Nominees (Tempatan) Sdn Bhd - <i>Tai Keik Hock</i>	1,000,000	2.00
16. Lembaga Tabung Haji	983,000	1.97
17. Tai Lee Sun	900,901	1.80
18. Universal Trustee (Malaysia) Berhad - <i>Alliance First Fund</i>	900,000	1.80
19. Mayban Nominees (Tempatan) Sdn Bhd - <i>Mayban Trustees Berhad for RHB Capital Fund</i>	654,000	1.31
20. Tai Lee Bee	626,126	1.25
21. Universal Trustee (Malaysia) Berhad - <i>TA Islamic Fund</i>	590,000	1.18
22. Mayban Securities Nominees (Tempatan) Sdn Bhd - <i>Ang Poh Lay</i>	589,900	1.18
23. Tai Chee Seong	414,922	0.83
24. Mayban Securities Nominees (Tempatan) Sdn Bhd - <i>Yeoh Sian Kok</i>	371,000	0.74
25. Koo Hong @ Ku Hong Hai	340,000	0.68
26. RHB Nominees (Tempatan) Sdn Bhd - <i>RHB Asset Management Sdn Bhd for Pertubuhan Keselamatan Sosial</i>	300,000	0.60
27. Tai Yeong Sheng	300,000	0.60
28. Lye Kuan Fong	246,270	0.49
29. Cheah Lang Kang	244,270	0.49
30. HSBC Nominees (Tempatan) Sdn Bhd - <i>Yeoh Sian Kok</i>	229,000	0.46

STATISTIK PEMEGANGAN SAHAM/WARAN PADA 3 NOVEMBER 2004
STATISTICS OF SHAREHOLDINGS/WARRANTHOLDINGS AS AT 3 NOVEMBER 2004

NAMA PEMEGANG SAHAM UTAMA PADA 3 NOVEMBER 2004
NAMES OF SUBSTANTIAL SHAREHOLDERS AS AT 3 NOVEMBER 2004

Berikut adalah pemegang-pemegang saham terbesar Syarikat yang mempunyai kepentingan 5% atau lebih daripada jumlah modal terbitan Syarikat mengikut Daftar Pemegang Saham Terbesar.

The following are the substantial shareholders of the Company having an interest of 5% or more of the issued capital in the Company according to the Register of Substantial Shareholders.

Nama Pemegang Saham Terbesar Name of Substantial Shareholders	Bilangan Saham Biasa Dalam Pegangan No. Of Ordinary Shares Held			
	Kepentingan Langsung Direct Interest	%	Kepentingan Tak Langsung Indirect Interest	%
1. Jupax Enterprise Sdn Bhd	9,549,550(a)	19.09	-	-
2. Giap Seng Auto Supply Sdn Bhd	3,812,714 (b)	7.62	-	-
3. Yeoh Sian Kok	2,949,547(c)	5.90	-	-
4. Tai Keik Hock	2,683,715(d)	5.37	13,362,264(e)	26.72
5. Tai Lee Keow	2,017,379	4.03	9,549,550(f)	19.09
6. Tai Lee See	1,454,153	2.91	3,812,714(g)	7.62
7. Eng Giat Yang @ Ng Geek Hiang			9,549,550(f)	-

- (a) 2,000,000 shares held through HSBC Nominees (Tempatan) Sdn Bhd
 (b) 2,008,785 shares held through Mayfin Nominees (Tempatan) Sdn Bhd
 1,803,929 shares held through EB Nominees (Tempatan) Sdn Bhd
 (c) 371,000 shares held through Mayban Securities Nominees (Tempatan) Sdn Bhd
 229,000 shares held through HSBC Nominees (Tempatan) Sdn Bhd
 (d) 1,000,000 shares held through HSBC Nominees (Tempatan) Sdn Bhd
 (e) 9,549,550 shares held through Jupax Enterprise Sdn Bhd
 3,812,714 shares held through Giap Seng Auto Supply Sdn Bhd
 (f) 9,549,550 shares held through Jupax Enterprise Sdn Bhd
 (g) 3,812,714 shares held through Giap Seng Auto Supply Sdn Bhd

• **ANALISA PEMEGANGAN WARAN**
ANALYSIS OF WARRANTHOLDINGS

SAIZ PEMEGANGAN SIZE OF HOLDINGS	BILANGAN PEMEGANG NO. OF HOLDERS	%	BILANGAN WARAN NO. OF WARRANTS	%
1 - 99	7	0.54	238	0.00
100 - 1,000	594	46.04	567,755	8.53
1,001 - 10,000	613	47.52	2,306,322	34.63
10,001 - 100,000	72	5.58	1,719,655	25.82
100,001 - 332,977 (*)	2	0.16	386,000	5.80
332,978 and above (**)	2	0.16	1,679,600	25.22
TOTAL	1,290	100.00	6,659,570	100.00

Remarks:

- * Less than 5% of issued warrants
 ** 5% and above of issued warrants

STATISTIK PEMEGANGAN SAHAM/WARAN PADA 3 NOVEMBER 2004
 STATISTICS OF SHAREHOLDINGS/WARRANTHOLDINGS AS AT 3 NOVEMBER 2004

30 PEMEGANG WARAN TERBESAR PADA 3 NOVEMBER 2004
 30 LARGEST WARRANTHOLDERS AS AT 3 NOVEMBER 2004

Nama Name	Waran yang dipegang No. of warrants held	%
1. Tai Keik Hock	1,278,600	19.20
2. DB (Malaysia) Nominee (Asing) Sdn Bhd - <i>BNP Paribas Nominees Singapore Pte Ltd for Victory Capital Limited</i>	401,000	6.02
3. Mayban Nominees (Asing) Sdn Bhd - <i>Nomura Singapore Limited for Ong Chek Teng</i>	240,000	3.60
4. Tai Lee Keow	146,000	2.19
5. UOBM Nominees (Tempatan) Sdn Bhd - <i>Tai Keik Hock</i>	85,000	1.28
6. Mayban Securities Nominees (Tempatan) Sdn Bhd - <i>Wan Mohd Zahari Bin Wan Embong</i>	66,900	1.00
7. Tan Chee Phin	58,900	0.88
8. Lim Chai Seng	50,700	0.76
9. Abdul Halim Bin Ismail	48,000	0.72
10. Cheah Kuan Beng	40,000	0.60
11. Mayban Securities Nominees (Tempatan) Sdn Bhd - <i>Gan Ah Ying</i>	39,400	0.59
12. AmFinance Berhad - <i>Ong Teng Kek</i>	37,000	0.56
13. Lim Joo Soon	36,200	0.54
14. Lai Kui Yin	36,000	0.54
15. Farhan Bin Abdul Halim	36,000	0.54
16. Tan Hung Chew	35,000	0.53
17. ECM Libra Securities Nominees (Tempatan) Sdn Bhd - <i>Lim Swee Hwa</i>	33,000	0.50
18. Gooi Seok Keng	32,000	0.48
19. Mayban Nominees (Asing) Sdn Bhd - <i>Poh Bee Imm</i>	31,000	0.47
20. Leong Kok Weng	30,000	0.45
21. TA Nominees (Tempatan) Sdn Bhd - <i>Kung Gim Sun</i>	30,000	0.45
22. Affin Nominees (Tempatan) Sdn Bhd - <i>Lim Cheng Chooi</i>	30,000	0.45
23. Chow Hoi Hoong	28,000	0.42
24. Loh Yong Heng	26,000	0.39
25. Lim Hwee Siang	25,700	0.39
26. Chew Sewi Kiat	25,000	0.38
27. Mohamed Haniffa Bin Abdullah	25,000	0.38
28. Thong Chee Min	25,000	0.38
29. Cheng Foong Teng	25,000	0.38
30. Mayban Securities Nominees (Tempatan) Sdn Bhd - <i>Looi Lee Yee</i>	24,000	0.36

STATISTIK PEMEGANGAN SAHAM/WARAN PADA 3 NOVEMBER 2004
STATISTICS OF SHAREHOLDINGS/WARRANTHOLDINGS AS AT 3 NOVEMBER 2004

PEGANGAN SAHAM PENGARAH-PENGARAH SYARIKAT PADA 3 NOVEMBER 2004
DIRECTORS' SHAREHOLDINGS AS AT 3 NOVEMBER 2004

Mengikut Daftar Pegangan Saham para Pengarah, butir-butir kepentingan para Pengarah dalam saham-saham dan waran-waran Syarikat adalah seperti berikut:-

According to the Register of Directors' Shareholdings, particulars of the Directors' interest in shares and warrants in the Company are as follows:-

Nama Pengarah Name of Directors	Bilangan Saham Biasa Dalam Pegangan No. of Ordinary Shares Held			
	Langsung Direct	%	Tak Langsung Indirect	%
Tai Keik Hock	2,683,715(a)	5.37	13,362,264 (b)	26.72
Tai Keng Eng	104,920	0.21	-	-
Tai Lee Keow	2,017,379	4.03	9,549,550 (c)	19.10
Nik Azalan Bin Nik A. Kadir	236,500 (d)	0.47	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
Khoo Boo Yeang	-	-	-	-

