

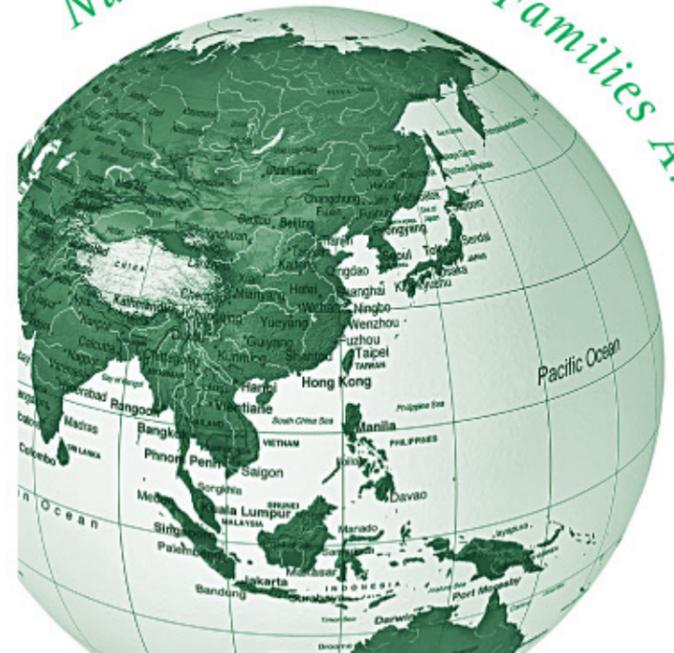


**KOTRƏ**

KOTRA INDUSTRIES BERHAD  
497632-P



*Nurturing Healthy Families Around the World*



**KOTRƏ**

KOTRA INDUSTRIES BERHAD  
497632-P

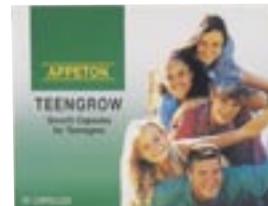
No: 1, Jalan TTC 12, Cheng Industrial Estate 75250 Melaka, Malaysia.  
Tel: +606 336 2222 Fax: +606 336 6122 www.kotrpharma.com

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REPORT **04**

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## Financial Statements

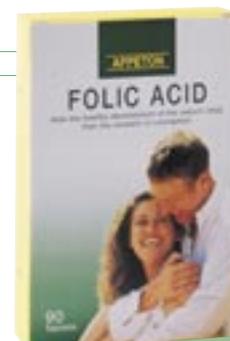
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### *Board of Directors*

Y. Bhg. Tan Sri Datuk Dr. Omar  
bin Abdul Rahman  
(Independent Non-Executive Chairman)

Piong Nam Kim @ Piong Pak Kim  
(Deputy Chairman - Executive)

Piong Teck Onn  
(Managing Director)

Piong Teck Min  
(Non-Executive Director)

Piong Teck Yen  
(Executive Director)

Chin Swee Chang  
(Executive Director)

Omar bin Md. Khir  
(Independent Non-Executive Director)

Piong Yew Peng  
(Independent Non-Executive Director)

Tan Choo Jow  
(Independent Non-Executive Director)

Piong Teck They  
(Alternate Director for Piong Nam Kim  
@ Piong Pak Kim)

Azman bin Ahmad  
(Alternate Director for Omar bin Md. Khir)

### *Company Secretaries*

Ow Pee Juan (MAICSA 7013304)  
Mah Li Chen (MAICSA 7022751)

### *Audit Committee*

Piong Yew Peng (Chairman)  
Tan Choo Jow  
Piong Teck Yen

### *Remuneration Committee*

Y. Bhg. Tan Sri Datuk Dr. Omar  
bin Abdul Rahman (Chairman)  
Omar bin Md. Khir  
Piong Teck Min  
Piong Teck Onn

### *Nomination Committee*

Y. Bhg. Tan Sri Datuk Dr. Omar  
bin Abdul Rahman (Chairman)  
Omar bin Md. Khir  
Piong Teck Min

### *ESOS Committee*

Tan Choo Jow (Chairman)  
Piong Yew Peng  
Azman bin Ahmad  
Piong Teck Onn

### *Registered Office*

535B, Jalan Merdeka  
Melaka Raya  
75000 Melaka  
Tel : 06-2836620  
Fax : 06-2836449

### *Business Office*

No. 1, Jalan TTC 12  
Cheng Industrial Estate  
75250 Melaka  
Tel : 06-3362222  
Fax : 06-3366122

### *Registrar*

Mega Corporate Services Sdn. Bhd.  
Level 11-2, Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03-26924271  
Fax : 03-27325399/03-27325388

### *Auditors*

Horwath  
535, Jalan Merdeka  
Melaka Raya  
75000 Melaka  
Tel : 06-2825995  
Fax : 06-2836449

### *Legal Advisors*

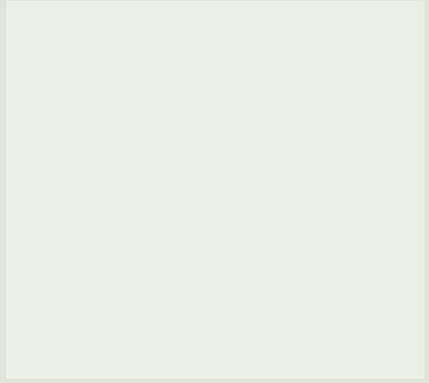
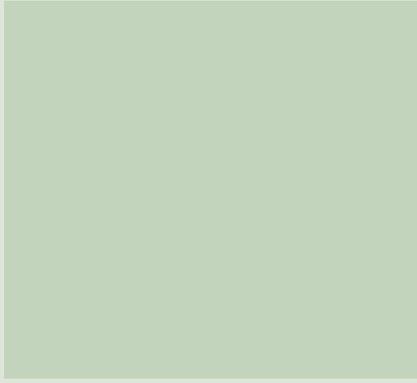
Chee Siah Le Kee & Partners  
Advocates & Solicitors  
105, Taman Melaka Raya  
75000 Melaka  
Tel : 06-2833423  
Fax : 06-2847251

### *Stock Exchange Listing*

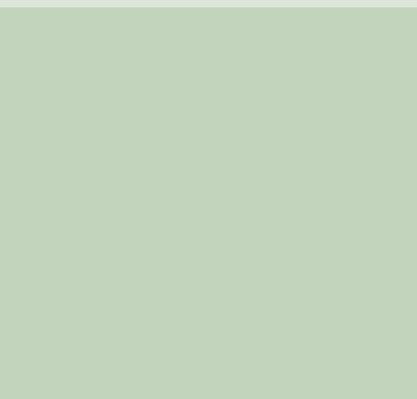
Bursa Malaysia Securities Berhad  
MESDAQ Market

### *Sponsor*

Commerce International Merchant  
Bankers Berhad  
7<sup>th</sup> Floor, Bangunan CIMB  
Jalan Semantan, Damansara Heights  
50490 Kuala Lumpur  
Tel : 03-20848888  
Fax : 03-20938322



- 1) *Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman*
- 2) *Piong Nam Kim @ Piong Pak Kim*
- 3) *Piong Teck Onn*
- 4) *Chin Swee Chang*
- 5) *Piong Teck Min*
- 6) *Tan Choo Jow*
- 7) *Piong Teck Yen*
- 8) *Omar bin Md. Khir*
- 9) *Piong Yew Peng*



## Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman

*(Chairman)*

Y. Bhg. Tan Sri Datuk Dr. Omar, aged 71, was appointed to the Board of Kotra on 5 June 2000. Tan Sri Omar started his professional career in 1960 in veterinary research after graduating in veterinary science from the University of Sydney and obtaining a Ph.D. from the University of Cambridge.

In 1972, he was appointed the Founding Dean of the Faculty of Veterinary Medicine and Animal Sciences and the first professor at the newly established Universiti Pertanian Malaysia (UPM), now University Putra Malaysia. He played a major role in the establishment phase of the university. His last position was as Deputy Vice Chancellor Academic Affairs.

In 1984, Tan Sri Omar was appointed to the new position of Science Advisor in the Prime Minister's Department. As Science Advisor, he served on a number of national committees and initiated many programmes for enhancing technology management, increasing funding for R&D and for commercialisation of the result of research. He was the founder chairman of Technology Park Malaysia Corporation, the Malaysian Industry-Government Group for High Technology (MIGHT), Composite Technology (Research) Malaysia Sdn. Bhd. (CTRM) and Malaysian Technology Development Corporation (MTDC).

Tan Sri Omar is the founding and current chairman of the London-based Commonwealth Partnership for Technology Management Ltd. (CPTM), Founding Fellow of the Islamic Academy of Sciences, a Fellow of the Third World Academy of Sciences, an Hon. Fellow of the Academy of Science Krygyzstan and the Founding and Immediate Past President of the Academy of Sciences Malaysia. He was a member of the United Nations Advisory Committee on Science and Technology for Development, the Executive Committee for OIC Ministerial Standing Committee on Scientific and Technological Cooperation and of the UNESCO's International Scientific Council for Science and Technology Policy Development.

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Besides Kotra, Tan Sri Omar is currently on the Board of ENCORP Bhd. and OSK Ventures International Bhd. He is also the Executive Chairman of Kumpulan Modal Perdana Sdn. Bhd., a government owned venture capital company.

## Piong Nam Kim @ Piong Pak Kim

*(Deputy Chairman)*

Mr. Piong Nam Kim was appointed to the Board as the Executive Deputy Chairman on the 5 June 2000. Prior to operating business in Kwong Onn Tong Sdn. Bhd. (KOT), he worked as an apprentice in a Chinese drug store. In 1954, he founded KOT, a company dealing in wholesale of pharmaceutical products.

His immense experience in over-the-counter sales and marketing has given him a unique role as advisor for Kotra. At the age of 72, experienced and knowledgeable, as well as the Honorary Advisor to the Melaka Chinese Druggist Association (1962-1992); his presence on the Board has facilitated the acceptance of the Group by the traditional Chinese druggist throughout Malaysia, a significant component in the distribution system for pharmaceutical products.

## Piong Teck Onn

*(Managing Director)*

After graduating from the University of Wales, Cardiff, United Kingdom in 1982 with a Bachelor's Degree of Science in Pharmacy, Mr. Piong Teck Onn began a career in retail and wholesale pharmaceutical business at City Chemist & Asia Pharmacy. In January 1984, he joined KPM and started Kotra's manufacturing department, which over the period of 19 years, has initiated the manufacturing range of conventional dosage forms ranging from tablets, capsules, creams and ointments, wet and dry syrups and lately, the injectables, both aseptically and terminally filled.

At 46, he is currently an Executive Council Member and the Vice President of the Malaysian Organisation of Pharmaceutical Industries (MOPI); positions he has held since 1998 and 2001 respectively.

### **Piong Teck Min**

*(Non-Executive Director)*

Aged 52, Piong Teck Min was elected to the Board of Directors of KPM in September 1982. He holds a Malaysian Certificate of Education, which he obtained in 1970. He joined KOT in 1970 and gained invaluable experience in the pharmaceutical industry after assisting his father, Mr. Piong Nam Kim, in handling KOT's pharmaceutical wholesale business.

Equipped with more than 25 years of knowledge and experience in the pharmaceutical trade industry, Mr. Piong Teck Min ventured independently into traditional medicine business and is currently the Managing Director of Welip (M) Sdn. Bhd., of which produces traditional medicine. As a result of his many years in the industry, he is well versed with the intricacies of the pharmaceutical trade and his vast network with Malaysian wholesalers is an important marketing asset for the Group. He was elected to the Board as a Non-Executive Director on 5 June 2000.

### **Piong Teck Yen**

*(Executive Director)*

Upon completion of his studies at Lewisham College, United Kingdom, Mr. Piong Teck Yen commenced a career in sales and marketing with KOT in 1989, involved mainly in the wholesale of pharmaceuticals, before joining the Group in November of the same year as the Sales Manager. And in July 1993, he was elected to the Board of Directors of KPM. Here, he was responsible for the marketing of the Group's "Appeton" range of products, and by mid 1995 was promoted to the present post of Marketing Director. Since instated, he has instrumentally formulated and implemented several large-scale promotions aimed at creating brand awareness. He was elected to the Board as an Executive Director on 5 June 2000 and at age 37 still retains this above position. He was conferred with a PJK medal in 2003 and the Justice of Peace (JP) in October 2004 by the Yang Di Pertua Negeri Melaka.

### **Omar bin Md. Khir**

*(Independent Non-Executive Director)*

Aged 67 at present, Encik Omar bin Md. Khir, was appointed to the Board as a Non-Executive Director on 5 June 2000. After obtaining his Cambridge School Certificate in 1955, Encik Omar joined the Estate Management Course sponsored by MARA (formerly known as RIDA) for a two-year course from 1956 to 1957.

He joined SOCFIN as an Assistant Estate Manager in 1958 and after serving his post in various rubber and palm oil estates, he was promoted in 1973 to an Acting Manager. He left the company in 1992 while serving as Manager 1 (Senior Group Manager) in charge of approximately 10,000 acres of rubber and palm oil estates in Batang Berjuntai. While serving the company, he was given the honour to become the company's representative for the Malaysian Employers Federation from 1978 to 1979. In 1980, he was appointed as a member of the Employers Panel in the Industrial Court. He relinquished the position in 1981.

