

Financial Statements

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Directors' Report

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

PRINCIPAL ACTIVITIES

The Company is principally involved in the production, marketing and sale of beverage and food products.

The principal activities of the subsidiaries are shown in Note 14 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit from ordinary activities after tax	11,458	19,862
Minority interest	(5)	-
Net profit for the financial year	<u>11,453</u>	<u>19,862</u>

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2003 were:

RM'000

In respect of the financial year ended 31 December 2003 as shown
in the Directors' report of that financial year:

Final gross dividend of 9 sen per share, less income tax of 28%, paid on 18 June 2004 8,301

In respect of the financial year ended 31 December 2004:

Interim dividend of 5 sen per share, tax exempt, paid on 1 September 2004 6,404

14,705

The Directors now recommend the payment of a final gross dividend of 9 sen per share on 128,095,541 ordinary shares, less income tax of 28%, amounting to RM8,300,591 which, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company, will be paid on 8 June 2005 to the shareholders registered in the Records of Depositors as at 12 May 2005.

RESERVES AND PROVISIONS

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

DIRECTORS

The Directors who have held office during the period since the date of the last report are:

Philip Ng Chee Tat

Tjong Yik Min

Brigadier Gen (R) Dato' Yahya bin Yusof

Dato' Mohamed Nizam bin Abdul Razak

Tham Chong Kong

(Appointed on 8.06.2004, resigned on 13.08.2004)

Dato' N. Sadasivan A/L N.N. Pillay

(Appointed on 13.08.2004)

Winston Mah Yat Kong

(Resigned on 31.12.2004)

Chan Wai Ming

(Retired on 22.04.2004)

Directors' Report (cont'd)

DIRECTORS (CONT'D)

In accordance with Article 75 of the Company's Articles of Association, Tjong Yik Min will retire at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

In accordance with Article 80 of the Company's Articles of Association, Dato' N. Sadasivan A/L N.N. Pillay will retire at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain Directors received remuneration from the Company's immediate and ultimate holding companies.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year held shares or have any beneficial interest in the shares and debentures of the Company or any other body corporate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had 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:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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

Directors' Report (cont'd)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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

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

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 which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

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

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard, YHS (Singapore) Pte. Ltd., a company incorporated in Singapore, as the immediate holding company and Yeo Hiap Seng Limited, a company incorporated in Singapore, as the ultimate holding company.

AUDITORS

Messrs PricewaterhouseCoopers were appointed as auditors of the Company in place of the retiring auditors, Messrs Deloitte KassimChan on 22 April 2004.

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 February 2005.

BRIGADIER GENERAL (R) DATO' YAHYA BIN YUSOF

Director

TJONG YIK MIN

Director

Petaling Jaya
28 February 2005

Statement by Directors pursuant to section 169(15) of the Companies Act, 1965

We, Brigadier General (R) Dato' Yahya bin Yusof and Tjong Yik Min, two of the Directors of Yeo Hiap Seng (Malaysia) Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 34 to 66 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2004 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 25 February 2005.

BRIGADIER GENERAL (R) DATO' YAHYA BIN YUSOF
Director

TJONG YIK MIN
Director

Petaling Jaya
28 February 2005

Statutory Declaration pursuant to section 169(16) of the Companies Act, 1965

I, Ong Chay Seng, the officer primarily responsible for the financial management of Yeo Hiap Seng (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 66 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ONG CHAY SENG

Subscribed and solemnly declared by the abovenamed Ong Chay Seng

At: Petaling Jaya

On: 28 February 2005

Before me:

G. VIJAYAN @ BASKARAN PPN
COMMISSIONER FOR OATH

Report of the Auditors to the Members of Yeo Hiap Seng (Malaysia) Berhad (Company No. 3405-X)

We have audited the financial statements set out on pages 34 to 66. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

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

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 14 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

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

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

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

LEE TUCK HENG

(No. 2092/09/06 (J))

Partner of the firm

Kuala Lumpur

28 February 2005

Income Statements for the year ended 31st December, 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	6	373,244	408,629	209,650	234,323
Changes in inventories of finished goods and work-in-progress		(2,565)	1,507	(3,257)	11,075
Raw materials and consumables used		(204,810)	(230,246)	(156,222)	(176,308)
Staff costs		(41,503)	(43,686)	(22,290)	(21,687)
Depreciation of property, plant and equipment	13	(14,379)	(14,706)	(8,896)	(9,125)
Amortisation of goodwill		(1,309)	(1,308)	-	-
Allowance for diminution in value of investment		-	-	(279)	(3,131)
Supplies and utilities		(6,610)	(7,738)	(5,707)	(6,385)
Repair and maintenance		(7,615)	(8,776)	(6,046)	(7,061)
Selling and promotional expenses		(58,484)	(60,685)	(3,257)	(6,288)
Royalty, technical and management fees		(5,532)	(4,289)	(5,532)	(4,289)
Other operating expenses		(19,373)	(20,153)	(2,382)	(15,192)
Other operating income		3,590	3,890	2,148	1,753
Profit from operations	8	14,654	22,439	(2,070)	(2,315)
Finance costs	9	-	(7)	-	(4)
Income from other investments and finance	10	2,453	2,163	31,079	5,914
Share of results of associates		271	(504)	-	-
Profit from ordinary activities before tax		17,378	24,091	29,009	3,595
Tax expense:					
- Company and subsidiaries		(5,920)	(6,066)	(9,147)	(2,864)
- Associates		-	81	-	-
	11	(5,920)	(5,985)	(9,147)	(2,864)
Profit from ordinary activities after tax		11,458	18,106	19,862	731
Minority interest		(5)	(7)	-	-
Net profit for the financial year		11,453	18,099	19,862	731
Basic earnings per share (sen)	12	8.9	14.1		
Gross dividends per ordinary share (sen)	29	14.00	14.00	14.00	14.00

Balance Sheets as at 31st December, 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	134,879	143,639	105,870	73,790
Investments in subsidiaries	14	-	-	92,661	92,940
Investments in associates	15	3,848	3,856	560	560
Other investments	16	1,341	131	130	130
Intangible assets	17	21,806	23,115	23,638	-
Deferred tax assets	25	736	-	-	-
		162,610	170,741	222,859	167,420
CURRENT ASSETS					
Inventories	18	44,569	54,032	29,623	38,988
Trade and other receivables, deposits and prepayments	19	65,138	80,610	6,770	10,356
Amount due from associates	15	279	284	279	284
Amount due from immediate holding company	20	18,474	24,889	15,768	20,670
Amount due from subsidiaries	20	-	-	452,375	347,356
Amount due from fellow subsidiaries	20	1,795	2,075	1,795	2,075
Tax recoverable		1,669	3,285	789	3,020
Deposits, bank and cash balances	21	91,803	68,319	90,068	62,227
		223,727	233,494	597,467	484,976
LESS: CURRENT LIABILITIES					
Trade and other payables and accrued expenses	22	56,614	76,486	31,717	49,170
Amount due to ultimate holding company	20	5,921	3,770	5,894	3,582
Amount due to fellow subsidiary	20	12	50	-	-
Amount due to subsidiaries	20	-	-	535,301	358,046
Current tax liabilities		354	265	-	-
		62,901	80,571	572,912	410,798
NET CURRENT ASSETS		160,826	152,923	24,555	74,178
NON-CURRENT LIABILITIES					
Provisions for retirement benefits	23	5,256	4,866	2,760	2,636
Deferred tax liabilities	25	1,088	364	1,128	593
		6,344	5,230	3,888	3,229
		317,092	318,434	243,526	238,369
CAPITAL AND RESERVES					
Share capital	27	128,096	128,096	128,096	128,096
Reserves	28	188,774	190,119	115,430	110,273
Shareholders' equity		316,870	318,215	243,526	238,369
MINORITY INTERESTS					
		222	219	-	-
		317,092	318,434	243,526	238,369

Statements of Changes in Equity for the year ended 31st December, 2004

Group	Note	Non-distributable			Distributable		Total RM'000	
		Issued and paid-up share capital RM'000	Share premium RM'000	Capital reserves RM'000	Foreign exchange reserves RM'000	General reserves RM'000		Retained earnings RM'000
As at 1.1.2003		128,096	59,897	1	119	10,000	113,958	312,071
Currency translation differences		-	-	-	982	-	-	982
Net profit for the year		-	-	-	-	-	18,099	18,099
Dividends for the year ended: 29								
- 31.12.2002 (Final)		-	-	-	-	-	(8,326)	(8,326)
- 31.12.2003 (Interim)		-	-	-	-	-	(1,844)	(1,844)
- 31.12.2003 (Special)		-	-	-	-	-	(2,767)	(2,767)
As at 31.12.2003		128,096	59,897	1	1,101	10,000	119,120	318,215
Currency translation differences		-	-	-	1,907	-	-	1,907
Net profit for the year		-	-	-	-	-	11,453	11,453
Dividends for the year ended: 29								
- 31.12.2003 (Final)		-	-	-	-	-	(8,301)	(8,301)
- 31.12.2004 (Interim)		-	-	-	-	-	(6,404)	(6,404)
Transfer to retained earnings		-	-	-	-	(10,000)	10,000	-
As at 31.12.2004		128,096	59,897	1	3,008	-	125,868	316,870

Company	Note	Non-distributable		Distributable		Total RM'000
		Issued and paid-up share capital RM'000	Share premium RM'000	General reserves RM'000	Retained earnings RM'000	
As at 1.1.2003		128,096	59,897	10,000	52,582	250,575
Net profit for the year		-	-	-	731	731
Dividends for the year ended: 29						
- 31.12.2002		-	-	-	(8,326)	(8,326)
- 31.12.2003 (Interim)		-	-	-	(1,844)	(1,844)
- 31.12.2003 (Special)		-	-	-	(2,767)	(2,767)
As at 31.12.2003		128,096	59,897	10,000	40,376	238,369
Net profit for the year		-	-	-	19,862	19,862
Dividends for the year ended: 29						
- 31.12.2003 (Final)		-	-	-	(8,301)	(8,301)
- 31.12.2004 (Interim)		-	-	-	(6,404)	(6,404)
Transfer to retained earnings		-	-	(10,000)	10,000	-
As at 31.12.2004		128,096	59,897	-	55,533	243,526

Cash Flow Statements for the year ended 31st December, 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit for the financial year		11,453	18,099	19,862	731
Adjustments for non cash items:					
Property, plant and equipment					
- depreciation		14,379	14,706	8,896	9,125
- written off		1,633	140	376	-
- gain on disposal		(911)	(446)	(428)	372
Inventories					
- written off		3,573	7,256	645	2,198
- net allowance/(writeback) for obsolescence		4,190	230	1,632	(117)
Net (writeback)/allowance for doubtful receivables:					
- trade		(1,092)	2,063	37	-
- others		919	953	1,374	498
- associated companies		12	638	12	638
Amortisation of goodwill		1,309	1,308	-	-
Share of (profit)/loss of associate companies		(271)	504	-	-
Net write off for bad receivables		605	33	-	35
Interest expense		-	7	-	4
Net provision/(writeback) for retirement benefits		647	(2,308)	341	(1,754)
Interest income		(2,453)	(2,163)	(2,371)	(2,161)
Unrealised gain on foreign exchange		(516)	(259)	(481)	(244)
Allowance for diminution in value of investment		-	-	279	3,131
Dividend income:					
- subsidiaries		-	-	(28,429)	(3,474)
- associates		-	-	(279)	(279)
Tax expense		5,920	5,985	9,147	2,864
Minority interest		5	7	-	-
		39,402	46,753	10,613	11,567
Changes in working capital:					
Inventories		1,699	(10,172)	7,088	(15,528)
Trade and other receivables		15,810	(6,347)	2,547	(1,353)
Ultimate holding company		2,151	770	2,312	605
Immediate holding company		6,811	(243)	5,263	(1,678)
Fellow subsidiaries		242	2,749	280	2,699
Subsidiaries		-	-	30,369	39,362
Trade and other payables		(19,869)	14,112	(17,452)	7,800
Cash flows from operations		46,246	47,622	41,020	43,474
Tax paid		(7,600)	(4,020)	(800)	(833)
Tax refund		3,373	5,677	2,379	5,681
Retirement benefits paid		(257)	(2,195)	(217)	(1,308)
Interest paid		-	(7)	-	(4)
Net cash flows from operating activities		41,762	47,077	42,382	47,010

Cash Flow Statements (cont'd) for the year ended 31st December, 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS USED IN INVESTING ACTIVITIES					
Property, plant and equipment					
- proceeds from disposal		1,706	1,809	1,005	914
- additions		(6,538)	(8,033)	(3,230)	(7,170)
Interest received		2,201	1,564	2,119	1,562
Dividends received from an associate		279	279	279	279
Purchase of other investment		(1,210)	(121)	-	(121)
Net cash flows from investing activities		(3,562)	(4,502)	173	(4,536)
CASH FLOWS USED IN FINANCING ACTIVITIES					
Dividends paid		(14,705)	(12,937)	(14,705)	(12,937)
Repayment of hire-purchase payables		(9)	(251)	(9)	(103)
Dividends paid to minority shareholders		(2)	(3)	-	-
Net cash flows from financing activities		(14,716)	(13,191)	(14,714)	(13,040)
NET INCREASE IN CASH AND CASH EQUIVALENTS		23,484	29,384	27,841	29,434
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		68,319	38,935	62,227	32,793
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	91,803	68,319	90,068	62,227

Notes to the Financial Statements 31st December, 2004

1 GENERAL INFORMATION

The principal activities of the Company are in the production, marketing and sale of beverage and food products.

The principal activities of the subsidiaries are in the production, marketing and distribution of beverage and food products.

The number of employees at the end of the financial year in the Group was 1,388 (2003: 1,487) and in the Company was 722 (2003: 773).

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The ultimate holding company of the Company is Yeo Hiap Seng Limited, a company incorporated in Singapore.

The address of the registered office of the Company and principal place of business is as follows:

No. 7, Jalan Tandang
46050 Petaling Jaya
Selangor Darul Ehsan

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company are prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of the financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from these estimates.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The cost of an acquisition is the amount of cash paid and the fair value at the date of acquisition of other purchase consideration given by the acquirer, together with directly attributable expenses of the acquisition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (cont'd)

At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill on consolidation.

Minority interest is measured at the minorities' share of fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

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 subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition, if any.

(ii) Associates

Associates are companies in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of associates in the income statement and its share of post acquisition reserves. The cumulative post acquisition movements are adjusted against the cost of the investment which includes goodwill on acquisition (net of accumulated amortisation). Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of impairment. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

(b) Revenue recognition

Revenue from the sale of goods is recognised upon delivery of products and when significant risks and rewards of ownership have passed to the buyer. Revenue of the Group and of the Company represents gross invoiced value of sale of goods less discounts and returns. All significant intercompany sales are eliminated on consolidation. Group sales do not include the applicable share of associates' sales.

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

Dividend income is recognised when the Group's right to received payment is established.

Notes to the Financial Statements (cont'd) 31st December, 2004

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency

(i) Reporting currency

The financial statements are presented in Ringgit Malaysia.

(ii) Foreign entities

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income statements of foreign entity is translated into Ringgit Malaysia at average exchange rates for the period and the balance sheet is translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entity are taken to 'Foreign exchange reserve' in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

(iii) Foreign currency transactions and balances

Transactions in foreign currencies during the financial year are converted into Ringgit Malaysia at the rates of exchange ruling on the transaction dates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Monetary assets and liabilities in foreign currency at the balance sheet date are translated into Ringgit Malaysia at rate of exchange approximating those ruling on that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such foreign contracts are used. Exchange differences arising from settlement of foreign currency transactions and from the translation of foreign monetary assets and liabilities are included in the income statement.

(iv) Closing rate

The principal closing rates used in translation of foreign currencies amounts are as follows:

	Year-end rates	
	2004	2003
	RM	RM
Singapore Dollar	0.432	0.448
US Dollar	0.263	0.263
Thai Baht	10.081	10.428
Canadian Dollar	0.317	0.342

(d) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary company and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates except where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment

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

The Directors have applied the transitional provisions of International Accounting Standard No. 16 (Revised) Property, Plant and Equipment as adopted by the Malaysia Accounting Standard Board which allows the land and building to be stated at their valuation less depreciation and does not require the asset to be revalued on a periodic basis. Accordingly, these valuations have not been updated.

Property, plant and equipment that is held for disposal is carried at its carrying amount at the date when the asset is reclassified as assets held for disposal.

Freehold land, property, plant and equipment under construction and assets held for disposal are not depreciated. Land under long and short leases are amortised evenly over the term of the lease. Depreciation of all other property, plant and equipment is computed on the straight-line method based on the estimated useful lives of the various assets. The annual depreciation rates are as follows:

	%
Land under long and short leases	1.0 - 2.0
Buildings and improvements	2.0 - 10.0
Machinery and equipment	6.67 - 33.33
Furniture, fixtures and fittings, and office equipment	10.0 - 33.33
Vehicles and vehicles under hire-purchase	10.0 - 20.0

Depreciation on assets under construction commences when the assets are ready for their intended use.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statement.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note (i) on impairment of assets.

Repairs and maintenance are charged to the income statement during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

(f) Assets under lease arrangements

Assets acquired under finance lease arrangements are included in property, plant and equipment and the capital element of the leasing commitments is shown under borrowings. The lease rentals are treated as consisting of capital and interest element. The capital element is applied to reduce the outstanding obligations and the interest element is charged to income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period. Assets acquired under finance lease are depreciated over the useful lives of equivalent owned assets in accordance with the property, plant and equipment policy in Note 3(e) above.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Assets under lease arrangements (Cont'd)

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the estimated useful life of the asset and the lease term.

(g) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

(h) Investments

Investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note (i) on impairment of assets.

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

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

(i) Impairment of assets

Property, plant and equipment, investment in subsidiaries and associates and intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is recognised in the income statement. The increased carrying amount of an asset due to a reversal of an impairment loss should not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Inventories

Inventories, other than bottles and cases, are valued at the lower of cost (determined on the first-in, first-out basis) and net realisable value. The cost of raw materials and other inventories comprises the original cost of purchase plus cost of bringing the inventories to present location. The cost of finished goods and work-in-progress includes the cost of raw materials, direct labour and a proportion of the manufacturing overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(k) Receivables

Trade and other receivables are stated at invoice amount as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful receivables is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

(l) Cash and cash equivalents

The Group and the Company adopt the indirect method in the preparation of the cash flow statement.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other 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.

(m) Dividends

Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend 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. Upon the dividend becoming payable, it will be accounted for as a liability.

(n) Intangible assets

Intangible asset represents the rights acquired to manufacture products for its immediate holding company, YHS (Singapore) Pte Ltd. The initial cost of acquiring the licence is capitalised and amortised on a straight line basis over 20 years.

Goodwill is capitalised and amortised using the straight line method over a period of 20 years.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note (i) on impairment of assets.

(o) Employee benefits

(i) Short term employee benefits

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

(ii) Post-employment benefits

Defined benefit plan

Post employment benefits relates to retirement benefits given to employees and is a non-contributory unfunded retirement benefits scheme for employees who are eligible under a collective bargaining agreement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits (Cont'd)

(ii) Post-employment benefits (cont'd)

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for actuarial gains/losses and past service cost. The Group determines the present value of the defined benefit obligation every 3 years such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at balance sheet date of government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the income statement is determined by the corridor method in accordance with MASB 29 and is charged or credited to income over the average remaining service lives of the related employees participating in the defined benefit plan.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The defined contribution plan of the Group relates to the contribution to the Employee Provident Fund, the national defined contribution plan.

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(p) Financial instruments

(i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instrument with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Financial instruments recognised on the balance sheet

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

(iii) Financial instruments not recognised on the balance sheet

The Group is a party to financial instruments which comprise foreign currency forward contracts. The instrument is not recognised in the financial statements on inception.

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions, at which time they are included in the measurement of such transactions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (Cont'd)

(iv) Fair values for disclosure purposes

The fair value of financial liabilities with maturity of more than one year is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

The fair value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

(q) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group is subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, cash flow risk, market risk, credit risk and liquidity risk. The Group has formulated risk management framework whose principal objective is to minimise the Group's exposure to risk and/or costs associated with financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

The Group's activities expose it to a variety of financial risks, including:

- foreign currency exchange risk - risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates;
- interest rate risk - risk that the value of a financial instrument will fluctuate due to changes in market interest rates;
- cash flow risk - risk that future cash flows associated with a financial instrument will fluctuate.
- market risk - risk that the value of a financial instrument will fluctuate as a result of changes in market prices.
- credit risk - risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss; and
- liquidity risk (funding risk) - risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Notes to the Financial Statements (cont'd) 31st December, 2004

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Market risk

The Group has in place policies to manage the Group's exposure to fluctuation in the prices of the key raw materials and commodities used in the operations. The Group enters into fixed price contracts to establish determinable prices for raw materials and commodities used.

Credit risk

The Group has no major concentration of credit risk and manage these risks by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirements of its working capital.

Cashflow risk

The Group is exposed to minimal cashflow risk in view of the healthy cash position.

Foreign currency risk

The Group has a natural hedge to the extent that payments for foreign currency payables is matched against receivables, or whenever possible, by intercompany arrangements and settlements.

5 SEGMENTAL REPORTING

(a) Primary segment - Business segments

The Group is principally involved in one business segment which is the production, marketing and distribution of beverage and food products. As such, no information on the Group's operations by business segments is provided.

(b) Secondary segment - Geographical

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Malaysia	305,390	316,843	368,210	384,578	6,538	8,033
Singapore	54,411	62,567	18,127	19,657	-	-
Others	13,443	29,219	-	-	-	-
Malaysia	373,244	408,629	386,337	404,235	6,538	8,033

In determining the geographical segments of the Group, sales are based on the region in which the customer is located. Total assets and capital expenditure are determined based on where the assets are located.

6 REVENUE

Revenue comprises the invoiced value for the sale of goods, net of sales taxes, rebates and discounts, and after eliminating sales within the Group.

Notes to the Financial Statements (cont'd) 31st December, 2004

7 DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Executive directors:				
Salaries and other allowances	491	806	491	806
Non-executive directors:				
Fees	44	54	44	54
Other emoluments	267	130	267	130
	802	990	802	990

The estimated monetary value of benefits provided to executive director during the financial year amounted to approximately RM21,000 (2003: RM19,000).

The Directors of the Company in office during the financial year were as follows:

Philip Ng Chee Tat	
Tjong Yik Min	
Brigadier General (R) Dato' Yahya bin Yusof	
Dato' Mohamed Nizam bin Abdul Razak	
Tham Chong Kong	(Appointed on 8.06.2004, resigned on 13.08.2004)
Dato' N. Sadasivan A/L N.N. Pillay	(Appointed on 13.08.2004)
Winston Mah Yat Kong	(Resigned on 31.12.2004)
Chan Wai Ming	(Retired on 22.04.2004)
Raja Dato' Hj. Redzwa bin Raja Tun Uda	(Demised on 28.01.2004)

The number of Directors of the Company whose total remuneration during the financial year fall within the following bands are as follows:

	Number of Directors	
	2004	2003
Executive directors:		
RM450,000 - RM500,000	1	-
RM800,000 - RM850,000	-	1
Non-executive directors:		
RM0	3	4
RM5,001 - RM50,000	2	-
RM50,001 - RM100,000	2	3
RM100,001 - RM150,000	1	-

Notes to the Financial Statements (cont'd) 31st December, 2004

8 PROFIT FROM OPERATIONS

The following amounts have been charged/(credited) in arriving at profit from operations:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Audit fee:				
Auditors of the Company	202	202	92	90
Other auditors				
- Current year	18	11	-	-
- Over provision in prior year	-	(7)	-	-
Property, plant and equipment written off	1,633	140	376	-
(Gain)/Loss on disposal of property, plant and equipment	(911)	(446)	(428)	372
Inventories written off	3,573	7,256	645	2,198
Net allowance/(writeback) for inventories obsolescence	4,190	230	1,632	(117)
Allowance for doubtful receivables:				
- Trade	45	2,063	37	-
- Others	1,386	953	1,386	498
- Associated companies	12	638	12	638
Writeback of allowance for doubtful receivables:				
- Trade	(1,137)	-	-	-
- Others	(467)	-	(12)	-
Bad receivables:				
- Written off	605	36	-	36
- Recovered	-	(3)	-	(1)
Royalty, technical and management fees payable to ultimate holding company (Note 26)	5,532	4,289	5,532	4,289
Rental of machinery, equipment and motor vehicles payable to:				
- Third party	2,997	2,516	1,559	1,941
- Subsidiary	-	-	2,733	2,646
Rental income of machinery and equipment receivable from:				
- Immediate holding company (Note 26)	(643)	(622)	-	-
- Third party	-	(27)	-	-
Rental of premises payable	381	465	321	398
Rental income of premises receivable	(483)	(496)	(792)	(876)
Provision for retirement benefits (Note 23)	647	-	341	-
Provision for retirement benefit no longer required (Note 23)	-	(2,308)	-	(1,754)
Contributions to Employees' Provident Fund	3,967	4,112	1,771	1,902
Foreign exchange gain:				
- Realised	(966)	(596)	(950)	(485)
- Unrealised	(516)	(259)	(481)	(244)

Staff costs include salaries, bonuses, contributions to Employees' Provident Fund, retirement benefit, executive directors salary and bonus, and all other payroll costs.

Notes to the Financial Statements (cont'd) 31st December, 2004

9 FINANCE COSTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest on:				
Hire purchase	-	7	-	4
	<hr/>	<hr/>	<hr/>	<hr/>
	-	7	-	4

10 INCOME FROM OTHER INVESTMENTS AND FINANCE

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest income:				
Short-term deposits	2,166	1,559	2,165	1,558
Others	7	5	7	4
Early settlement credits	280	599	199	599
Gross dividend from subsidiaries	-	-	28,429	3,474
Gross dividend from associated company	-	-	279	279
	<hr/>	<hr/>	<hr/>	<hr/>
	2,453	2,163	31,079	5,914

11 TAX EXPENSE

Income tax expenses of the Group and of the Company are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current tax	5,932	5,742	8,612	2,271
Deferred tax	(12)	243	535	593
	<hr/>	<hr/>	<hr/>	<hr/>
	5,920	5,985	9,147	2,864
<u>Current tax</u>				
Current year	6,087	4,890	8,570	1,400
(Over)/Underaccrual in prior years	(155)	852	42	871
<u>Deferred tax</u>				
Origination and reversal of temporary differences	8	243	(67)	593
(Over)/Underaccrual in prior years	(20)	-	602	-
	<hr/>	<hr/>	<hr/>	<hr/>
	5,920	5,985	9,147	2,864

Notes to the Financial Statements (cont'd) 31st December, 2004

11 TAX EXPENSE (CONT'D)

The tax expense for the year can be reconciled to the profit from ordinary activities before tax per income statements as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Profit from ordinary activities before tax	17,378	24,091	29,009	3,595

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Malaysian tax rate	28	28	28	28
Tax effects of:				
- expenses not deductible for tax purposes	5	5	5	32
- utilisation of previously unrecognised deferred tax assets:				
- carry forward tax losses	-	(5)	-	-
- unabsorbed capital allowances	-	(2)	-	-
- current year's tax loss not recognised	5	-	-	-
- movement in deferred tax assets	(3)	(5)	(3)	(4)
(Over)/underaccrual in prior years	(1)	4	2	24
Tax expense	34	25	32	80

12 EARNINGS PER SHARE

	Group	
	2004 RM'000	2003 RM'000
<u>Basic</u>		
Net profit attributable to ordinary shareholders	11,453	18,099
Number of ordinary shares in issue ('000)	128,096	128,096
Basic earnings per share (sen)	8.9	14.1

Notes to the Financial Statements (cont'd) 31st December, 2004

13 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Group	Freehold land RM'000	Long lease- hold land RM'000	Short lease- hold land RM'000	Buildings RM'000	Lease- hold buildings and improve- ments RM'000	Machi- nery and equip- ment RM'000	Furniture, fixtures and fittings, and office equip- ment RM'000	Vehicles RM'000	Construc- tion-in- progress RM'000	Assets held for disposal RM'000	Total RM'000
Net book value											
At 1.1.2004	10,692	11,621	3,869	12,386	24,264	71,976	4,064	908	3,859	-	143,639
Additions	-	-	-	244	143	2,971	2,727	3	450	-	6,538
Disposals	-	-	-	-	-	(576)	(26)	(193)	-	-	(795)
Written off	-	-	-	-	-	(1,480)	(114)	(3)	(36)	-	(1,633)
Currency translation differences	-	-	-	-	-	1,509	-	-	-	-	1,509
Depreciation charge	-	(179)	(138)	(1,094)	(2,150)	(8,861)	(1,705)	(252)	-	-	(14,379)
Reclassification	-	-	-	241	2	118	(27)	-	(1,819)	1,485	-
At 31.12.2004	10,692	11,442	3,731	11,777	22,259	65,657	4,919	463	2,454	1,485	134,879
At 31.12.2004											
Cost	9,234	10,959	5,664	25,627	48,731	189,378	26,213	7,836	2,454	1,485	327,581
Valuation	1,478	3,862	-	745	7,465	-	-	-	-	-	13,550
Accumulated depreciation	(20)	(3,379)	(1,933)	(14,595)	(33,937)	(123,721)	(21,294)	(7,373)	-	-	(206,252)
Net book value	10,692	11,442	3,731	11,777	22,259	65,657	4,919	463	2,454	1,485	134,879
At 31.12.2003											
Cost	9,234	10,959	5,664	25,142	48,586	186,836	23,653	8,029	3,859	-	321,962
Valuation	1,478	3,862	-	745	7,465	-	-	-	-	-	13,550
Accumulated depreciation	(20)	(3,200)	(1,795)	(13,501)	(31,787)	(114,860)	(19,589)	(7,121)	-	-	(191,873)
Net book value	10,692	11,621	3,869	12,386	24,264	71,976	4,064	908	3,859	-	143,639

Notes to the Financial Statements (cont'd) 31st December, 2004

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Property, plant and equipment consist of the following:

Company	Freehold land RM'000	Long lease- hold land RM'000	Buildings RM'000	Lease- hold buildings and improve- ments RM'000	Machi- nery and equip- ment RM'000	Furniture, fixtures and fittings, and office equip- ment RM'000	Vehicles RM'000	Construc- tion-in- progress RM'000	Assets held for disposal RM'000	Total RM'000
Net book value										
At 1.1.2004	1,728	10,583	12,386	15,488	28,436	2,817	490	1,862	-	73,790
Additions	-	-	244	23	39,207	2,001	3	448	-	41,926
Disposals	-	-	-	-	(544)	-	-	(33)	-	(577)
Written off	-	-	-	-	(368)	(8)	-	-	-	(376)
Reclassification	-	-	243	-	119	(31)	-	(1,816)	1,485	-
Transfers	-	-	-	-	-	3	-	-	-	3
Depreciation charge	-	(155)	(1,094)	(1,454)	(4,929)	(1,139)	(125)	-	-	(8,896)
At 31.12.2004	1,728	10,428	11,779	14,057	61,921	3,643	368	461	1,485	105,870
At 31.12.2004										
Cost	250	9,017	25,543	28,818	147,123	16,224	1,452	461	1,485	230,373
Valuation	1,478	3,862	745	7,465	-	-	-	-	-	13,550
Accumulated depreciation	-	(2,451)	(14,509)	(22,226)	(85,202)	(12,581)	(1,084)	-	-	(138,053)
Net book value	1,728	10,428	11,779	14,057	61,921	3,643	368	461	1,485	105,870
At 31.12.2003										
Cost	250	9,017	25,056	28,796	106,507	14,253	1,864	1,862	-	187,605
Valuation	1,478	3,862	745	7,465	-	-	-	-	-	13,550
Accumulated depreciation	-	(2,296)	(13,415)	(20,773)	(78,071)	(11,436)	(1,374)	-	-	(127,365)
Net book value	1,728	10,583	12,386	15,488	28,436	2,817	490	1,862	-	73,790

As at 31 December 2004, included in property, plant and equipment of the Group, are landed properties with net carrying values totalling about RM8,177,000 (2003: RM9,572,000) which are currently not in active use.

Land and buildings were last revalued on 3 December 1980 by Wong Choon Kee, member of Institute of Surveyors, Malaysia, a director with C.H. Williams, Talhar & Wong Sdn Bhd.

Notes to the Financial Statements (cont'd) 31st December, 2004

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Net book value of the revalued land and buildings, had these assets been carried at cost less accumulated depreciation are as follows:

	Group and Company	
	2004	2003
	RM'000	RM'000
Net book value		
Freehold land	472	472
Long leasehold land	1,805	1,836
Buildings	11	69
Leasehold buildings and improvements	153	366
	<u>2,441</u>	<u>2,743</u>

The net book values of property, plant and equipment acquired under hire-purchase arrangements are as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Machinery and equipment	-	33	-	33
Vehicles	-	-	-	-
	<u>-</u>	<u>33</u>	<u>-</u>	<u>33</u>

Included in property, plant and equipment of the Group and of the Company are fully depreciated plant and machinery which are still in use, with cost amounting to approximately RM83,600,000 and RM65,906,000 (2003: RM95,354,000 and RM53,401,000) respectively.

14 INVESTMENTS IN SUBSIDIARIES

	Company	
	2004	2003
	RM'000	RM'000
Unquoted shares - at cost	94,844	94,844
Less: Allowances for impairment	(2,183)	(1,904)
	<u>92,661</u>	<u>92,940</u>

The subsidiaries, which are all incorporated in Malaysia (except where indicated), are as follows:

Direct subsidiaries	Principal activities	Effective equity interest	
		2004	2003
		%	%
Bestcan Food Technological Industry Sdn Bhd	Production of instant noodles	99.42	99.42
Esin Canning Industry Sdn Bhd	Ceased operations	100	100
YHS Manufacturing Berhad	Orchard and fish farming	100	100
Yeo Hiap Seng (Sarawak) Sdn Bhd	Production of sauces and non-alcoholic beverages	100	100

Notes to the Financial Statements (cont'd) 31st December, 2004

14 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Direct subsidiaries	Principal activities	Effective equity interest	
		2004 %	2003 %
Yeo Hiap Seng Trading Sdn Bhd	Distribution of food and beverages	100	100
Yeo Hiap Seng (Perak) Sdn Bhd	Investment	100	100
Yeo Hiap Seng (Middle East) Co. Ltd. E.C.* (Incorporated in Bahrain)	Marketing of Yeo's products	100	100
YHS Beverage (International) Pte. Ltd. (YHSBI)+ (Incorporated in Singapore)	Leasing of manufacturing equipment	100	100
Wahtai Realty Sdn Bhd	Dormant	100	100

* Not audited by PricewaterhouseCoopers Malaysia.

+ Audited by a firm affiliated to PricewaterhouseCoopers Malaysia.

15 INVESTMENTS IN ASSOCIATES/ AMOUNT DUE FROM ASSOCIATES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unquoted investment, at cost	1,787	1,787	1,787	1,787
Share of post acquisition profits	2,061	2,069	-	-
	3,848	3,856	1,787	1,787
Less: Allowance for diminution	-	-	(1,227)	(1,227)
	3,848	3,856	560	560
Share of net assets	3,848	3,856	560	560

The associates, which are all incorporated in Malaysia (except where indicated), are as follows:

	Principal activities	Effective equity interest	
		2004 %	2003 %
Senawang Edible Oil (Sdn) Bhd	Processing and trading of palm oil products	23.85	23.85
Yakin Aneka Sdn. Bhd.	Ceased operations	35	35
W.Y. Company Limited (Incorporated in Thailand)	Manufacture of non-carbonated drinks	49	49

Notes to the Financial Statements (cont'd) 31st December, 2004

15 INVESTMENTS IN ASSOCIATES/ AMOUNT DUE FROM ASSOCIATES (CONT'D)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Amount due from associates	1,136	1,130	1,136	1,130
Less: Allowance for doubtful receivables	(857)	(846)	(857)	(846)
Net	279	284	279	284

The amount owing by associates mainly represents dividends receivable and expenses paid on behalf. The expenses paid on behalf have been fully provided for as at 31 December 2004.

The Group's share of losses in two associates has been recognised to the extent of the carrying amount of the investments. The cumulative and current year's unrecognised share of losses in excess of carrying amount is RM2,610,000 (2003: RM2,402,000) and RM208,000 (2003: RM169,000) respectively.

16 OTHER INVESTMENTS

Other investments of the Group and the Company consist of the following:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Quoted shares in Malaysia:				
At cost	129	129	129	129
Less: Allowance for diminution in value	(120)	(120)	(120)	(120)
	9	9	9	9
Quoted Malaysian Government bonds - at cost	121	121	121	121
Quoted shares abroad - at cost	1,210	-	-	-
Unquoted shares - at cost	1	1	-	-
Total	1,341	131	130	130
Market value on:				
Quoted shares in Malaysia	1	3	1	3
Quoted Malaysian Government bonds	114	112	114	112
Quoted shares abroad	1,430	-	-	-

The market values at the balance sheet date of the quoted investments approximated their fair values.

Notes to the Financial Statements (cont'd) 31st December, 2004

17 INTANGIBLE ASSETS

	Group Goodwill RM'000	Company Intangible asset RM'000
Net book value		
At 1 January 2003	24,423	-
Amortisation charge	(1,308)	-
At 31 December 2003	23,115	-
Additions	-	23,638
Amortisation charge	(1,309)	-
At 31 December 2004	21,806	23,638
<u>At 31 December 2004</u>		
Cost	26,167	23,638
Accumulated amortisation	(4,361)	-
Net book value	21,806	23,638
<u>At 31 December 2003</u>		
Cost	26,167	-
Accumulated amortisation	(3,052)	-
Net book value	23,115	-

Intangible asset represents the right acquired to manufacture products for YHS (Singapore) Pte Ltd.

Intangible asset was transferred to the Company from a subsidiary as at 31 December 2004. