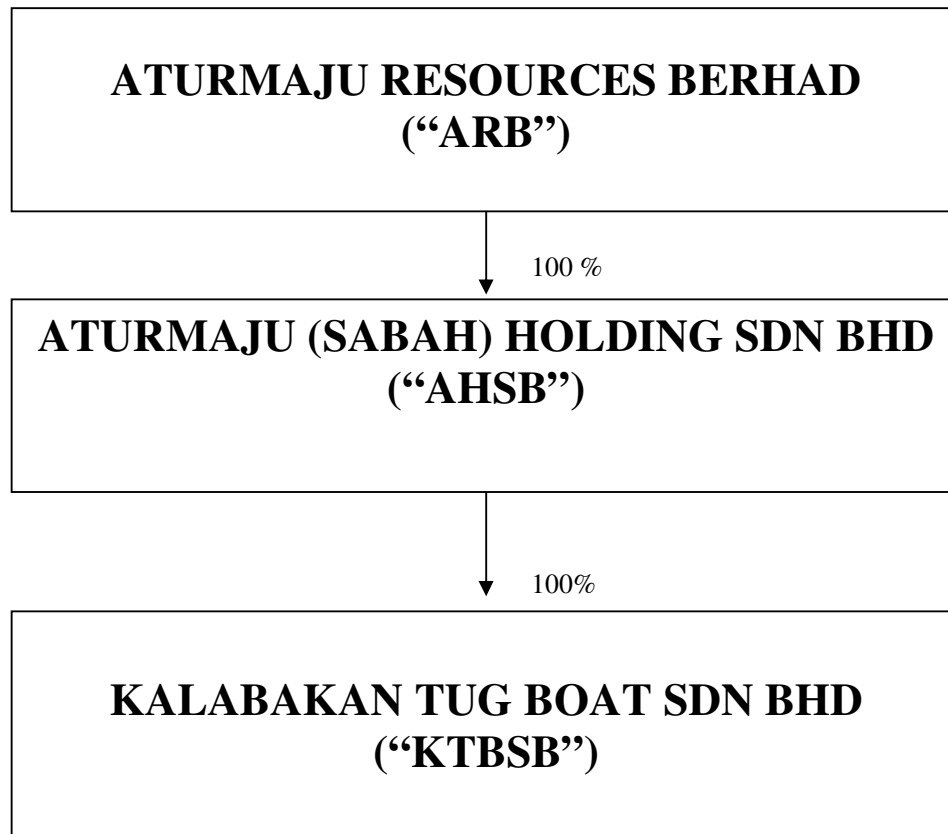

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Company Structure

A diagrammatic illustration of ARB Group is shown below.



ARB currently does not has any associate company.

Corporate Information

Board of Directors : *Abdul Rahman B. Ahmad Mahidin* – Chairman
Datuk Yeo Wang Seng – Managing Director
Yeo Gee Kuan – Executive Director
Yeo Wang Ting – Executive Director
Lim Yun Nyen – Executive Director
Tan Choon Hwa (JP) – Director
Wong Nyuk Pin – Independent Non - Executive Director
Kong Sau Kian – Independent Non - Executive Director
Tracy Voo Vun Sim – Independent Non - Executive Director

Audit Committee : *Wong Nyuk Pin* - Chairman
 (Independent Non-Executive Director)

Datuk Yeo Wang Seng – Member
 (Managing Director)

Kong Sau Kian - Member
 (Independent Non-Executive Director)

Nomination Committee : *Wong Nyuk Pin* – Independent Non-Executive Director
Kong Sau Kian – Independent Non-Executive Director
Tracy Voo Vun Sim – Independent Non-Executive Director

Remuneration Committee : *Wong Nyuk Pin* – Independent Non-Executive Director
Kong Sau Kian – Independent Non-Executive Director
Yeo Gee Kuan – Executive Director

Company Secretaries : *Sepekar Zanidah Hussin* (LS 007244)
Wan Lay Sim (MAICSA 7034367)

Stock Exchange Listing : Second Board of the Bursa Malaysia Securities Berhad

Date of Listing : 13th February 2004

Registered Office : TB 8285, Lot 20C
Perdana Square Commercial Centre
Mile 3 1/2, Jalan Apas
W.D.T. 277
91009 Tawau
Sabah
Malaysia

Tel : 089-911026
Fax : 089-911304
Email : aturmaju_arb@yahoo.com

Auditors : *Anuarul Azizan Chew & Co* (Firm No AF0791)
(A member firm of Morison International)
18, Jalan 1/64
Off Jalan Kolam Air / Jalan Ipoh
51200 Kuala Lumpur

Tel : 603-40417233
Fax : 603-40410395
Email : aacco@tm.net.my
Website : www.morisoninternational.com

Share Registrar : *Symphony Share Registrars Sdn Bhd*
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

Tel : 603-27212222
Fax : 603-27212530

Principal Bankers : *Bank Pertanian Malaysia*
Malayan Banking Berhad
Hong Leong Bank Berhad
Public Bank Berhad

Directors' Profiles

Profiles of the Directors are as follows:

Abdul Rahman b. Ahmad Mahidin, aged 36, a Malaysian, was appointed to the Board as Director and Chairman on 1 November 2003.

He graduated from International Islamic University Malaysia with a Bachelor of Laws (Hons) degree in 1993 and completed his chambering with Harun Idris Yeoh & Partners in 1994. He was then appointed as partner in Zulqarnain & Co. In 1996 he joined YADIM Holdings Sdn. Bhd., an investment holding company, as General Manager in charge of operations of few subsidiary companies which involved in various nature of business. He held the position for 4 years.

In 2000, he started his own business which amongst others are Natoil Resources Sdn. Bhd. (Oil Bunder Business), Saga Fortune Sdn. Bhd. (Film Production Company) and Terminal Kreatif Sdn. Bhd.

Datuk Yeo Wang Seng, aged 55, a Malaysian, was appointed to the Board as Managing Director on 1 November 2003. He is a member of the Audit Committee of the Board. He oversees the sourcing of logs including marketing of woods products and financial management of the group's operations.

He started his career in the wood industry in 1968, working as a trainer in a sawmill in Johor. Subsequently, in 1970, he worked as a sawing contractor for a sawmill based in Kuantan. In 1978, he was employed as a manager in a sawmill based in Terengganu before he moved to Sabah in 1980. He started his operation in Sabah as a sawing contractor and in 1983 he was made the Managing Director of a well-established sawmill company based in Tawau until 1986. In 1987 to 1989, he commenced timber logging operations in Tawau and in 1989, he together with some business associates established Aturmaju (Sabah) Holding Sdn. Bhd. ("AHSB") as a sawmilling company which was subsequently expanded into timber logging and plywood and related down stream products operating and barging.

He has more than 37 year of experience in the timber industry and has established very good rapport with the buyers of woods products. This has placed him in an advantageous role in the marketing of woods products.

Yeo Wang Ting, aged 56, a Malaysian, was appointed to the Board as Executive Director on 1 November 2003.

He started his career as an apprentice in carpentry works in furniture making in 1972 to 1975 in Singapore. In 1976, he moved to Kuantan and operated as a sawmill contractor until he came to Sabah in 1982 and continued his sawmill contracting operation for Sri Langgas Kilang Papan Sdn. Bhd., a sizable sawmill located in Kunak, Sabah. In 1986, he started to work as a logging contractor in the Tawau area until 1989 when he was appointed as an Executive Director of AHSB. He is principally in-charge of the raw material supplies of AHSB.

Lim Yun Nyen, age 34, a Malaysian, was appointed to the Board as Executive Director on 1 November 2003.

He is an Operational Director of AHSB. He holds a Diploma in Business Studies in year 1990 before joining Ernst & Young as an Audit Assistant for 4 years. In 1995, he joined AHSB as an Accounts Supervisor and subsequently promoted to Finance and Administrative Manager in 1997. He has more than 10 years of experiences in the timber industry and involved in the co-ordination and day-to-day operations of the mills and assumed his current position in year 2000.

Yeo Gee Kuan, aged 29, a Malaysian, was appointed to the Board as Executive Director on 1 November 2003. He is also a member of Remuneration Committee of the Board.

He holds a Business Certificate from Tafe College, Australia. Upon his return from Australia, he was appointed as Sawmill Manager by AHSB and subsequently appointed as Director of Operations of the AHSB on 18 July 2001. He has considerable and direct experience of more than 6 years in timber industry covering the activities of manufacturing to export trading.

Tan Choon Hwa (JP), aged 48, a Malaysian, was appointed to the Board as Director on 1 November 2003.

He is a businessman who has involved himself in various industries such as timber extraction, main contractor, housing and land development. He devoted himself to charity and social work in Kelantan which resulted in him being awarded Pingat Bakti (P.B) in year 1992 and subsequently Justice of Peace (JP) in year 1994. He is also one of the members for Board of Visitors of Federal Prison in Kelantan since 1991 and holds other chairmanship in many other associations, namely Teo Chew Association, Persatuan Pendidikan AKLAH Kelantan / Sabah, etc.

Wong Nyuk Pin, aged 60, a Malaysian, was appointed to the Board as Independent Non-Executive Director on 1 November 2003. He is also the Chairman of the Audit Committee and a member of Nomination Committee and Remuneration Committee.

He has been in the educational line for more than 30 years. He obtained his Cambridge School Certificate and Sijil Pelajaran Malaysia way back in year 1963 before he attend the Teacher Training College and start his career as a teacher at a primary school namely SK Andrassy in year 1966. He is a pensioner who presently also the School Committee Member for SRJK Yuk Chin primary school. In 1981, he served as a School Supervisor at Education Dept of Tawau for almost 8 years and was subsequently appointed as the principal of a primary school namely SRJK Yuk Chin till his retirement in year 2000.

Kong Sau Kian, aged 41, a Malaysian, was appointed to the Board as Independent Non-Executive Director on 1 November 2003. He is also the member of Audit Committee and a member of Nomination Committee and Remuneration Committee.

He is a member of the Malaysian Institute of Accountants. He graduated with a Bachelor of Accounting (Honours) degree from University of Malaya in 1988. Subsequently, he joined KPMG Peat Marwick, an international accounting firm until 1992, where his exposure include audit of wide range of industries, corporate restructuring, acquisition audit and other special assignments. Currently, he is a General Manager of an investment holding company which has diversified businesses. He also sits on the Board of LBS Bina Group Berhad, Audrey International (M) Berhad and as alternate director in Rumpun Hijau Capital Berhad.

Tracy Voo Vun Sim, aged 27, a Malaysian, was appointed to the Board as Independent Non-Executive Director on 1 November 2003. She is a member of the Nomination Committee.

She graduated from University of London with a LL.B(Hons). She was admitted to the High Court of Malaya and the High Court of Sabah & Sarawak. She was attached as a lawyer to Messrs Shim, Pang & Co. and is currently the partner of Messrs Azman, Yong & Partners heading its Tawau branch.

Chairman's Statement



ABDUL RAHMAN BIN AHMAD MAHIDIN

On behalf of the Board of Directors, I hereby present to you the Annual Report and Financial Statement of Aturmaju Resources Berhad and its Group of Companies for the financial year ended 31st December 2004.