From 1987 to 1990, Encik Omar was appointed as the Chairman of the Selangor State Malaysian Agriculture Producers Association Advisory Panel and in 1988 to 1989, he was the Chairman of the Selangor Planters Association. At present, he sits on the Board of Sumber Modal Satu Berhad.

## Piong Yew Peng

*(Independent Non-Executive Director)*

At age 34, Piong Yew Peng was elected into the Board of Directors on 19 January 2004. He obtained a Bachelor of Business (Accounting) from RMIT University, Melbourne and subsequently became a member of the CPA Australia. He is also a member of the Malaysian Institute of Accountants; has been working for the past 11 years in the field of auditing, tax advisory and corporate finance and is currently employed as a Director in an international accounting firm. At present, he is also the Chairman of the Audit Committee at Kotra.

## Chin Swee Chang

*(Executive Director)*

Chin Swee Chang, aged 47, graduated from the University of Leeds, United Kingdom in 1982 and holds a Bachelor of Science (Hons.) in Data Processing. She is presently in charge of Kotra's Information Technology (IT) Department. She started her career as an analyst programmer in a software house, Systems Automation Sdn. Bhd. in Kuala Lumpur in 1982. Ms. Chin was part of a team of system's analyst and programmers responsible for the development and customisation of an insurance software package for a particular client.

In 1984 she joined Eastern Systems Design Sdn. Bhd., a computer vendor company marketing mini computers and peripherals and application packages. Here, Ms. Chin gained experience in the development and implementation of other types of software packages and in the marketing discipline. In 1987, she joined a German multinational company, Robert Bosch (South East Asia) Pte. Ltd. heading the Electronic Data Processing Department where she was responsible for supporting user requirements and setting up a dial-up connection for online accesses.

In 1991, she helped to co-ordinate, convert and transfer the data from an old Nixdorf system to an IBM AS/400 system, which was completed, and running by September 1992. In 1993, she joined the Group as the IT Manager overseeing the computerisation of the business from a stand-alone personal computer (PC) environment to a local area network PC multi-user system, with fully integrated material requirements planning, financial and distribution software, using American Enterprise Resource Planning (ERP) package called Frontstep SyteLine running on PROGRESS database. She was elected to the Board as an Executive Director on 5 June 2000.

## Tan Choo Jow

*(Independent Non-Executive Director)*

Aged 61, Tan Choo Jow was appointed to the Board as an Independent Non-Executive Director on 5 June 2000. Mr. Tan graduated from the University of Singapore in 1966 with a Bachelor in Pharmacy. He carried out his housemanship in a retail pharmacy in Ipoh and was registered by the Pharmacy Board in 1967. From 1973 to 1987, he joined Malayan Pharmaceutical Sdn. Bhd. as a marketing manager. He then continued his career in Atlantic Laboratory Sdn. Bhd. as a manager in charge of marketing and manufacturing.

From 1990 until his retirement in 1998, Mr. Tan served as the Production Pharmacist of Dumex Malaysia Sdn. Bhd. Additionally, he was also an active member of the pharmacy profession. He was the President of the Malaysian Pharmaceutical Society for about 20 years until 1995; Examiner in Forensic Pharmacy for the Pharmacy Board; External Examiner in Forensic Pharmacy for Universiti Sains Malaysia; Vice President of the Federation of Asian Pharmaceutical Association from 1994 and is now Honourary Bureau member; Founder President of the Malaysian Pharmaceutical Trade and Manufacturers Association (now Pharma). He was until 1996, a member of the Pharmacy Board and also a member of the Poisons Board of the Ministry of Health, Malaysia.

**Piong Teck They**

*(Alternate Director to Piong Nam Kim @ Piong Pak Kim)*

Aged 45, Piong Teck They was elected to the Board of Directors of KPM in June 1996 as the Alternate Director to Mr. Piong Nam Kim. He holds a Malaysian Certificate of Education, which he obtained in 1976. He joined KOT in 1977 and gained much experience in the pharmaceutical industry after assisting his father, Mr. Piong Nam Kim, in handling KOT's pharmaceutical wholesale business. Currently, he is running KOT and his vast experience in the industry and his linkages with various other wholesalers is beneficial to the Group's current and future operations. He was elected to the Board of KIB as the alternate to Mr. Piong Nam Kim on 5 June 2000.

**Azman bin Ahmad**

*(Alternate Director to Omar bin Md. Khir)*

Azman bin Ahmad, aged 39, was appointed to the Board on 5 June 2000 as the Alternate Director to Mr. Omar bin Md. Khir. He graduated from the University of Western Australia with a Bachelor of Commerce majoring in Accounting and Computer Science in 1985. He is an Accountant by profession and is a member of the Malaysian Institute of Accountants and CPA Australia. He started his career with Coopers and Lybrand in 1986 as an Audit Assistant. After one and the half years, he left Coopers and Lybrand and joined Hicom Holdings Berhad as Assistant Manager for seven years where he was involved in the privatisation and listing of Hicom Holdings Berhad, the preparation of feasibility reports, financial monitoring reports and annual reports.

In 1994, he was seconded as the General Manager to Hicom Carriage Engineering Sdn. Bhd., a company involved in manufacturing of buses. He was then responsible for setting up the company's operations, developing its business and achieving profit targets. In 1997, he joined EAC KIMS (Malaysia) Sdn. Bhd. as a Finance Manager, where he oversaw the overall accounting, project planning and project financing functions of the company. In 1999, he joined YPJ Holdings Sdn. Bhd as Corporate Finance Consultant, responsible for the corporate finance matters of the group, including evaluation of corporate exercises and restructuring. In 2002, he joined the Malaysian Technology Development Corporation Sdn. Bhd. as Assistant General Manager, Investment Division. He also holds directorships in Sumber Modal Satu Berhad and Astino Bhd.



Dear Shareholders,

When we articulated the words “Branding Beyond Borders” on the cover of our last Annual Report, we were not just declaring a hope, but a continuous commitment and dedication to building our brand beyond Malaysian borders. Today, with our export growth of 90%, it gives me great pleasure, on behalf of the Board of Directors of Kotra Industries Berhad, to present to you the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 30 June 2004.

“  
*...the turnover  
 for the Group  
 has recorded  
 an increase of  
 23.8%...*  
 ”

#### FINANCIAL REVIEW

For this financial year under review, the turnover for the Group has recorded an increase of 23.8% in comparison to the last financial year of 2003. The increase in turnover is mainly attributable to the increase of RM7.78 million in export sales as compared to the last financial year. Approximately 65.8% of Kotra’s products were sold locally while the remaining 34.2% were exported.

I am also pleased to inform that after a slower than expected initial start up, revenue generated from products manufactured by the 2<sup>nd</sup> phase of



Kotra’s plant has increased and was able to cover the fixed overheads during the financial year.

The Group’s management has been continuously striving to improve production efficiency as well as product quality and such efforts are beginning to yield positive results.

Due to the above positive factors, the Group’s gross profit margin increased from 44.85% in 2003 to 47.74% in 2004 and consequently, profit before tax increased from RM2.6 million in 2003 to RM6.9 million in 2004.

#### OPERATIONAL UPDATES

##### Domestic Sales

Local sales for all products have increased slightly by RM1.34 million from the previous year of RM30.16 million. The Group’s management intends to sustain and improve its domestic sales by further investing in A&P activities locally. One way to ensure this scenario falls through is by augmenting Kotra’s marketing and sales team, enabling them to further

reach out to all corners of Malaysia. Besides this, the Group has invested in Customer Relation Management (CRM) programmes with assistance from Rapp Collins, a specialised professional marketing firm.

**Export Sales**

This year's export sales chartered an impressive growth resulting in RM16.4 million sales in contrast to last year's sales of RM8.6 million. Kotra will continue with its export drive to spur further growth for sales by tapping into new markets within the ASEAN region. Moreover, if the CRM programme proves successful within the domestic market, it will also be implemented for the export markets.

**New Products**

For the year ended 2004, the Group had launched 5 new products namely, Axcel Dextromethorphan-15 Syrup, Axcel Loratadine Syrup, Axcel Ibuprofen Pead. Syrup, Appeton Vitamin C 100mg (Blackcurrant flavour) and Appeton Taurine Multivitamin Tablets (new colour).

**COMMITMENT TO QUALITY**

As quality is a major factor in determining Kotra's success, the Group has made considerable effort to implement measures to ensure that all products manufactured meet world-class standards.

**DIVIDENDS**

In view of the Group's notable performance, the Board of Directors, on 24 February 2004 declared an interim tax-exempt dividend of 5% per ordinary share amounting to RM1,406,047 which was paid on 22 April 2004.

The Board of Directors is now recommending a final dividend of 5% less income tax per ordinary share amounting to RM1,012,354 in respect of the financial year ended 30 June 2004, subject to the approval of the shareholders at the forthcoming Annual General Meeting.



*“This year's export sales chartered an impressive growth resulting in RM16.4 million sales...”*

In summary, this would represent a total net dividend of 4.3 sen per share for the financial year.

**CORPORATE DEVELOPMENT**

In the pursuit of continuous excellence, management has been investing more time and resources in human resource development in order to align staff performance to the Group's vision and objectives; hence giving their very best and achieving the Company's goals.

Realising that these employees and key personnel are vital elements in the growth of the Group, an Employee Share Option Scheme (“ESOS”) was established in 2003. This scheme has given employees the opportunity to participate in the overall growth, profit and development of the Group.



CORPORATE GOVERNANCE

The Board at Kotra has always made it a vital effort to try and govern based on the guidelines of The Malaysian Code on Corporate Governance as part of the Listing Requirements of the BMSB for the MESDAQ Market. These high standards have indeed enabled the Group to function and perform in the best interests of shareholders and all other stakeholders of the Kotra Group.

As an integral element under the Malaysian Code on Corporate Governance, the Directors will regularly undergo training to keep abreast of relevant changes in laws and regulations.

FUTURE PROSPECT

The groundwork for injectable products and the Cephalosporin antibiotic range has already been

laid for the local market, and the Group is moving ahead with the registration processes to prepare for penetration into overseas markets. This range of products is expected to play a more significant contribution towards the total turnover and profit contribution of Kotra for the next 12 to 36 months.

The year ahead will see the Group's continuous focus on the research and development of new innovative products to capture a niche market for the Group.

The Group will also continue to uphold our motto of "Branding Beyond Borders" by focusing on strong brand building in the international markets.

ACKNOWLEDGEMENTS

My heartfelt thanks and sincere gratitude go out to all those that have contributed to the realisation of the vision of Kotra Industries Berhad, and to the Management and employees of Kotra, for their dedication, commitment and tireless effort in striving to achieve excellence amidst tough and constant competition in the pharmaceutical industry. It is their hard work that has brought Kotra to the level it is today.

My thanks also to all our shareholders, faithful customers, business partners and various others that have in some way contributed support towards Kotra.

**Tan Sri Datuk Dr. Omar  
bin Abdul Rahman**  
*Chairman of the Board of Directors*



The Board fully appreciates the importance of adopting high standards of corporate governance within the Group to enhance shareholders' value. The Board has taken steps as far as practicable, towards compliance with the recommendations in the Malaysian Code on Corporate Governance (the "Code").

Therefore, the Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place by the end of the financial year unless otherwise stated.

## A Board of Directors

### *Board Responsibilities*

The Board of Directors is the ultimate decision making body. It has overall responsibility for corporate governance, strategic direction and development of the Group to enhance the long-term shareholders' value and sustaining the long-term growth of the Group.

The Board has a formal schedule of matters reserved to itself for decision. These matters include the Group's overall business strategy, changes in the Group's equity, capital or corporate structure, acquisition of new businesses and divestment of existing businesses, major capital expenditures, related party transactions, borrowing from financial institutions beyond certain threshold and decisions on key management staff. This schedule of reserved matters ensures that the control of the Group is in the Board's hands.

The Board of Directors meet on a quarterly basis with additional meetings held where urgent issues are required and need to be addressed or important decisions are required to be taken.

During the financial year ended 30 June 2004, the Board met on 5 occasions where it deliberated and considered significant matters of the Group such as, financial results, business plans, corporate plans and proposals as well as announcements of the financial results prior to public release.

Details of each director's meeting attendance are as follows:

	DIRECTOR	POSITION	ATTENDANCE OF BOARD MEETINGS IN 2004					TOTAL
			Aug'03	Oct'03	Nov'03	Feb'04	May'04	
1.	Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman	Independent Non-Executive Chairman	√	√	√	√	√	5
2.	Piong Nam Kim @ Piong Pak Kim	Deputy Chairman - Executive	√	√	√	√		4
3.	Piong Teck Onn	Managing Director	√	√	√	√	√	5
4.	Piong Teck Yen	Executive Director	√	√	√	√	√	5
5.	Chin Swee Chang	Executive Director	√	√	√	√	√	5
6.	Piong Teck Min	Non-Executive Director	√	√	√		√	4
7.	Omar bin Md. Khir	Independent Non-Executive Director	√	√	√	√	√	5
8.	Koh Foo Ghe (Retired on 2 December 2003)	Independent Non-Executive Director, Chairman of Audit Committee	√	√	√			3
9.	Tan Choo Jow	Independent Non-Executive Director	√	√	√	√	√	5

	DIRECTOR	POSITION	ATTENDANCE OF BOARD MEETINGS IN 2004					TOTAL
			Aug'03	Oct'03	Nov'03	Feb'04	May'04	
10.	Azman bin Ahmad	Alternate Director to Omar bin Md. Khir						0
11.	Piong Teck They	Alternate Director to Piong Nam Kim @ Piong Pak Kim					√	1
12.	Piong Yew Peng (Appointed on 19 January 2004)	Independent Non-Executive Director, Chairman of Audit Committee				√	√	2
<b>Total Attendance</b>			<b>9</b>	<b>9</b>	<b>9</b>	<b>8</b>	<b>9</b>	

Scheduled Board meetings are structured with preset agenda. The Board's principal focus is the overall strategic direction, financial and corporate development of the Group. Minutes of meetings of various committees of the Group are tabled to the Board for notation and/or endorsement. Agenda and Board papers are circulated to the Board prior to the Board meetings so as to give Directors time to consider and deliberate on the issues to be raised at the Board meetings. The Directors have full access to senior management and the advice and services of the Company Secretary.