(a) 1,000,000 shares held through HSBC Nominees (Tempatan) Sdn Bhd

(b) 3,812,714 shares held through Giap Seng Auto Supply Sdn Bhd

9,549,550 shares held through Jupax Enterprise Sdn Bhd

(c) 9,549,550 shares held through Jupax Enterprise Sdn Bhd

(d) 156,500 shares held through EB Nominees (Tempatan) Sdn Bhd

50,000 shares held through TA Nominees (Tempatan) Sdn Bhd

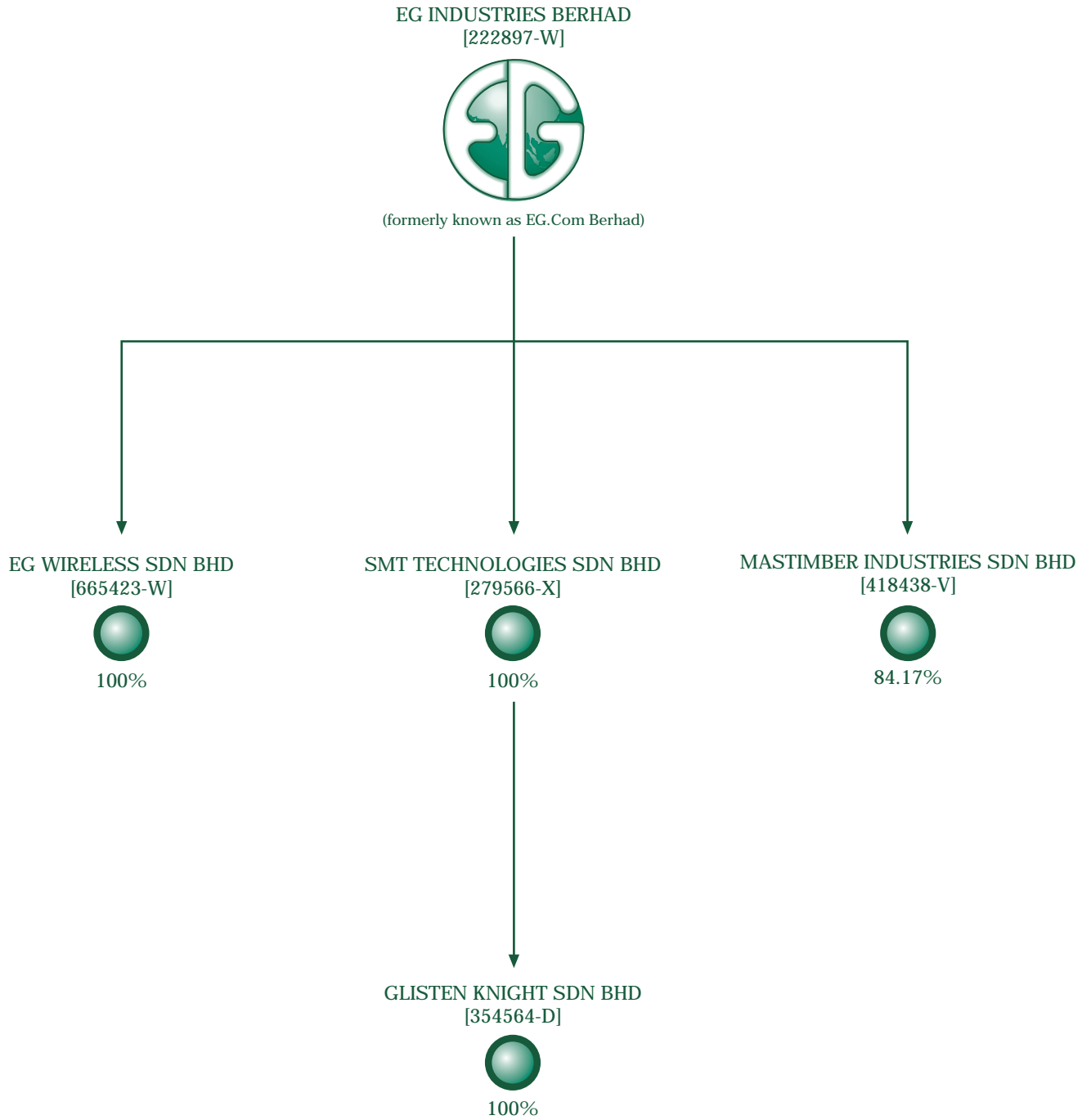
30,000 shares held through Southern Nominees (Tempatan) SDn Bhd

Nama Pengarah Name of Directors	Bilangan Waran Dalam Pegangan No. of Warrant Held			
	Langsung Direct	%	Tak Langsung Indirect	%
Tai Keik Hock	1,363,600 (a)	20.48	-	-
Tai Keng Eng	-	-	-	-
Tai Lee Keow	146,000	2.19	-	-
Nik Azalan Bin Nik A. Kadir	16,666 (b)	0.25	-	-
Dato' Rahadian Mahmud Bin Mohammad Khalil	-	-	-	-
Khoo Boo Yeang	-	-	-	-

(a) 85,000 warrants held under UOBM Nominees (Tempatan) Sdn Bhd

(b) 16,666 warrants held under Southern Nominees (Tempatan) Sdn Bhd

STRUKTUR KUMPULAN
GROUP STRUCTURE

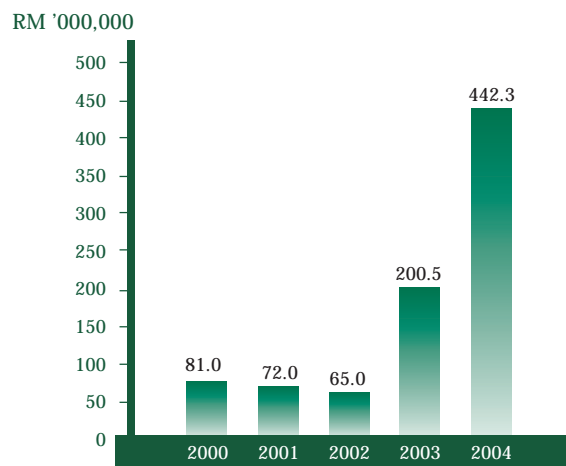


TINJAUAN KEWANGAN KUMPULAN BAGI LIMA TAHUN FIVE YEAR GROUP FINANCIAL HIGHLIGHTS

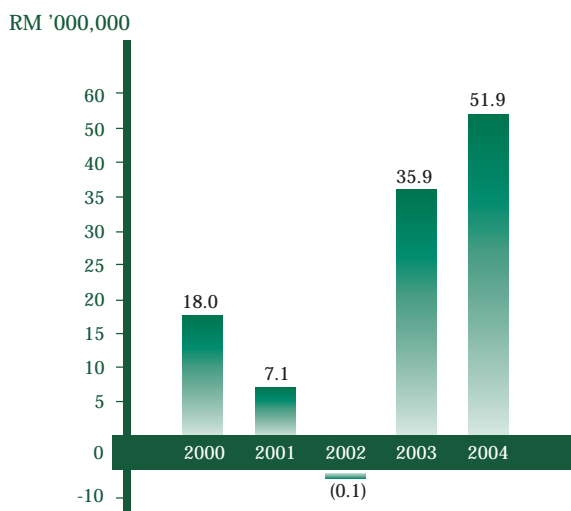
Year ended June 30	2000	2001	2002	2003	2004
Revenue	81.0	72.0	65.0	200.5	442.3
Shareholders' Fund	18.0	7.1	(0.1)	35.9	51.9
Profit/(Loss) Before Tax	(3.0)	(11.4)	(5.2)	(3.7)	14.1

Amount in RM '000,000

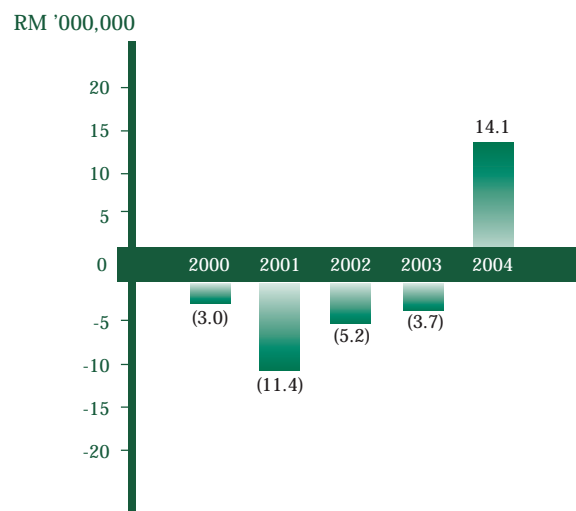
REVENUE



SHAREHOLDERS' FUND



PROFIT/(LOSS) BEFORE TAX



SENARAI HARTA YANG DIPEGANG OLEH KUMPULAN
LIST OF PROPERTIES OF THE GROUP

Lokasi Location	Jenis/Usia Bangunan Description/ Age of Building	Tarikh Penilaian Semula/ (Pembelian) Date of Last Revaluation/ (Acquisition)	Keluasan Area (sq. ft.)	Kegunaan Sekarang Existing Use	Tempoh Hakmilik Tenure	Nilai Buku Bersih Net Book Value As at 30/06/04 (RM)
KEDAH						
Lot No. 23, 24, 26 & 31, Kawasan Perusahaan Kuala Ketil, Mukim of Tawar, District of Baling, Kedah	-	28/04/03	466,917	Vacant Land	Leasehold (60 years) (Title Deeds have yet to be issued by the Land Office)	1,489,621
Lot No. 25 & 32 Kawasan Perusahaan Kuala Ketil, Mukim of Tawar, District of Baling, Kedah	5	28/04/03	209,154	Factory, Office Building & Warehouse	Leasehold (60 years) (Title Deeds have yet to be issued by the Land Office)	3,499,207
H.S.(M) 343/89 P.T.No.8543, Mukim Sg. Pasir, Daerah Kuala Muda Kedah	11	27/09/04	174,240	Factory, Office Building & Warehouse	Sub-leasehold (08/10/2088)	5,804,507
Lot 2, 8 & 16 Mukim of Bujang Daerah Kuala Muda Kedah	-	31/05/03	4,216,741	Vacant Land	Freehold	3,304,433

PENYATA PENGURUSI CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 30 June 2004.

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded an increase in turnover at RM442.3 million as compared to RM200.5 million in the preceding year. The profit before tax was RM14.1 million as compared to a loss of RM3.7 million in the previous year. The increased in turnover was mainly due to the increased sales recorded by Electronics Manufacturing Services ("EMS") division and increased in profit before tax was mainly due to the contribution from the EMS division and also the gain from the disposal of two loss making subsidiaries - Dai-Ichi Electronics (M) Sdn Bhd ("Dai-Ichi") and Dynamic Electronics (M) Sdn Bhd ("Dynamic") and a dormant subsidiary - Mastimber Door & Furniture Industries Sdn Bhd ("MDFI").

REVIEW OF OPERATIONS

During the year under review, the EMS division contributed 87% of the Group's turnover; speakers and speaker systems division contributed 10% of the Group's turnover while the parquet flooring division contributed 3% of the Group's Turnover. The parquet flooring division has also started to contribute positively to the Group's bottom line.

SIGNIFICANT EVENT & CORPORATE DEVELOPMENT

During the year, the Group has taken the overall strategy to enhance and streamline the Group's financial performance. The first of which were the disposals of Dai-Ichi, Dynamic and MDFI that has successfully turned the Group's financial position around. Now the main subsidiaries of the Company are SMT Technologies Sdn Bhd ("SMTT") and Mastimber Industries Sdn Bhd ("Mastimber"). The main core business of the Group will be EMS undertaken by SMTT. The Group's next move is to expedite the growth and expansion of SMTT in order to become the biggest local EMS company in Malaysia, and be as high standard as the Multinational Companies. Besides, the Directors see the increased demand for the wireless electronics and telecommunication products, hence, the Company had incorporated a new wholly owned subsidiary - EG Wireless Sdn Bhd on 9 September 2004 to undertake the manufacturing activities of the wireless electronics and telecommunication products.

The Company had announced a Proposed Private placement of up to 10% of the issued and paid-up share capital of EG or up to a maximum of 5,001,100 new ordinary shares of RM1.00 each in EG; and Proposed renounceable rights issue of up to a maximum of RM27,506,084 nominal value of 5-year 5% irredeemable convertible unsecured loan stocks 2004/2009 ("ICULS") at 100% of its nominal value together with a maximum of 18,337,389 detachable new warrants ("New Warrants") on the basis of RM3.00 nominal value of ICULS with two (2) New Warrants for every six (6) existing shares held in EG at a date to be determined later and also the Proposed establishment of an Employee Share Option Scheme ("the Proposals"). The application had been approved by the Securities Commission on 28 October 2004.