Performance Review

As anticipated by the Company, the demand for timber products, plywood in particular had experienced a steady growth in year 2004. The growth is reflected through revenue, recorded by the Company at RM 76.3 million. The turnover recorded superseded our initial projection of RM 73.1 million for the year 2004.

Nevertheless the impact of the world oil price which had constantly escalated through out year 2004 had definitely hindered our performance in terms of recorded profit. Our cost of sales had increased by about 8% as a result of the increase of cost for raw material. The increase of oil prices had definitely increased our overall operating cost. The cost of industrial diesel for example which is

being used to generate electricity to our plant experienced an increase of almost 100% in year 2004 itself. Such increase had definitely drained out a substantial portion of our financial resources thus weakened our operating result and its profit margin.

Corporate Governance

The Group being a public listed company will continue to fully subscribe and support the Malaysian Code on Corporate Governance. We are committed to ensure that good corporate governance is being practiced throughout the Group. It is believed that only by doing so that strong confidence from our investors and shareholders can be maintained.

Business Outlook

The Company believes and is confident that a steady growth in its revenue will be recorded for the coming years. At the same time, we will always be vigilant for any global economic changes and strive to ensure that all counter measures be taken to reduce and even elimination any impact that might affect our company's overall performance.

The Group does have the advantages in recording better performances in the coming years. Its brand name – Double Gold Fish – is synonymous to high quality product in the market. The wide varieties of timber based products produced will also enable the Group to act as a one stop centre to its clients.

Appreciation

I would like to take this opportunity on behalf of the Board of Directors to express our appreciation to the Company's management team and all supporting staff of the Group for their endless commitment and dedication. My appreciation and thanks to all my fellow directors for their continuous support. I hope that our shareholders, business associates and valued clients will continue their immeasurable support and confidence given to the Company thus far.

ABDUL RAHMAN BIN AHMAD MAHIDIN
Chairman

Statement of Corporate Governance

The Board of Directors (“the Board”) affirms its overall responsibility in ensuring that the highest standard of Corporate Governance is practiced throughout the Group with the objective of protecting and enhancing shareholders’ value and the financial position of the Group.

The Board will endeavour to fully comply with all the Principles in Part 1 of the Malaysian Code on Corporate Governance (“the Code”) and to adopt the Best Practices as recommended in Part 2 of the Code to the best interest of the shareholders of the Group.

A. DIRECTORS

The Board

The Group is led and controlled by an effective Board. The Board provides strategic directions for the Group and regularly meets to review corporate strategies, resolve operational matters and monitor financial performance of the Group.

Board Balance

The Board comprises nine (9) directors of whom one (1) is non-independent non-executive chairman, one (1) non-independent non-executive director, four (4) are executive directors and three (3) are independent non-executive directors, thereby meeting the minimum one-third requirement for independent directors to be appointed to the Board as required under the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). The individual profile of each director is presented in pages 4 to 6 of this Annual Report. The combination of different professionals with varied background, experience and skills have also enabled the Board to discharge its responsibilities effectively and efficiently.

Indeed, there is a clear segregation of duties between the Chairman of the Board (“the Chairman”) and the Managing Director (“MD”) so as to ensure that there is always a balance of power and authority. Essentially, the Chairman has the obligation to preside at various meetings, namely the general meetings of shareholders, Board and Audit Committee meetings in order to address issues to be highlighted by and to members independently, whilst the MD has the responsibility to manage the day-to-day business operations of the Group by ensuring that strategies, policies and matters approved by the Board and other committees are carried out diligently.

Directors’ Training

All the member of the Board of Directors have been attended the Mandatory Accreditation Programme (“MAP”) as required by BMSB. The directors will also continue to attend continuous education programmes and seminars so as to further enhance their skills and knowledge, and keep abreast with developments in the market place.

Supply of information

All directors have access to all information within the Group as well as the advice and services of the Company Secretary whether as full Board or in their individual capacity to assist them in discharging their duties. Where necessary, the directors may engage independent professionals at the Group's expense on specialised issues to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated.

Board Committees

The following committee is established to assist the Board in the discharge of its duties. The committee operates under approved terms of reference or guidelines.

- **Audit Committee**

The terms of the Company's Audit Committee and its activities during the financial year are set out under the Audit Committee Report in pages 20 to 23 of this Annual Report.

- **Remuneration Committee**

The Remuneration Committee meets on a need-to basis, and is entrusted, among others, with examining the remuneration packages of the Executive Directors. However, the ultimate responsibility to approve the remuneration of these Directors rests on the Board as a whole. The Executive Directors do not play any part in decisions regarding their own remuneration.

The Remuneration Committee composed mainly of non-executive directors, as follows :-

Wong Nyuk Pin (Independent Non-Executive Director)

Kong Sau Kian (Independent Non-Executive Director)

Yeo Gee Kuan (Executive Director)

- **Nomination Committee**

The role of the Nomination Committee is to recommend the candidates with an optimal mix of qualifications, skills and experience to the Board. The Nomination Committee has to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process of the Board.

The Nomination Committee may, as it deems fit, call for any appropriate person or persons to be in attendance to make presentations or furnish or provide independent advice to the Nomination Committee on any matters within the scope of responsibilities.

The Nomination Committee composed exclusively of non-executive directors, a majority of whom are independent, as follows :-

Wong Nyuk Pin (Independent Non-Executive Director)

Kong Sau Kian (Independent Non-Executive Director)

Tracy Voo Vun Sim (Independent Non-Executive Director)

Appointment to the Board

Prior to the appointment of a director, the Nomination Committee will recommend the appointment to the Board by submitting the nomination for Board's deliberation on the suitability of the candidate for directorship and approval. A familiarisation programme, including visits to the Group's business and operations premises and meetings with senior management will be arranged for new directors to facilitate their understanding of the Group.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the directors including the Managing Director ("MD") shall retire by rotation from office at every Annual General Meeting ("AGM") and they shall be eligible for re-election at such AGMs. The directors to retire shall be the directors who have been longest in office since their appointment or last re-election.

Board Meetings

The Board will meet at the end of every quarter of the financial year to deliberate and approve the financial results of the Group, corporate plans, acquisition and disposal of assets, investment proposals and other pertinent issues.

The proceedings and resolutions reached at each Board Meeting are recorded in the minutes of the meetings, which are kept in the Minutes Book at the registered office.

Besides Board Meeting, the Board exercises control on matters that require the Board's approval through circulation of Directors' Resolution.

The Board has held five (5) meetings for the financial year ended 31 December 2004 and the summary of attendance at the Board meetings is as follows:-

Name of Directors	Attendance	Percentage of Attendance
Abdul Rahman Bin Ahmad Mahidin	5/5	100%
Datuk Yeo Wang Seng	5/5	100%
Yeo Wang Ting	5/5	100%
Yeo Gee Kuan	5/5	100%
Lim Yun Nyen	5/5	100%
Tan Choon Hwa	5/5	100%
Wong Nyuk Pin	5/5	100%
Kong Sau Kian	5/5	100%
Tracy Voo Vun Sim	5/5	100%

B. REMUNERATION OF DIRECTORS

Details of Director's remuneration are set out below and in note 19 to the financial statements.

- (a) Aggregate remuneration of Director categorised into appropriate components.

	Fee	Salary & *Other Emoluments	Total
	RM'000	RM'000	RM'000
Executive Director	310	368	678
Non-Executive Director	146	--	146

*Other emoluments include bonus and the Company's contribution to Employer Provident Fund.

- (b) The number of Director whose total remuneration fall into the respective ranges are as follows:-

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

Range of Remuneration	Number of Directors Executive	Number of Directors Non-Executive
RM100,000 and below	3	3
RM100,001 - RM250,000	1	1
RM250,001 and above	1	--

C. SHAREHOLDERS

Dialogue between Company and Investors

The Group practices an open communication with its investors. In its efforts to promote effective communication, the Board has dialogue with shareholders and investors and recognises that timely and equal dissemination of relevant information be provided to them through public announcements made during the year to BMSB, the Company's Annual Report, circulars and financial results on quarterly basis to enable shareholders and investors to have an overview of the Group's business activities and performance.

Annual General Meeting

The shareholders will be given sufficient notice on the holding of Annual General Meeting ("AGM") through Annual Report sent to them at least 21 clear days prior to the date of the AGM. At the AGM, the Board will present to the shareholders a comprehensive report on the performance of the Group and the shareholders are encouraged to participate in the questions and answers session thereat, and will be given the opportunity to raise questions or seek more information during the AGM.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly announcement of results to shareholders, the Board has always strived to present a balanced and understandable assessment of the Group's position and prospects to shareholders.

The Audit Committee assists the Board in ensuring accuracy and adequacy of information by reviewing and recommending for adoption of information for disclosure.

Internal Control

The Board affirms the importance of sound system of internal controls and risk management practice for good corporate governance. In order to enhance consistency within the Group, the Board has appointed an independent professional firm to carry out the internal audit function of the Group.

The Statement of Internal Control set out in pages 18 to 19 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with the Auditors

The Board has appropriately established a formal and transparent relationship with the Group's auditors. The role of the Audit Committee in relation to the external auditors can be found in the Audit Committee Report as set out in pages 20 to 23 of this Annual Report.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

The gross proceeds of the Public Issues amounting to RM10.2 million have been utilised for the following purposes to-date:-

Description	Proposed Amount RM'000	Utilised Amount RM'000
a) Repayment of bank borrowings	5,000	5,000
b) Working capital	3,600	3,500
c) Listing expenses	1,600	1,700
Total	10,200	10,200

2. SHARE BUY-BACKS

During the financial year, there were no share buy-back by the Company.

3. AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”) PROGRAMMES

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

4. IMPOSITION OF SANCTIONS AND/OR PENALTIES

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

5. NON-AUDIT FEES

No non-audit fees was paid to the external auditors during the financial year.

6. VARIATION IN RESULTS

Description	Unaudited results* 31.12.2004 RM'000	Audited results 31.12.2004 RM'000	Difference	
			RM'000	%
Profit after taxation	6,353	5,595	758	11.93

*Based on announcement of quarterly financial reports for the fourth quarter ended 31 December 2004 made on 28 February 2005.

The decrease in profit after taxation of the Group as compared to unaudited results for quarter ended 31 December 2004 is due to additional finance costs of Irredeemable Convertible Preference Share (“ICPS”) interest charges in accordance with MASB 24, Financial Instruments: Disclosure and Presentation which was not taken up in unaudited results.

Description	Profit forecast# 2004 RM'000	Audited results 31.12.2004 RM'000	Difference	
			RM'000	%
Profit after taxation	11,203	5,595	5,608	50.06

#Based on prospectus dated 16 January 2004.

The explanation for the above decrease in profit after taxation of the Group's are mainly due to increase of cost for raw material. The increase of oil prices had definitely increased the overall operating cost. The cost of industrial diesel for example which is being used to generate electricity to the plant experienced an increase of almost 100% in year 2004 itself. Such increase had definitely drained out a substantial portion of our financial resources thus weakened our operating result and its profit margin. In addition, the freight charges also increased in line with increase in oil prices.

7. PROFIT GUARANTEES

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

8. MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

9. CONTRACTS RELATING TO LOANS

There were no material contracts relating to loans entered into by the Company involving Directors and major shareholders.

10. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no issuance of options, warrants or convertible securities during the financial year.

11. REVALUATION OF LANDED PROPERTIES

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

12. RECURRENT RELATED PARTY TRANSACTIONS

The Company is seeking approval from shareholders for the Proposed General Mandate pursuant to Chapter 10.09 of the Listing Requirements and Practice Note 12/2001 of the Listing Requirements at the forthcoming Extraordinary General Meeting to be held on 24 June 2005.

Recurrent Related Party Transactions of A Trading or Revenue Nature of the Group for the financial year ended 31 December 2004 are as follows:-

No.	Related Party	ARB Group transacting in each transaction	Nature of Recurrent Transactions with ARB Group	Value of Transaction (RM'000)	Nature of relationship between ARB Group and the Related Party
1.	Bayan Cekap Sdn. Bhd. ("BC")	AHSB (a wholly-owned subsidiary of ARB)	Sawing fee and kiln dry charges paid/payable to BC	3,635	<ul style="list-style-type: none"> • Yeo Gee Kuan is a Shareholder of BC with shareholdings of 61%. • Yeo Gee Kuan is also a Director of AHSB. • Lim Yun Nyen is a Shareholder of BC with shareholdings of 5%. • Yeo Wang Ting is a Shareholder of BC with shareholdings of 10%.
2.	Bayan Cekap Sdn. Bhd. ("BC")	AHSB (a wholly-owned subsidiary of ARB)	Rental of land and premises received/receivable from BC	84	<ul style="list-style-type: none"> • Yeo Gee Kuan is a Shareholder of BC with shareholdings of 61%. • Yeo Gee Kuan is also a Director of AHSB. • Lim Yun Nyen is a Shareholder of BC with shareholdings of 5%. • Yeo Wang Ting is a Shareholder of BC with shareholdings of 10%.
3.	Bayan Cekap Sdn. Bhd. ("BC")	AHSB (a wholly-owned subsidiary of ARB)	Hire of machinery paid/payable to BC	80	<ul style="list-style-type: none"> • Yeo Gee Kuan is a Shareholder of BC with shareholdings of 61%. • Yeo Gee Kuan is also a Director of AHSB. • Lim Yun Nyen is a Shareholder of BC with shareholdings of 5%. • Yeo Wang Ting is a Shareholder of BC with shareholdings of 10%.
4.	Biramas Transportation Sdn. Bhd. ("BT")	AHSB (a wholly-owned subsidiary of ARB)	Hire of equipment from BT	135	<ul style="list-style-type: none"> • Datuk Yeo Wang Seng is a Shareholder of BT with shareholding of 60%. • Yeo Gee Kuan is a Director of BT. • Yeo Gee Kuan is the son of Datuk Yeo Wang Seng, who is the Managing Director of ARB. • Yeo Gee Kuan is also a Director of AHSB. • Datuk Yeo Wang Seng is also a Director of AHSB.

5.	Golden Bond Sdn. Bhd. ("GB")	AHSB (a wholly-owned subsidiary of ARB)	Rental of shophouse payable to GB	60	<ul style="list-style-type: none"> • Yeo Gee Kuan is a Shareholder with shareholding of 60%. • Yeo Gee Kuan is the son of Datuk Yeo Wang Seng, who is the Managing Director of ARB. • Yeo Gee Kuan is also a Director of AHSB.
6.	Seraya Permai Sdn. Bhd. ("SP")	AHSB (a wholly-owned subsidiary of ARB)	Purchase of logs from SP	4,755	<ul style="list-style-type: none"> • Yeo Gee Kuan is a Shareholder with shareholding of 50%. • Yeo Gee Kuan is the son of Datuk Yeo Wang Seng, who is the Managing Director of ARB. • Yeo Gee Kuan is also a Director of AHSB.

Statement of Internal Control

1. INTRODUCTION

The Board of Directors is committed to maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

The Board is pleased to provide the following Statement on Internal Controls pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad.

2. BOARD RESPONSIBILITY

The Board is responsible for the Group's system of internal control and risk management and for reviewing its adequacy and integrity.

Prior to the Listing of the Company on Second Board of Bursa Malaysia Securities Berhad on 13 February 2004, the responsibility for the systems of internal control and risk management of the Group subsidiaries remained with the Board and Senior Management of the respective entities. Nevertheless, an on-going effort is in place to review and adopt the policies and procedures of the Group.

It should be noted, however, that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. In pursuing these objectives, this system can only provide reasonable, and not absolute, assurance against material misstatement or loss.

3. RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. The Board is responsible to continually promote the culture of risk awareness and builds the necessary knowledge in identifying, evaluating, mitigating, monitoring and managing the significant risks. The Group has taken into account the guidance of the Malaysian Code on Corporate Governance.

The key risk management initiatives undertaken include among others:

- (i) The Group has an outsourced internal audit function which assists in managing risk and maintaining effective controls. Scope of work undertaken includes identifying and assessing significant organisational risks, evaluating the existing controls for effectiveness and efficiency and providing recommendations for improvement.
- (ii) As part of the due diligence process undertaken for the Company's Initial Public Offer exercise, the risks relating to the business and operations of the Group, including the measures undertaken to address these risks, were identified and included in the Company's Prospectus dated 16 January 2004.

The Board through the Managing Director has active oversight over the above processes in the identification of the risks and control measures.

4. CONTROL ENVIRONMENT

The Board is committed to maintaining a sound internal control structure to govern the manner in which the Group and its employees conduct themselves. The key elements of controls are:

- (i) The responsibilities of the Board and management are clearly defined in the organisation structure to ensure the effective discharge of the roles and responsibilities of the parties in overseeing the conduct of the Group's business.
- (ii) Monitoring of key commercial, operational and financial risks through reviewing the system of internal controls and other operational structures so as to ensure that reasonable assurance on the effectiveness and efficiency of the same will mitigate the various risks faced by the Group to an appropriate level acceptable to the Board.
- (iii) Formation of operational plans by management and approval by the Board ensures a clear direction for all operating units to work cohesively towards achieving the business objective of the Group having assessed the inherent risks involved and the necessary action plans thereof.
- (iv) The Group is currently undertaking an exercise to develop the documented policies and procedures with a view of establishing group wide standards. For accounting systems and financial processes, efforts are being taken to ensure consistency in the Group as a whole. In respect of operational procedures, focus has been placed to align the internal processes of the significant subsidiaries.
- (v) Frequent on-site visits to the operating units so as to acquire a first hand view on various operational matters and addressing the issues accordingly.
- (vi) The Board receive and review key financial and operating statistics and constantly keep track and monitor the achievement of the Group's performance.
- (vii) The Audit Committee reviews on a quarterly basis the quarterly unaudited financial results to monitor the Group's progress towards achieving the Group's objectives. Authority is given to the Audit Committee members to investigate and report on any areas of improvement for the betterment of the Group.
- (viii) Regular interactive meetings between the external auditors and consultants to identify and rectify any weakness in the system of internal controls. The Board would also be informed on the matters brought up in the Audit Committee meeting on a timely basis.

5. BOARD CONCLUSION

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report.

This statement is made in accordance with the resolution of the Board of Directors dated 12th April 2005.

Audit Committee Report

COMPOSITION OF AUDIT COMMITTEE

In compliance with paragraph 15.10 of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Audit Committee (“the Committee”) comprises three (3) directors, two (2) of whom are Independent Non-Executive Directors.

Chairman

- i. Wong Nyuk Pin
Chairman/Independent Non-Executive Director

Members

- ii. Datuk Yeo Wang Seng
Member/Managing Director
- iii. Kong Sau Kian
Member/Independent Non-Executive Director

TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:-

1. Membership

- (i) The Audit Committee shall be appointed by the Board pursuant to a Board Resolution;
- (ii) It shall comprise at least three (3) members of whom majority shall be independent non-executive directors;
- (iii) The Chairman of the Audit Committee shall be appointed by the Committee amongst the members of the Audit Committee themselves;
- (iv) If the number of the members is reduced to below three (3) as a result of resignation or death of a member, or for any other reason(s), the Committee shall, within three (3) months of that event, appoint amongst such other directors, a new member to make-up the minimum number required herein;
- (v) At least one (1) member of the Audit Committee :-
 - (a) must be a member of the Malaysian Institute of Accountants (“MIA”); or
 - (b) if he/she is not a member of the MIA, he/she must have at least three (3) years working experience and:-
 - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

- he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- (c) must possess such qualifications as may from time to time be prescribed by the Bursa Malaysia Securities Berhad; and
- (vi) An alternate director is not eligible for membership in the Audit Committee.

2. Authority

The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference. The Committee shall have unlimited access to both the internal auditors and external auditors as well as all employees of the Group. The Committee shall also have the authority to obtain independent legal or other professional advice and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Duties and Responsibilities

- (i) To review with the external auditors their audit plans, the reports and the system of internal control;
- (ii) To review the assistance given by the employees of the Group to the external auditors;
- (iii) To review the adequacy of scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (iv) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (v) To review the quarterly unaudited condensed financial statements and the year end financial statements of the Group before submission to the Board, focusing particularly on:
 - any changes in accounting policies and practices;
 - any significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
- (vi) 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;
- (vii) To recommend to the Board the appointment or reappointment of the external auditors, audit fee, and where applicable, their resignation and dismissal;
- (viii) To review with the external auditors their audit report, management letter and management's response;
- (ix) To undertake such other responsibilities as may be agreed to by the Committee and the Board of Directors.

4. Meetings

- (i) The Audit Committee shall hold at least four (4) meetings a year and such additional meeting(s) as the Chairman shall decide in order to fulfill its duties.
- (ii) Apart from the members of the Committee who will be present at the meetings, the Committee may invite any member of the Board of Directors, the management, staff and representatives of the external auditors and internal auditors to be present at the meeting of the Committee.
- (iii) A quorum shall consist of two (2) members. The majority of members present must be independent non-executive directors.
- (iv) Notices of not less than three (3) working days shall be given for the calling of any Meeting to members.
- (v) Matters raised and tabled at all meetings shall be decided by a majority of votes of the members.
- (vi) A resolution in writing, signed by all the members shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the Audit Committee.
- (vii) Proceedings of all meetings held and resolutions passed as referred to in clause above shall be recorded by the Secretary and kept at the Group's registered office.
- (viii) Every member of the Board shall have the right at any time to inspect the minutes of all meetings held and resolutions passed by the Audit Committee and the reports submitted thereat.
- (ix) The external auditors shall have the right to appear and be heard at any meeting and shall appear before the Audit Committee when so required by the Audit Committee.
- (x) Upon the request of the external auditors, the Chairman shall convene a meeting to consider any matters that the external auditors believe should be brought to the attention of the directors or shareholders of the Company.
- (xi) The executive directors of the Group, representatives of the internal auditors, the management and any employees of the Group, as the case requires, may be requested to attend meetings.
- (xii) The Audit Committee shall meet with the external auditors at least once in a financial year without presence of the executive board members of the Group.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2004, the Audit Committee had held four (4) meetings and the following activities were undertaken:-

- (i) Reviewed the quarterly unaudited financial results announcement of the Group and the audited financial statements for the financial year ended 31 December 2003 prior to the Board of Directors' approval and subsequence announcement;

- (ii) Reviewed the Corporate Governance Statement, Audit Committee Report and Statement of Internal Control of the Group for the purpose of inclusion in the Annual Report 2003;
- (iii) Reviewed the proposal on appointment of an independent professional firm as the internal auditors of the Group; and
- (iv) Reviewed and discussed the recurrent related parties' transactions to satisfy itself that the procedures were sufficient to ensure that the related parties' transaction were not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders.

DETAILS OF ATTENDANCE

Members	Attendance
Wong Nyuk Pin	4/4
Datuk Yeo Wang Seng	4/4
Kong Sau Kian	4/4

INTERNAL AUDIT FUNCTION

The Group has on 11 January 2005, appointed an independent professional firm to undertake the internal audit function of the Group with the objective of assisting the Audit Committee in the discharge of its duties and responsibilities. Its role is to undertake an objective, independent and systematic reviews of the systems of the internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively, according to the guidance provided by the Board of Directors and those key risk area identified by them to be audited.

Besides that, the internal audit functions also include among others the review of the compliance with established procedures, guideline and statutory requirements as well as assessing the efficiency of the Group's operations.

FINANCIAL STATEMENTS

31 DECEMBER 2004

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ATURMAJU RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

Principal Activities

The Company's principal activities are that of provision of management services and investment holding.

The principal activities of the subsidiary companies are set out in Note 4 to the financial statements.

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

Financial Results

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year	<u>5,595</u>	<u>(951)</u>

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

There has not arisen during the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Group and of the Company for the current financial year.

Reserves and Provisions

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

Option Granted Over Unissued Shares

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

Share Capital and Debentures

During the financial year, the authorised share capital of the Company was increased from RM75,000,000 to RM100,000,000 by the creation of 25,000,000 new ordinary share of RM1 each.

In addition, the issued and paid-up share capital of the Company was increased from RM42,600,000 to RM51,100,000 by issue of 8,500,000 ordinary shares of RM1 each for cash to provide additional working capital.

There were no issues of debentures during the financial year under review.

Dividends

No dividends has been paid or declared by the Company since the end of the previous financial year.

The Board of Directors does not recommend any dividend in respect of the financial year under review.

Directors

The directors who served in office since the date of the last report are as follows: -

Abdul Rahman Bin Ahmad Mahidin
Datuk Yeo Wang Seng
Yeo Wang Ting
Lim Yun Nyen
Yeo Gee Kuan
JP Tan Choon Hwa
Wong Nyuk Pin
Tracy Voo Vun Sim
Kong Sau Kian

Directors' Interests

Details of holdings and deemed interests in the share capital of the Company or its related corporations by the directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965 were as follows: -

	No. of ordinary shares of RM1 each			
	At 1.1.2004	Acquired	Disposed	At 31.12.2004
Direct interest: -				
Abdul Rahman Bin Ahmad Mahidin	3,758,823	-	(3,758,773)	50
Yeo Gee Kuan	2,095,544	50,000	-	2,145,544

	No. of ordinary shares of RM1 each			
	At 1.1.2004	Acquired	Disposed	At 31.12.2004
Direct interest: -				
JP Tan Choon Hwa	1,127,647	-	(564,000)	563,647
Yeo Wang Ting	1,000,169	50,000	-	1,050,169
Lim Yun Nyen	250,588	10,000	-	260,588
Indirect interest: -				
Datuk Yeo Wang Seng	22,564,184	3,800,000	-	26,364,184
Yeo Wang Ting	19,468,471	3,700,000	-	23,168,471
Yeo Gee Kuan	1,221,868	-	-	1,221,868

	No. of irredeemable convertible preference shares of RM1 each			
	At 1.1.2004	Acquired	Disposed	At 31.12.2004
Direct interests: -				
Abdul Rahman Bin Ahmad				
Mahidin	1,058,824	-	-	1,058,824
Yeo Wang Ting	281,738	-	-	281,738
Lim Yun Nyen	70,588	-	-	70,588
Yeo Gee Kuan	590,294	-	-	590,294
JP Tan Choon Hwa	317,647			317,647
Indirect interests: -				
Datuk Yeo Wang Seng	6,356,108	-	-	6,356,108
Yeo Wang Ting	5,484,076	-	-	5,484,076
Yeo Gee Kuan	344,188	-	-	344,188

By virtue of their interest in the shares of the Company, Datuk Yeo Wang Seng and Yeo Wang Ting are also deemed to have interest in the shares of the subsidiary companies to the extent the Company has an interest.

None of the other directors in office at the end of the financial year held or dealt with any shares of the Company or its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements) by reason of a contract made by the Company or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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 action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business were 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 allowance for doubtful debts inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements misleading;
 - (ii) any amount stated in the financial statements misleading; and
 - (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) No contingent or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.
- (d) At the date of this report, there does not exist: -
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

Significant Events

The significant events are disclosed in Note 26 to the financial statements.

Subsequent Event

The subsequent event is disclosed in Note 27 to the financial statements.

Staff Information

The total number of employees (excluding directors) of the Group and of the Company at the end of the financial year was 525 and Nil (2003: 461 and Nil) respectively.

Auditors

The auditors, Anuarul Azizan Chew & Co., have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors.

ABDUL RAHMAN BIN AHMAD MAHIDIN

DATUK YEO WANG SENG

KUALA LUMPUR
12 APRIL 2005

ATURMAJU RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant To Section 169(15) Of the Companies Act, 1965

We, ABDUL RAHMAN BIN AHMAD MAHIDIN and DATUK YEO WANG SENG, being two of the directors of ATURMAJU RESOURCES BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 34 to 63 are drawn up in accordance with the 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 state of affairs of the Group and of the Company as at 31 December 2004 and of their results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the directors.

ABDUL RAHMAN BIN AHMAD MAHIDIN

DATUK YEO WANG SENG

KUALA LUMPUR
12 APRIL 2005

ATURMAJU RESOURCES BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant To Section 169(16) Of the Companies Act, 1965

I, LIM YUN NYEN being the director primarily responsible for the financial management of ATURMAJU RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 34 to 63 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed LIM YUN NYEN at)
Kuala Lumpur in the Federal Territory)
this 12 APRIL 2005)

LIM YUN NYEN

Before me,

COMMISSIONER FOR OATHS

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ATURMAJU RESOURCES BERHAD**

(Company No. : 448934-M)

(Incorporated in Malaysia)

We have audited the financial statements set out on pages 34 to 63 of Aturmaju Resources Berhad.

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

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

We conducted our audit in accordance with approved standards on auditing in Malaysia. These 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 directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion: -

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

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

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

ANUARUL AZIZAN CHEW & CO.
Firm Number: AF 0791
Chartered Accountants

TEE GUAN PIAN
Approved Number: 1886/05/06 (J/PH)
Partner of Firm

KUALA LUMPUR
12 APRIL 2005

ATURMAJU RESOURCES BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS AS AT 31 DECEMBER 2004

		Group		Company	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Non-Current Assets					
Property, plant and equipment	3	53,605	51,871	-	-
Investment in subsidiary companies	4	-	-	60,912	60,912
		<u>53,605</u>	<u>51,871</u>	<u>60,912</u>	<u>60,912</u>
Current Assets					
Inventories	5	40,923	30,400	-	-
Trade receivables	6	30,697	25,886	-	-
Other receivables	7	3,126	6,792	-	-
Amount owing by subsidiary company	8	-	-	8,207	-
Deposit for supplies		9,500	9,500	-	-
Fixed deposits with licensed bank	9	1,300	532	-	-
Cash and bank balances		<u>3,004</u>	<u>6,585</u>	<u>3</u>	<u>*</u>
		<u>88,550</u>	<u>79,695</u>	<u>8,210</u>	<u>*</u>
Current Liabilities					
Trade payables	10	3,393	2,540	-	-
Other payables	11	5,687	2,957	475	24
Amount owing to subsidiary companies	8	-	-	19	1,532
Amount owing to directors	12	572	271	-	-
Hire purchase payables	13	1,914	1,578	-	-
Bank borrowings	14	15,352	14,204	-	-
Cumulative irredeemable convertible preference shares	15	8,463	556	8,463	556
Taxation		<u>1,443</u>	<u>3,407</u>	<u>-</u>	<u>-</u>
		<u>36,824</u>	<u>25,513</u>	<u>8,957</u>	<u>2,112</u>
Net current assets/(liabilities)		<u>51,726</u>	<u>54,182</u>	<u>(747)</u>	<u>(2,112)</u>
		<u>105,331</u>	<u>106,053</u>	<u>60,165</u>	<u>58,800</u>

Financed By:

Share capital	16	51,100	42,600	51,100	42,600
Cumulative irredeemable convertible preference shares	15	4,296	11,187	4,296	11,187
Share premium		5,761	4,797	5,761	4,797
Retained profits/(Accumulated losses)		6,795	1,200	(992)	(41)
Capital reserve on consolidation		14,104	14,104	-	-
		<u>82,056</u>	<u>73,888</u>	<u>60,165</u>	<u>58,543</u>

Non-Current Liabilities

Hire purchase payables	13	719	2,360	-	-
Bank borrowings	14	15,829	23,534	-	-
Cumulative irredeemable convertible preference shares	15	-	257	-	257
Deferred tax liabilities	17	6,727	6,014	-	-
		<u>23,275</u>	<u>32,165</u>	<u>-</u>	<u>257</u>
		<u>105,331</u>	<u>106,053</u>	<u>60,165</u>	<u>58,800</u>

Note (*): Representing value of RM2.00 only

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

ATURMAJU RESOURCES BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

		Group		Company	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	18	76,303	73,972	423	-
Cost of sales		(57,079)	(53,068)	-	-
Gross profit		<u>19,224</u>	<u>20,904</u>	<u>423</u>	<u>-</u>
Other operating income		601	376	27	-
Selling expenses		(6,365)	(5,042)	-	-
Administration expenses		(3,252)	(2,543)	(502)	(21)
Profit/(Loss) from operations	19	<u>10,208</u>	<u>13,695</u>	<u>(52)</u>	<u>(21)</u>
Finance costs	20	(3,775)	(3,941)	(899)	-
Profit/(Loss) before taxation		<u>6,433</u>	<u>9,754</u>	<u>(951)</u>	<u>(21)</u>
Taxation	21	(838)	(2,431)	-	-
Profit/(Loss) after taxation		<u>5,595</u>	<u>7,323</u>	<u>(951)</u>	<u>(21)</u>
Pre-acquisition profit		-	(6,103)	-	-
Net profit/(Loss) for the financial year		<u>5,595</u>	<u>1,220</u>	<u>(951)</u>	<u>(21)</u>
Earnings per share (sen)	22				
Basic		<u>11.17</u>	<u>17.20</u>		
Fully diluted		<u>9.31</u>	<u>13.40</u>		

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

ATURMAJU RESOURCES BERHAD
(Incorporated in Malaysia)

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

Group	Share Capital RM'000	Non-Distributable			Distributable	
		Cumulative Irredeemable Convertible Preference Shares RM'000	Share Premium RM'000	Capital Reserve on Consolidation RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000
At 1 January 2003	*	-	-	-	(20)	(20)
Issuance of shares during the financial year	42,600	-	6,312	-	-	48,912
Equity component of preference shares	-	11,187	-	-	-	11,187
Arising on acquisition of subsidiary companies	-	-	-	14,104	-	14,104
Share issue cost	-	-	(1,515)	-	-	(1,515)
Net profit for the financial year	-	-	-	-	1,220	1,220
At 31 December 2003	<u>42,600</u>	<u>11,187</u>	<u>4,797</u>	<u>14,104</u>	<u>1,200</u>	<u>73,888</u>
At 1 January 2004	42,600	11,187	4,797	14,104	1,200	73,888
Issuance of shares during the financial year	8,500	-	964	-	-	9,464
Reclassification of ICPS - liability component	-	(6,891)	-	-	-	(6,891)
Net profit for the financial year	-	-	-	-	5,595	5,595
At 31 December 2004	<u>51,100</u>	<u>4,296</u>	<u>5,761</u>	<u>14,104</u>	<u>6,795</u>	<u>82,056</u>

ATURMAJU RESOURCES BERHAD
(Incorporated in Malaysia)

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

Company	Non-Distributable					Total RM'000
	Share Capital RM'000	Cumulative Irredeemable Convertible Preference Shares RM'000	Share Premium RM'000	Capital Reserve on Consolidation RM'000	Accumulated Losses RM'000	
At 1 January 2003	*	-	-	-	(20)	(20)
Issuance of shares during the financial year	42,600	-	6,312	-	-	48,912
Equity component of preference shares	-	11,187	-	-	-	11,187
Share issue cost	-	-	(1,515)	-	-	(1,515)
Net loss for the financial year	-	-	-	-	(21)	(21)
At 31 December 2003	<u>42,600</u>	<u>11,187</u>	<u>4,797</u>	<u>-</u>	<u>(41)</u>	<u>58,543</u>
At 1 January 2004	42,600	11,187	4,797	-	(41)	58,543
Issuance of shares during the financial year	8,500	-	1,700	-	-	10,200
Share issue cost	-	-	(736)	-	-	(736)
Reclassification of ICPS - liability component	-	(6,891)	-	-	-	(6,891)
Net loss for the financial year	-	-	-	-	(951)	(951)
At 31 December 2004	<u>51,100</u>	<u>4,296</u>	<u>5,761</u>	<u>-</u>	<u>(992)</u>	<u>60,165</u>

Note (*): Representing value of RM2.00 only

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

ATURMAJU RESOURCES BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	Group		Company	
Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	6,433	9,754	(951)	(21)
Adjustments for:-				
Pre-acquisition profit	-	(8,146)	-	-
Bad debts written off	20	-	-	-
Depreciation of property, plant and equipment	4,779	731	-	-
Gain on disposal of property, plant and equipment	(73)	-	-	-
Interest expense	3,775	657	899	-
Interest income	(42)	(3)	-	-
Operating profit/(loss) before working capital changes	14,892	2,993	(52)	(21)
Increase/(Decrease) in working capital				
Inventories	(10,523)	3,066	-	-
Trade receivables	(4,831)	(1,975)	-	-
Other receivables	3,665	(1,015)	-	-
Trade payable	911	51	-	-
Other payables	2,533	(28)	311	4
Amount owing by subsidiaries	-	-	(9,720)	-
Amount owing to directors	301	213	-	1,532
	(7,944)	312	(9,409)	1,536
Cash generated from/(used in) operations	6,948	3,305	(9,461)	1,515
Interest received	42	3	-	-
Interest paid	(2,876)	(657)	-	-
Tax (paid)/refund	(2,089)	168	-	-
	(4,923)	(486)	-	-
Net cash from/(used in) operating activities	2,025	2,819	(9,461)	1,515
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	(6,518)	(306)	-	-
Proceeds from disposal of property, plant and equipment	78	-	-	-
Acquisition of investment in subsidiary company, net of cash acquired	-	(56,993)	-	(60,912)
Net cash used in investing activities	(6,440)	(57,299)	-	(60,912)
Cash Flows From Financing Activities				
Deposit with licensed bank	(768)	(32)	-	-
Repayment of hire purchase payables	(1,305)	(260)	-	-
Repayment of term loan and revolving credit	(6,262)	(36)	-	-
Net changes in banker's acceptance	(200)	431	-	-
Proceeds from issue of shares	9,464	59,397	9,464	59,397
Net cash from financing activities	929	59,500	9,464	59,397

Net (decrease)/increase in cash and cash equivalents	(3,486)	5,020	3	-
Cash and cash equivalents at beginning of the financial year	5,020	*	*	*
Cash and cash equivalents at end of the financial year	<u>1,534</u>	<u>5,020</u>	<u>3</u>	<u>*</u>
Closing balance of cash and cash equivalents comprises:-				
Fixed deposits with licensed bank	1,300	532	-	-
Bank overdrafts	(1,470)	(1,565)	-	-
Cash and bank balances	<u>3,004</u>	<u>6,585</u>	<u>3</u>	<u>*</u>
	2,834	5,552	3	*
Less: Fixed deposits pledged with licensed bank	<u>(1,300)</u>	<u>(532)</u>	<u>-</u>	<u>-</u>
	<u>1,534</u>	<u>5,020</u>	<u>3</u>	<u>*</u>

Note (*) : Representing value of RM2.00 only

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

ATURMAJU RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

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

The principal activities of the subsidiary companies are set out in Note 4 to the financial statements.

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

The registered office and principal place of business of the Company is located at TB 8285, Lot 20C, Perdana Square Commercial Centre, Mile 3 1/2, Jalan Apas, W.D.T. 277, 91000 Tawau, Sabah.

2. Significant Accounting Policies

(a) Basis of accounting

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

The following new standards are issued by the Malaysian Accounting Standards Board (MASB) standard which became effective in the current financial year:

- MASB 31 Accounting for Government Grants and Disclosure of Government Assistance
- MASB 32 Property Development Activities

However, MASB 31 and MASB 32 are not adopted as they are not applicable to the Group and the Company.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the year. Subsidiary companies are consolidated using the acquisition method of accounting. Companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

Inter-company transactions are eliminated upon consolidation and the consolidated financial statements reflect external transactions only.

(c) Goodwill or reserve arising on consolidation

Goodwill or reserve arising on consolidation represents the difference between the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortisation. Goodwill is amortised through the income statement over ten years or expected useful lives whichever is shorter.

Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

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

(d) Subsidiary companies

A subsidiary company is a company in which the Company owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies is stated at cost unless, in the opinion of the directors, a permanent diminution in value of the investments has arisen.

(e) Property, plant and equipment

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

Long term leasehold land is amortised over the period of the lease. All other property, plant and equipment are depreciated on a straight line method at rates calculated to write off the cost of the assets to their residual value over their estimated useful lives at the following annual rates: -

Buildings	2%
Plant and machinery	6.67%
Tractors, motor vehicles and tug boat	10% - 20%
Office equipment, furniture and fittings	10%

Gains or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in profit/(loss) from operations.

(f) Impairment

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to the income statements immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statements immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statements.

(g) Inventories

Inventories of raw materials and finished goods are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damage, obsolete or slow-moving inventories. Cost is determined on the weighted average method. Cost of finished goods comprises raw materials, direct labour and factory overheads.

(h) Receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when identified. Doubtful debts are provided based on specific review of the receivables.

(i) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits with licensed banks and other short term highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Hire purchase

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

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant hire purchase 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 hire purchase assets is consistent with that for depreciable property, plant and equipment which are owned.

(k) Payables

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

(l) Foreign currencies

Foreign currency transactions are converted into Malaysian Ringgit at the rate of exchange ruling on the transaction dates. Assets and liabilities in foreign currencies at balance sheet date are translated into Malaysian Ringgit at the rate of exchange ruling at that date.

Gains and losses arising from the current year's transactions are dealt with in the income statement.

The closing exchange rate used for the main foreign currency in the Group is as follows: -

	2004 RM	2003 RM
Singapore dollar	-	2.213
US dollar	<u>3.800</u>	<u>3.800</u>

(m) Revenue recognition

Revenue is recognised upon delivery of products and customer acceptance.

Interest income and rental income are recognised on an accrual basis.

(n) Income tax

Income tax on the profit or loss for the financial 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 sheets date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an assets or liabilities in the balance sheets and its tax base at the balance sheet date. 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 future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(o) Employee benefits

(i) Short Term Benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

(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.

(p) Financial instruments

Financial instruments carried on the balance sheets include cash and bank balances, deposits, investments, receivables, payables and borrowings. Financial instruments are recognised in the balance sheets 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.

The particular recognition method adopted for financial instruments recognised on the balance sheets is disclosed in the individual accounting policy statements associated with each item.

(q) Irredeemable Convertible Preference Share (“ICPS”)

ICPS are regarded as compound instruments consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible borrowings. The difference between the proceeds of issue of the ICPS and the fair value assigned to the liability component, representing the conversion option is included in Equity Funds. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion whilst the value of the equity component is not adjusted in subsequent periods except in times of ICPS conversion into ordinary shares.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible borrowings. The difference between this amount and the interest paid is added to the carrying value of the ICPS.

(r) Borrowing 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.

When the borrowings are 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 period less any investment income on the temporary investment of funds drawn down from that borrowing facility.

When the borrowings are made generally, and used for the purpose of obtaining a qualifying asset, the borrowing costs eligible for capitalisation are determined by applying capitalisation rate which is the weighted of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose acquiring another qualifying asset.

Borrowing costs which are not eligible for capitalisation are recognised as an expense in the income statement in the period in which they are incurred.

3. Property, Plant and Equipment

Group	Long term leasehold land and buildings RM'000	Plant and machinery RM'000	Tractors, motor vehicles and tug boat RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost					
At 1.1.2004	16,136	59,441	3,961	289	79,827
Additions	366	5,651	454	47	6,518
Disposal	-	(8)	(138)	(2)	(148)
Other movement	(31)	(992)	1,023	-	-
At 31.12.2004	16,471	64,092	5,300	334	86,197
Accumulated depreciation					
At 1.1.2004	3,319	21,558	2,932	147	27,956
Charge for the financial Year	478	3,886	393	22	4,779
Disposal	-	(4)	(138)	(1)	(143)
Other movement	-	(1,023)	1,023	-	-
At 31.12.2004	3,797	24,417	4,210	168	32,592
Carrying amount					
At 31.12.2004	12,674	39,675	1,090	166	53,605
At 31.12.2003	12,817	37,883	1,029	142	51,871
Depreciation charge for the financial year ended 31.12.2003	75	602	49	5	731

The remaining period of the long term leasehold land ranges from 47 to 915 years.