The Board has also put in place a procedure to be adhered to for any director of the group of directors who wish to seek independent professional advice at the Company's expense in furtherance of their duties. The request will be granted if the Board is of the opinion that it is reasonable and appropriate.

The following are committees that have been established to assist the Board in executing its responsibilities:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The functions of these committees are detailed in the subsequent paragraphs. All committees have written terms of reference, and the Board receives reports of their proceedings and deliberations, which are signed by the Chairman of the respective committees. These committee papers form part of the Board meeting documents.

#### *Board Balance*

As at the date of this statement, the Board consists of nine (9) members comprising the following:

- One (1) Independent Non-Executive Chairman
- Four (4) Executive Directors
- Three (3) Independent Non-Executive Directors
- One (1) Non-Independent Non-Executive Director

There is a clear division of responsibilities, whereby the Board is led by Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman while Mr. Piong Teck Onn leads the executive management.

The presence of four (4) Independent Non-Executive Directors, including the Chairman, on the Board results in more than one third of the Board members being independent, thus facilitating an effective functioning Board. The Non-Executive Directors comprise of people who are respectable, of high integrity and possess a

vast experience in their respective fields. The Non-Executive Directors collectively bring with them a wide range of expertise in the areas of life sciences, pharmacy, finance and management. These expertise enable the Non-Executive Directors to give objective and independent opinions to the decision making process of the Board and provide a sound check and balance for the Executive Directors.

The Board has incorporated a policy to consider offering Board seats to significant investors and is of the opinion that the current Board's representation fairly reflects the investment of minority shareholders in the Company.

#### *Appointments to the Board*

It is the duty of the Nomination Committee to recommend the appointment of new directors to the Board.

There is an informal familiarisation programme in place for new Board members, including visits to the Group's factories and offices and meetings with senior management as appropriate, to facilitate their understanding of the Group's operations.

#### *Nomination Committee*

The Nomination Committee has been charged with identifying and recommending new nominees to the Board.

The Committee will review the required mix of skills, experience and other qualities, as well as core competencies, which Non-Executive Directors should bring to the Board.

The members of the Nomination Committee during the year, all of whom are Non-Executive Directors and the majority are Independent Directors, and their attendance at the meetings are as follows:

NAME	ATTENDANCE (Oct '03)
<i>Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman (Chairman)</i>	√
<i>Piong Teck Min</i>	√
<i>Omar bin Md. Khir</i>	√

During the year ended 30 June 2004, one meeting was held and was attended by all members of the Nomination Committee.

#### *Re-election*

The procedure for re-election of directors by rotation is set out in Articles No. 106 and 145 of Company's Articles of Association or simply known as the "The Articles". Pursuant to The Articles, one third of the directors, excluding the Managing Director, is required to retire and stand for re-election every year so that each and every director shall retire from office at least once every three (3) years. Article No. 145 provides that the Managing Director shall not be subjected to retirement by rotation so long as he continues to hold that post.

The Board is aware that the above is not in accordance with the Principles stipulated in the Code and wishes to clarify that the Listing Requirements of the MESDAQ Market allows for the Managing Director to be exempted from retirement by rotation.

### Remuneration Committee

Members of the Remuneration Committee during the financial year are as follows: -

NAME	DESIGNATION	ATTENDANCE	
		Dec '03	May '04
<i>Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman</i>	<i>Independent Non-Executive Director (Chairman of the Committee)</i>	√	√
<i>Omar bin Md. Khir</i>	<i>Independent Non-Executive Director</i>	√	√
<i>Piong Teck Min</i>	<i>Non-Executive Director</i>		√
<i>Piong Teck Onn</i>	<i>Managing Director</i>	√	√

The Remuneration Committee is responsible for reviewing and recommending the remuneration of the Executive and Non-Executive Directors as well as the remuneration of senior management staff. In making its recommendation, the Remuneration Committee adheres to the principle of remunerating based on the Group's performance as well as individual performance. The Remuneration Committee does not possess the authority to make decisions on behalf of the Board. Its role is merely making recommendations for the Board's approval.

The Remuneration Committee met twice during the year. Committee members who are Executive Directors did not participate in the discussion of their individual remuneration.

The annual remuneration of the directors in bands of RM50,000 is tabulated below:

Remuneration Band	Non-Executive Directors	Executive Directors
Below RM50,000	6	
RM150,001- RM200,000		2
RM200,001- RM250,000		1
RM350,001- RM400,000		1

## B Shareholders

The Company recognises the importance of communicating with its shareholders and does this through the Annual Report, Annual General Meeting and Company's website at [www.kotrapharma.com](http://www.kotrapharma.com). The principle forum for dialogues with shareholders remains at Annual General Meeting; during which shareholders are encouraged to raise questions pertaining to the operations and financials of the Group. The shareholders are also able to put questions to the Company through the Company's Secretary.

The Board has also appointed Mr. Piong Yew Peng as the Independent Non-Executive Director to whom concerns of shareholders may be conveyed via the Company Secretary.

## C Accountability & Audit

### *Financial Reporting*

The Board is responsible for ensuring the proper maintenance of the accounting records of the Company. The Company's financial reporting in the form of quarterly and annual financial statements present a balanced and understandable assessment of the Company's position and prospects.

The Audit Committee also plays an important role in ensuring that the information disclosed is accurate and adequate. The primary responsibilities of the Audit Committee are set out in the Audit Committee Report on page 18 to 20 of the Annual Report.

### *Internal Control*

The Code requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets. The Statement of Internal Control furnished on pages 16 and 17 of the Annual Report provides an overview of the state of internal control within the Group.

### *Relationship with the External Auditors*

The Group has established a formal arrangement to maintain an appropriate relationship with the external auditors through the Audit Committee. Key features underlying the relationship of the Audit Committee with the external auditors are set out in the Audit Committee Report.

### *Compliance Statement*

As at the end of the financial year, the Board is of the opinion that the following Principles and Best Practices of the Code have not been complied with:

Reference to the Code	Summary of the Principle/ Best Practice	Board's Comments
Part 1 III	Disclosure of each Director's Remuneration	Details of the remuneration of each director are not disclosed in the Annual Report as the Board is of the opinion this infringes on the privacy of the individual director. As an alternative, the Annual Report discloses the annual remuneration of directors in bands of RM50,000 and the number of executive/non-executive directors receiving annual remuneration in each particular band.
Part 2 AAVIII Part 2 AAIX Part 2 AAX	Establishment of Nominating Committee	The Board is of view that it is sufficient for the Nominating Committee to assess the effectiveness of the Board and the committees of the Board as a whole. It is the Board's opinion that individual directors be exempted from this process.
Part 2 AAXIII	Company to provide orientation and education programmes for new Board members	The Group does not have a formal process for the orientation of newly appointed members as orientation is conducted on an informal basis by the Executive Directors. The Board is of opinion that the activities of the Group are not so complex as to require a formal training.
Part 2 AAXVII	Provision of non-quantitative information	At present the Group's information system generates information which is predominantly financial based. The Board is aware of the increasing importance of having non-financial based information, represented as Key Performance Indicators ("KPIs"), as the Group expands. The Board had performed a study in respect of the implementation of KPIs as a means of assessing individual management's performance as well as the performance of the Group as a whole and expects KPIs to be implemented progressively in the near future.

## Introduction

The Board of Directors subscribes to the Malaysian Code on Corporate Governance to maintain a sound system of internal control in the Group to safeguard shareholders' investments and the Group's assets. The Board is continuously taking appropriate initiatives to further strengthen the transparency, accountability and efficiency of the Group's operations.

## Responsibility for Risk and Internal Control

The Board of Directors and the Senior Management take full responsibility for ensuring effective internal controls and risk management practices are in place in the Group. The integrity of these systems is subject to regular review by the Board. Due to the inherent limitations of any system of internal control, it should be noted that the Group's internal control system does not provide absolute assurance against any material loss or misstatement. However, the Board of Directors endeavours to maintain an adequate system of internal control that is designed to manage, rather than eliminate risk, and to improve the governance process of the Group.

## Risk Management Framework

Risk management is regarded by the Board of Directors as an integral part of the Group's business. Management is responsible for creating a risk-awareness culture and for building the necessary knowledge in risk management. They also have a responsibility in managing risks and internal controls associated with the operations and ensuring compliance with the applicable laws and regulations.

Over the years, the Board of Directors and Senior Managers in the Group attended a series of meetings on risk management, one of which was facilitated by external consultants. The briefings were held to raise the level of knowledge of risk management amongst the managers and to enhance their understanding of the risks, which may potentially affect the achievement of their respective operating units' business objectives. Following these meetings: -

- (a) A Risk Management Committee ("RMC") headed by the Group's Managing Director with two advisors from the Audit Committee, has been established in accordance with the Board's approved terms of reference;
- (b) A risk coordinator who is responsible for coordinating the Group's risk management activities and acting as a liaison between the internal auditors and the Group's management, has been appointed from among the Senior Management team;
- (c) A Quality Compliance Committee was subsequently formed to assist the RMC on matters pertaining to quality compliance issues mainly dealing with ISO and GMP (PIC/s).

The Group's Senior Management is currently in the process of updating the Group's Risk Management Framework. The matters currently being considered are:

- (a) Identification of risks associated with the Group's vision, strategies and objectives;
- (b) Rating of risks in terms of possibility of occurrence and the impact to the Group;
- (c) Evaluation of the effectiveness of the existing controls put in place to manage the risk;
- (d) Evaluate residual risk; and
- (e) Develop an action plan, if considered necessary, to manage the residual risks which the RMC considers to be unacceptably high.



## **Internal Audit Function**

- Internal audits are carried out by an independent professional service firm, to review the adequacy and integrity of the internal control system of business units.
- The internal audit team highlights to the Audit Committee and management on areas for improvement and perform subsequent reviews on the extent to which its recommendations have been implemented.
- The reports are submitted to the Audit Committee, which reviews the findings with management on quarterly basis. In addition, the External Auditors' management letters and management's responsiveness to the control recommendations on deficiencies noted during financial audits provides added assurance that certain control procedures on matters of finance are in place, and being followed.
- In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit Committee reports to the Board of Directors its activities, significant results, findings and the necessary recommendations or changes.

## **Other Key Elements of Internal Control**

Apart from risk management and internal audit's check and evaluation, the Group has put in place an organisational structure with clearly defined lines of responsibility and delegation. A process of hierarchical reporting is being established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and the issuance of Standard Operating Procedures and directives covering most of the Group's operations including production, quality control, finance and administration, health and safety, training and development, equality of opportunity, staff performance and serious misconduct. There are also regular reports prepared on yearly budget and capital expenditure investments for monitoring the Group's business and performance.

The Managing Director reports to the Board on significant changes in the business and external environment. The Accountant provides the Board with quarterly financial information, which includes key financial indicators. This includes inter alia, the monitoring of results against budget, with variances being analysed and action taken by management where necessary.

## **Weaknesses in Internal Control**

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Board and management will continue to take measures to strengthen the control environment.

## Composition And Designation Of Audit Committee

The members of the Audit Committee who served during the year ended 30 June 2004 were:

1. **Koh Foo Ghe – Chairman** (*Retired on 2 December 2003*)  
(Independent Non-Executive Director)
2. **Piong Yew Peng – Chairman** (*Appointed on 19 February 2004*) \*  
(Independent Non-Executive Director)
3. **Tan Choo Jow**  
(Independent Non-Executive Director)
4. **Piong Teck Yen**  
(Executive Director)

Note: \* Piong Yew Peng joined the Board of Directors and Audit Committee on the 19 January 2004, and was further elected as the Chairman of the Committee on 19 February 2004.

## Audit Committee Attendance Record

The Audit Committee met 5 times during the financial year ended 30 June 2004 and the attendance record is as follows:

	DIRECTOR	POSITION	ATTENDANCE AT AUDIT COMMITTEE MEETINGS, 2004					TOTAL
			Aug'03	Oct'03	Nov'03	Feb'04	May'04	
1	Koh Foo Ghe (Retired on 2 December 2003)	Independent Non-Executive Director & Chairman of Audit Committee	√	√	√			3
2	Tan Choo Jow	Independent Non-Executive Director	√	√	√	√	√	5
3	Piong Teck Yen	Executive Director	√	√	√	√	√	5
4	Piong Yew Peng (Appointed as Chairman on 19 February 2004)	Independent Non-Executive Director & Chairman of Audit Committee				√	√	2
Total Attendance			3	3	3	3	3	

## Terms Of Reference Of The Audit Committee

### Constitution

The Audit Committee was formed pursuant to a resolution passed by the Board of Directors on 12 September 2000 in accordance with chapter 13 of the Listing Requirements of the Bursa Malaysia Securities Berhad for the MESDAQ Market. The terms of reference were subsequently amended on 14 October 2002 to achieve consistency with the Malaysian Code on Corporate Governance.