The funds raised from the Proposals would mainly be invested in the expansion and upgrading of the production facilities of SMTT. It will reduce the Company's financial burden of having to apply for additional bridging loan to finance the said expansion and upgrading. Approximately 25% of the fund will also be utilized for the repayment of bank borrowings. The lower gearing would allow the Group to further focus its energies in enhancing the operations of the Group.

FUTURE OUTLOOK

With the strategies taken by the Company mentioned above, the Directors anticipate the results for the financial year ending 30th June 2005 to be satisfactory.

The central driving force in our Group corporate strategy is profit growth. To achieve this, we will continue to increase operational efficiency and productivity on our business in order to create value for our shareholders.

DIVIDEND

No dividend was declared for the year.

APPRECIATION

On behalf of the Board of Directors, I wish to thank my fellow Directors, Employees, Shareholders, Customers, Suppliers, Financiers, Professionals and all those who have given the Group their continued commitment, dedication, contributions and support during the financial year ended 30th June 2004.

TAI KEIK HOCK
Chairman

Kedah,
3 December 2004

LAPURAN PENGARAH DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year other than those relating to the three subsidiaries disposed of during the financial year.

CHANGE OF NAME

On 5 January 2004, the Company changed its name from EG. Com Berhad to EG Industries Berhad.

RESULTS

	Group RM	Company RM
Profit/(Loss) after taxation	<u>13,039,276</u>	<u>(251,728)</u>

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 4 to the financial statements.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up ordinary share capital from RM47,011,067 to RM50,011,067 by way of issuance of 3,000,000 ordinary shares of RM1 each for special issue purposes.

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

DIRECTORS

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

Tai Keik Hock
 Tai Keng Eng
 Tai Lee Keow
 Dato' Rahadian Mahmud bin Mohammad Khalil
 Nik Azalan bin Nik A. Kadir
 Khoo Boo Yeang

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or warrants or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in the Group financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

LAPURAN PENGARAH DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of directors shareholding, the interests of directors in office at the end of the financial year had in shares or warrants in the Company or its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			30 June 2004
	1 July 2003	Acquired	Sold	
The Company				
Direct interest:				
Tai Keik Hock	4,683,715	-	2,000,000	2,683,715
Tai Keng Eng	104,920	-	-	104,920
Tai Lee Keow	3,817,379	-	1,800,000	2,017,379
Nik Azalan bin Nik A. Kadir	236,500	-	-	236,500
Indirect interest:				
Tai Keik Hock	13,362,264	-	-	13,362,264
Tai Lee Keow	9,549,550	-	-	9,549,550

Messrs Tai Keik Hock and Tai Lee Keow by virtue of their substantial interest in the shares of the Company are also deemed to have a substantial interest in the shares of the subsidiaries to the extent the Company has an interest.

	Number of Warrants of RM1 Each			30 June 2004
	1 July 2003	Acquired	Sold	
The Company				
Direct interest:				
Tai Keik Hock	1,755,000	-	391,400	1,363,600
Tai Lee Keow	146,000	-	-	146,000
Nik Azalan bin Nik A. Kadir	16,666	-	-	16,666

WARRANTS

The Company issued 6,660,903 warrants on 15 December 1995 in conjunction with a RM20,000,000 nominal amount of 3.5% Guaranteed Redeemable Bond 1995/2000. The warrants entitle their holders to subscribe, in cash, for new shares in the Company on the basis of one new ordinary share of RM1 each for every warrant held at an exercise price of RM4.80 per share within 5 years from the date of the issue of the warrant. The exercise price of the warrants is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll created on 25 October 1995. The subscription period of the warrants has been extended for an additional 5 years from 14 December 2000 to 14 December 2005.

There was no movement in the warrants to take up unissued ordinary shares of RM1 each in the Company during the financial year. The number of warrants not exercised as at 30 June 2004 is 6,659,570.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of provision for doubtful debts in the Group and in the Company inadequate to any substantial extent;
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements and consolidated financial statements misleading.

LAPURAN PENGARAH DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (Contd.)

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year for which this report is made.

OTHER SIGNIFICANT EVENTS

On 24 March 2004, the Company entered into conditional sale and purchase agreements to dispose of its entire equity interest in three subsidiaries, Dai-Ichi Electronics (M) Sdn. Bhd., Dynamic Electronics (M) Sdn. Bhd. and Mastimber Door & Furniture Industries Sdn. Bhd. for a total consideration of RM998,996. The disposals have resulted in a loss of RM231,998 to the Company.

The above disposals were completed during the financial year ended 30 June 2004.

On 20 April 2004, the Company announced the following proposals ("Proposed Scheme"):

- (a) A private placement of up to 10% of the issued and paid-up capital of the Company or up to a maximum of 5,001,100 new ordinary share of RM1.00 each.
- (b) Renounceable rights issue of up to a maximum of RM27,506,084 nominal value of 5 years 5% irredeemable convertible unsecured loan stocks 2004/2009 ("ICULS") at 100% of its nominal value, together with a maximum of 18,337,389 detachable new warrants on the basis of RM3.00 nominal value of ICULS with two new warrants for every six existing shares held in the Company; and
- (c) Established an employee share option scheme.

The proposed scheme is subject to approval from the shareholders, Bursa Malaysia Securities Berhad and other relevant authorities.

AUDITORS

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

Signed in accordance with a resolution of the directors.

TAI KEIK HOCK

TAI LEE KEOW

Kedah, Malaysia
Date: 13 October 2004

**PENYATA PARA PENGARAH
STATEMENT BY DIRECTORS**

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

We, TAI KEIK HOCK and TAI LEE KEOW, being two of the directors of EG INDUSTRIES BERHAD (formerly known as EG. COM Berhad), do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 30 to 58 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed in accordance with a resolution of the directors:

TAI KEIK HOCK

TAI LEE KEOW

Kedah, Malaysia

Date: 13 October 2004

**AKUAN BERKANUN
STATUTORY DECLARATION**

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

I, LOW SOOK HAN, being the officer primarily responsible for the financial management of EG INDUSTRIES BERHAD (formerly known as EG. COM Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 30 to 58 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed LOW SOOK HAN at
Sungai Petani in the state of Kedah
on 13 October 2004

LOW SOOK HAN

Before me,

Commissioner for Oaths

LAPURAN JURUAUDIT REPORT OF THE AUDITORS TO THE MEMBERS OF EG INDUSTRIES BERHAD

We have audited the financial statements set out on pages 30 to 58. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - i) the financial position of the Group and of the Company as at 30 June 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 9 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

ERNST & YOUNG
AF : 0039
Chartered Accountants

OO BOON BENG
1939/12/04 (J)
Partner

Penang, Malaysia
Date: 13 October 2004

**PENYATA PENDAPATAN
INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004**

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	3	442,263,908	200,466,574	1,298,184	1,518,494
Cost of sales		(433,355,591)	(196,717,342)	-	-
Gross profit		8,908,317	3,749,232	1,298,184	1,518,494
Other operating income		15,593,453	1,551,030	214,355	-
Other operating expenses		(997,842)	(634,230)	(363,611)	(237,255)
Administration and general expenses		(4,879,802)	(4,262,335)	(180,333)	(327,875)
Selling and distribution expenses		(1,931,585)	(1,511,067)	-	-
Profit/(Loss) from operations	4	16,692,541	(1,107,370)	968,595	953,364
Finance cost	5	(2,623,785)	(2,627,616)	(1,123,062)	(1,582,495)
Profit/(Loss) before taxation		14,068,756	(3,734,986)	(154,467)	(629,131)
Taxation	6	(1,029,480)	(277,873)	(97,261)	(5,822)
Profit/(Loss) after taxation		13,039,276	(4,012,859)	(251,728)	(634,953)
Minority interests		-	9,709	-	-
Net profit/(loss) for the year		13,039,276	(4,003,150)	(251,728)	(634,953)
Earnings/(Loss) per ordinary share (sen)	7				
Basic		26	(11)		
Diluted		23	(9)		

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

**KUNCI KIRA-KIRA
BALANCE SHEETS AS AT 30 JUNE 2004**

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
NON-CURRENT ASSETS					
Property, plant and equipment	8	33,635,658	51,219,030	1,489,621	1,516,870
Investment in subsidiaries	9	-	-	40,808,259	42,039,253
Investments	10	868,237	935,274	368,237	935,274
Goodwill on consolidation	11	11,416,130	10,101,625	-	-
		<u>45,920,025</u>	<u>62,255,929</u>	<u>42,666,117</u>	<u>44,491,397</u>
CURRENT ASSETS					
Inventories	12	14,910,127	14,410,834	-	-
Trade receivables	13	13,053,728	17,107,499	-	-
Other receivables	14	1,915,705	912,081	1,645,700	1,000
Tax recoverable		94,221	559,551	94,221	185,423
Amounts due by subsidiaries	15	-	-	15,864,493	15,166,879
Fixed deposits with licensed banks	16	3,410,000	1,272,406	-	-
Cash and bank balances		2,584,632	5,352,424	495	3,475
		<u>35,968,413</u>	<u>39,614,795</u>	<u>17,604,909</u>	<u>15,356,777</u>
CURRENT LIABILITIES					
Trade payables	17	1,585,707	14,998,300	-	-
Other payables	18	2,369,223	4,699,858	252,058	255,964
Retirement benefits payable	19	-	30,731	-	-
Amounts due to subsidiaries	15	-	-	2,787,738	3,112,027
Taxation		371,031	15	-	-
Short term borrowings	20	16,888,556	38,104,288	12,834,658	14,831,883
		<u>21,214,517</u>	<u>57,833,192</u>	<u>15,874,454</u>	<u>18,199,874</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>14,753,896</u>	<u>(18,218,397)</u>	<u>1,730,455</u>	<u>(2,843,097)</u>
		<u>60,673,921</u>	<u>44,037,532</u>	<u>44,396,572</u>	<u>41,648,300</u>
FINANCED BY:					
Share capital	21	50,011,067	47,011,067	50,011,067	47,011,067
Reserves	22	1,893,449	(11,145,827)	(5,614,495)	(5,362,767)
Shareholders' equity		<u>51,904,516</u>	<u>35,865,240</u>	<u>44,396,572</u>	<u>41,648,300</u>
Retirement benefits payable	19	-	1,194,525	-	-
Deferred taxation	23	-	232,000	-	-
Long term borrowings	20	8,769,405	6,745,767	-	-
		<u>60,673,921</u>	<u>44,037,532</u>	<u>44,396,572</u>	<u>41,648,300</u>

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

PENYATA PNUKARAN EKUITI
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2004

	Share capital RM	Accumulated loss RM	Share premium RM	Total RM
Group				
At 1 July 2002	19,984,040	(23,499,772)	3,384,122	(131,610)
Issue of shares	27,027,027	-	12,972,973	40,000,000
Loss after tax and minority interests for the year	-	(4,003,150)	-	(4,003,150)
At 30 June 2003	<u>47,011,067</u>	<u>(27,502,922)</u>	<u>16,357,095</u>	<u>35,865,240</u>
At 1 July 2003	47,011,067	(27,502,922)	16,357,095	35,865,240
Issue of shares	3,000,000	-	-	3,000,000
Profit after tax for the year	-	13,039,276	-	13,039,276
At 30 June 2004	<u>50,011,067</u>	<u>(14,463,646)</u>	<u>16,357,095</u>	<u>51,904,516</u>
Company				
At 1 July 2002	19,984,040	(21,084,909)	3,384,122	2,283,253
Issue of shares	27,027,027	-	12,972,973	40,000,000
Loss after tax for the year	-	(634,953)	-	(634,953)
At 30 June 2003	<u>47,011,067</u>	<u>(21,719,862)</u>	<u>16,357,095</u>	<u>41,648,300</u>
At 1 July 2003	47,011,067	(21,719,862)	16,357,095	41,648,300
Issue of ordinary shares	3,000,000	-	-	3,000,000
Loss after tax for the year	-	(251,728)	-	(251,728)
At 30 June 2004	<u>50,011,067</u>	<u>(21,971,590)</u>	<u>16,357,095</u>	<u>44,396,572</u>

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

PENYATA ALIRAN TUNAI
CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	14,068,756	(3,734,986)	(154,467)	(629,131)
Adjustments for:				
Amortisation of goodwill on consolidation	634,230	634,230	-	-
Depreciation	7,898,613	6,350,041	27,249	27,249
Interest expense	2,385,155	2,427,027	1,122,245	1,582,400
Loss on disposal of investment in subsidiaries	-	-	231,998	-
Property, plant and equipment written off	-	172,241	-	-
Provision for doubtful debts	29,572	533,755	-	-
Provision for impairment loss in value of investment in subsidiaries	-	-	-	237,255
Provision for impairment loss in value of other investments	131,613	-	131,613	-
Provision for impairment loss in value of investments written back	(65,506)	-	(65,506)	-
Provision for inventories obsolescence	2,012	151,710	-	-
Provision for retirement benefits	-	143,930	-	-
Amortisation of reserve on consolidation	(194,874)	(194,874)	-	-
Dividend income	(24,640)	(20,791)	(24,640)	(20,791)
Gain on disposal of property, plant and equipment	(1,363,412)	(787,764)	-	-
Gain on disposal of investment in subsidiaries	(13,143,074)	-	-	-
Gain on disposal of quoted investments	(148,849)	-	(148,849)	-
Gain on disposal of unit trusts	-	(49,757)	-	-
Interest income	(41,223)	(90,903)	(1,273,544)	(1,497,703)
Provision for retirement benefits written back	(851,080)	-	-	-
Operating profit/(loss) before working capital changes	9,317,293	5,533,859	(153,901)	(300,721)
(Increase)/Decrease in inventories	(6,048,218)	2,968,408	-	-
(Increase)/Decrease in trade and other receivables	(845,742)	(502,987)	(1,644,700)	584,129
Increase/(Decrease) in trade and other payables	202,597	4,008,711	(3,906)	(241,706)
Decrease/(Increase) in amounts due by subsidiaries	-	-	(697,614)	4,829,184
Decrease in amounts due to subsidiaries	-	-	(324,289)	(2,204,705)
Cash generated from/(used in) operations	2,625,930	12,007,991	(2,824,410)	2,666,181
Retirement benefits paid	(21,204)	(19,655)	-	-
Interest paid	(2,385,155)	(2,427,027)	(1,122,245)	(1,582,400)
Income tax paid	(271,651)	(24,983)	-	-
Net cash (used in)/generated from operating activities	(52,080)	9,536,326	(3,946,655)	1,083,781

PENYATA ALIRAN TUNAI
CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(6,617,390)	(7,419,859)	-	-
Purchase of quoted unit trusts	(500,000)	(2,000,000)	-	-
Interest received	41,223	90,903	1,273,544	1,497,703
Dividends received (net)	18,581	14,969	18,581	14,969
Proceeds from disposal of property, plant and equipment	5,779,013	856,260	-	-
Proceeds from disposal of investment in subsidiaries (Note 9.1)	1,274,528	-	998,996	-
Proceeds from disposal of quoted investments	649,779	-	649,779	-
Proceeds from disposal of unit trusts	-	2,049,757	2,940,900	-
Acquisition of subsidiaries (Note 9.2)	-	2,531,388	-	(808,259)
Net cash generated from/(used in) investing activities	<u>645,734</u>	<u>(3,876,582)</u>	<u>2,940,900</u>	<u>704,413</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Withdrawal/(Additional) fixed deposits pledged	60,647	(264,780)	-	-
Net drawdown of bankers' acceptances	385,000	235,000	-	-
Net drawdown of revolving credits	2,750,000	-	-	-
Repayment of bankers' acceptances	(1,053,000)	-	-	-
(Repayment)/Drawdown of bills payable	(2,806,000)	2,806,000	-	-
Payment of hire purchase creditors	(20,785)	(19,979)	-	-
Proceeds from issuance of shares	3,000,000	-	3,000,000	-
Drawdown of loan	14,746,038	-	13,833,653	-
Repayment of term loans	(3,184,390)	(1,668,455)	(998,995)	-
Net cash from financing activities	<u>13,877,510</u>	<u>1,087,786</u>	<u>15,834,658</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,471,164	6,747,530	14,828,903	1,788,194
CASH AND CASH EQUIVALENTS AT 1 JULY	(9,245,864)	(15,993,394)	(14,828,408)	(16,616,602)
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>5,225,300</u>	<u>(9,245,864)</u>	<u>495</u>	<u>(14,828,408)</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE				
Fixed deposits with licensed banks	3,410,000	1,272,406	-	-
Cash and bank balances	2,584,632	5,352,424	495	3,475
Bank overdrafts	(459,332)	(15,498,288)	-	(14,831,883)
	<u>5,535,300</u>	<u>(8,873,458)</u>	<u>495</u>	<u>(14,828,408)</u>
Fixed deposits pledged	(310,000)	(372,406)	-	-
	<u>5,225,300</u>	<u>(9,245,864)</u>	<u>495</u>	<u>(14,828,408)</u>

During the year, the group acquired property, plant and equipment with an aggregate cost of RM6,685,390 (2003 :- RM7,419,859) which were financed as follows:

	Group	
	2004 RM	2003 RM
Cash	6,617,390	7,419,859
Hire purchase plan	68,000	-
	<u>6,685,390</u>	<u>7,419,859</u>

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

NOTA KEPADA PENYATA KEWANGAN NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

1. CORPORATE INFORMATION

The principal activity of the Company is that of an investment holding. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year other than those relating to the three subsidiaries disposed of during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board of the Bursa Malaysia Securities Berhad.

The principal place of business is located at Lot 37, Jalan 6, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 October 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of leasehold land and buildings by one of its subsidiaries.

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

During the financial year ended 30 June 2004, the Company adopted MASB 29: Employee Benefits for the first time.

The adoption of MASB 29 has not given rise to any adjustments to the opening balances of accumulated loss of the prior and current years or to changes in comparatives.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

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

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

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

Minority interests in the consolidated balance sheet consist of the minority share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minority share of movements in the acquiree's equity since then.

(c) Goodwill or Reserve on Consolidation

Goodwill or reserve on consolidation represents the difference between the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill or reserve on consolidation is stated at cost less accumulated amortisation and impairment losses and is amortised or credited on a straight-line basis over its estimated useful life of 20 years.

Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet and reserve arising on consolidation is presented as a deduction from the assets of the Group.

(d) Property, Plant and Equipment and Depreciation

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

One of its subsidiaries' leasehold land and building were revalued by the directors in 1990 based on independent valuation carried out by a firm of professional valuers using the open market value basis.

As permitted by the Malaysian Accounting Standards Board Standard where the Group does not have a policy of revaluation, the Group continues to state these assets on the basis of their previous revaluation (subject to continuity in depreciation policy and the requirement to write the assets down to their recoverable amount).

NOTA KEPADA PENYATA KEWANGAN NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

(d) Property, Plant and Equipment and Depreciation (Contd.)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives based on the original cost or subsequent valuation.

The annual rates used are:

Buildings	2%
Plant and machinery	10%
Furniture & fittings	10% - 33%
Office equipment	10% - 33%
Tools and equipment	10% - 20%
Motor vehicles	20%
Renovation	10%

Freehold land and capital work-in-progress are not depreciated. Leasehold land are amortised over the unexpired lease periods of between 39 to 78 years.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to accumulated loss.

(e) Impairment of Assets

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

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

(f) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses.

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

(g) Inventories

Inventories are stated at the lower of cost and net realisable value after due provision is made for any obsolete or slow moving items. Cost of raw materials, packing materials and consumables is determined on the first-in first-out basis while direct labour and manufacturing overheads for work-in-progress and finished goods is determined on the average cost basis. Cost of raw materials consists of the original purchase cost plus the cost of bringing the inventories to their present location.

Cost of finished goods and work-in-progress includes cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

(h) Leases

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

i. Hire Purchase

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

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

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

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

(h) Leases (Contd.)

ii. Operating Lease

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

(i) Provisions for Liabilities

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

(j) Foreign Currency Transactions

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

All exchange rate differences are taken to the income statement.

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

	2004	2003
	RM	RM
EURO Dollar	4.595	4.341
New Taiwan Dollar	0.1118	0.1101
Singapore Dollar	2.270	2.130
United States Dollar	<u>3.800</u>	<u>-</u>

(k) Income Tax

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

Deferred tax is provided for, by the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from 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 year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case deferred tax is included in the resulting goodwill or negative goodwill.

(l) Employee Benefits

i. Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses 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 ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

NOTA KEPADA PENYATA KEWANGAN NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

(l) Employee Benefits (Contd.)

iii. Retirement Benefits

Provision for retirement benefits, under an unfunded defined benefit plan, is made in accordance with the provisions stipulated in the Collective Agreement for all eligible employees. This is calculated based on the employees' current basic pay and the length of their service with the Group.

Under the terms of the above scheme, retirement benefits obligations are charged to the income statements so as to spread the cost over the service lives of the employees.

Prior to the adoption of MASB 29 Employee Benefits, no liability was recognised for the obligations in respect of short term employee benefits in the form of accumulating compensated absences. An amount of RM240,044 representing the unutilised short term accumulating compensated absences for employees as at 30 June 2004 has been recognised in the income statement in the current year.

(m) Financial Instruments

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

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

i. Other Non-Current Investments

Non-current investments other than investments in subsidiaries, are stated at cost less impairment losses.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

ii. Marketable Securities

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

iii. Receivables

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

iv. 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.

v. Interest-Bearing Borrowings

Interest-bearing bank borrowings and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset.

For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the year less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement in the year in which they are incurred.

vi. Equity Instruments

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

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

(n) Revenue Recognition

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

i. Sale of Goods

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

ii. Interest Income

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

iii. Dividend Income

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

iv. Sub-contract Charges

Revenue from sub-contract charges are recognised on an accrual basis.

v. Rental Income

Revenue from rental are recognised on an accrual basis.

(o) Cash and Cash Equivalents

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

3. REVENUE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Sale of goods	442,234,756	200,442,268	-	-
Dividend income	24,640	20,791	24,640	20,791
Interest income	4,512	3,515	1,273,544	1,497,703
	<u>442,263,908</u>	<u>200,466,574</u>	<u>1,298,184</u>	<u>1,518,494</u>

4. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is stated:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
After charging:				
Auditors' remuneration				
- current year	90,725	72,675	17,850	11,550
- underprovision in prior year	18,975	28,700	6,300	4,200
Amortisation of goodwill	634,230	634,230	-	-
Depreciation	7,898,613	6,350,041	27,249	27,249
Directors'				
- fees	29,000	28,000	29,000	28,000
- other emoluments	880,828	709,942	-	-
Foreign exchange loss	13,255	-	-	-
Loss on disposal of investment in subsidiaries	-	-	231,998	-
Property, plant and equipment written off	-	172,241	-	-
Provision for retirement benefits	-	143,930	-	-
Provision for doubtful debts	29,572	533,755	-	-
Provision for inventories obsolescence	2,012	151,710	-	-
Provision for impairment loss in value of investment in subsidiaries	-	-	-	237,255
Provision for impairment loss in value of investments	131,613	-	131,613	-

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

4. PROFIT/(LOSS) FROM OPERATIONS (Contd.)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Rental of equipment	2,178,799	-	-	-
Rental of premises	194,769	128,318	-	-
and crediting:				
Amortisation of reserve on consolidation	194,874	194,874	-	-
Gross dividends received				
from investments quoted in Malaysia	24,640	20,791	24,640	20,791
Gain on disposal of property, plant and equipment	1,363,412	787,764	-	-
Gain on disposal of investments in subsidiaries	13,143,074	-	-	-
Gain on disposal of unit trusts	-	49,757	-	-
Gain on disposal of quoted investments	148,849	-	148,849	-
Interest income	41,223	90,903	1,273,544	1,497,703
Provision for retirement benefits written back	851,080	-	-	-
Provision for impairment loss				
in value of quoted investments written back	65,506	-	65,506	-
Realised gain on foreign exchange	394,394	250,459	-	-
Rental income	36,000	36,000	-	-

5. FINANCE COST

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Included herein:				
Interest expense on borrowings	2,385,155	2,427,027	1,122,245	1,582,400

6. TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Based on results for the year:				
Current	754,313	284,839	45,300	5,822
Deferred	(6,000)	(7,000)	-	-
	748,313	277,839	45,300	5,822
Underprovision in prior year	281,167	34	51,961	-
	1,029,480	277,873	97,261	5,822

The tax charge for the Company is in respect of dividend income and interest income received.

Domestic income tax is calculated at the Malaysian statutory tax rate of 20% - 28% (2003: 28%) of the estimated assessable profit for the year.

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

Group	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit/(Loss) before taxation	14,068,756	(3,734,986)	(154,467)	(629,131)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	3,935,995	(1,045,236)	(43,251)	(176,157)
Deferred tax assets not recognised on current year business loss	2,057,741	2,163,030	-	-
Expenses not deductible for tax purposes	282,250	28,814	88,551	181,979
Income not subject to tax	(3,739,970)	-	-	-
Utilisation of current year reinvestment allowance	(68,338)	(339,776)	-	-
Balance carried forward	2,467,678	806,832	45,300	5,822

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

6. TAXATION (Contd.)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Balance brought forward	2,467,678	806,832	45,300	5,822
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,719,365)	(528,993)	-	-
Underprovision in prior years	281,167	34	51,961	-
Tax expense for the year	<u>1,029,480</u>	<u>277,873</u>	<u>97,261</u>	<u>5,822</u>

	Group	
	2004 RM	2003 RM
Tax savings recognised during the year arising from:		
Utilisation of current year tax losses	453,000	-
Utilisation of capital allowances brought forward	-	257,000
Utilisation of tax losses brought forward	-	<u>122,000</u>
Tax losses are analysed as follows:		
Unutilised reinvestment allowances	12,955,000	-
Unabsorbed tax losses	2,432,000	27,242,000
Unabsorbed capital allowances	<u>12,503,000</u>	<u>12,447,000</u>

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose.

7. EARNINGS/(LOSS) PER ORDINARY SHARE

The calculation of basic earnings/(loss) per ordinary share is based on the Group's profit/(loss) after taxation and minority interests of RM13,039,276 (2003: Loss: RM4,003,150) and 49,221,450 (2003: 38,002,058) weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings/(loss) per ordinary share is based on the Group's profit/(loss) after taxation and minority interests of RM13,039,276 (2003: loss: RM4,003,150) and 55,881,020 (2003: 44,636,946) weighted average number of ordinary shares in issue during the year after adjusting for the dilutive effects of all potential ordinary shares, i.e. unconverted warrants.

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

8. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building RM	Short term leasehold land and buildings RM	Long term leasehold land and buildings RM	Plant and machinery RM	Furniture and fittings RM	Office Equipment RM	Tools and equipment RM	Motor vehicles RM	Renovation RM	Total RM
Cost/Valuation										
At 1 July 2003	2,299,150	14,517,663	9,656,569	88,041,558	2,449,894	2,093,605	6,725,187	2,009,637	925,761	128,719,024
Additions	1,579,089	10,650	1,707	4,067,046	42,126	430,283	274,989	269,200	10,300	6,685,390
Disposals/Written off	(573,806)	(7,651,873)	(4,078,480)	(10,443,873)	-	-	(25,330)	(41,000)	-	(10,510,203)
Disposal of subsidiaries	3,304,433	6,876,440	5,579,796	(15,388,230)	(1,913,467)	(983,275)	(4,620,301)	(1,292,603)	-	(36,502,035)
At 30 June 2004										
	3,304,433	6,876,440	5,579,796	66,276,501	578,553	1,540,613	2,354,545	945,234	936,061	88,392,176
Accumulated Depreciation and Impairment Losses										
At 1 July 2003	55,415	2,557,719	1,512,014	62,144,427	2,060,823	1,496,777	5,484,644	1,689,414	498,761	77,499,994
Charge for the year	9,236	281,763	185,078	6,495,473	105,267	193,505	414,062	124,236	89,993	7,898,613
Disposals/Written off	-	-	-	(6,049,199)	-	-	(23,469)	(21,933)	-	(6,094,601)
Disposal of subsidiaries	(64,651)	(1,767,550)	(1,106,124)	(13,809,418)	(1,731,108)	(875,017)	(3,917,970)	(1,275,650)	-	(24,547,488)
At 30 June 2004	-	1,071,932	590,968	48,781,283	434,982	815,265	1,957,267	516,067	588,754	54,756,518
Net Book Value										
At 30 June 2004	3,304,433	5,804,508	4,988,828	17,495,218	143,571	725,348	397,278	429,167	347,307	33,635,658
At 30 June 2003	2,243,735	11,959,944	8,144,555	25,897,131	389,071	596,828	1,240,543	320,223	427,000	51,219,030
Depreciation charge for 2003:	9,236	277,450	185,044	5,056,898	113,868	139,602	404,292	103,381	60,270	6,350,041
Net book value of property, plant and equipment had they been carried at cost less depreciation										
At 30 June 2004	3,304,433	5,804,508	4,988,828	17,495,218	143,571	725,348	397,278	429,167	347,307	33,635,658
At 30 June 2003	2,243,735	11,130,833	8,144,555	25,897,131	389,071	596,828	1,240,543	320,223	427,000	50,389,919

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

8. PROPERTY, PLANT AND EQUIPMENT (Contd.)

	Longterm leasehold land RM
Company	
Cost	
At 1 July 2003/30 June 2004	<u>1,634,949</u>
Accumulated Depreciation	
At 1 July 2003	118,079
Charge for the year	27,249
At 30 June 2004	<u>145,328</u>
Net Book Value	
At 30 June 2004	<u>1,489,621</u>
At 30 June 2003	<u>1,516,870</u>
Depreciation charge for 2003:	<u>27,249</u>

- 8.1 Certain leasehold land and buildings of the Group were revalued in 1990 by the directors based on an independent professional valuation using the open market value basis on an existing use basis.
- 8.2 The titles to certain freehold apartment and long term leasehold land of the Group and of the Company have yet to be issued by the land office. The master title of the long term leasehold land has been forwarded to the relevant State Authorities for subdivision into separate title deeds. As at to-date, the Group and the Company have yet to receive the title deeds from the relevant State Authorities.
- 8.3 Motor vehicles of the Group with a net book value of RM102,503 (2003: RM429,940) are held in trust by the directors and a third party on behalf of certain subsidiaries.
- 8.4 A motor vehicle of the Group with a net book value of RM79,170 (2003:Nil) is acquired under the instalment purchase plan.
- 8.5 The following property, plant and equipment are charged as securities to financial institutions for bank borrowings obtained as disclosed in Notes 20 and 26 to the financial statements:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At Net Book Value				
Freehold land	1,579,089	518,391	-	-
Short and long term leasehold land and buildings	10,793,335	20,104,499	1,489,621	1,516,870
Plant and machinery	17,495,218	25,897,131	-	-
Tools and equipment	397,281	1,240,543	-	-
Furniture and fittings	143,570	388,228	-	-
Office equipment	725,348	594,361	-	-
Motor vehicles	429,168	320,223	-	-
Factory renovation	347,305	427,000	-	-
	<u>31,910,314</u>	<u>49,490,376</u>	<u>1,489,621</u>	<u>1,516,870</u>

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2004 RM	2003 RM
Unquoted shares, at cost	45,858,259	69,192,508
Accumulated impairment losses	<u>(5,050,000)</u>	<u>(27,153,255)</u>
	<u>40,808,259</u>	<u>42,039,253</u>

The shares of certain subsidiaries with book value amounting to RM Nil (2003: RM27,684,249) have been pledged to a licensed financial institution as securities for a term loan granted to the Company.

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

9. INVESTMENT IN SUBSIDIARIES (Contd.)

Details of the subsidiaries are as follows:

Name	Country Incorporation	Equity Interest Held (%)		Principal activities
		2004	2003	
Direct Interest				
Dai-Ichi Electronics (M) Sdn. Bhd.	Malaysia	-	100	Manufacture and sale of speaker drivers and speaker systems
Dynamic Electronics (M) Sdn. Bhd.	Malaysia	-	100	Subcontractor for the manufacture of speaker systems
Mastimber Industries Sdn. Bhd.	Malaysia	84	84	Manufacture and sale of 2-layer solid wood parquet flooring
Mastimber Door & Furniture Industries Sdn. Bhd.	Malaysia	-	70	Dormant
SMT Technologies Sdn. Bhd.	Malaysia	100	100	Provision of original/design manufacturer (OEM/ODM) for electronic manufacturing services (EMS) industries
Indirect Interest				
Glisten Knight Sdn. Bhd. *	Malaysia	100	100	Investment holding company

* Not audited by Ernst & Young

9.1 On 24 March 2004, the Company entered into conditional Sale and Purchase Agreement to dispose of its entire equity interests in Dai-Ichi Electronic (M) Sdn. Bhd., Dynamic Electronic (M) Sdn. Bhd., and Mastimber Door & Furniture Industries Sdn. Bhd. for a total consideration of RM998,996.

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

	2004 RM	2003 RM
Revenue	49,348,167	48,637,004
Loss from operations	(5,303,855)	(4,446,621)
Net loss for the year	<u>(6,243,826)</u>	<u>(5,292,415)</u>
Property, plant and equipment (Note 8)	11,954,547	13,047,376
Inventories	5,546,913	5,422,037
Trade and other receivables	3,866,317	6,090,658
Tax recoverable	78,587	263,982
Fixed deposits with a licensed bank	1,759	1,691
Cash and bank balances	14,633	79,469
Trade and other payables	(15,945,826)	(13,979,126)
Tax payable	(10)	(15)
Short term borrowings	(15,328,165)	(16,757,405)
Long term liabilities	(352,972)	(1,194,525)
Deferred taxation (Note 23)	(226,000)	(232,000)
Amount due by holding company	-	3,111,467
Group's share of net assets	<u>(10,390,217)</u>	<u>(4,146,391)</u>
Reserve on acquisition (Note 11)	(1,753,861)	
Gain on disposal to the Group	<u>13,143,074</u>	
Total consideration	<u>998,996</u>	
Disposal proceeds settled by:		
Cash	<u>998,996</u>	

The disposal of subsidiaries had the following effects on the financial results of the Group:

	2004 RM
Cash consideration	998,996
Cash and cash equivalents disposed	<u>275,532</u>
Proceeds from disposal of investment in subsidiaries	<u>1,274,528</u>

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

9. INVESTMENT IN SUBSIDIARIES (Contd.)

9.2 The effect of the acquisitions on the financial results of the Group from the date of acquisition to 30 June 2003 was as follows:

	RM
Revenue	146,365,087
Operating costs	(141,744,959)
Net profit	<u>4,620,128</u>

The effect of the acquisitions on the financial position of the Group as at 30 June 2003 is as follows:

	RM
Property, plant and equipment	25,231,748
Investment in a subsidiary	99,998
Inventories	3,905,763
Trade and other receivables	9,163,309
Amount due by a subsidiary	1,545,519
Tax recoverable	51,842
Fixed deposits	1,100,000
Cash and bank balances	5,174,878
Trade and other payables	(2,916,976)
Amount due to holding company	(1,545,519)
Short term borrowings	(3,556,000)
Long term borrowings	(5,689,767)
	<u>32,564,795</u>

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiaries are as follows:

	RM
Net assets acquired:	22,119,527
Property, plant and equipment	4,376,538
Inventories	9,657,353
Trade and other receivables	310,076
Tax recoverable	2,100,000
Fixed deposits with licensed bank	1,339,645
Cash and bank balances	(2,803,731)
Trade and other payables	(1,545,519)
Amount due to holding company	(864,870)
Short term borrowings	(6,465,352)
Long term borrowings	28,223,667
Fair value of total assets	<u>28,223,667</u>
Group's share of net assets	12,684,590
Goodwill on acquisition (Note 11)	<u>40,908,257</u>
Total consideration	
Satisfied by:	908,257
Cash	40,000,000
Shares issued	<u>40,908,257</u>
Net cash outflow arising on acquisitions:	908,257
Cash consideration	(3,439,645)
Cash and cash equivalents of subsidiaries acquired	<u>(2,531,388)</u>

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

10. INVESTMENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Quoted unit trust, at cost	500,000	-	-	-
Quoted shares, at cost	655,747	2,077,274	655,747	2,077,274
	<u>1,155,747</u>	<u>2,077,274</u>	<u>655,747</u>	<u>2,077,274</u>
Accumulated impairment losses	(491,510)	(1,442,000)	(491,510)	(1,442,000)
	<u>664,237</u>	<u>635,274</u>	<u>164,237</u>	<u>635,274</u>
Unquoted shares, at cost	300,000	300,000	300,000	300,000
Accumulated impairment losses	(96,000)	-	(96,000)	-
	<u>204,000</u>	<u>300,000</u>	<u>204,000</u>	<u>300,000</u>
	<u>868,237</u>	<u>935,274</u>	<u>368,237</u>	<u>935,274</u>
Market value at 30 June:				
Quoted shares	164,238	691,699	164,238	691,699
Quoted bonds, loan stocks and warrants	484,000	90,020	-	90,020
	<u>648,238</u>	<u>781,719</u>	<u>164,238</u>	<u>781,719</u>

11. GOODWILL/(RESERVE) ON CONSOLIDATION

	Group	
	2004 RM	2003 RM
As at 1 July	10,101,625	(2,143,609)
On acquisition of subsidiaries	-	12,684,590
Amortisation of goodwill	(634,230)	(634,230)
Amortisation of reserve on consolidation	194,874	194,874
On disposal of subsidiaries (Note9)	1,753,861	-
	<u>11,416,130</u>	<u>10,101,625</u>

12. INVENTORIES

	Group	
	2004 RM	2003 RM
Cost:		
Raw materials	4,889,468	2,823,934
Work-in-progress	5,682,546	4,702,177
Finished goods	2,472,183	1,756,166
Consumables	274,106	281,166
Packing materials	34,106	191,546
	<u>13,352,409</u>	<u>9,754,989</u>
Net realisable value:		
Raw materials	-	3,484,284
Work in progress	467,544	1,029,894
Finished goods	1,090,174	141,667
	<u>1,557,718</u>	<u>4,655,845</u>
	<u>14,910,127</u>	<u>14,410,834</u>

All inventories are pledged as securities to a licensed bank for bank borrowings granted to the subsidiaries.

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM398,332,686 (2003: RM174,290,323).

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

13. TRADE RECEIVABLES

	Group	
	2004 RM	2003 RM
Trade receivables	13,053,728	17,812,714
Provision for doubtful debts	-	(705,215)
	<u>13,053,728</u>	<u>17,107,499</u>

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

One subsidiary has significant concentration of credit risk that may arise from exposures to two debtors which contributed approximately 90% of the total trade receivables as at 30 June 2004. The customers contributed approximately 98% of the total revenue of the subsidiary.

14. OTHER RECEIVABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other receivables	4,302,751	2,693,024	4,288,451	2,643,751
Provision for doubtful debts	(2,643,751)	(2,643,751)	(2,643,751)	(2,643,751)
	<u>1,659,000</u>	<u>49,273</u>	<u>1,644,700</u>	<u>-</u>
Deposits	40,360	91,933	1,000	1,000
Prepayments	216,345	770,875	-	-
	<u>1,915,705</u>	<u>912,081</u>	<u>1,645,700</u>	<u>1,000</u>

Included in other receivables are amounts due from former subsidiaries amounting to RM1,471,488 (2003: RM Nil). These are unsecured advances which carry interest rate of 7.75% per annum.

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

15. AMOUNTS DUE BY/(TO) SUBSIDIARIES

The amount due by a subsidiary is trade related, unsecured, with no fixed terms of repayment and interest is charged at 7.75% (2003: 9%) per annum.

The amount due to a subsidiary is non-trade related, unsecured, interest free and with no fixed terms of repayment.

As a result of the disposal of the three subsidiaries during the financial year, the amounts due by these former subsidiaries amounting to RM1,471,488 are disclosed in other receivables in Note 14 to the financial statements. The amounts due by these former subsidiaries in the previous year were RM3,112,027.

16. FIXED DEPOSITS WITH LICENSED BANKS

	Group	
	2004 RM	2003 RM
Fixed deposits	310,000	1,272,406
Repo	3,100,000	-
	<u>3,410,000</u>	<u>1,272,406</u>

Included herein are fixed deposits amounting to RM310,000 (2003: RM327,406) which are registered in the name of certain directors and are pledged to the financial institutions as securities for bank guarantees issued to third parties on behalf of certain of the subsidiaries.

The range of interest rates earned and maturities of deposits of the Group at the balance sheet date were 2.6% - 3.7% (2003: 3.2% - 4%) per annum and 7 days to 12 months (2003: 1 to 12 months) respectively.

17. TRADE PAYABLES

	Group	
	2004 RM	2003 RM
Trade payables	<u>1,585,707</u>	<u>14,998,300</u>

The Group's normal trade credit term ranges from 30 to 90 days.

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

18. OTHER PAYABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Accruals	850,236	1,168,518	36,350	25,550
Amount due to a director	23,200	86,700	20,000	31,500
Other payables	1,495,787	3,444,640	195,708	198,914
	<u>2,369,223</u>	<u>4,699,858</u>	<u>252,058</u>	<u>255,964</u>

19. RETIREMENT BENEFITS PAYABLE

	Group	
	2004 RM	2003 RM
Payable within 12 months	-	30,731
Payable after 12 months	-	1,194,525
Balance at 30 June	-	<u>1,225,256</u>
Analysed as:		
Current	-	<u>30,731</u>
Non-current:		
Later than 1 year but not later than 2 years	-	71,670
Later than 2 years but not later than 5 years	-	224,677
Later than 5 years	-	898,178
	-	<u>1,194,525</u>
Total	-	<u>1,225,256</u>

20. BORROWINGS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Short Term Borrowings				
Secured:				
Bank overdrafts	459,332	15,339,933	-	14,831,883
Bankers' acceptances	385,000	14,091,000	-	-
Bill payables	-	2,806,000	-	-
Revolving credits	1,000,000	3,000,000	-	-
Term loans	15,021,550	2,709,000	12,834,658	-
Hire purchase payables	22,674	-	-	-
	<u>16,888,556</u>	<u>37,945,933</u>	<u>12,834,658</u>	<u>14,831,883</u>
Unsecured:				
Bank overdraft	-	158,355	-	-
	<u>16,888,556</u>	<u>38,104,288</u>	<u>12,834,658</u>	<u>14,831,883</u>
Long Term Borrowings				
Secured:				
Hire purchase payables	24,540	-	-	-
Revolving credit	8,000,000	5,250,000	-	-
Term loans	744,865	1,495,767	-	-
	<u>8,769,405</u>	<u>6,745,767</u>	<u>-</u>	<u>-</u>
Total Borrowings				
Bank overdrafts	459,332	15,498,288	-	14,831,883
Bankers' acceptances	385,000	14,091,000	-	-
Bill payables	-	2,806,000	-	-
Revolving credits	9,000,000	8,250,000	-	-
Term loans	15,766,415	4,204,767	12,834,658	-
Hire purchase payables	47,214	-	-	-
	<u>25,657,961</u>	<u>44,850,055</u>	<u>12,834,658</u>	<u>14,831,883</u>

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

20. BORROWINGS (Contd.)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Maturity of borrowings (excluding hire purchase payables)				
Within 1 year	16,888,556	38,104,288	12,834,658	14,831,883
More than 1 year and less than 2 years	8,769,405	6,745,767	-	-
	<u>25,657,961</u>	<u>44,850,055</u>	<u>12,834,658</u>	<u>14,831,883</u>

The range of interest rates incurred at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	Group		Company	
	2004 RM % per annum	2003 RM % per annum	2004 RM % per annum	2003 RM % per annum
Bank overdrafts	7.00%-8.00%	7.00%-8.00%	-	8.00%
Revolving credits	3.75%-7.65%	3.75%-7.65%	-	-
Bankers' acceptances	2.75%-4.25%	2.75%-4.25%	-	-
Term loans	8.00%-8.30%	1.00%-8.30%	8.00%	-

The secured portion of the bank borrowings (except hire purchase payable) are secured by way of :

- (i) a negative pledge over the subsidiaries' assets;
- (ii) a debenture creating fixed and floating charges over all the assets of the Group and of the Company and pending the issuance of the separate documents of title, an absolute assignment over the Company's leasehold land
- (iii) a legal charge over a subsidiary's freehold land;
- (iv) legal charges over the leasehold land and buildings of the Group and of the Company;
- (v) first fixed legal charge over a subsidiary's plant and machinery which are being financed by the term loan;
- (vi) a second debenture over the fixed and floating assets of two of its former subsidiaries;
- (vii) a charge or memorandum of deposit over shares held by the Company in a subsidiary;
- (viii) a third party charge over 3 million shares held by a director or his nominee in the Company; and
- (ix) joint and several guarantee by the directors of a subsidiary.