- (a) Included in the property, plant and equipment of the Group are the following assets under hire purchase with carrying amounts as follows: -

	Group	
	2004 RM'000	2003 RM'000
Plant and machinery	3,965	4,529
Tractors and motor vehicles	79	31
	<u>4,044</u>	<u>4,560</u>

- (b) Included in the property, plant and equipment of the Group are the following assets pledged to financial institutions as security for credit facilities granted stated at carrying amount as follows: -

	Group	
	2004 RM	2003 RM
Leasehold land and buildings	11,815	12,251
Tractors, motor vehicles and tug boat	*	*
	<u>11,815</u>	<u>12,251</u>

Note (*): Representing value of RM5 only.

4. Investment in Subsidiary Companies

	Company	
	2004 RM'000	2003 RM'000
(a) Unquoted shares, at cost	<u>60,912</u>	<u>60,912</u>

- (b) The subsidiary companies and shareholdings therein are as follows: -

Name of company	Country of incorporation	Equity interest		Principal activities
		2004 %	2003 %	
Direct holding:-				
Aturmaju (Sabah) Holding Sdn. Bhd.	Malaysia	100	100	Manufacturer of wood products
Indirect holding:-				
Kalabakan Tug Boat Sdn. Bhd.	Malaysia	100	100	Hire of scows and tug boats

5. Inventories

	Group	
	2004 RM'000	2003 RM'000
Raw materials	21,303	16,638
Work-in-progress	5,608	2,616
Finished goods	12,222	8,711
Stores and supplies	1,790	2,435
	<u>40,923</u>	<u>30,400</u>

6. Trade Receivables

The Group's normal trade credit terms ranges from 60 days to 90 days (2003: 30 days to 60 days).

The currency exposure profile is as follows: -

	Group	
	2004 RM'000	2003 RM'000
Ringgit Malaysia	4,713	2,445
US Dollar	25,984	19,226
Singapore Dollar	-	4,215
	30,697	25,886

7. Other Receivables

	Group	
	2004 RM'000	2003 RM'000
Other receivables	3,099	6,584
Deposits	27	34
Prepayments	-	174
	3,126	6,792

8. Amount Owning by/(to) Subsidiary Companies

These represent unsecured interest free advances with no fixed term of repayment.

9. Fixed Deposits with Licensed Bank

The above have been pledged to licensed bank for credit facilities granted to the Group.

The interest rates and maturities of deposits range from 3.20% to 4.00% (2003: 3.20% to 4.00%) per annum and 180 days to 365 days (2003: 180 days to 365 days) respectively.

10. Trade Payables

The normal trade credit terms granted to the Group ranges from 30 days to 120 days (2003: 90 days to 120 days).

11. Other Payables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Other payables	4,795	2,065	39	5
Accruals	890	892	436	19
Deposits	2	-	-	-
	<u>5,687</u>	<u>2,957</u>	<u>475</u>	<u>24</u>

12. Amount Owing to Directors

This represents unsecured interest free advances with no fixed term of repayment.

13. Hire Purchase Payables

	Group	
	2004 RM'000	2003 RM'000
(a) Minimum hire purchase payments		
Within one year	1,770	1,770
Between one to five years	1,024	2,650
	<u>2,794</u>	<u>4,420</u>
Less : Future finance charges	(161)	(482)
Present value of hire purchase liabilities	<u>2,633</u>	<u>3,938</u>
(b) Present value of hire purchase liabilities		
Payable within one year	1,914	1,578
Payable between one to two years	719	1,577
Payable between two to five years	-	783
	<u>2,633</u>	<u>3,938</u>
Analysed as:		
Repayable within 12 months	1,914	1,578
Repayable after 12 months	719	2,360
	<u>2,633</u>	<u>3,938</u>

Interest is charged at rate of 6.5% (2003: 6.5%) per annum.

14. Bank Borrowings

	Group	
	2004 RM'000	2003 RM'000
Secured: -		
Term loan	17,925	22,187
Revolving credit	8,000	10,000
Bankers' acceptance	3,786	3,986
Bank overdrafts	1,470	1,565
	31,181	37,738
Analysed as: -		
Repayable within twelve months		
Secured: -		
Term loan	2,096	5,901
Revolving credit	8,000	2,752
Bankers' acceptance	3,786	3,986
Bank overdrafts	1,470	1,565
	15,352	14,204
Repayable after twelve months		
Secured: -		
Term loan	15,829	16,286
Revolving credit	-	7,248
	15,829	23,534
	31,181	37,738

The above credit facilities obtained from licensed banks are secured on the following: -

- (a) fixed charge on the long term leasehold land and buildings of the Group;
- (b) a fixed debenture over the present and future fixed and floating assets of the Group;
- (c) personal guarantee by a director of the Company; and
- (d) a pledge of fixed deposits of the Group.

The term loan is repayable by 110 monthly instalments commencing from August 2001. This term loan has been rescheduled and it is repayable by 85 monthly instalments commencing 1 June 2003 at RM286,700 and the last instalment at a predetermined amount agreed by the bank.

Maturity of borrowings is as follows: -

	Group	
	2004 RM'000	2003 RM'000
Within one year	15,352	14,204
Between one and two years	15,829	4,246
Between two and five years	-	13,970
After five years	-	5,318
	31,181	37,738

Range of interest rates is as follows: -

	Group	
	2004 %	2003 %
Term loan	7.90	7.90
Revolving credit	7.90	7.90
Bankers' acceptance	4.50 - 4.55	4.55
Bank overdrafts	8.00 - 8.50	8.00 - 8.50

15. **Cumulative Irredeemable Convertible Preference Shares (ICPS)**

	Group/Company	
	2004 RM'000	2003 RM'000
Preference shares of RM1 each		
Authorised		
At 1 January	25,000	-
Created during the financial year	-	25,000
At 31 December	25,000	25,000
Issued and fully paid		
At 1 January	12,000	-
Issued during the financial year	-	12,000
At 31 December	12,000	12,000

The movements of the ICPS during the year are as follows: -

	Equity component RM'000	Liability component RM'000	Total RM'000
At 1 January 2004	11,187	813	12,000
Movements	(6,891)	6,891	-
Excess of effective market interest over actual interest paid	-	759	759
At 31 December 2004	4,296	8,463	12,759

	Group/Company	
	2004	2003
	RM'000	RM'000
The liability component is further analysed as follows: -		
Redeemable within twelve months	8,463	556
Redeemable after twelve months	-	257
	<u>8,463</u>	<u>813</u>

The ICPS is non-redeemable for cash but convertible into new ordinary shares of Ringgit Malaysia One (RM1) only upon its maturity at a conversion price of Ringgit Malaysia One and Sen Twenty (RM1.20) only.

50% of all the ICPS will be convertible into new ordinary shares of Ringgit Malaysia One (RM1) only each after the first anniversary of the issuance of the ICPS and the remaining 50% of the ICPS will be convertible upon the second anniversary of the issuance of the ICPS.

The ICPS are entitled to a dividend payout of 1% cumulatively.

The liability component of the ICPS was reclassified as part of the liabilities in accordance with the provisions of MASB 24, Financial Instruments: Disclosure and Presentation.

16. Share Capital

	Group/Company	
	2004	2003
	RM'000	RM'000
Ordinary shares of RM1 each: -		
Authorised		
At 1 January	75,000	100
Increased during the financial year	25,000	74,900
At 31 December	<u>100,000</u>	<u>75,000</u>
Issued and fully paid		
At 1 January	42,600	*
Issued during the financial year	8,500	42,600
At 31 December	<u>51,100</u>	<u>42,600</u>

Note (*) : Representing value of RM2.00 only

During the financial year, the authorised share capital of the Company was increased from RM75,000,000 to RM100,000,000 by the creation of 25,000,000 new ordinary share of RM1 each.

In addition, the issued and paid-up share capital of the Company was increased from RM42,600,000 to RM51,100,000 by issue of 8,500,000 ordinary shares of RM1 each for cash to provide additional working capital.

17. Deferred Tax Liabilities

	Group	
	2004 RM'000	2003 RM'000
At 1 January	6,014	-
Over provision in prior years	(58)	-
Acquisition of subsidiary companies	-	5,574
Recognised in income statement (2003: after pre-acquisition deferred taxation of RM1,484,000)	771	440
At 31 December	6,727	6,014

The components and movements of deferred tax liabilities of the Group during the financial year are as follows: -

Deferred tax liabilities of the Group: -

	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2004	6,014	6,014
Over provision in prior years	(58)	(58)
Acquisition of subsidiary companies		
Recognised in income statement	771	771
At 31 December 2004	6,727	6,727

Deferred tax assets have not been recognised in respect of the following temporary difference: -

	Group/Company	
	2004 RM'000	2003 RM'000
Unabsorbed business loss carried forward	160	-

18. Revenue

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Sawn timber and veneer	14,048	21,860	-	-
Hiring of machinery	41	32	-	-
Plywood products	55,919	45,578	-	-
Blockboard	6,237	6,316	-	-
Hiring of scows and tug boats	58	186	-	-
Management fee	-	-	423	-
	<u>76,303</u>	<u>73,972</u>	<u>423</u>	<u>-</u>

19. Profit/(Loss) From Operations

Profit/(Loss) from operation is derived after charging/(crediting): -

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audit				
- current year	37	39	15	15
- under provision in prior year	-	1	-	1
- non-statutory audit	-	125	-	-
Company's directors				
- fees	456	312	396	-
- other emoluments	359	120	2	-
- defined contribution	9	9	-	-
Depreciation of property, plant and equipment	4,779	731	-	-
Hire of jetty, motor launch and tug boats	90	91	-	-
Hire of machinery	1,422	1,412	-	-
Property, plant and equipment written off	-	207	-	-
Realised loss on foreign exchange	25	27	-	-
Rental of cylinder	-	157	-	-
Rental of land	-	53	-	-
Rental of premises	(26)	(72)	-	-
Rental of scows	(199)	(155)	-	-
Fixed deposit interest	(42)	(20)	(27)	-

20. Finance Costs

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Finance costs on: -				
- letter of credit	194	143	-	-
- bank overdrafts	122	126	-	-
- hire purchase	320	634	-	-
- term loan	1,324	1,938	-	-
- revolving credit	730	790	-	-
- bankers' acceptance	175	173	-	-
- overdue account	-	137	-	-
- ICPS interest on liability component	899	-	899	-
- others	11	-	-	-
	<u>3,775</u>	<u>3,941</u>	<u>899</u>	<u>-</u>

21. Taxation

	Group	
	2004	2003
	RM'000	RM'000
Tax expense for the financial year:-		
Current tax provision	126	507
Over provision in prior years	<u>(1)</u>	<u>-</u>
	125	507
Deferred tax: -		
Relating to origination and reversal of temporary differences		
- current year	771	906
- under provision in prior years	<u>(58)</u>	<u>1,018</u>
	713	1,924
	<u>838</u>	<u>2,431</u>

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		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation	<u>6,433</u>	<u>9,754</u>	<u>(951)</u>	<u>(21)</u>

Taxation at statutory tax rate of 28%: (2003: 28%)	1,801	2,731	(266)	(6)
Expenses not deductible for tax purposes	857	313	261	6
Deferred tax asset not recognised	5	-	5	-
Income exempted under pioneer status	(1,766)	(1,631)	-	-
Over provision of current tax in prior years	(1)	-	-	-
Under provision of deferred tax in prior years	(58)	1,018	-	-
Tax expense for the financial year	<u>838</u>	<u>2,431</u>	<u>-</u>	<u>-</u>

22. Earnings Per Share

(a) Basic earnings per share

The earnings per share has been calculated based on the consolidated net profit for the financial year of RM5,595,000 (2003: RM1,220,000) for the Group and the weighted average number of ordinary shares in issue during the financial year of 50,101,000 (2003: 7,119,000).

(b) Fully diluted earnings per share

Fully diluted earnings per share has been calculated based on the adjusted consolidated net profit for the financial year of RM5,595,000 (2003: RM1,220,000) for the Group and the adjusted weighted average number of ordinary share issued and issuable of 60,101,000 (2003: 8,790,233) shares.

The adjusted weighted average number of ordinary shares issued and issuable has been arrived at based on the assumption that all the ICPS are converted to ordinary shares at beginning of the financial year 2004 (2003: 1 November 2003).

23. Staff Information

	Group	
	2004 RM'000	2003 RM'000
Staff costs (excluding directors)	<u>4,739</u>	<u>3,767</u>

Included in staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company amounting to RM116,803 and Nil (2003 : RM92,671 and Nil) respectively.

The total number of employees (excluding directors) of the Group and of the Company at the end of the financial year was 525 and Nil (2003: 461 and Nil) respectively.

24. Significant Related Party Transactions

	Group	
	2004 RM'000	2003 RM'000
Sales of plywood products, sawn timber and veneer to: -		
Bayan Cekap Sdn. Bhd.	-	1,633
	<u> </u>	<u> </u>
Rental of premises received/receivable from:-		
Bayan Cekap Sdn. Bhd.	84	48
	<u> </u>	<u> </u>
Purchase of logs from:-		
Bayan Cekap Sdn. Bhd.	-	664
Golden Bond Sdn. Bhd.	-	1,848
Seraya Permai Sdn. Bhd.	4,755	18,423
	<u> </u>	<u> </u>
Hire of machinery paid/payable to:-		
Bayan Cekap Sdn. Bhd.	80	40
Biramases Transportation Sdn. Bhd.	135	-
	<u> </u>	<u> </u>
Sawing fee and kiln dry charges paid/payable to:-		
Bayan Cekap Sdn. Bhd.	3,635	224
	<u> </u>	<u> </u>
(a) Bayan Cekap Sdn. Bhd., Seraya Permai Sdn. Bhd., Biramases Transportation Sdn. Bhd. and Golden Bond Sdn. Bhd. are companies in which the directors of the Company have financial interests.		
(b) These transactions have been entered into in the normal course of business and have been established in commercial terms.		

25. Contingent Liabilities

	Group	
	2004 RM'000	2003 RM'000
Secured corporate guarantees given to banks for credit facilities granted to: -		
- companies in which certain directors of the Group have substantial financial interest	-	12,826
- subsidiary company	-	564
	<u> </u>	<u> </u>

26. Significant Events

During the financial year end, in conjunction with the floatation of the Company's shares on the Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 13 February 2004, the Company increased its issued and paid-up share capital from RM42,600,000 to RM51,100,000 through the public issue of 8,500,000 new ordinary shares of RM1 each at an issue price of RM1.20 per ordinary shares.

On 13 February, 2004, the entire issued and paid-up share capital of the Company comprising 51,100,000 ordinary shares of RM1 each was listed on the Second Board of the Bursa Malaysia.

27. Subsequent Event

On 6 April 2005, 4,507,000 Irredeemable Convertible Preference Shares ("ICPS"), which represents 37.6% of the total outstanding ICPS was converted into 3,755,835 new ordinary shares of RM1 each at a conversion price of RM1.20 each. The conversion resulted in an increase in share premium of RM751,165 and a gain on conversion of ICPS of RM557,770.

28. Segment Reporting

2004	Investment Holding RM'000	Manufacturing in Wood Products RM'000	Barging RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	-	76,246	57	-	
Inter segment sales	423	-	1,149	(1,572)	
Total revenue	423	76,246	1,206	(1,572)	76,303
RESULTS					
Segment result	423	19,555	227	(422)	19,783
Unallocated corporate expenses					(9,617)
Profit from operations					10,166
Interest expense					(3,775)
Interest income					42
Profit before taxation					6,433
Taxation					(838)
Net profit for the financial year					5,595

	Investment Holding RM'000	Manufacturing in Wood Products RM'000	Barging RM'000	Consolidated RM'000
Other information				
1 Segment assets	4	141,774	377	142,155
Consolidated total assets				142,155
2 Segment liabilities	8,938	42,191	800	51,929
Unallocated liabilities				8,170
Consolidated total liabilities				60,099
3 Capital expenditure	-	6,518	-	
4 Depreciation	-	4,717	62	
5. Significant non-cash expenses other than depreciation and amortisation				
- Bad debts written off	-	-	20	

**Revenue by
geographical market**

2004

RM'000

Malaysia	1,470
Thailand, Hong Kong and Vietnam	4,423
Taiwan	25,602
Singapore	4,889
Korea	31,000
Europe and other countries	8,919
	76,303

	Carrying amount of segment assets 2004 RM'000	Additions to property, plant and equipment 2004 RM'000
Malaysia	142,155	6,518

2003	Investment Holding RM'000	Manufacturing in Wood Products RM'000	Barging RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	-	73,786	186	-	
Inter segment sales	-	-	884	(884)	
Total revenue	-	73,786	1,070	(884)	73,972
RESULTS					
Segment result	-	20,474	340	90	20,904
Unallocated income					356
Unallocated corporate expenses					(7,585)
Profit from operations					13,675
Interest expense					(3,941)
Interest income					20
Profit before taxation					9,754
Taxation					(2,431)
Profit after taxation					7,323
Pre-acquisition profit					(6,103)
Net profit for the financial year					1,220

	Investment Holding RM'000	Manufacturing in Wood Products RM'000	Barging RM'000	Consolidated RM'000
Other information				
1 Segment assets	-	131,050	516	131,566
Consolidated total assets				131,566
2 Segment liabilities	837	46,634	786	48,257
Unallocated liabilities				9,421
Consolidated total liabilities				57,678
3 Capital expenditure	-	306	-	
4 Depreciation	-	731	-	

**Revenue by
geographical market
2003
RM'000**

Malaysia	4,374
Thailand and Vietnam	5,906
Taiwan	13,798
Singapore	12,256
Korea	32,644
Europe and other countries	4,994
	73,972

	Carrying amount of segment assets 2003 RM'000	Additions to property, plant and equipment 2003 RM'000
Malaysia	<u>131,566</u>	<u>306</u>

29. Financial Instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk. The Group operates within guidelines that are approved by the Boards and the Group's policy is not to engage in speculative transactions.

(b) Foreign currency exchange risk

The Company is exposed to foreign currency risk on sales and purchases that are primarily denominated in US dollars and Singapore dollars. The Company maintains a natural hedge the currency risk.

(c) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits. The Company does not hedge the interest rate risk.

(d) Credit risk

The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via Company management reporting procedure and action will be taken for long outstanding debts.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Company is the carrying amount of the financial assets shown in the balance sheet.

(e) Liquidity and cash flow risk

The Company seeks to achieve a flexible and cost effective borrowing structure to ensure that the projected net borrowing needs are covered by available committed facilities. Debt maturities are structured in such a way to ensure that the amount of debt maturing in any one year is within the Group's ability to repay and refinance.

The Company maintains the availability of funding through the continuous financial support from the shareholders and committed credit facilities.

(f) Fair values

The aggregate fair values of the other financial assets and liabilities as at 31 December 2004 are as follows: -

	2004		2003	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial liability				
Long term bank borrowings	15,829	15,829	23,534	23,534
Company				
Financial asset				
Unquoted investment in subsidiary companies	60,912	*	60,912	*

* It is not practicable to estimate the fair value of the unquoted investment in subsidiary companies because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair value of long term borrowings is estimated based on the quoted market prices for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

The aggregate fair values of the other financial assets and liabilities carried on the balance sheet approximates their carrying value and the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

30. **Date of Authorisation for Issue**

The financial statements of the Company for the financial year ended 31 December 2004 were authorised for issue in accordance with a resolution of the Board of Directors on 12 April 2005.

List of Properties

Landed Properties

The landed property of ARB as at the date of this Annual Report is as follows:

	Registered Owner / Location	Land Area (sq.m)	Tenure	Description/Existing Use/Restriction in Interest	Land Area and Building's Built- up Area (sq. m.)	Approx. Age of Building (Year)	Net Book Value @ 31 Dec 2004 RM
1	CL 105477361 Alongside the Kalabakan River, 100km to the north-west of Tawau Municipal Centre, Kalabakan, District of Tawau, State of Sabah	31,760	99 years (01.01.1993 - 31.12.2091)	<ul style="list-style-type: none"> • Land • Sawmill Building • Mini Saw Building • 7 units timber sheds • Store cum planner • Workshop • Generator House 	 2,016 669 10,701 613 297 56	 13 13 13 13 13 13	759,100 723,947 104,488 105,794 5,165 26,313 2,040 <u>1,726,847</u>
2	CL 105474557 Alongside the Kalabakan River, 100 km to the north-west of Tawau Municipal Centre, Kalabakan, District of Tawau, State of Sabah	19,920	60 years (01.01.1992 - 31.12.2051)	<ul style="list-style-type: none"> • Land • Land Reclamation • Sawmill Complex • Double storey office cum senior staff quarters • Badminton hall • Canteen • Double storey office cum senior staff quarters • Canteen Building 	 483 238 260 1,085 	 13 13 13 6 3	459,036 197,747 294,646 99,496 11,999 18,105 22,921 1,775 <u>1,105,725</u>

	Registered Owner / Location	Land Area (sq.m)	Tenure	Description/Existing Use/Restriction in Interest	Land Area and Building's Built- up Area (sq. m.)	Approx. Age of Building (Year)	Net Book Value @ 31 Dec 2004 RM
3	CL 105491825 Alongside the Kalabakan River, 100 km to the north-west of Tawau Municipal Center, Kalabakan, District of Tawau, State of Sabah	53,760	99 years (01.01.1995 - (31.12.2093)	<ul style="list-style-type: none"> • Land • Land Reclamation • Plywood factory cum timber products shed • Workshop cum store • Generator store • Broiler Shed • Block board factory • Polyester and Tego plywood factory cum kiln dry section • 2 units water reservoir (cubic ft) • Highrise platform water tank (Cubic ft) • Gate House • Workshop • Forestry House • New Office • New Shoplot 	17,561 929 297 334 2,055 7,808 453 37	6 6 6 6 6 6 8 6 12 10 1	1,208,371 107,675 4,756,199 5,525 46,272 120,046 214,595 2,213,146 26,912 34,643 334 4,212 1,855 79,375 163,398 8,982,558

