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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at Function Room 2, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 23 June 2005 at 2.00 p.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2004 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve the declaration of a first and final dividend of 2% less tax for the financial year ended 31 December 2004. (Resolution 2)
3. To approve the Directors' Fees for the financial year ended 31 December 2004. (Resolution 3)
4. To re-elect the following Directors, who retire by rotation in accordance with Article 91 of the Company's Articles of Association :-
 - (i) Mr Lee Chin Yen (Resolution 4)
 - (ii) Mr Chia Kay Joo (Resolution 5)
 - (iii) Tuan Haji Azizul Bin Mohd Othman (Resolution 6)
5. To re-appoint Messrs Moore Stephens as Auditors and to authorise the Directors to fix their remuneration. (Resolution 7)
6. As Special Business :

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

AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES

"THAT subject to the provisions of Section 132D of the Companies Act, 1965 and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and such authority shall remain in force until the next Annual General Meeting of the Company." (Resolution 8)

7. To transact any other ordinary business for which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders, a first and final dividend of 2% less 28% income tax in respect of the financial year ended 31 December 2004 will be paid on 23 August 2005 to shareholders whose names appear on the Record of Depositors at the close of business on 1 August 2005.



A Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m on 1 August 2005 in respect of ordinary transfer; and
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

By Order of the Board
LIM MING TOONG
HOH KEAN NYUK
Company Secretaries

Kuala Lumpur
31 May 2005

NOTES:

- (1) A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (2) To be valid, this form, duly completed must be deposited at the Company's Registrar, PFA Registration Services Sdn Bhd, Level 13, Uptown 1, No.1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting.
- (3) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
- (4) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (5) Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- (6) If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

EXPLANATORY NOTE ON SPECIAL BUSINESS :

- (7) Resolution pursuant to Section 132D of the Companies Act, 1965

The proposed resolution No. 8, if passed, will give the Directors of the Company the power to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting of the Company.



Statement Accompanying Notice of Annual General Meeting

Pursuant To Paragraph 8.28(2) Of The Listing Requirements of Bursa Malaysia Securities Berhad

1. The Directors who are standing for re-election in accordance with Article 91 of the Company's Article of Association are as follows :-

- i) Mr Lee Chin Yen
- ii) Mr Chia Kay Joo
- iii) Tuan Haji Azizul Bin Mohd Othman

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

During the financial year, four Board Meetings were held :

<u>Directors</u>	<u>Attendance</u>
Mr Lee Chin Yen	4
Mr Tan Hong Cheng	4
Mr Hia Wan Kiga	3
Ms Lee Poh Choo	3
Ms Tan Kim Hong	4
Mr Chai Moi Kim	4
Mr Chia Kay Joo	4
Tuan Haji Azizul Bin Mohd Othman	4

3. The Fourth Annual General Meeting will be held at the Function Room 2, Level 2, Hotel Sri Petaling, 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur on Thursday, 23 June 2005 at 2.00 p.m.

4. Further details on the Directors who are standing for re-election at the Fourth Annual General Meeting are set out on page 8-9 of the Annual Report.



Corporate Information

DIRECTORS

LEE CHIN YEN
Executive Chairman

TAN HONG CHENG
Managing Director

HIA WAN KIGA
Non-Executive Director

LEE POH CHOO
Executive Director

TAN KIM HONG
Executive Director

CHAI MOI KIM
Independent Non-Executive Director

CHIA KAY JOO
Independent Non-Executive Director

AZIZUL BIN MOHD OTHMAN
Independent Non-Executive Director

COMPANY SECRETARIES

LIM MING TOONG
HOH KEAN NYUK

REGISTERED OFFICE

MEZZANINE FLOOR
8A JALAN SRI SEMANTAN SATU
DAMANSARA HEIGHTS
50490 KUALA LUMPUR
TEL: 03-2094 1888
FAX: 03-2094 7673

REGISTRAR

PFA REGISTRATION SERVICES SDN BHD
LEVEL 13, UPTOWN 1
NO.1 JALAN SS21/58
DAMANSARA UPTOWN
47400 PETALING JAYA
SELANGOR DARUL EHSAN
TEL: 03-77254888, 77258046
FAX: 03-77222311

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
RHB BANK BERHAD
HSBC BANK BERHAD

AUDITORS

MESSRS MOORE STEPHENS
8A JALAN SRI SEMANTAN SATU
DAMANSARA HEIGHTS
50490 KUALA LUMPUR

STOCK EXCHANGE LISTING

SECOND BOARD OF BURSA MALAYSIA
SECURITIES BERHAD



Group Structure



**Central Aluminium
Manufactory Sdn. Bhd.**
100%



**Central Melamineware
Sdn. Bhd.**
100%



**Advance Eagle
Marketing Sdn. Bhd.**
100%



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Financial Statements of CAM Resources Berhad and the Group for the financial year ended 31 December 2004.

FINANCIAL PERFORMANCE

The Group managed to record total revenue of RM58.7 million for the financial year ended 31 December 2004 compared with previous year of RM54.7 million, representing an increase of 7.3%. The improvement in revenue was attributable to the continuing expansion of Malaysia economy in 2004 that boosted the consumer consumption and robust residential property market.

In line with the increase in revenue, the profit after taxation achieved for the financial year under review was higher at RM6.1 million. The profit after taxation had improved significantly by 56.4% compared to RM3.9 million recorded in the previous year. The introducing of new and higher value added products, continued effort in improving efficiency and productivity thus reducing costs, are the main factors contributing to the higher profit margin.

PROSPECTS

Coming to year 2005, the global economy is generally forecasted to have a slower growth as a result of the persistent high oil prices and sustained increase in US interest rates. The slower growth in China and downturn cycle of electronics sector would also further dampen the export performance of Malaysia.

Domestic demand is also expected to be adversely affected by the inflation pressure caused by the surging oil prices and raw materials. Private investment and expenditure will turn into more cautious. Although Malaysia economy is still projected to have a positive growth, it is expected to expand more moderately in 2005. Both of these external and domestic economic factors are anticipated to impact our industry in the coming year.

Although the year ahead is believed to be very challenging, we will be taking pro-active measures in increasing our competitiveness by introducing new products, enhance our sales team and to expand geographically by penetrating the export market. The Group with the strong support from the management team is confident of achieving a satisfactory performance in the coming year.

DIVIDEND

The Board of Directors is pleased to propose a first and final dividend of 2% per share less income tax for the financial year ended 31 December 2004, subject to the approval of shareholders at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to take this opportunity to thank the management team and the employees of the Group for their dedication and commitment. I also wish to thank all our shareholders, banks, valued customers and business associates for their continuous support and confidence in the Group.

Lee Chin Yen
Executive Chairman



Directors Profile

Lee Chin Yen, a Malaysian aged 56, was appointed the Executive Chairman / Director of CAM Resources Berhad (CAM) 29 December 2000.

He was appointed the Managing Director of Central Aluminium Manufactory Sdn Bhd (CALuminium) in 1979, a Director of Central Melamineware Sdn Bhd (CMelamine) in 1988 and Advance Eagle Sdn Bhd (AEMkt) in 1989. A founding member and the driving force in the Group, he commenced his career in 1972 as an apprentice in Choo Chin Wah Company, a company principally involved in the manufacturing of aluminium in Thailand. After acquiring all the technical expertise, he returned to Malaysia in 1975 and formed a partnership with Tan Hong Cheng and others to manufacture aluminium household products in 1975. In 1979, this partnership was incorporated into a private limited company under the name of CALuminium and he was appointed the Managing Director. At present, he is also committee member of a few associations in Teluk Intan, Perak.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2004, he attended all the Board meetings held.

Tan Hong Cheng, a Malaysian aged 56, was appointed the Managing Director / Director of CAM on 29 December 2000. He also sits in the Audit Committee as an ordinary member.

He was appointed the Managing Director of CMelamine in 1988, a Director of CALuminium in 1979 and AEMkt in 1989. He began his career in Loke Hup Porcelain as a shop assistant. In 1975, he formed a partnership with Lee Chin Yen and others to manufacture aluminium household products. This partnership was subsequently incorporated as CALuminium. He has more than 20 years of experience in the manufacturing of aluminium and stainless steel products. At present, he also sits on Board of Trustees in San Min Primary and Secondary School and Chong Min Primary School in Teluk Intan, Perak. He is also a committee member of the Chinese Chamber of Commerce in the Lower Perak District.

HE does not hold directorship in any other public companies. During the financial year ended 31 December 2004, he attended all the Board meetings held.

Hia Wan Kiga, a Malaysian aged 51, was appointed a Non-Executive Director of CAM on 29 December 2000 and a Non-Executive Director of CALuminium since 1999.

He began his career as an apprentice in Sungai Besar Engineering Sdn Bhd, a company involved in the engineering works. In 1975, he set up his own company under the name of Union Engineering Works, a company principally involved in agriculture engineering. He is presently a committee member of a few local associations.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2004, he attended 3 out of 4 Board meetings held.

Tan Kim Hong, a Malaysian aged 32, was appointed an Executive Director of CAM on 15 January 2002 and a Factory Manager of CMelamine. She joined the Group in 1993 as a clerk and subsequently promoted to her current position since 2000. She is responsible for overseeing the overall production processes and maintenance of product quality in CMelamine.

She does not hold directorship in any other public companies. During the financial year ended 31 December 2004, she attended all the Board meetings held.

Lee Poh Choo, a Malaysian aged 30, was appointed an Executive Director of CAM on 15 January 2002.

She graduated from the Campbell University, USA in 1998 with a Bachelor degree in Business Administration. She joined CALuminium in 1998 and was responsible for the area of MIS and Marketing. She was promoted to Factory Manager of CALuminium in December 1998. She is responsible for overseeing the overall processes and maintenance of product quality in CALuminium.

She does not hold directorship in any other public companies. During the financial year ended 31 December 2004, she attended 3 out of 4 Board meetings held.



Chai Moi Kim, a Malaysian aged 47, was appointed an Independent Non-Executive Director of CAM on 15 January 2002. He also sits in the Audit Committee and Remuneration Committee as Chairman and also serves as a member of the Nomination Committee of the Company.

He is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He started his career in 1980 as an Article clerk with an established local audit firm, and subsequently worked with several other established audit firms including an international audit firm until 1988. He left for FACB Group of Companies as the Group Accountant in 1989. In 1992, he joined MBF Holdings Berhad as a Senior Manager of the corporate department where he served until 1994. In 1995, he set up his own audit practice, Kim & Co. He also sits on the Board of the other two Bursa Malaysia listed companies, namely Autoair Holdings Berhad and Widetech (Malaysia) Berhad where he was appointed as Independent Non-Executive Director.

During the financial year ended 31 December 2004, he attended all the Board meetings held.

Azizul Bin Mohd Othman, a Malaysian aged 43, was appointed an Independent Non-Executive Director of CAM on 15 January 2002. He also serves as Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company.

Presently, he is the General Manager of Institut Teknologi Perak. He was responsible for setting up an Islamic independent secondary school, know as Ma'ahad al Ummah in Chepor, Perak in 1989 and he was a Director of Kolej Premier from 1993 to 1998.

He does not hold directorship in any other public companies. During the financial year 31 December 2004, he attended all the Board meetings held.

Chia Kay Joo, a Malaysian aged 58, was appointed an Independent Non-Executive Director of CAM on 15 January 2002. He also serves as a member of Audit, Remuneration and Nomination Committee of the Company.

He obtained a Bachelor degree in Law from University of London in 1981 and called to the English Bar in 1982 and admitted as an advocate and solicitor in Malaysia in 1985. He has been practising in the legal profession for approximately 20 years. He was a High Court Interpreter from 1971 to 1981 and a judicial officer serving as the Magistrate at the Teluk Intan Magistrate Court from 1982-1984. He left the civil service to set up his own legal practice in 1985. Presently he serves as the legal adviser to a number of Association and Chinese Guilds and is the President of Han Kang Association, Teluk Intan.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2004, he attended all the Board meetings held.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Family Relationship

Except for Mr Lee Chin Yen and Ms Lee Poh Choo, and Mr Tan Hong Cheng and Ms Tan Kim Hong who are father and daughter, none of the other Directors are related to one another, nor with any substantial shareholders.

Conflict on Interest

Save as disclosed in the related party transactions on page 59 – 60 of this Annual Report, none of the other Directors have any conflict of interest with the Company during the financial year.

Convictions for Offences

None of the Directors have been convicted of any offence (excluding traffic offence) within the last 10 years.



Corporate Governance Statement

The Board of Directors remains committed in achieving a high standard of corporate governance within the Group of Companies. The Board has been continuously managing the business and affairs of the Group by applying the Principles (“the Principles”) and Best Practices (“the Best Practices”) set out in the Malaysian Code on Corporate Governance (“the Code”).

A. BOARD OF DIRECTORS

(i) The Board of Directors

The Board consists of eight (8) members, comprising of an Executive Chairman, a Managing Director, two (2) Executive Directors, a Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The Independent Non-Executive Directors are independent of management, and free from any business which could interfere with their independent judgment and their ability to act in the Group's best interest.

The Board made up of Directors from different specialisation and expertise in accounting, legal, business management and commercial which relevant for the effective management of the Group. The provision of various experiences from the Board's member would effectively discharge its stewardship responsibilities and to achieve the company's corporate objective through strategic business initiatives. The management of daily operation of the Group is oversees by the Executive Chairman and Managing Director, and is fully supported by a management team.

(ii) Board Responsibilities

The Board retains full and effective control of the Group, the primarily responsibilities of the Board are as follows:-

- Reviewing and adopting a strategic plan for the Group.
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed.
- Identifying principal risks 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.
- Reviewing the adequacy and the integrity of the company's internal control systems and management information systems for compliance with applicable laws, regulations, rules, directives and guidelines.



Corporate Governance Statement (cont'd)

The number of Directors' meeting and attendance for the financial year ended 31 December 2004 are as follows:-

Directors	Number of meeting held	Attended
Lee Chin Yen (Executive Chairman)	4	4
Tan Hong Cheng (Managing Director)	4	4
Hia Wan Kiga (Non-Executive Director)	4	3
Lee Poh Choo (Executive Director)	4	3
Tan Kim Hong (Executive Director)	4	4
Chai Moi Kim (Independent Non-Executive Director)	4	4
Tuan Haji Azizul bin Mohd Othman (Independent Non-Executive Director)	4	4
Chia Kay Joo (Independent Non-Executive Director)	4	4

The Board has set up several Board committees to assist the Board. The delegation of certain responsibilities to other Board committees is within approved terms of reference. The other Board committees include the Audit Committee, the Nominating Committee and the Remuneration Committee.

(iii) Appointments of the Board and Re-election

The Board has appointed a Nomination Committee comprising of all Independent Non-Executive Directors. The members of the Nomination Committee consist of:-

1. Tuan Haji Azizul bin Mohd Othman (Chairman)
2. Chai Moi Kim
3. Chia Kay Joo

The function of the Nomination Committee amongst others is to recommend to the Board candidates for directorships or Board Committee to be filled. In addition, the Committee reviews the profile of the required skills and experience of each individual director and assist in implementing the assessment programme to assess the effectiveness of the Board as a whole. An orientation and education programme for newly appointed Directors is part of the function of Nomination Committee. This is to ensure that the Board has an appropriate balance of expertise and abilities.

In accordance with the Company's Articles of Association, one third of the Board members are required to retire at every Annual General Meeting ("AGM") and be subject to re-election by shareholders. Newly appointed Directors shall hold office until the next following AGM and shall then be eligible for re-election by shareholders. All Directors, including the Managing Director shall retire from office at least once in every three years and shall be eligible for re-election.



Corporate Governance Statement (cont'd)

(iv) Supply of Information

The Directors have full and complete access to all information within the Group and access to the advice and services of the Company Secretary in discharging their duties.

The Board has four regular scheduled meetings annually to control and monitor the development of the Group. The agenda for each Board Meeting is circulated to all the Directors for their perusal well in advance of the Board meeting date. The quarterly financial results and business review, including the financial performance to-date against the previous year has been tabled at each scheduled meeting for discussion. All proceedings from the Board meetings are minuted and signed by the Chairman of the Meeting.

Directors are empowered to seek independent professional advice as they may require, at the expenses of the Group, to enable them to form a decision.

(v) Directors' Training

The Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia. The Directors will continue to attend relevant training programmes to further enhance their knowledge so as to enable them to discharge their responsibilities more effectively.

B. DIRECTORS' REMUNERATION

The Remuneration Committee is made up of all Independent Non-Executive Directors. The members of the Remuneration Committee consist of:-

1. Chai Moi Kim (chairman)
2. Tuan Haji Azizul bin Mohd Othman
3. Chia Kay Joo

The Remuneration Committee reviews the salaries, incentive and service arrangement of all Executive Directors on an annual basis. The committee has established a formal and transparent procedure on executive remuneration and recommends to the Board the remuneration package of the Executive and Non-Executive Directors. The Directors concerned would abstain from participating in decisions regarding their own remuneration package.

The remuneration of Executive Director is linked to their corporate and individual performance. The remuneration of Non-Executive Director is related to their experience and level of responsibilities. The reviews and recommendation of the committee would be subject to the approval of the Board.



Corporate Governance Statement (cont'd)

For the financial year ended 31 December 2004, the details of Directors' remuneration are as follows:

	Fees RM'000	Salaries & Other Emoluments * RM'000	Benefit in kind RM'000	Total RM'000
Executive Directors	40	553	60	653
Non-Executive Directors	42	47	11	100
Total	82	600	71	753

* Other emoluments include contribution to Employees' Provident Fund and bonus.

The number of Directors of the Company whose total remuneration falls within the following bands:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 to RM100,000	2	1
RM150,000 to RM250,000	2	-

ACCOUNTABILITY AND AUDIT

C. Internal Control

(i) The Board acknowledges its responsibilities for establishing a sound system of internal control to safeguard shareholders' investment and the Group's assets, and to provide reasonable assurance on the reliability of the financial statements. However, any such system can only provide reasonable but not absolute assurance against material misstatement or loss. The components of the Group's internal financial control include:-

<ul style="list-style-type: none"> • Business system The information systems operated within the Group have been developed with controls to safeguard the integrity of financial data.
<ul style="list-style-type: none"> • Financial and operational reporting Financial and operations reports are reported monthly to the Executive Directors and to the Board on a quarterly basis.
<ul style="list-style-type: none"> • Authorisation limits The Group well-defined organisation structure with a clear line of accountability, segregation of duties and strict authorisation, approval and control procedures within which senior management operate.
<ul style="list-style-type: none"> • Financial controls and procedural compliance reporting The Group Internal Audit regularly reports on the compliance with the internal financial control and procedures to the Audit Committee. The department also ensures that recommendations to improve controls are followed through by management.



Corporate Governance Statement (cont'd)

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the CAM Group, which has been in place for the year under review. The Audit Committee, through the outsourced internal audit, regularly reviews and reveals to the Board on the adequacy and effectiveness of the accounting and operating controls systems.

(ii) Financial Reporting

The Board of Directors is responsible for preparing financial statements for each financial year which gives 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 the results and cash flows of the Group and of the Company for the year then ended. The Board of Directors is also responsible in ensuring that the financial statements of the Group and the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, consistently applied and by reasonable and prudent judgments and estimates.

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the financial statements present a fair assessment of the Group's position and prospects.

(iii) Relationship with Auditors

The Company always maintained a transparent relationship with both the internal and external auditors in seeking their professional advice and towards ensuring compliance with accounting standards in Malaysia.

D. RELATIONSHIP WITH SHAREHOLDERS

The annual reports and the quarterly announcements are the primary modes of communication to report on the Group's business activities and financial performance.

The Annual General Meeting is the principal forum for dialogue with shareholders. The Company's Annual Reports and notice of the Annual General Meeting are sent out to the shareholders at least 21 days before the meeting. At each Annual General Meeting, shareholders are given ample time and opportunity to raise questions pertaining to the business activities of the Group, without limiting the type of queries asked and they do not seek prior approval from the major shareholders. During the meeting, the Managing Director and the Executive Director are prepared to provide responses to queries and to receive feedback from the shareholders during the meeting. The external auditors and Group Finance Manager are also present to provide their professional clarification on issue of concern raised by the shareholders.



Corporate Governance Statement (cont'd)

E. OTHER INFORMATION

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

- (a) Options, warrants or convertible securities issued by the Company or its subsidiaries;
- (b) Share buyback;
- (c) American Depository Receipts or Global Depository Receipt programme sponsored by the Company;
- (d) Sanctions and / or penalties imposed on the Company or its subsidiary companies;
- (e) Variance of results which differs by 10% or more from any profit estimate / forecast / projection / unaudited results announced;
- (f) Profit guarantee given by the Company;
- (g) Material contracts of the Company and its subsidiary companies involving directors and substantial shareholders' interests;
- (h) Revaluation policy on landed property during the financial year.

Non-Audit Fee

The amount of non-audit fee paid to external auditors for the financial year ended 31 December 2004 was RM5,250.

Recurrent Related Party Transactions

The aggregate value of recurrent related party transactions entered by the Company and its subsidiaries during the financial year ended 31 December 2004 are disclosed in Note 32 To The Financial Statements.

Status Of Utilization Of Listing Proceeds

A summary of the status of utilization of proceeds raised from the Public Issue and Special Issue of shares in conjunction with the Listing Exercise is as follows:-

	Proposed Utilisation RM'000	Amount Utilised up to 31.03.2005 RM'000	Balance at 31.03.2005 RM'000
Repayment of bank borrowings	4,620	4,620	0
Acquisition of plant and machinery	3,000	2,642	358
Factory expansion	5,200	4,868	332
General working capital	1,222	1,222	0
Estimated listing exercise expenses	1,600	1,600	0
	<u>15,642</u>	<u>14,952</u>	<u>690</u>



Audit Committee Report

COMPOSITION

The members of the Audit Committee comprise the following and details of attendance of each member at Committee meetings held during the financial year ended 31 December 2004 are as follows:-

Members of Audit Committee	Number of meeting held	Attended
Chai Moi Kim (Chairman / Independent Non-Executive Director)	4	4
Chia Kay Joo (Member / Independent Non-Executive Director)	4	4
Tan Hong Cheng (Member / Managing Director)	4	4

The Finance Manager and a representative from external auditors were also invited to attend these meetings.

TERM OF REFERENCE

Objective

The primary objectives of the committee are:

- a) To safeguard the interests of the minority shareholders;
- b) To assist the Board in discharge their responsibilities in the areas of management of internal control, accounting policies and financial reporting; and
- c) To provide a line of communication between the Board and the internal and external auditors through regular meetings.

Authority

The Committee shall, whenever necessary and reasonable for the performance of its duties at the Company cost:-

- a) It shall have authority to investigate any activity within its term of reference.
- b) It shall have the resources which are required to perform its duties.
- c) It shall have unrestricted authority to access to any information pertaining to the company.
- d) It shall have direct communication with the external auditors and person(s) carrying out the internal audit function.
- e) It shall have authority to obtain external legal or other independent professional advice.
- f) It shall have the power to convene meetings with external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.



Audit Committee Report (cont'd)

Members

- a) The Committee Members shall be appointed by the Board of Director from amongst the Directors of the Company.
- b) The Committee shall comprise not less than three members, a majority of whom shall be independent Non-Executive Directors.
- c) At least one of the Committee members:-
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years working experience and:-
 1. he must have passed the examinations specified in part I of the 1st Schedule of the Accountants Act 1967; or
 2. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- d) No Alternate Director shall be appointed as a member of the Committee.
- e) The members of the Committee shall elect a Chairman from among their member who shall be an independent Non-Executive Director.
- f) The Board of Directors shall review the term of office and performance of the Committee and each of its members at least once in every three years to determine whether such members have carried out
- g) their duties in accordance with their terms of reference.
If a member of the Committee resigns, dies or for any other reason ceases to be member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

Secretary

The Company Secretary or his assistant shall be the Secretary of the Committee.

Duties and responsibilities

The duties of the Committee shall be:-

- a) To review the audit plan, evaluation of the system of internal controls and audit report with the external auditors.
- b) To recommend to the Board the nomination and appointment of external auditors, their audit fees and any question of resignation or dismissal occurred.
- c) To review the assistance given by the Company's Officers to the external auditors.
- d) To review the adequacy of the scope, functions, programmes and the results of the internal audit procedures and that it has the necessary authority to carry out its work.
- e) To review the quarterly results, year end financial statements and consolidated financial statement of the Group, before submission to the Board's approval.
- f) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- g) To review any significant transactions which are not a normal of the Company's business.
- h) To review the procedures established by the management for compliance with the Bursa Malaysia Berhad ("Bursa") and other statutory authorities.
- i) To report to the Boards its activities, significant results and findings.
- j) To carry out other duties as agreed to by the Committee and the Board of Directors.