Two of the subsidiaries' term loans are repayable by 25 and 96 equal quarterly instalments of RM264,000 and RM13,900 each respectively.

The Company's secured bank overdraft in the previous year was in respect of a debt (inclusive of interest) owing to a licensed bank which acted as a guarantor for the Company's 3.5% Redeemable Bank Guaranteed Bonds which had matured in previous year.

During the year the Company's secured bank overdraft was converted into a term loan repayable by 15 December 2004 upon finalisation of all legal documentation.

20.1 Hire purchase payables

	Group	
	2004 RM	2003 RM
Minimum lease payments:		
Not later than 1 year	24,912	-
Later than 1 year and not later than 2 years	24,912	-
Later than 2 years and not later than 5 years	2,052	-
	<u>51,876</u>	<u>-</u>
For future finance charges	(4,661)	-
	<u>47,215</u>	<u>-</u>
Present value of hire purchase liabilities:		
Not later than 1 year	22,675	-
Later than 1 year and not later than 2 years	22,675	-
Later than 2 years and not later than 5 years	1,865	-
	<u>47,215</u>	<u>-</u>
Analysed as:		
Due within 12 months	22,675	-
Due after 12 months	24,540	-
	<u>47,215</u>	<u>-</u>

The hire purchase liabilities bore interest at the balance sheet date of 3.29% (2003: Nil) per annum.

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

21. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2004	2003	2004 RM	2003 RM
Authorised:				
At 1 July/30 June	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 1 July	47,011,067	19,984,040	47,011,067	19,984,040
Issued during the year	3,000,000	27,027,027	3,000,000	27,027,027
At 30 June	50,011,067	47,011,067	50,011,067	47,011,067

During the financial year, the Company increased its issued and paid up ordinary share capital from RM47,011,067 to RM50,011,067 by way of issuance of 3,000,000 ordinary shares of RM1 each at par for special issue purposes.

22. RESERVES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Accumulated loss	(14,463,646)	(27,502,922)	(21,971,590)	(21,719,862)
Non-distributable:				
Share premium	16,357,095	16,357,095	16,357,095	16,357,095
	1,893,449	(11,145,827)	(5,614,495)	(5,362,767)

23. DEFERRED TAX

	Group	
	2004 RM	2003 RM
At 1 July	232,000	239,000
Recognised in income statement	(6,000)	(7,000)
Disposal of subsidiaries (Note 9)	(226,000)	-
At 30 June	-	232,000
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	3,015,299	4,244,416
Deferred tax assets	(3,015,299)	(4,012,416)
	-	232,000

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting were as follows:

Deferred Tax Liabilities of the Group:

	At 1 July 2003	Recognised in Income Statements	Disposal of subsidiaries	At 30 June 2004
Capital allowances	4,012,416	(280,117)	(717,000)	3,015,299
Fair value adjustments	232,000	(6,000)	(226,000)	-
	4,244,416	(286,117)	(943,000)	3,015,299
	At 1 July 2002	Recognised in Income Statements	Disposal of subsidiaries	At 30 June 2003
Capital allowances	3,214,000	798,416	-	4,012,416
Fair value adjustments	238,000	(6,000)	-	232,000
	3,452,000	792,416	-	4,244,416

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

23. DEFERRED TAX (Contd.)

Deferred Tax Assets of the Group:

	At 1 July 2003	Recognised in Income Statements	Disposal of subsidiaries	At 30 June 2004
Trade receivables	(48,000)	(8,000)	56,000	-
Unutilised business losses	(584,000)	190,000	394,000	-
Unutilised reinvestment allowance	(1,229,416)	273,117	-	(956,299)
Unabsorbed capital allowances	(2,151,000)	(175,000)	267,000	(2,059,000)
	<u>(4,012,416)</u>	<u>280,117</u>	<u>717,000</u>	<u>(3,015,299)</u>

	At 1 July 2002	Recognised in Income Statements	Disposal of subsidiaries	At 30 June 2003
Trade receivables	(48,000)	-	-	(48,000)
Unutilised business losses	(594,000)	10,000	-	(584,000)
Unutilised reinvestment allowance	(528,000)	(701,416)	-	(1,229,416)
Unabsorbed capital allowances	(2,043,000)	(108,000)	-	(2,151,000)
	<u>(3,213,000)</u>	<u>(799,416)</u>	<u>-</u>	<u>(4,012,416)</u>

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

	Group	
	2004 RM	2003 RM
Unutilised business losses	2,432,000	9,021,000
Unutilised reinvestment allowance	9,536,000	14,133,000
Unabsorbed capital allowances	5,154,000	2,729,000
Others	-	454,000
	<u>17,122,000</u>	<u>26,337,000</u>

24. NUMBER OF EMPLOYEES AND STAFF COSTS

	Group	
	2004 RM	2003 RM
Wages and salaries	14,980,598	12,510,428
Social security costs	840,673	175,272
Pension costs - defined contribution plans	703,742	1,149,516
Other staff related expenses	4,197,079	2,568,170
	<u>20,722,092</u>	<u>16,403,386</u>

Staff cost include executive directors' emoluments of RM880,828 (2003: RM709,942).

The number of employees in the Group at the end of the financial year was 1,362 (2003: 1,499).

The Company does not have any employee and hence no staff cost was incurred in 2004 and 2003.

25. WARRANTS

The 6,660,903 warrants are constituted by a Deed Poll dated 25 October 1995 made by the Company and the Trustee for the holders of the warrants. Each warrant will entitle its registered holders to subscribe at any time during the subscription period of 5 years from the date of the issue of the warrants, for one new ordinary share of RM1 each in the Company at an exercise price of RM4.80 per share.

The subscription period of the warrants has been extended for an additional 5 years from 14 December 2000 to 14 December 2005.

As of the balance sheet date, the total number of warrants which remain unexercised amounted to 6,659,570. Any warrants which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

26. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Corporate guarantees given to financial institutions for banking facilities granted to				
- the subsidiaries	-	-	11,304,621	-
- Companies with common directors	15,720,540	-	15,720,540	30,093,300
	<u>15,720,540</u>	<u>-</u>	<u>27,025,161</u>	<u>30,093,300</u>

The amounts of corporate guarantees given in 2003 to financial institutions for banking facilities granted to three subsidiaries disposed of during the year of RM16,992,300 have been included under corporate guarantees given to financial institutions for banking facilities granted to the subsidiaries.

27. CAPITAL COMMITMENTS

	Group	
	2004 RM	2003 RM
Contracted but not provided for	-	1,538,000
Non-Cancellable Operating Lease Commitments:		
Future minimum lease rental payables		
Not later than 1 year	977,279	-
Later than 1 year and not later than 5 years	977,279	-
	<u>1,954,558</u>	<u>1,538,000</u>
	<u>1,954,558</u>	<u>1,538,000</u>

Operating lease payments represent rental payable by a subsidiary for use of plant and machineries. The leases are negotiated at a fixed rental for a period of 3 years.

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2004 RM	Amount outstanding as at 30/6/2004	2003 RM	Amount outstanding as at 30/6/2003
Sales to a company in which the persons connected to a director have a controlling and substantial interest				
- Exzone Plastics Manufacturers Sdn. Bhd.	11,621,928	7,061,226	1,445,828	728,128
Purchases from a company in which the persons connected with a director have a controlling and substantial interest				
- Exzone Plastics Manufacturers Sdn. Bhd.	17,971,855	10,000,877	10,176,728	4,116,981
Company				
Interest receivable from subsidiaries				
- Mastimber Industries Sdn. Bhd.	1,159,532	1,159,532	1,301,476	1,301,476
- Dynamic Electronics (M) Sdn. Bhd.*	-	-	192,712	192,712
Interest payable to a subsidiary				
- Dai-Ichi Electronics (M) Sdn. Bhd.*	-	-	299,344	-
Advances given to subsidiaries				
- Mastimber Industries Sdn. Bhd.	5,021,658	5,021,658	651,341	651,341
Advances received from subsidiaries				
- Dai-Ichi Electronics (M) Sdn. Bhd.*	-	-	3,379,000	2,653,481
- SMT Technologies Sdn. Bhd.	2,787,738	2,787,738	2,000,000	-
	<u>2,787,738</u>	<u>2,787,738</u>	<u>2,000,000</u>	<u>-</u>

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (Contd.)

The related party above which the Group has transacted with during the financial year is deemed to be related by virtue of the persons connected with a director, Madam Tai Keng Eng and Mr. Teh Lian Hock, having a controlling and substantial interest respectively in Exzone Plastics Manufacturers Sdn.Bhd..

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

* These subsidiaries were disposed of during the financial year.

29. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts; the Group had no substantial long term interest-bearing assets as at 30 June 2004. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The information on maturity dates and effective interest rate of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Group is exposed to various foreign currencies, mainly EURO Dollar, New Taiwan Dollar, Singapore Dollar and United States Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than the functional currency of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in its functional currency are as follows:

	2004 Ringgit Malaysia RM	2003 Ringgit Malaysia RM
Functional Currency of the Group		
Trade Receivables		
EURO Dollar	1,473,584	2,743,545
United States Dollar	<u>3,136,990</u>	<u>8,380,668</u>
Cash and Bank Balances		
United States Dollar	<u>98,805</u>	<u>580,450</u>
Trade Payables		
EURO Dollar	417,645	1,235,820
New Taiwan Dollar	-	208,897
United States Dollar	<u>146,218</u>	<u>1,818,694</u>
Other Payables		
EURO Dollar	19,529	5,558
Singapore Dollar	2,129	81,106
United States Dollar	<u>248,630</u>	<u>594,468</u>

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(e) Credit Risk

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than those disclosed on Note 13 to the financial statements.

(f) Fair Values

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

	Note	Group		Company	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets					
At 30 June 2004:					
Non-current unquoted shares					
	10	204,000	*	204,000	*
Amounts due from subsidiaries					
	15	-	-	15,864,493	#
Marketable securities					
	10	<u>664,237</u>	<u>648,238</u>	<u>164,237</u>	<u>164,238</u>
Financial Assets					
At 30 June 2003:					
Non-current unquoted shares					
	10	300,000	*	300,000	*
Amounts due from subsidiaries					
	15	-	-	15,166,879	#
Marketable securities					
	10	<u>635,274</u>	<u>781,719</u>	<u>635,274</u>	<u>781,719</u>
Financial Liabilities					
At 30 June 2004:					
Amounts due to subsidiaries					
	15	-	-	2,787,738	#
Term loans					
	20	15,766,415	15,766,415	12,834,658	12,834,658
Hire purchase payables					
	20	47,215	45,621	-	-
Retirement benefits payable					
	19	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities					
At 30 June 2003:					
Amounts due to subsidiaries					
	15	-	-	3,112,027	#
Term loans					
	20	4,204,767	4,071,118	-	-
Retirement benefits payable					
	19	<u>1,225,256</u>	<u>1,037,863</u>	<u>-</u>	<u>-</u>

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

(f) Fair Values (Contd.)

* It is not practical to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

It is also not practical to estimate the fair values of amounts due to/from subsidiaries due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs.

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

	Group		Company	
	Nominal Notional Amount RM	Net Fair Value RM	Nominal Notional Amount RM	Net Fair Value RM
At 30 June 2004:				
Contingent liabilities	15,720,540	**	27,025,161	**
At 30 June 2003:				
Contingent liabilities	-	-	30,093,300	**

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

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

i. Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

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

ii. Borrowings

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

OTHER SIGNIFICANT EVENTS

On 24 March 2004, the Company entered into conditional sale and purchase agreements to dispose of its entire equity interest in three subsidiaries, Dai-Ichi Electronics (M) Sdn. Bhd., Dynamic Electronics (M) Sdn. Bhd. and Mastimber Door & Furniture Industries Sdn. Bhd. for a total consideration of RM998,996. The disposals have resulted in a loss of RM231,998 to the Company.

The above disposals were completed during the financial year ended 30 June 2004.

On 20 April 2004, the Company announced the following proposals ("Proposed Scheme"):

- a) A private placement of up to 10% of the issued and paid-up capital of the Company or up to a maximum of 5,001,100 new ordinary share of RM1.00 each.
- b) Renounceable rights issue of up to a maximum of RM27,506,084 nominal value of 5 years 5% irredeemable convertible unsecured loan stocks 2004/2009 ("ICULS") at 100% of its nominal value, together with a maximum of 18,337,389 detachable new warrants on the basis of RM3.00 nominal value of ICULS with two new warrants for every six existing shares held in the Company; and
- c) Established an employee share option scheme.

The proposed scheme is subject to approval from the shareholders, Bursa Malaysia Securities Berhad and other relevant authorities.

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

30. SEGMENT INFORMATION

During the financial year, the Group principally operates in Malaysia in the following main industry segments:

Industry Segment	Description
Manufacturing	Manufacturing and sales of speaker system Provision of electronic manufacturing services Manufacturing and sales of solid wood parquet

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

2004	Speaker system RM	Provision of electronic manufacturing services RM	Solid wood parquet RM	Total RM	Elimination/ adjustment RM	Consolidated RM
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REVENUE AND EXPENSES

Revenue

External sales	44,323,167	385,726,571	12,185,018	442,234,756	-	442,234,756
Inter company sales	5,025,000	-	-	5,025,000	(5,025,000)	-
	49,348,167	385,726,571	12,185,018	447,259,756	(5,025,000)	442,234,756
Unallocated revenue						29,152
Total revenue						<u>442,263,908</u>

Results

Segment results	(5,333,402)	7,632,720	1,688,255			3,987,573
Unallocated income						12,704,968
Profit from operations						<u>16,692,541</u>
Finance cost						(2,623,785)
Taxation						<u>(1,029,480)</u>
Net profit for the year						<u>13,039,276</u>

ASSETS AND LIABILITIES

Segment assets	-	45,125,879	18,442,920			63,568,799
Unallocated assets						18,319,639
Consolidated total assets						<u>81,888,438</u>

Segment liabilities	-	1,713,235	1,983,477			3,696,712
Unallocated liabilities						26,287,210
Consolidated total liabilities						<u>29,983,922</u>

	Speaker system RM	Provision of electronic manufacturing services RM	Solid wood parquet RM	Corporate RM	Consolidated RM
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OTHER INFORMATION

Capital expenditure	92,552	4,933,129	12,620	1,579,089	6,617,390
Depreciation	1,160,326	5,326,479	1,384,559	27,249	7,898,613
Provision for doubtful debts	29,572	-	-	-	29,572
Provision for impairment loss in value of other investments	-	-	-	131,613	131,613
Provision for impairment loss in value of investments written back	-	-	-	(65,506)	(65,506)
Provision for retirement benefits written back	(851,080)	-	-	-	(851,080)

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

30. SEGMENT INFORMATION (Contd.)

Analysis by three major business segments:

2003	Speaker system RM	Provision of electronic manufacturing services RM	Solid wood parquet RM	Total RM	Elimination/adjustment RM	Consolidated RM
REVENUE AND EXPENSES						
<u>Revenue</u>						
External sales	42,937,004	146,365,087	11,140,177	200,442,268	-	200,442,268
Inter company sales	5,700,000	-	-	5,700,000	(5,700,000)	-
	48,637,004	146,365,087	11,140,177	206,142,268	(5,700,000)	200,442,268
Unallocated revenue						24,306
Total revenue						<u>200,466,574</u>
<u>Results</u>						
Segment results	(4,776,092)	4,843,994	(555,735)			(487,833)
Unallocated income/(expenses)						(619,537)
Loss from operations						(1,107,370)
Finance cost						(2,627,616)
Taxation						(277,873)
Loss after taxation						(4,012,859)
Minority interests						9,709
Net loss for the year						<u>(4,003,150)</u>
ASSETS AND LIABILITIES						
Segment assets	24,633,145	42,849,920	19,544,086			87,027,151
Unallocated assets						14,843,573
Consolidated total assets						<u>101,870,724</u>
Segment liabilities	13,931,240	2,829,709	2,593,978			19,354,927
Unallocated liabilities						46,650,557
Consolidated total liabilities						<u>66,005,484</u>

	Speaker system RM	Provision of electronic manufacturing services RM	Solid wood parquet RM	Corporate RM	Consolidated RM
OTHER INFORMATION					
Capital expenditure	666,802	6,703,976	49,081	-	7,419,859
Depreciation	1,383,017	3,523,259	1,416,516	27,249	6,350,041
Property, plant and equipment written off	172,241	-	-	-	172,241
Provision for stock obsolescence	151,710	-	-	-	151,710
Provision for retirement benefits	143,930	-	-	-	143,930

(a) Primary Reporting Format - Business Segment

Segment results represent segment revenue less segment expenses. Unallocated expenses represent corporate operating and administrative expenses, rental and interest income.

Segment assets consist primarily of property, plant and equipment, inventories, receivables, cash and bank balances and other investments. Segment liabilities comprise mainly of payables and exclude items such as interest bearing borrowings, retirement benefits payable and taxation. Unallocated liabilities consist of interest bearing borrowings, retirement benefits and deferred taxation.

Capital expenditure comprise additions to property, plant and equipment.

NOTA KEPADA PENYATA KEWANGAN
NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2004

30. SEGMENT INFORMATION (Contd.)

(b) Secondary Reporting Format - Geographical Segments

The Group's operations are mainly located in Malaysia. The customers are located in Malaysia and Europe as shown below:

	Total Revenue from External Customers	
	2004 RM	2003 RM
Malaysia	433,199,043	189,347,595
Hong Kong	3,636	-
Europe	9,061,229	11,118,979
Consolidated	<u>442,263,908</u>	<u>200,466,574</u>

31. SUBSEQUENT EVENT

The Company has on 9 September 2004, incorporated a new subsidiary, EG Wireless Sdn. Bhd. ("EGW") to undertake the manufacturing activities of the wireless electronics and telecommunication products. EGW has an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each and its existing issued and paid up capital is RM2.00.

**BORANG PROKSI
PROXY FORM**

NO. OF SHARES	
----------------------	--

I/We _____ I.C. No. _____

of _____

being a member/members of EG INDUSTRIES BERHAD (formerly known as EG.COM BERHAD) do hereby appoint Mr / Mrs / Ms

I.C. No. _____ of _____

or failing him the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Level 2, Sri Intan Room, City Bayview Hotel, 25-A Farquhar Street, 10200 Penang on Friday, 31 December 2004 at 11:30 a.m. and at any adjournment thereof.

In case of vote taken by a show of hands, my/our proxy shall vote on my/our behalf.

Please indicate with an 'X' in the spaces provided below how you wish your votes to be cast on the resolutions specified in the Notice of Meeting.

	Ordinary Resolutions	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Payment of Directors' Fees		
3.	Re-election of Director, TAI KEIK HOCK		
4.	Re-election of Director, NIK AZALAN BIN NIK A. KADIR		
5.	Re-appointment of Auditors, ERNST & YOUNG		
6.	Authority pertaining to Section 132D of the Companies Act, 1965		
7.	Authority pertaining to increase in authorized share capital		

Subject to any voting instruction given, the proxy/proxies will vote, or abstain from voting, on the resolutions as he may think fit.

Signed this _____ day of _____, 2004.

Signature: _____

NOTES:

1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy, and in the case of a corporation, a duly authorized representative to attend and vote in his stead. A proxy may but need not be a member of the Company.

The instrument appointing a proxy shall be in writing under the hand of the appointer or if such appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorized.

A member who appoints two or more proxies shall specify the proportion of his shareholdings to be represented by each proxy.

The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 18.01, 18th Floor, MWE Plaza, 8 Lebu Farquhar, 10200 Penang not less than forty-eight (48) hours before the time fixed for holding this meeting or at any adjournment thereof.

2. Explanatory notes on Special Business

Ordinary Resolution
• Resolution 6

The proposed Resolution No. 6 is in line with the Company's expansion plan which may involve the issue of new shares. Under the Companies Act, 1965, the Directors would have to call a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the total issued capital. In order to avoid any delay and cost involved in convening such a general meeting, it is considered appropriate to seek the shareholders' approval for the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

Ordinary Resolution
• Resolution 7

The proposed increase in authorized share capital is to enable the Company to cater for future increases in the issued share capital of the Company.

Fold along this line

Stamp

The Secretary
EG INDUSTRIES BERHAD (222897-W)
(formerly known as EG.COM BERHAD)
c/o SYMPHONY INCORPORATIONS SDN.BHD.
(formerly known as SIGNET & CO. SDN. BHD.)
Suite 18-01, 18th Floor, MWE Plaza,
8, Lebuh Farquhar,
10200 Penang.

Fold along this line