### *Membership*

- The Board of Directors shall appoint the Audit Committee from among their members.
- The Committee shall comprise no fewer than 3 members of whom a majority shall be Independent Non-Executive Directors. A quorum shall be 2 members.
- The members of the Audit Committee shall elect a Chairman from among their members who is not an Executive Director or employee of the Company or any related corporation.
- The elected Chairman shall be subject to endorsements by the Board.
- If a member of the Audit Committee retires, resigns, passes away or for any other reason ceases to be a member with the result that the number is reduced below 3, the Board of Directors shall, within 2 months of that event, appoint such number of new members as required to make up the minimum number of new members as may be required to make up the minimum number of 3 members.

### *Notice of Meeting and Attendance*

- The agenda for Audit Committee meetings shall be circulated before each meeting to members of the Committee. The Committee may require the external auditors and any officer of the Company to attend any of its meetings as it deems fit.
- The external auditors shall have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The finance manager and internal auditors shall normally attend the meetings at the invitation of the Audit Committee.
- The Company Secretary of the Company shall also be Secretary of the Committee.

### *Authority*

- The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference and all employees shall be directed to co-operate with any request made by the Committee.
- The Committee shall have full access to any information within the Company and its subsidiaries, which the Committee requires in the course of performing its duties, and shall also have unrestricted access to the management staff.
- The Committee shall have all the resources it needs to perform its duties at the cost of the Company including the right to appoint independent professionals to advise the Committee.

### *Duties and Responsibilities*

The duties and responsibilities of the Audit Committee shall be:-

- to consider the appointment of the external auditors, the audit fee and any issue of resignation and dismissal;
- to review with the external auditors, their audit plan, their evaluation of the effectiveness of the system of internal control and their reports as well as any problems or reservations arising from the audit process which the external auditors wish to highlight;

- to review with the management and the external auditors, the financial statements of the Company and its subsidiaries as well as the Group's financial statement;
- to review the effectiveness of the risk management and internal audit function;
- to review the effectiveness of the system of internal control and in particular, to review with management all areas of significant financial risks and the system in place to contain those risks at acceptable levels; and
- to review all related party transactions and situation that may give rise to potential conflict of interests.

### Activities of the Audit Committee

During the financial year ended 30 June 2004, the Audit Committee in the discharge of its duties and functions carried out the following activities:

- ☐ Reviewed the Annual Audit Plan for the year ended 30 June 2004 with the external auditors to ensure adequate scope and coverage over the activities of the Group.
- ☐ Reviewed the quarterly and annual financial statements to ensure that they are in compliance with the requirements of relevant authorities, prior to approval for release to Bursa Malaysia Securities Berhad by the Board of Directors.
- ☐ Met with the Internal Auditors, Messrs. CGRM Consulting Sdn. Bhd. to review their internal audit plans and their reports and recommendations.
- ☐ Evaluated and recommended the appointment of the incumbent Internal Auditors for a further term.
- ☐ Reviewed the draft Statement on Internal Control for inclusion in the 2004 Annual Report.

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### Internal Audit Function

- ☐ In accordance with the Terms of Reference of the Audit Committee, the Internal Auditors report to the Audit Committee and administratively to the Corporate Affairs Manager. During the financial year ended 30 June 2004, the activities of the internal audit function were as follows:
  - Tabled the internal audit charter to the Audit Committee for adoption;
  - Developed and tabled the proposed 2004-2005 internal audit plan to the Audit Committee;
  - Reviewed the operations and the internal controls of the Group, in accordance with the approved internal audit plan. During the financial year 2004, following auditable cycles were the subject of internal audit review:

	DEPARTMENT
<i>a</i>	<i>Production (QA &amp; Maintenance)</i>
<i>b</i>	<i>Finance</i>
<i>c</i>	<i>Inventory &amp; Store Management</i>
<i>d</i>	<i>Administrative Functions</i>
<i>e</i>	<i>Procurement</i>
<i>f</i>	<i>Human Resources</i>

- Tabled the internal audit findings and recommendations at the meetings of the Audit Committee for the Committee's deliberation.

## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2004.

### Principal Activities

The Company is principally involved in investment holding and the provision of management services. The principal activity of the subsidiary is set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### Results

	THE GROUP RM	THE COMPANY RM
Profit after taxation for the financial year	<u>7,597,954</u>	<u>3,337,612</u>

### Dividends

Since the end of the previous financial year, the Company paid the following dividends:-

- (i) a final dividend of 2.5 sen per ordinary share less 28% tax amounting to RM1,012,354 in respect of the previous financial year as proposed in the directors' report of that financial year; and
- (ii) an interim tax-exempt dividend of 2.5 sen per ordinary share amounting to RM1,406,047 in respect of the current financial year.

The directors now recommend the payment of a final dividend of 2.5 sen per ordinary share less 28% tax amounting to RM1,012,354 in respect of the current financial year.

### Reserves And Provisions

There were no material transfers to or from reserves or provisions during the financial year.

### Issues Of Shares And Debentures

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up capital of the Company; and
- (b) there were no issues of debentures by the Company.

### Options Granted Over Unissued Shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Employees' Share Option Scheme.

### Employees' Share Option Scheme

The Employees' Share Option Scheme ("ESOS") was approved by the Securities Commission on 22 April 2003 and the shareholders at an Extraordinary General Meeting held on 10 July 2003.

## Employees' Share Option Scheme (Cont'd)

The principal features of the ESOS are as follows:-

- The maximum number of new ordinary shares of RM0.50 each to be offered shall not exceed 20% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS. As at the date of this report, the maximum number of such shares amount to 11,248,371.
- Eligible directors or employees of the Group are directors or employees of the Group who have been confirmed in the service of the Group prior to the offer or, if the employee is employed under contract basis, the contract should be for a duration of at least one (1) year.
- No option shall be granted for less than 100 ordinary shares or more than 2,812,075 ordinary shares to any individual eligible employee.
- The option price may be subjected to a discount of not more than 10% of the average of the mean market quotation of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days immediately preceding the offer date, or at par value of the shares of the Company, whichever is higher.
- An Option is personal to the grantee. Save and except as provided in Clause 20.1 of the Bye-Laws, an Option shall be non-assignable and non-transferable.
- The ESOS is in force for a period of 10 years from 24 July 2003 and expires on 23 July 2013.

The movements in the share options during the financial year are as follows:

Date of Offer	Exercise Period	Exercise Price Per Ordinary Share	Balance at 1.7.03	Granted	During the Year Exercised	Lapsed	Balance at 30.6.04
24.7.2003	24.7.2004	1.27	-	1,161,400	-	(4,200)	1,157,200
24.7.2003	24.7.2006	1.27	-	2,322,800	-	(8,400)	2,314,400
24.7.2003	24.7.2009	1.27	-	2,322,800	-	(8,400)	2,314,400
15.6.2004	15.6.2005	1.12	-	176,800	-	(4,600)	172,200
15.6.2004	15.6.2007	1.12	-	353,600	-	(9,200)	344,400
15.6.2004	15.6.2010	1.12	-	353,600	-	(9,200)	344,400
			-	6,691,000	-	(44,000)	6,647,000

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years provided they are exercised prior to the expiry date of the ESOS on 23 July 2013.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders holding share options of less than 200,000 shares.

The eligible employees who have been granted share options of 200,000 or more are as follows:-

No.	Name of Options Holders	Number of Share Options
1.	Piong Nam Kim@Piong Pak Kim	1,000,000
2.	Piong Teck Onn	1,000,000
3.	Piong Teck Yen	1,000,000
4.	Chin Swee Chang	1,000,000
5.	Hiew Mein Foong	200,000

The external auditors have verified the allocation of options granted during the financial year.

## Bad And Doubtful Debts

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance for doubtful debts had been made.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or additional allowance for doubtful debts in the financial statements of the Group and of the Company.

## Current Assets

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

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

## Valuation Methods

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

## Contingent And Other Liabilities

The contingent liabilities are set out in Note 36 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

## Change Of Circumstances

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

## Items Of An Unusual Nature

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

## Holding Company

The holding company is Piong Nam Kim Holdings Sdn. Bhd., a company incorporated in Malaysia.

## Directors

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

Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman  
Piong Nam Kim @ Piong Pak Kim  
Piong Teck Min  
Piong Teck Onn  
Piong Teck Yen  
Chin Swee Chang  
Omar bin Md. Khir  
Tan Choo Jow  
Azman bin Ahmad (Alternate Director To Omar bin Md. Khir)  
Piong Teck They (Alternate Director To Piong Nam Kim @ Piong Pak Kim)  
Piong Yew Peng (Appointed on 19.1.2004)  
Koh Foo Ghe (Retired on 2.12.2003)

Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman and Piong Nam Kim @ Piong Pak Kim retire at the forthcoming annual general meeting in accordance with Section 129(2) of the Companies Act, 1965 and offer themselves for re-election. The Board recommends that Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman and Piong Nam Kim @ Piong Pak Kim be re-appointed as directors of the Company pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the next annual general meeting.

Pursuant to Articles 113 and 106 of the Articles of Association of the Company, Piong Yew Peng, Piong Teck Min and Piong Teck Yen retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

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## Directors' Interests

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.7.2003	BOUGHT	SOLD	AT 30.6.2004
<b>THE COMPANY</b>				
<i>DIRECT INTERESTS</i>				
Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman	2,200	-	-	2,200
Piong Nam Kim @ Piong Pak Kim	1,196,042	-	-	1,196,042
Piong Teck Min	580,100	-	-	580,100
Piong Teck Yen	1,000	-	-	1,000
Omar bin Md. Khir	221,000	174,400	6,900	388,500
Tan Choo Jow	101,000	24,500	30,000	95,500
Azman bin Ahmad	114,000	-	-	114,000
Piong Teck They	505,994	-	-	505,994
<i>INDIRECT INTERESTS</i>				
Piong Nam Kim @ Piong Pak Kim	29,374,710	-	-	29,374,710
Piong Teck Min	29,374,710	-	-	29,374,710
Piong Teck Onn	29,374,710	-	-	29,374,710
Piong Teck Yen	29,374,710	-	-	29,374,710
Piong Teck They	29,374,710	-	-	29,374,710
<i>DEEMED INDIRECT INTEREST</i>				
Chin Swee Chang	29,374,710	-	-	29,374,710

	OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
	AT 1.7.2003	ADDITION	EXERCISED	AT 30.6.2004
Piong Nam Kim @ Piong Pak Kim	-	1,000,000	-	1,000,000
Piong Teck Onn	-	1,000,000	-	1,000,000
Piong Teck Yen	-	1,000,000	-	1,000,000
Chin Swee Chang	-	1,000,000	-	1,000,000

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.7.2003	BOUGHT	SOLD	AT 30.6.2004

**HOLDING COMPANY**

Piong Nam Kim Holdings Sdn. Bhd.

*DIRECT INTERESTS*

Piong Nam Kim @ Piong Pak Kim	11,375	-	-	11,375
Piong Teck Min	10,000	-	-	10,000
Piong Teck Onn	51,000	-	-	51,000
Piong Teck Yen	10,000	-	-	10,000
Piong Teck They	6,250	-	-	6,250

*DEEMED INTEREST*

Chin Swee Chang	51,000	-	-	51,000
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By virtue of their interests in the holding company, Piong Nam Kim @ Piong Pak Kim, Piong Teck Min, Piong Teck Onn, Piong Teck Yen, Piong Teck They and Chin Swee Chang are deemed to have interests in shares in the Company and its subsidiary to the extent of the holding company's interest in accordance with Section 6A of the Companies Act, 1965.

None of the other directors holding office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

**Directors' Benefits**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 31 to the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the options granted to directors pursuant to the Employees' Share Option Scheme.

**Auditors**

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 25 OCTOBER 2004

Y. Bhg. Tan Sri Datuk  
Dr. Omar bin Abdul Rahman

Piong Nam Kim @  
Piong Pak Kim

MELAKA  
25 October 2004

## STATEMENT BY DIRECTORS

We, Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman and Piong Nam Kim @ Piong Pak Kim, being two of the directors of Kotra Industries Berhad, state that, in the opinion of the directors, the financial statements set out on pages 28 to 52 are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 June 2004 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS  
DATED 25 OCTOBER 2004

Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman

Piong Nam Kim @ Piong Pak Kim

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## STATUTORY DECLARATION

I, Ng Shok Ping, I/C No. 640202-04-5668, being the officer primarily responsible for the financial management of Kotra Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 28 to 52 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  
Ng Shok Ping,  
I/C No. 640202-04-5668, in the state  
of Melaka on 25 October 2004

Before me

Ng Shok Ping

Choo Yong Chuan (M031)  
Commissioner for Oaths  
Melaka, Malaysia.

## REPORT OF THE AUDITORS

To The Members Of KOTRA INDUSTRIES BERHAD (497632 - P)

We have audited the financial statements set out on pages 28 to 52. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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 that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
  - (i) the state of affairs of the Group and of the Company at 30 June 2004 and their results and cash flows 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; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

Our audit report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

Horwath  
Firm No. : AF 1018  
Chartered Accountants

Wong Tak Mun  
Approval No : 1793/09/06 (J)  
Partner

Melaka  
25 October 2004

## BALANCE SHEETS

at 30 June 2004

	NOTE	THE GROUP		THE COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>NON-CURRENT ASSETS</b>					
Investment in a subsidiary	7	-	-	23,020,926	23,020,926
Property, plant and equipment	8	22,445,007	23,129,646	-	-
Development expenditure	9	649,861	765,097	-	-
		<u>23,094,868</u>	<u>23,894,743</u>	<u>23,020,926</u>	<u>23,020,926</u>
<b>CURRENT ASSETS</b>					
Inventories	10	9,133,870	11,118,059	-	-
Trade receivables	11	18,895,620	14,869,140	-	-
Other receivables, deposits & prepayments	12	1,969,623	1,434,669	104,041	88,444
Amount owing by subsidiary	13	-	-	12,339,296	11,448,894
Fixed deposits with licensed banks	14	1,252,576	1,243,013	-	-
Cash and bank balances		2,448,581	690,972	35,856	44,239
		<u>33,700,270</u>	<u>29,355,853</u>	<u>12,479,193</u>	<u>11,581,577</u>
<b>CURRENT LIABILITIES</b>					
Trade payables	15	3,935,220	5,200,978	-	-
Other payables and accruals	16	3,147,305	2,980,293	22,596	44,191
Bank overdraft	17	-	106,784	-	-
		<u>7,082,525</u>	<u>8,288,055</u>	<u>22,596</u>	<u>44,191</u>
<b>NET CURRENT ASSETS</b>					
		<u>26,617,745</u>	<u>21,067,798</u>	<u>12,456,597</u>	<u>11,537,386</u>
		<u>49,712,613</u>	<u>44,962,541</u>	<u>35,477,523</u>	<u>34,558,312</u>
<b>FINANCED BY:-</b>					
Share capital	18	28,120,928	28,120,928	28,120,928	28,120,928
Share premium reserve (Non-distributable)	19	2,804,631	2,804,631	2,804,631	2,804,631
Retained profits	20	17,149,181	11,969,628	3,539,610	2,620,399
Dividend proposed		1,012,354	1,012,354	1,012,354	1,012,354
<b>SHAREHOLDERS' EQUITY</b>		<u>49,087,094</u>	<u>43,907,541</u>	<u>35,477,523</u>	<u>34,558,312</u>
<b>NON-CURRENT LIABILITIES</b>					
Deferred income	21	176,519	-	-	-
Deferred taxation	22	449,000	1,055,000	-	-
		<u>49,712,613</u>	<u>44,962,541</u>	<u>35,477,523</u>	<u>34,558,312</u>
<b>NET TANGIBLE ASSETS PER SHARE (SEN)</b>					
	23	<u>86.1 SEN</u>	<u>76.7 SEN</u>		

## INCOME STATEMENTS

For The Financial Year Ended 30 June 2004

	NOTE	THE GROUP		THE COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
REVENUE	24	47,974,708	38,764,864	4,300,000	4,224,400
COST OF SALES		<u>(25,072,258)</u>	<u>(21,379,331)</u>	<u>-</u>	<u>-</u>
GROSS PROFIT		22,902,450	17,385,533	4,300,000	4,224,400
OTHER OPERATING INCOME		<u>340,725</u>	<u>345,385</u>	<u>143</u>	<u>-</u>
		23,243,175	17,730,918	4,300,143	4,224,400
ADMINISTRATIVE EXPENSES		(2,559,565)	(2,328,829)	(353,339)	(429,084)
SELLING AND DISTRIBUTION EXPENSES		(13,391,542)	(12,445,519)	-	-
OTHER OPERATING EXPENSES		<u>(274,726)</u>	<u>(295,472)</u>	<u>-</u>	<u>-</u>
PROFIT FROM OPERATIONS		7,017,342	2,661,098	3,946,804	3,795,316
FINANCE COSTS		<u>(73,485)</u>	<u>(45,321)</u>	<u>(67)</u>	<u>(268)</u>
PROFIT BEFORE TAXATION	25	6,943,857	2,615,777	3,946,737	3,795,048
TAXATION	26	<u>654,097</u>	<u>580,527</u>	<u>(609,125)</u>	<u>(594,000)</u>
NET PROFIT AFTER TAXATION		<u>7,597,954</u>	<u>3,196,304</u>	<u>3,337,612</u>	<u>3,201,048</u>
EARNINGS PER SHARE - BASIC	27	13.51 sen	5.68 sen		
- DILUTED	27	<u>13.49 sen</u>	<u>Not applicable</u>		
DIVIDENDS PER SHARE - INTERIM	28	2.5 sen	2.5 sen		
- FINAL	28	<u>2.5 sen</u>	<u>2.5 sen</u>		

## STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2004

THE GROUP	NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	RETAINED PROFITS RM	DIVIDEND PROPOSED RM	TOTAL RM
Balance at 1.7.2002		28,120,928	2,804,631	11,191,725	1,012,354	43,129,638
Profit after taxation for the financial year		-	-	3,196,304	-	3,196,304
Dividends						
- paid	28	-	-	(1,406,047)	(1,012,354)	(2,418,401)
- proposed	28	-	-	(1,012,354)	1,012,354	-
Balance at 30.6.2003/1.7.2003		28,120,928	2,804,631	11,969,628	1,012,354	43,907,541
Profit after taxation for the financial year		-	-	7,597,954	-	7,597,954
Dividends						
- paid	28	-	-	(1,406,047)	(1,012,354)	(2,418,401)
- proposed	28	-	-	(1,012,354)	1,012,354	-
Balance at 30.6.2004		28,120,928	2,804,631	17,149,181	1,012,354	49,087,094

The retained profits of the Group are attributable to:-

	2004 RM	2003 RM
The Company	3,539,610	2,620,399
Subsidiary	13,609,571	9,349,229
	<u>17,149,181</u>	<u>11,969,628</u>

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THE COMPANY	NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	RETAINED PROFITS RM	DIVIDEND PROPOSED RM	TOTAL RM
Balance at 1.7.2002		28,120,928	2,804,631	1,837,752	1,012,354	33,775,665
Profit after taxation for the financial year		-	-	3,201,048	-	3,201,048
Dividends						
- paid	28	-	-	(1,406,047)	(1,012,354)	(2,418,401)
- proposed	28	-	-	(1,012,354)	1,012,354	-
Balance at 30.6.2003/1.7.2003		28,120,928	2,804,631	2,620,399	1,012,354	34,558,312
Profit after taxation for the financial year		-	-	3,337,612	-	3,337,612
Dividends						
- paid	28	-	-	(1,406,047)	(1,012,354)	(2,418,401)
- proposed	28	-	-	(1,012,354)	1,012,354	-
Balance at 30.6.2004		28,120,928	2,804,631	3,539,610	1,012,354	35,477,523

## CASH FLOW STATEMENTS

For The Financial Year Ended 30 June 2004

	NOTE	THE GROUP		THE COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before taxation		6,943,857	2,615,777	3,946,737	3,795,048
Adjustments for:-					
Amortisation of deferred income		(84,991)	-	-	-
Allowance for doubtful debts		150,725	70,956	-	-
Bad debts written off		11,733	27,254	-	-
Depreciation of property, plant and equipment		1,645,339	1,751,449	-	-
Development expenditure					
- amortisation		135,914	54,454	-	-
- written off		28,050	-	-	-
Interest expense		-	1,234	-	-
Realised loss on foreign exchange		-	75,597	-	-
Unrealised gain on foreign exchange		(10,896)	-	-	-
Gain on disposal of plant and equipment		-	(63,784)	-	-
Interest income		(70,953)	(66,705)	-	-
Reversal of allowance for doubtful debts no longer required		-	(25,489)	-	-
Rental income		(149,400)	(148,700)	-	-
Operating profit before working capital changes		8,599,378	4,292,043	3,946,737	3,795,048
Decrease/(Increase) in inventories		1,984,189	(1,891,452)	-	-
Increase in trade and other receivables		(4,162,399)	(1,963,728)	-	-
(Decrease)/Increase in trade and other payables		(1,098,746)	4,333,800	(21,595)	26,004
<b>CASH FROM OPERATIONS</b>		<b>5,322,422</b>	<b>4,770,663</b>	<b>3,925,142</b>	<b>3,821,052</b>
Interest paid		-	(1,234)	-	-
Tax paid		(502,500)	(949,994)	(624,722)	(634,722)
<b>NET CASH FROM OPERATING ACTIVITIES CARRIED FORWARD</b>		<b>4,819,922</b>	<b>3,819,435</b>	<b>3,300,420</b>	<b>3,186,330</b>

	NOTE	THE GROUP		THE COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
NET CASH FROM OPERATING ACTIVITIES BROUGHT FORWARD		4,819,922	3,819,435	3,300,420	3,186,330
CASH FLOWS FOR INVESTING ACTIVITIES					
Interest received		70,953	66,705	-	-
Development expenditure paid		(48,728)	(173,339)	-	-
Proceeds from disposal of plant and equipment	29	-	30,000	-	-
Purchase of property, plant and equipment		(960,700)	(2,258,829)	-	-
Rental received		149,400	148,700	-	-
NET CASH FOR INVESTING ACTIVITIES		(789,075)	(2,186,763)	-	-
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid		(2,418,401)	(2,418,401)	(2,418,401)	(2,418,401)
Government grant received		261,510	-	-	-
Repayment to the director		-	(7,336)	-	-
Net advances to subsidiary		-	-	(890,402)	(748,922)
NET CASH FOR FINANCING ACTIVITIES		(2,156,891)	(2,425,737)	(3,308,803)	(3,167,323)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,873,956	(793,065)	(8,383)	19,007
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,827,201	2,620,266	44,239	25,232
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30	3,701,157	1,827,201	35,856	44,239

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2004

### 1. General Information

The Company is incorporated as a public company limited by shares under the Malaysian Companies Act, 1965. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	535B, Jalan Merdeka Melaka Raya, 75000 Melaka.
Principal place of business	:	No. 1, Jalan TTC 12 Cheng Industrial Estate 75250 Melaka.

The financial statements were authorised for issue by the Board of Directors on 25 October 2004.

### 2. Principal Activities

The Company is principally involved in investment holding and the provision of management services. The principal activity of the subsidiary is set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. Holding Company

The holding company is Piong Nam Kim Holdings Sdn. Bhd., a company incorporated in Malaysia.

### 4. Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its foreign currency, interest rate, market, credit, liquidity and cash flow risks. The Group operates within clearly defined guidelines that are established by the Audit Committee and approved by the Board.

#### (a) Foreign Currency Risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the Malaysian Ringgit. The currencies giving rise to this risk are disclosed in Notes 11 and 15 to the financial statements.

In respect of other monetary assets and liabilities held in foreign currencies, the Group carries out reviews periodically to ensure that the net exposure is kept at an acceptable level.

Due to the present Ringgit Malaysia exchange rate peg against the United States Dollar, the directors are of the opinion that the Group's exposure to currency risk is not significant.

#### (b) 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, and is managed through the use of a mix of fixed and floating rate debts.

Investments in financial assets are short term in nature and are mostly placed as short term deposits with licensed financial institutions.

#### 4. Financial Risk Management Policies (Cont'd)

(c) *Market Risk*

The Group has exposure to market risks arising from fluctuations in the prices of key raw materials used in the operations. It manages these risks by putting in place appropriate policies.

(d) *Credit Risk*

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly and by mostly trading with reputable and creditworthy customers.

The carrying amounts of cash and cash equivalents, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

(e) *Liquidity and Cash Flow Risks*

The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet estimated commitments arising from operational expenditure and financial liabilities. The Group also has an effective control of cash management to ensure that the Group can pay its targeted dividends to shareholders at an appropriate time.

#### 5. Basis Of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

#### 6. Significant Accounting Policies

The following significant accounting policies are adopted by the Group and the Company, and are consistent with those adopted in the previous financial years except for the adoption of the accounting treatment, presentation and disclosure requirements of the following Malaysian Accounting Standards Board (MASB) Standards:

MASB Accounting Standard 29 -	Employee Benefits
MASB Accounting Standard 31 -	Accounting for Government Grants and Disclosure of Government Assistance

The disclosures arising from the adoption of the above MASB Standards are disclosed in Note 32 (MASB 29) and Note 21 (MASB 31) to the financial statements.

The adoptions of these standards have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

(a) *Basis of Consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to 30 June 2004.

A subsidiary is defined as an enterprise in which the Group has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

## 6. Significant Accounting Policies (Cont'd)

### a) Basis of Consolidation (Cont'd)

Prior to the adoption of MASB 21, Business Combinations, the consolidation of the Group has been accounted for using the merger method of accounting. Under the merger method of accounting, the differences between the cost of acquisition and nominal value of the share capital and reserves of the subsidiaries is taken to merger reserves/(deficit). The accumulated merger deficit prior to the adoption of MASB 21, Business Combination, has been set off against the retained earnings.

Upon the adoption of MASB 21, Business Combinations, which was applied prospectively, subsequent consolidation of subsidiary is accounted using the acquisition method of accounting.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiary to ensure consistency of accounting policies with those of the Group.

### (b) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company 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.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

### (c) Investments

The investment in subsidiary is held on a long term basis and is stated at cost less impairment at the end of the financial year if events or changes in circumstances indicate that its carrying value may not be recoverable.

### (d) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation, amortisation and impairment loss, if any. Freehold land is stated at cost and is not depreciated.

Depreciation is calculated on the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used for this purpose are:

Long term leasehold land	Over the lease period of 99 years
Industrial buildings and installations	2% - 10%
Machinery and equipment	10%
Motor vehicles	10%
Office equipment	10%
Computer equipment	20%
Furniture and fittings	10%

## 6. Significant Accounting Policies (Cont'd)

### (e) *Impairment of Assets*

The carrying values of assets, other than those which MASB Standard 23 Impairment of Assets does not apply, are reviewed at each balance sheet date 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.

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

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the 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 statement.

### (f) *Research and Development Expenditure*

Research expenditure is recognised as an expense when incurred. Costs incurred on developing new pharmaceutical products or significant improvement to existing products are recognised as development expenditure to the extent that such expenditure is expected to generate future economic benefits. Other development expenditure is recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs that have been capitalised are amortised from the commencement of the commercial production of the product to which they relate on a straight-line basis over the period of their expected benefit, but not exceeding 5 years. Where the future benefit is uncertain or cannot be reasonably assured, the cost is written off immediately in the income statement.

### (g) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes the cost of materials and incidentals incurred in bringing the inventories to their present location and condition. For finished goods and work-in-progress, cost includes direct labour and an appropriate proportion of production overheads.

In arriving at net realisable value, due allowance is made for all obsolete, damaged and slow-moving items.

### (h) *Receivables*

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

### (i) *Payables*

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

## 6. Significant Accounting Policies (Cont'd)

### (j) *Equity Instruments*

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings and treated as a separate component of equity. Upon the shareholders' approval of the proposed dividend, it will be accounted for as a liability.

### (k) *Government Grants*

During the year, the Company adopted MASB Standard 31 Accounting for Government Grants and Disclosure of Government Assistance for the first time.

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to income statement over the useful lives of the related assets.

### (l) *Taxation*

Taxation for the year comprises current and deferred tax.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

### (m) *Cash and Cash Equivalents*

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

## 6. Significant Accounting Policies (Cont'd)

### (n) Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the approximate rates ruling as of that date. All exchange differences are taken to the income statement.

### (o) Revenue Recognition

#### (i) Sales of Goods

Sales are recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

#### (ii) Dividend Income

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

#### (iii) Interest Income

Interest income is recognised on an accrual basis.

#### (iv) Management Fee

Management fee is recognised on an accrual basis.

#### (v) Rental Income

Rental income is recognised on an accrual basis.

### (p) Segmental Information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables, and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

### (q) Employee Benefits

#### (i) Short Term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

## 6. Significant Accounting Policies (Cont'd)

### (q) Employee Benefits (Cont'd)

#### (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.

#### (iii) Equity Compensation Benefits

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

## 7. Investment In A Subsidiary

	THE COMPANY	
	2004 RM	2003 RM
Unquoted shares, at cost	23,020,926	23,020,926

Name of Company	Effective Equity Interest		Principal Activity
	2004	2003	
Kotra Pharma (M) Sdn. Bhd.	100%	100%	Manufacturing and trading of pharmaceutical and healthcare products.

## 8. Property, Plant And Equipment

THE GROUP	NET BOOK VALUE AS AT 1 JULY 2003 RM	ADDITIONS RM	RECLASSIFICATIONS RM	DEPRECIATION CHARGE RM	NET BOOK VALUE AS AT 30 JUNE 2004 RM
Freehold land	809,984	-	-	-	809,984
Long term leasehold land	1,849,237	-	-	(20,332)	1,828,905
Industrial buildings and installations	12,485,379	16,300	(20,251)	(305,487)	12,175,941
Machinery and equipment	6,860,533	690,310	20,251	(1,047,537)	6,523,557
Motor vehicles	579,554	-	-	(120,082)	459,472
Office equipment	158,421	36,555	(9,662)	(30,579)	154,735
Computer equipment	205,292	145,786	9,662	(87,871)	272,869
Furniture and fittings	181,246	71,749	-	(33,451)	219,544
Total	23,129,646	960,700	-	(1,645,339)	22,445,007

## 8. Property, Plant And Equipment (Cont'd)

THE GROUP			
AT 30 JUNE 2004	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
Freehold land	809,984	-	809,984
Long term leasehold land	2,012,812	(183,907)	1,828,905
Industrial buildings and installations	14,101,977	(1,926,036)	12,175,941
Machinery and equipment	11,357,251	(4,833,694)	6,523,557
Motor vehicles	1,386,796	(927,324)	459,472
Office equipment	463,547	(308,812)	154,735
Computer equipment	839,507	(566,638)	272,869
Furniture and fittings	581,504	(361,960)	219,544
<b>Total</b>	<b>31,553,378</b>	<b>(9,108,371)</b>	<b>22,445,007</b>

THE GROUP			
AT 30 JUNE 2003	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
Freehold land	809,984	-	809,984
Long term leasehold land	2,012,812	(163,575)	1,849,237
Industrial buildings and installations	14,105,928	(1,620,549)	12,485,379
Machinery and equipment	10,646,690	(3,786,157)	6,860,533
Motor vehicles	1,386,796	(807,242)	579,554
Office equipment	436,654	(278,233)	158,421
Computer equipment	684,059	(478,767)	205,292
Furniture and fittings	509,755	(328,509)	181,246
<b>Total</b>	<b>30,592,678</b>	<b>(7,463,032)</b>	<b>23,129,646</b>

Included in property, plant and equipment are the following fully depreciated plant and equipment which are still in use:-

	THE GROUP	
	2004 RM	2003 RM
At Cost:-		
Machinery and equipment	470,230	566,146
Motor vehicles	207,630	168,030
Office equipment	413,816	93,503
Furniture and fittings	126,889	194,258
	<b>1,218,565</b>	<b>1,021,937</b>

## 9. Development Expenditure

	THE GROUP	
	2004 RM	2003 RM
Cost	897,436	876,758
Accumulated amortisation	(247,575)	(111,661)
	<b>649,861</b>	<b>765,097</b>

**9. Development Expenditure**

	THE GROUP	
	2004 RM	2003 RM
Balance at 1 July 2003/2002	765,097	646,212
Additional development expenditure capitalised	48,728	173,339
Development expenditure written off	(28,050)	-
Amortisation charge for the year	(135,914)	(54,454)
Balance at 30 June	<u>649,861</u>	<u>765,097</u>

**10. Inventories**

	THE GROUP	
	2004 RM	2003 RM
At Cost:-		
Raw materials	4,502,610	5,531,707
Work-in-progress	341,360	1,163,344
Finished goods	4,289,900	4,423,008
	<u>9,133,870</u>	<u>11,118,059</u>

None of the inventories are carried at net realisable value.

**11. Trade Receivables**

	THE GROUP	
	2004 RM	2003 RM
Trade receivables	19,164,100	15,006,338
Allowance for doubtful debts		
Balance at 1 July 2003/2002	(137,198)	(202,244)
Allowance for the financial year	(150,725)	(70,956)
Written off	19,443	110,513
Reversal of allowance no longer required	-	25,489
Balance at 30 June	<u>(268,480)</u>	<u>(137,198)</u>
	<u>18,895,620</u>	<u>14,869,140</u>

Included in trade receivables of the Group is an amount of RM167,905 (2003 - RM236,030) owing by a related party. The nature of related party relationships and details of the transactions involved are disclosed in Note 34 to the financial statements.

The Group's normal trade credit terms range from 60 days to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivables is as follows:-

	2004 RM	2003 RM
United States Dollar	7,940,669	3,092,194
Singapore Dollar	52,693	894,776
	<u>7,993,362</u>	<u>3,986,970</u>

## 12. Other Receivables, Deposits And Prepayments

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits	81,318	209,567	-	1,000
Other receivables	41,248	9,792	1,000	-
Prepayments	106,923	25,773	-	-
Tax recoverable	1,740,134	1,189,537	103,041	87,444
	<u>1,969,623</u>	<u>1,434,669</u>	<u>104,041</u>	<u>88,444</u>

## 13. Amount Owing By Subsidiary

The amount owing by the subsidiary is unsecured, interest-free and not subject to fixed terms of repayment.

## 14. Fixed Deposits With Licensed Banks

The weighted average effective interest rate and weighted average maturity of deposits of the Group at the balance sheet date was 4.0% (2003 - 3.9%) per annum and 281 days (2003 - 281 days) respectively.

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## 15. Trade Payables

Included in trade payables of the Group is an amount of RM19,688 (2003 - RM22,436) owing to a related party. The nature of related party relationships and details of the transactions involved are disclosed in Note 34 to the financial statements.

The normal trade credit terms granted to the Group range from 60 days to 90 days.

The foreign currency exposure profile of trade payables is as follows:-

	2004 RM	2003 RM
Euro	781,298	424,603
United States Dollar	61,301	236,231
Indonesian Rupiah	292,243	-
Singapore Dollar	12,195	32,849
	<u>1,147,037</u>	<u>693,683</u>

**16. Other Payables And Accruals**

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Accrued expenses	690,886	641,590	-	6,000
Other payables	1,550,220	1,502,349	22,596	31,207
Payroll liabilities	906,199	836,354	-	6,984
	<u>3,147,305</u>	<u>2,980,293</u>	<u>22,596</u>	<u>44,191</u>

The normal credit terms granted to the Group by other payables range from 60 days to 90 days.

**17. Bank Overdraft**

The weighted average effective interest rate of the Group at the balance sheet date for borrowings which bear interest at floating rates was Nil (2003 - 8.0%). The bank overdraft is secured by a corporate guarantee extended by the Company in favour of the licensed bank.

**18. Share Capital**

	2004	2003	2004	2003
	NUMBER OF SHARES		RM	RM
ORDINARY SHARES OF RM0.50 EACH:-				
AUTHORISED:	<u>100,000,000</u>	<u>100,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
ISSUED AND FULLY PAID-UP:	<u>56,241,856</u>	<u>56,241,856</u>	<u>28,120,928</u>	<u>28,120,928</u>

The Employees' Share Option Scheme ("ESOS") was approved by the Securities Commission on 22 April 2003 and the shareholders at an Extraordinary General Meeting held on 10 July 2003.

The principal features of the ESOS are as follows:-

- The maximum number of new ordinary shares of RM0.50 each to be offered shall not exceed 20% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS. As at the date of this report, the maximum number of such shares amount to 11,248,371.
- Eligible directors or employees of the Group are directors or employees of the Group who have been confirmed in the service of the Group prior to the offer or, if the employee is employed under contract basis, the contract should be for a duration of at least one (1) year.
- No option shall be granted for less than 100 ordinary shares or more than 2,812,075 ordinary shares to any individual eligible employee.
- The option price may be subjected to a discount of not more than 10% of the average of the mean market quotation of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days immediately preceding the offer date, or at par value of the shares of the Company, whichever is higher.
- An Option is personal to the grantee. Save and except as provided in Clause 20.1 of the Bye-Laws, an Option shall be non-assignable and non-transferable.
- The ESOS is in force for a period of 10 years from 24 July 2003 and expires on 23 July 2013.

## 18. Share Capital (Cont'd)

The movements in the share options during the financial year are as follows:

Date of Offer	Exercise Period	Exercise Price Per Ordinary Share	Balance at 1.7.03	Granted	During the Year Exercised	Lapsed	Balance at 30.6.04
24.7.2003	24.7.2004	1.27	-	1,161,400	-	(4,200)	1,157,200
24.7.2003	24.7.2006	1.27	-	2,322,800	-	(8,400)	2,314,400
24.7.2003	24.7.2009	1.27	-	2,322,800	-	(8,400)	2,314,400
15.6.2004	15.6.2005	1.12	-	176,800	-	(4,600)	172,200
15.6.2004	15.6.2007	1.12	-	353,600	-	(9,200)	344,400
15.6.2004	15.6.2010	1.12	-	353,600	-	(9,200)	344,400
			-	6,691,000	-	(44,000)	6,647,000

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years provided they are exercised prior to the expiry date of the ESOS on 23 July 2013.

## 19. Share Premium Reserve (Non-Distributable)

The share premium reserve arose from the issue of shares by way of private placement and public offer less listing expenses incurred.

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## 20. Retained Profits

Subject to agreement with the tax authorities, at the balance sheet date, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax-exempt income account to enable the payment of dividends out of its entire retained profits without incurring any additional tax liabilities.

## 21. Deferred Income

	THE GROUP	
	2004 RM	2003 RM
Cost	261,510	-
Less: Deferred income recognised to date	(84,991)	-
	<u>176,519</u>	<u>-</u>
Balance at 1 July 2003/2002	261,510	-
Recognised as income during the year	(84,991)	-
Balance at 30 June	<u>176,519</u>	<u>-</u>

Deferred income relates to government grant received by the Company in respect of purchase of plant and equipment.