Audit Committee Report (cont'd)

Meeting

- a) The quorum for any meeting of the Committee shall be two and the majority of members present shall be independent Directors.
- b) Apart from the members of the Committee who will be present at the meetings, the Committee may invite any member of the Chief Executive, the head of finance, the head of internal audit and representatives of the external auditors to present at meetings of the Committee.
- c) The Committee shall meet at least four times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties.
- d) Upon request by the external auditors, the Chairman may call for meetings of the Committee to consider any matters that external auditors believe should be brought to the attention of the directors or shareholders of the Company.
- e) If at any meeting the Chairman is not present at the time appointed for holding meeting, or is unwilling to act, the members present may choose one of their members other than an Executive Director to chair the meeting.

Minutes

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

SUMMARY OF ACTIVITIES

The Committee would meet at least four (4) times annually and the summary activities by the Audit Committee during the year ended 31 December 2004 are as follows:

- a) To review the quarterly financial results before submission for the Board's approval and announcements to Bursa.
- b) To review the audit plan of the external auditors.
- c) To review with the external auditors the annual audited financial statements together with the management letter.
- d) To review the scope of work and audit plan with the internal auditors.
- e) To review the internal audit reports and assess the recommendations on the audit issues.
- f) To review the adequacy of provision for doubtful debts and bad debts written off.
- g) To review the related party transactions within the Company and the Group.



Statement of Directors' Responsibility

The Board of Directors is required to prepare the financial statements that give a true and fair view of the state of affairs of the Company and of the Group as at end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Board is required to:

- comply with all the applicable approved accounting standards in Malaysia
- adopt suitable accounting policies and apply them consistently
- make judgements and estimates that are prudent and reasonable

The Directors are required to ensure that proper and adequate accounting records are kept which disclose with reasonable accuracy the financial position of the Company and of the Group, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965.

The Directors are to take reasonable steps to safeguard the assets of the Company and the Group so as to prevent and detect fraud and other irregularities.



Statement of Internal Control

The Board of Directors is committed to strengthen and maintain a sound system of internal control to safeguard shareholders' interest and assets within the Group. The system of internal control is designed to manage the principal business risks and risk of failure to achieve the business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement or loss. The key elements of internal control put in practice during the year were highlighted below.

The control processes are reviewed by the Board on an ongoing basis for identification and mitigation of the major risks within the Group. The on going review process was facilitated with the well defined authority limit, responsibilities, policies and procedures laid down by the Board. Besides this, the participation of the Executive Chairman and Managing Director in the daily activities has also reduced the business and operational risks of the Group. The Executive Chairman, Managing Director and senior management have regularly organised informal meetings for the purpose of identifying and managing the business risk of the Group.

The Group has obtained ISO qualification on the stainless steel and melamineware divisions which improved the business process and system documentation. The ISO standard cover information systems controls to ensure completeness and accuracy of reporting, clear line of authority for major transactions, ensuring compliance with Company's policy and procedures that have significant financial implications. The control procedures are also in place to ensure the Group's assets are subject to proper physical controls and regular maintenance. These documentation and controls procedures will be regularly reviewed and assessed by the ISO Auditors.

The monitoring of control procedure is achieved through management regular review. The Executive Director reports financial results and significant issues to the Board on a quarterly basis. In accordance with the Code of Best Practice, the Board has also engaged the internal audit function which was outsourced to external professional to review the adequacy and integrity of the Group's system of internal control. During the year, internal audit reports with the internal control findings were presented to the Audit Committee and the Committee highlighted the findings to the Board accordingly. The Board ensure that appropriate actions recommended was taken immediately.

The Board has also adopted a Board Charter recommended by the Audit Committee. The primary purpose of the Board of Directors' Charter is to formally define the structure, responsibilities, rights and procedures of the Board.

The Directors are of the opinion that the existing system of internal control was satisfactory and has not resulted in significant losses, contingencies or uncertainties that would require disclosure in the Group's annual report.