Registered Owner / Location	Land Area (sq.m)	Tenure	Description/Existing Use/Restriction in Interest	Land Area and Building's Built- up Area (sq. m.)	Approx. Age of Building (Year)	Net Book Value @ 31 Dec 2004 RM
4 CL 105438855 -TB 3744, Taman Sri Aman Light Industrial Estate, Mile 3 ½, Jalan Apas, 91000 Tawau, Sabah.	153.9	999 years (08.04.1920 - (07.04.2919)	Description/Existing Use • An intermediate double storey terrace commercial unit currently used as warehouse • Office Building • Electrical Installation • Renovation	307.80	17	99,675 24,911 135,437 98,833
5 CL 105438864 -TB 3745, Taman Sri Aman Light Industrial Estate, Mile 3 ½, Jalan Apas, 91000 Tawau, Sabah.	153.9	999 years (08.04.1920 - (07.04.2919)	Description/Existing Use • An intermediate double storey terrace commercial unit currently used as warehouse • Renovation	307.80	17	213,484 98,833
						<u>671,173</u>

	Registered Owner / Location	Land Area (sq.m)	Tenure	Description/Existing Use/Restriction in Interest	Land Area and Building's Built- up Area (sq. m.)	Approx. Age of Building (Year)	Net Book Value @ 31 Dec 2004 RM
6	CL 105456504 -TB 5885, Taman Ria, 91000 Tawau, Sabah.	335.8	99 years (01.01.1958 - 31.12.2056)	Description/Existing Use • A corner unit of single storey terrace for residential.	120.80	19	49,322
7	CL 105316541 Hot spring Jaya, 91000 Tawau, Sabah.	2,960	999 years (25.09.1916 - 24.09.2915)	Description/Existing Use • Vacant residential land.	N/A	N/A	80,000
							129,322

Analysis Of Shareholdings

As At 16 May 2005

DISTRIBUTION ACCORDING TO SIZE OF SHAREHOLDINGS

Size Holdings	No. Of Holders		No. Of Securities		%	
	M'sian	Foreign	M'sian	Foreign	M'sian	Foreign
1-99	5	1	203	25	0.00	0.00
100-1,000	427	2	298,756	2,000	0.54	0.00
1,001-10,000	713	5	3,214,101	28,500	5.86	0.05
10,001-100,000	178	2	5,230,143	57,400	9.53	0.10
100,001-2,742,790	27	9	16,532,687	4,592,935	30.14	8.37
2,742,791 and above	5	0	24,899,085	0	45.39	0.00
Sub total	1,355	19	50,174,975	4,680,860	91.47	8.53
Grand Total (Malaysian + Foreign)	1,374		54,855,835		100%	

THIRTY LARGEST SECURITIES ACCOUNTS HOLDER

(ACCORDING TO REGISTER OF DEPOSITORS AS AT 16 MAY 2005)

	Name	Holdings	
		No.	%
1.	CIMSEC Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Aspirasi Puspita Sdn Bhd (EKARHIJAU)	6,930,000	12.63
2.	Affinity Gateway Sdn Bhd	6,892,222	12.56
3.	AmFinance Berhad Pledged Securities Account for Aspirasi Puspita Sdn Bhd (ATURMAJU)	4,606,863	8.40
4.	CIMSEC Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Aspirasi Puspita Sdn Bhd (MILIYAKIN)	3,270,000	5.96
5.	Affinity Spring Sdn Bhd.	3,200,000	5.83
6.	Yeo Gee Kuan	2,391,500	4.36
7.	Sedia Juta Sdn Bhd.	2,277,912	4.15

8.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Wye Keong	2,108,300	3.84
9.	Yap Que Chun	1,365,280	2.49
10.	Tang Teng Hong	1,361,000	2.48
11.	Kenangan Cergas (M) Sdn Bhd	1,335,000	2.43
12.	Yeo Wang Ting	1,167,560	2.13
13.	Yeo Sim Lan	1,066,573	1.94
14.	Sedia Juta Sdn Bhd.	1,029,412	1.88
15.	Soh Poh Choo	895,999	1.63
16.	HLG Nominee (Asing) Sdn Bhd Uniwood Singapore Pte Ltd	888,196	1.62
17.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Choon Hwa	481,377	0.88
18.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ta Jin Kiat	471,200	0.86
19.	Hsien Chin San	379,599	0.69
20.	Soh Chin Heng	349,704	0.64
21.	Soh Lion Gih	292,620	0.53
22.	Choon Siew Mei	268,000	0.49
23.	Lim Yun Nyen	240,000	0.44
24.	Leow Pek Fong @ Liew Pek Fong	221,000	0.40
25.	PUBLIC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Gee Hong (E-TWU)	220,300	0.40
26.	PUBLIC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo Gee Keing (E-TWU)	216,000	0.39
27.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Shee Pak (REM 622-MARGIN)	200,000	0.36
28.	RHB CAPITAL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chok Kwong Ming (CEB)	176,600	0.32
29.	Teh Bee Chean	166,573	0.30
30.	RHB Nominees (Asing) Sdn Bhd Pledged Securities Account for Chong Yee Cheung Anthony (56/56286)	154,900	0.28

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SUBSTANTIAL SHAREHOLDERS

(ACCORDING TO THE COMPANY'S REGISTER OF SUBTANTIAL SHAREHOLDERS AS AT 16 MAY 2005)

Name	Place Of Incorporation/ Nationality	Direct		Indirect	
		No. Of Ordinary Shares Of RM1.00 Each	Share Capital (%)	No. Of Ordinary Shares Of RM1.00 Each	Share Capital (%)
CIMSEC Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Aspirasi Puspita Sdn Bhd (EKARHIJAU)	Malaysia	6,930,000	12.63		
Affinity Gateway Sdn Bhd	Malaysia	6,892,222	12.56		
AmFinance Berhad Pledged Securities Account for Aspirasi Puspita Sdn Bhd (ATURMAJU)	Malaysia	4,606,863	8.40		
CIMSEC Nominees (Tempatan) Sdn Bhd Danaharta Managers Sdn Bhd for Aspirasi Puspita Sdn Bhd (MILYAKIN)	Malaysia	3,270,000	5.96		
Affinity Spring Sdn Bhd.	Malaysia	3,200,000	5.83		

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at the Shan-Shui Golf & Country Resort of Mile 9, Apas Road, 91000 Tawau, Sabah, Malaysia on Friday, 24 June 2005 at 10.00 a.m. for the following purposes :-

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2004 together with the Reports of the Directors and Auditors thereon.	(Resolution 1)
2. To re-elect Mr. Lim Yun Nyen who retires pursuant to Article 89 of the Company's Articles of Association.	(Resolution 2)
3. To re-elect Mr. Tan Choon Hwa, JP who retires pursuant to Article 89 of the Company's Articles of Association.	(Resolution 3)
4. To re-elect Mr. Wong Nyuk Pin who retires pursuant to Article 89 of the Company's Articles of Association.	(Resolution 4)
5. To approve the payment of Directors' fees of RM395,500.00 for the year ended 31 December 2004.	(Resolution 5)
6. To re-appoint Messrs. Anuarul Azizan Chew & Co. as Auditors and to authorise the Directors to fix their remuneration.	(Resolution 6)
As Special Business To consider and if thought fit, to pass the following Ordinary Resolution:	
7. Authority to Directors to Allot and Issue Shares	(Resolution 7)
"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue."	
8. To transact any other business of the Company for which due notice shall have been given.	

By Order of the Board,

SEPEKAR ZANIDAH HUSSIN (LS007244)

WAN LAY SIM (MAICSA 7034367)

Company Secretaries

Tawau, Sabah

2 June 2005

NOTES ON APPOINTMENT OF PROXY :-

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
3. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at TB 8285, Lot 20C, Perdana Square Commercial Centre, Mile 3 1/2, Jalan Apas, W.D.T., 277, 91000 Tawau, Sabah, Malaysia not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 7 : Authority to Directors to Allot and Issue Shares

The Proposed Resolution 7, if passed, would enable the Directors to issue up to maximum of 10% of the issued share capital of the Company as at the date of its Annual General Meeting for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

- | | |
|-----------------------|----------------|
| i) Lim Yun Nyen | (Resolution 2) |
| ii) Tan Choon Hwa, JP | (Resolution 3) |
| iii) Wong Nyuk Pin | (Resolution 4) |

The profile of the Directors standing for re-election for Resolutions 2, 3 and 4 are shown on page 4 to 6 of the Annual Report 2004.

The detailed of the Directors' attendance of Board Meetings are disclosed in the Corporate Governance Statement.

The Seventh Annual General Meeting of the Company will be held at the Shan-Shui Golf & Country Resort of Mile 9, Apas Road, 91000 Tawau, Sabah Malaysia on Friday, 24th June 2005 at 10.00 a.m.

Proxy Form

I / We (Full Name in Block Letters) _____

NRIC No. / Passport No. / Company No. _____

Of _____

being a member / members of ATURMAJU RESOURCES BERHAD, hereby appoint _____

NRIC No. / Passport No. / Company No. _____

of _____

or failing him / her, _____

of _____

NRIC No. / Passport No. / Company No. _____

as my / our proxy to vote and act on my / our behalf at the Seventh Annual General Meeting of the Company to be held at **the Shan-Shui Golf & Country Resort of Mile 9, Apas Road, 91000 Tawau, Sabah, Malaysia** on **Friday, 24th June, 2005 at 10.00 a.m.** and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements for the year ended 31 December, 2004 and Reports of the Directors' and Auditors thereon.		
2.	To re-elect Mr. Lim Yun Nyen as Director.		
3.	To re-elect Mr. Tan Choon Hwa, JP as Director.		
4.	To re-elect Mr. Wong Nyuk Pin as Director.		
5.	To approve the payment of Directors' fees of RM395,500.00.		
6.	To re-appoint Messrs. Anuarul Azizan Chew & Co. as Auditors of the Company.		
7.	As special business, to approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965.		

Please indicate with "X" where appropriate against each resolution how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting in the resolutions as he / she may think fit.

NO. OF SHARES HELD

--

Signature of Shareholder(s)

(If shareholder is a corporation, this part should be executed under seal)

Date : _____

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
3. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney, duly authorized.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at TB 8285, Lot 20C, Perdana Square Commercial Centre, Mile 3 1/2, Jalan Apas, W.D.T. 277, 91000 Tawau, Sabah, Malaysia not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

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Please
affix
postage
stamp
here

The Company Secretary
ATURMAJU RESOURCES BERHAD
TB 8285, Lot 20C
Perdana Square Commercial Centre
Mile 3 1/2, Jalan Apas, W.D.T. 277
91000 Tawau, Sabah
MALAYSIA

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