**22. Deferred Taxation**

	THE GROUP	
	2004 RM	2003 RM
Balance at 1 July 2003/2002	1,055,000	1,600,000
Transfer to income statement (Note 26)	(606,000)	(545,000)
Balance at 30 June	<u>449,000</u>	<u>1,055,000</u>

	THE GROUP	
	2004 RM	2003 RM
The deferred taxation arises as a result of:		
Deferred tax liabilities		
An excess of carrying value over tax base	1,690,000	1,628,000
Development expenditure capitalised	182,000	214,000
Gross deferred tax liabilities	<u>1,872,000</u>	<u>1,842,000</u>
Deferred tax assets		
Unutilised capital and industrial building allowances	(799,000)	(638,000)
Unabsorbed tax losses	(548,000)	(122,000)
Unrealised foreign exchange gain/(losses) in respect of trade transactions	3,000	(21,000)
Other deferred tax assets	(79,000)	(6,000)
Gross deferred tax assets	<u>(1,423,000)</u>	<u>(787,000)</u>
Net deferred tax liability	<u>449,000</u>	<u>1,055,000</u>

The Directors are of the opinion that the deferred tax assets arising from unutilised capital and industrial building allowances and tax losses carried forward will be utilised by future taxable profits in view of the Group's historical profit track record and the existence of a long term business plan.

**23. Net Tangible Assets Per Share**

The net tangible assets per share of the Group is calculated based on the net tangible assets value of RM48,437,233 (2003 - RM43,142,444) attributable to ordinary shares divided by the number of ordinary shares in issue at the balance sheet date of 56,241,856 (2003 - 56,241,856) shares of RM0.50 each.

**24. Revenue**

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Sales of goods	47,974,708	38,764,864	-	-
Dividend income	-	-	4,000,000	4,000,000
Management fees	-	-	300,000	224,400
	<u>47,974,708</u>	<u>38,764,864</u>	<u>4,300,000</u>	<u>4,224,400</u>

## 25. Profit Before Taxation

	NOTE	THE GROUP		THE COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
Profit before taxation is arrived at after charging/(crediting):-					
Allowance for doubtful debts		150,725	70,956	-	-
Audit fee		34,000	32,000	6,000	6,000
Bad debts written off		11,733	27,254	-	-
Depreciation of property, plant and equipment		1,645,339	1,751,449	-	-
Development expenditure					
- amortisation charge		135,914	54,454	-	-
- written off		28,050	-	-	-
Directors' remuneration	31	1,049,701	992,286	119,796	122,700
Interest expense		-	1,234	-	-
Loss/(Gain) on foreign exchange					
- realised		39,016	105,684	-	-
- unrealised		(10,896)	75,597	-	-
Rental expenses		65,147	69,627	-	-
Staff costs	32	6,734,421	6,058,053	90,813	128,932
Amortisation of deferred income		(84,991)	-	-	-
Doubtful debts recovered		-	(25,489)	-	-
Gain on disposal of plant and equipment		-	(63,784)	-	-
Gross dividend income from subsidiary		-	-	(4,000,000)	(4,000,000)
Interest income		(70,953)	(66,705)	-	-
Management fee received from subsidiary		-	-	(300,000)	(224,400)
Rental income		(149,400)	(148,700)	-	-
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## 26. Taxation

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Malaysian Income Tax:-				
- Current year	6,778	1,556	615,000	594,000
- Overprovision in prior years	(54,875)	(37,083)	(5,875)	-
	<u>(48,097)</u>	<u>(35,527)</u>	<u>609,125</u>	<u>594,000</u>
Deferred tax expenses (Note 22)				
- Relating to reversal of temporary difference	24,000	(545,000)	-	-
- Overprovision in prior year	(630,000)	-	-	-
	<u>(606,000)</u>	<u>(545,000)</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>(654,097)</u>	<u>(580,527)</u>	<u>609,125</u>	<u>594,000</u>

## 26. Taxation (Cont'd)

The subsidiary's corporate tax rate on the first RM500,000 (2003 – RM100,000) of chargeable income was reduced to 20%. The rate applicable to the balance of the chargeable income remained unchanged at 28%.

Subject to agreement with the tax authorities, the Group has unabsorbed tax losses, unutilised capital and industrial building allowances and unutilised reinvestment allowances of RM1,957,000 (2003 – RM2,093,000), RM2,855,000 (2003 – RM2,581,000) and RM1,888,000 (2003 – RM1,464,000) respectively available at the balance sheet date to be carried forward for offset against future taxable business income.

A reconciliation of the statutory tax rate to the Group and the Company's effective tax rates applicable to profit before taxation is as follows:-

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit before taxation for the year	6,943,857	2,615,777	3,946,737	3,795,048
Malaysian taxation at statutory rate of 28%	1,944,000	732,000	1,105,000	1,062,600
Tax effect of :-				
Amortisation of leasehold land and building	5,700	5,700	-	-
Depreciation on non-qualifying assets	27,000	38,000	-	-
Expenses disallowed for tax purposes	52,778	49,700	7,800	29,200
Double taxation relief	(1,998,700)	(1,350,200)	-	-
Overprovision of deferred tax in prior year	(630,000)	-	-	-
Overprovision of Malaysian Income Tax in prior years	(54,875)	(37,083)	(5,875)	-
Tax exempt dividend	-	-	(497,800)	(497,800)
Others	-	(18,644)	-	-
Current financial year's taxation charge	<u>(654,097)</u>	<u>(580,527)</u>	<u>609,125</u>	<u>594,000</u>

## 27. Earnings Per Share

The basic earnings per share for the financial year is arrived at by dividing the Group's profit after taxation of RM7,597,954 (2003 – RM3,196,304) by the weighted average number of ordinary shares of RM0.50 each in issue during the financial year of 56,241,856 (2003 – 56,241,856).

The diluted earnings per share is arrived at by dividing the Group's profit after taxation of RM7,597,954 by the weighted average number of ordinary shares in issue during the financial year of 56,241,856 plus the number of dilutive potential ordinary shares of 88,470.

## 28. Dividends

	THE COMPANY	
	2004 RM	2003 RM
Interim		
- interim tax-exempt dividend of 2.5 sen per ordinary share	1,406,047	1,406,047
Proposed		
- final dividend of 2.5 sen per ordinary share less 28% tax	1,012,354	1,012,354
	<u>2,418,401</u>	<u>2,418,401</u>

## 29. Proceeds From Disposal Of Plant And Equipment

	THE GROUP	
	2004 RM	2003 RM
Gross proceeds from disposal of plant and equipment	-	484,191
Amount set off against other payables	-	(454,191)
	<u>-</u>	<u>30,000</u>

## 30. Cash And Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise the followings:-

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed deposits with licensed banks	1,252,576	1,243,013	-	-
Cash and bank balances	2,448,581	690,972	35,856	44,239
Bank overdraft (secured)	-	(106,784)	-	-
	<u>3,701,157</u>	<u>1,827,201</u>	<u>35,856</u>	<u>44,239</u>

### 31. Directors' Remuneration

The aggregate amount of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-executive directors				
- fees	114,096	117,000	114,096	117,000
- salaries	-	-	-	-
- bonus	-	-	-	-
- Employees Provident Fund	-	-	-	-
- estimated money value of benefits-in-kind	5,700	5,700	5,700	5,700
- other emoluments	-	-	-	-
	<u>119,796</u>	<u>122,700</u>	<u>119,796</u>	<u>122,700</u>
Executive directors				
- salaries	728,000	672,000	-	-
- bonus	100,667	112,000	-	-
- Employees Provident Fund	78,408	73,956	-	-
- estimated money value of benefits-in-kind	11,630	11,630	-	-
- other emoluments	11,200	-	-	-
	<u>929,905</u>	<u>869,586</u>	<u>-</u>	<u>-</u>
	<u>1,049,701</u>	<u>992,286</u>	<u>119,796</u>	<u>122,700</u>

The details of emoluments for the directors of the Group and of the Company received/receivable for the financial year by category and in bands of RM50,000 are as follows:-

	THE GROUP		THE COMPANY	
	2004	2003	2004	2003
Non-executive directors				
Below RM50,000	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Executive directors				
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	1	-	-	-
RM150,001 - RM200,000	1	3	-	-
RM200,001 - RM250,000	1	-	-	-
RM250,001 - RM300,000	-	-	-	-
RM300,001 - RM350,000	-	-	-	-
RM350,001 - RM400,000	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

### 32. Staff Costs

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Salaries and wages	4,711,672	4,116,283	74,286	102,245
Bonus	116,436	288,103	4,526	10,500
Employees Provident Fund	604,426	525,270	9,495	13,564
Social security contribution	63,183	55,207	769	1,006
Other staff related expenses	1,238,704	1,073,190	1,737	1,617
	<u>6,734,421</u>	<u>6,058,053</u>	<u>90,813</u>	<u>128,932</u>

### 33. Related Company Transaction

	THE COMPANY	
	2004 RM	2003 RM
Management fee received from subsidiary	<u>300,000</u>	<u>224,400</u>

### 34. Related Party Transactions/Balances

Significant related party transactions are as follows:-

NAME OF RELATED PARTY	NATURE OF TRANSACTION	THE GROUP	
		2004 RM	2003 RM
Kwong Onn Tong Sdn. Bhd. <sup>(a)</sup>	Sales of goods	590,395	440,716
	Rental of premises	13,200	13,200
Thames Bioscience (M) Sdn. Bhd. <sup>(b)</sup>	Purchase of goods	91,181	136,920
	Rental of premises	14,400	14,400
Piong Nam Kim Holdings Sdn. Bhd. <sup>(c)</sup>	Dividends paid	<u>1,263,113</u>	<u>1,263,113</u>

(a) A company in which Piong Teck They, who is an alternate director of the Company, has a direct interest.

(b) A company in which Piong Nam Kim @ Piong Pak Kim and Piong Teck Onn, who are directors of the Company, have direct interests.

(c) The holding company in which Piong Nam Kim @ Piong Pak Kim, Piong Teck Min, Piong Teck Onn, Piong Teck Yen and Piong Teck They have direct interests.

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business on terms established by arm's length negotiations between the parties.

### 34. Related Party Transactions/Balances (Cont'd)

The significant outstanding balances at the balance sheet date, arising from sales/purchases of goods during the financial year, are as follows:-

NAME OF RELATED PARTY	NATURE OF TRANSACTION	THE GROUP	
		2004 RM	2003 RM
Included in trade receivables (Note 11):-			
Kwong Onn Tong Sdn. Bhd.	Sales of goods	<u>167,905</u>	<u>236,030</u>
Included in trade payables (Note 15):-			
Thames Bioscience (M) Sdn. Bhd.	Purchase of goods	<u>19,688</u>	<u>22,436</u>

### 35. Number Of Employees

	THE GROUP		THE COMPANY	
	2004	2003	2004	2003
Number of employees (excluding directors) at the balance sheet date	<u>314</u>	<u>298</u>	<u>2</u>	<u>2</u>

### 36. Contingent Liabilities

	THE COMPANY	
	2004 RM	2003 RM
Corporate guarantee given to a licensed bank for credit facilities granted to the subsidiary	<u>7,730,000</u>	<u>6,400,000</u>

In the year 2000, a third party ("the plaintiff") initiated legal action against the subsidiary for alleged infringement of trade marks on two products sold by the subsidiary. As at the date of this report, the court has not completed its hearing on this litigation. Should the plaintiff succeed in this legal suit, the subsidiary is liable to court costs and legal fees of approximately RM300,000 and to pay the plaintiff for damages, the quantum of which cannot be determined at the date of this report. The directors are of the opinion that the claims are without basis and hence no provision has been made for in the financial statements.

### 37. Currency

All amounts are stated in Ringgit Malaysia.

### 38. Foreign Exchange Rates

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	THE GROUP	
	2004 RM	2003 RM
Euro	4.641	4.384
United States Dollar	3.825	3.825
Singapore Dollar	2.193	2.185

### 39. Segmental Reporting

	THE GROUP	
	2004 RM	2003 RM
SALES REVENUE BY GEOGRAPHICAL MARKET:-		
Malaysia	31,590,715	30,162,377
Other ASEAN Countries	15,018,715	7,899,716
Others	1,365,278	702,771
	<u>47,974,708</u>	<u>38,764,864</u>

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in a single pharmaceutical business and operates from Malaysia only.

### 40. Fair Values Of Financial Assets And Liabilities

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- (i) Bank balances and other liquid funds and short-term receivables

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

- (ii) Short-term borrowings and other current liabilities

The carrying amounts approximate the fair values because of the short period to maturity of these instruments.

There is no disclosure of fair value for investment in subsidiary as this is excluded from MASB Standard 24 - Financial Instruments: Disclosure and Presentation.

## LIST OF PROPERTIES

Title / Location	Description & Usage	Land Area / Existing Use	Tenure	Built-Up Area (sq.m.)	Approximate Age of Building	Net Book Value as at 30 June 2004 (RM)
H.S.(D) 35311 & H.S. (D) 35312. Lot Nos. PT4239 & PT 4240, Mukim of Cheng, District of Melaka Tengah, Malacca.	Two joined plots of land with a single storey factory and two storey office block	17,611 sq.m. / pharmaceutical manufacturing plant	Leasehold expiring on 14/8/2096	5,120.04	7 years	12,990,452
	Warehouse and production area	Warehouse and production area		6,613.00	4 years	
GPP 7972 & GPP 5156, Lot Nos. 43 & 45, Town Area III(3), District of Melaka Tengah, Malacca	Two plots of land with a 2 ½ storey office building, a store and a warehouse	2,252.10 sq.m./ office, store & warehouse	Freehold	1,539.31	Office & Store - 12 years Warehouse - 8 years	1,465,378
Geran 4612, Lot No. 42, Town Area III (3), District of Melaka Tengah, Malacca	Commercial site erected with a double storey shophouse cum storehouse	636.2 sq.m. / Double storey shophouse	Freehold	488.90	29 to 33 years	359,000
						14,814,830

## SHAREHOLDING STATISTICS

AS AT 30 SEPTEMBER 2004

Authorised Share Capital	:	RM50,000,000
Issued and Fully Paid-up Share Capital	:	RM28,120,928
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	1 vote per ordinary share

### ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
Less than 100 shares	72	5.31	6,504	0.01
100 to 999 shares	100	7.37	40,600	0.07
1,000 to 4,999 shares	848	62.54	1,575,400	2.80
5,000 to 10,000 shares	184	13.57	1,303,000	2.32
10,001 to 100,000 shares	113	8.33	2,848,700	5.07
100,001 to 1,000,000 shares	35	2.58	12,915,306	22.96
Above 1,000,000 shares	4	0.30	37,552,346	66.77
<b>Total</b>	<b>1,356</b>	<b>100.00</b>	<b>56,241,856</b>	<b>100.00</b>

### 20 LARGEST SHAREHOLDERS

(As per the Register of Members)

No.	Shareholder	No. of Shares	%
1.	Piong Nam Kim Holdings Sdn. Bhd.	29,374,710	52.23
2.	Malaysian Technology Venture Two Sdn. Bhd.	3,651,782	6.49
3.	AMMB Nominees (Asing) Sdn. Bhd. - AMTrustee Berhad for Galleon Asset Ltd.	2,784,274	4.95
4.	Malaysian Technology Development Corporation Sdn. Bhd.	1,741,580	3.10
5.	Chin Ai Mei	994,828	1.77
6.	Lembaga Tabung Amanah Warisan Negeri Terengganu	766,270	1.36
7.	Tan Lian See	700,000	1.25
8.	Platinum Essence Sdn. Bhd.	663,700	1.18
9.	AMMB Nominees (Tempatan) Sdn. Bhd. - AMTrustee Berhad for Piong Nam Kim @ Piong Pak Kim	657,500	1.17
10.	AMMB Nominees (Tempatan) Sdn. Bhd. - AMTrustee Berhad for Yong Soon Moi	657,400	1.17
11.	AMMB Nominees (Tempatan) Sdn. Bhd. - AMTrustee Berhad for Piong Teck Min	580,100	1.03
12.	AMMB Nominees (Tempatan) Sdn. Bhd. - AMTrustee Berhad for Lin Ah Lan	580,100	1.03
13.	Ho Jonathan Lep Kee	550,000	0.98
14.	Piong Nam Kim @ Piong Pak Kim	538,542	0.96
15.	Lee Chow	513,300	0.91
16.	Lin Ah Lan	423,300	0.75
17.	Omar bin Md. Khir	388,500	0.69
18.	AMMB Nominees (Tempatan) Sdn. Bhd. - AMTrustee Berhad for Piong Teck They	367,400	0.65
19.	Piong Teck Wah	315,100	0.56
20.	Perbadanan Memajukan Iktisad Negeri Terengganu	273,030	0.49
	<b>Total</b>	<b>46,521,416</b>	<b>82.72</b>

## SUBSTANTIAL SHAREHOLDERS

No.	Shareholder	No. of Shares Held			
		Direct	%	Indirect	%
1.	Piong Nam Kim Holdings Sdn. Bhd.	29,374,710	52.23	-	-
2.	Malaysian Technology Development Corporation Sdn. Bhd.*	1,921,580	3.42	3,651,782	6.49
3.	Yayasan Terengganu*	-	-	3,651,782	6.49
4.	Perbadanan Kemajuan Negeri Kedah*	-	-	3,651,782	6.49
5.	Malaysian Technology Venture Two Sdn. Bhd.	3,651,782	6.49	-	-
6.	Piong Nam Kim @ Piong Pak Kim* **	1,196,042	2.13	29,374,710	52.23
7.	Piong Teck Onn**	-	-	29,374,710	52.23
8.	Piong Teck Min**	580,100	1.03	29,374,710	52.23
9.	Piong Teck They**	505,994	0.90	29,374,710	52.23
10.	Piong Teck Yen**	1,000	#	29,374,710	52.23
11.	Yong Soon Moi**	855,942	1.52	29,374,710	52.23
12.	Chin Swee Chang***	-	-	29,374,710	52.23

## Notes:

# Less than 0.01%

\* Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Malaysian Technology Venture Two Sdn. Bhd.

\*\* Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Piong Nam Kim Holdings Sdn. Bhd.

\*\*\* Deemed interested by virtue of her husband's (Piong Teck Onn) interest in Piong Nam Kim Holdings Sdn. Bhd.

## DIRECTORS' SHAREHOLDINGS

(as per the Register of Directors' Shareholdings)

No.	Directors	No. of Shares Held			
		Direct	%	Indirect	%
1.	Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman	2,200	#	-	-
2.	Piong Nam Kim @ Piong Pak Kim*	1,196,042	2.13	29,374,710	52.23
3.	Piong Teck Onn*	-	-	29,374,710	52.23
4.	Piong Teck Min*	580,100	1.03	29,374,710	52.23
5.	Piong Teck They*	505,994	0.90	29,374,710	52.23
6.	Piong Teck Yen*	1,000	#	29,374,710	52.23
7.	Chin Swee Chang**	-	-	29,374,710	52.23
8.	Omar bin Md. Khir	388,500	0.69	-	-
9.	Azman bin Ahmad	114,000	0.20	-	-
10.	Piong Yew Peng	-	-	-	-
11.	Tan Choo Jow	95,500	0.17	-	-

## Notes:

# Less than 0.01%

\* Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Piong Nam Kim Holdings Sdn. Bhd.

\*\* Deemed interested by virtue of her husband's (Piong Teck Onn) interest in Piong Nam Kim Holdings Sdn. Bhd.

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of the Company will be held at Bunga Melati Room, Level 7, Renaissance Hotel Melaka, Jalan Bendahara, 75100 Melaka, on Tuesday, 30 November 2004 at 3.00 p.m. to transact the following business: -

## **AGENDA**

### *ORDINARY BUSINESS*

- 1) To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2004 together with the reports of the Directors and Auditors thereon.

**RESOLUTION 1**

- 2) To declare a final dividend of 5% per ordinary share, less income tax at 28%, in respect of the year ended 30 June 2004.

**RESOLUTION 2**

- 3) To approve the payment of Directors' fees amounting to RM114,096 for the year ended 30 June 2004.

**RESOLUTION 3**

- 4) To re-elect the following Directors who retire by rotation in accordance with Article 106 of the Company's Articles of Association and being eligible offer themselves for re-election:-

i) Piong Teck Min

**RESOLUTION 4**

ii) Piong Teck Yen

**RESOLUTION 5**

- 5) To re-elect Mr Piong Yew Peng, a Director who retires by rotation in accordance with Article 113 of the Company's Articles of Association and being eligible offers himself for re-election.

**RESOLUTION 6**

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

i) "That Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman, a Director who retires in accordance with Section 129 (2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

**RESOLUTION 7**

ii) "That Piong Nam Kim @ Piong Pak Kim, a Director who retires in accordance with Section 129 (2) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

**RESOLUTION 8**

- 7) To re-appoint Messrs. Horwath as auditors of the Company and to authorise the Directors to fix their remuneration.

**RESOLUTION 9**

**SPECIAL BUSINESS**

8) To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications: -

a. **Ordinary Resolution 1- Authority pursuant to Section 132D of the Companies Act, 1965 for the Directors to issue shares**

“That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue new shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued 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 authorities being obtained for such allotment and issue.”

**RESOLUTION 10**

b. **Ordinary Resolution 2- Proposed shareholders’ ratification for recurrent related party transactions**

“That those past & existing recurrent transactions of a revenue or trading nature falling within the types of transactions set out in section 2.3.1 (a) of the Circular to the shareholders of the Company dated 8 November 2004 (“the Circular”) conducted with those related parties as specified in section 2.3 (“related parties”) of the Circular which were necessary for day-to-day operations and which were carried out in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company for the period from the Company’s listing date (30 October 2000) until 30 November 2004, be and are hereby ratified and approved.”

**RESOLUTION 11**

c. **Ordinary Resolution 3- Proposed shareholders’ mandate for recurrent related party transactions**

“That, subject always to the compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, the Company shall be mandated to enter into the category of recurrent related party transactions of a revenue or trading nature as specified in section 2.3.1 (b) of the Circular to the shareholders of the Company dated 8 November 2004 (“the Circular”) to be conducted with those related parties as specified in section 2.3 of the Circular subject to the following :-

- (i) the recurrent related party transactions are carried out in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company; and
- (ii) disclosure is made in the annual report of the aggregate value of all the recurrent related party transactions conducted pursuant to the shareholders’ mandate during the financial year in the manner required under the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market;

**AND THAT**

the shareholders’ mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company following this Annual General Meeting at which the ordinary resolution for the shareholders’ mandate was passed, at which time it will lapse, unless a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143 (2) of the Companies Act, 1965); or

(c) revoked or varied by resolutions passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT

the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

#### RESOLUTION 12

#### NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that a Final Dividend of 5% per ordinary share, less income tax at 28% in respect of the year ended 30 June 2004 will be payable on 20 December 2004 to depositors who are registered in the Record of Depositors at the close of business on 7 December 2004, if approved by members at the Fifth Annual General Meeting on 30 November 2004. A Depositor shall qualify for entitlement only in respect of: -

- a) shares transferred into Depositor's Securities Account before 4.00 p.m. on 7 December, 2004 in respect of ordinary transfers; and
- b) shares bought on the MESDAQ Market on a cum entitlement basis according to the Listing of Requirements of the Bursa Malaysia Securities Berhad for the MESDAQ Market.

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By order of the Board

OW PEE JUAN  
(MAICSA 7013304)  
Company Secretary

MAH LI CHEN  
(MAICSA 7022751)  
Company Secretary

MELAKA  
Date : 8 November 2004

Note :

1. A member entitled to attend and vote at the general meeting is entitled to appoint a proxy/proxies who may but need not be a member of the Company to vote in his/her stead. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either 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 of the Company at 535B Jalan Merdeka, Melaka Raya, 75000 Melaka, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

## EXPLANATION NOTES

### Resolution 10

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

### Resolutions 11 and 12

Please refer to the Circular to the shareholders of the Company dated 8 November 2004.

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# Proxy Form

KOTRA INDUSTRIES BERHAD  
(Company No. 497632-P)  
Incorporated in Malaysia

\*I/We \_\_\_\_\_ NRIC/ Company No. \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address in Capital Letters)

being a \*member/members of Kotra Industries Berhad hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address in Capital Letters)

or failing him, the Chairman of the meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf, at the Fifth Annual General Meeting of the Company to be held at Bunga Melati Room, Level 7, Renaissance Hotel Melaka, Jalan Bendahara, 75100 Melaka, on Tuesday, 30 November 2004 at 3.00 p.m. for the following purposes.

The proportion of \*my/our holding to be represented by \*my/our proxies are as follows:  
(The next paragraph must be completed if two proxies are appointed)

First Proxy \_\_\_\_\_%      Second Proxy \_\_\_\_\_%

No. of Shares Held

No.	Resolution	FOR	AGAINST
	ORDINARY BUSINESS		
1.	To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2004 together with the reports of the Directors and Auditors thereon.		
2.	To declare a final dividend of 5% per ordinary share, less income tax at 28%, in respect of the year ended 30 June 2004.		
3.	To approve the payment of Directors' fees amounting to RM114,096 for the year ended 30 June 2004.		
4.	To re-elect Mr Piong Teck Min as Director.		
5.	To re-elect Mr Piong Teck Yen as Director.		
6.	To re-elect Mr Piong Yew Peng as Director.		
7.	To re-appoint the following Directors who retire in accordance with Section 129 (6) of the Companies Act:-		
	(i) Y. Bhg. Tan Sri Datuk Dr. Omar bin Abdul Rahman		
	(ii) Piong Nam Kim @ Piong Pak Kim		
8.	To re-appoint Messrs. Horwath as auditors of the Company and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
9.	Authority pursuant to Section 132D of the Companies Act, 1965 for the Directors to issue shares		
10.	Proposed shareholders' ratification for recurrent related party transactions		
11.	Proposed shareholders' mandate for recurrent related party transactions		

Please indicate with an "X" how you wish to cast your vote.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

\_\_\_\_\_  
Signature/Common Seal of Shareholder(s)

Note :

- A member entitled to attend and vote at the general meeting is entitled to appoint a proxy/proxies who may but need not be a member of the Company to vote in his/her stead. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
- Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the company at 535B Jalan Merdeka, Melaka Raya, 75000 Melaka, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

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AFFIX STAMP

KOTRA INDUSTRIES BERHAD  
535B Jalan Merdeka, Melaka Raya  
75000 Melaka

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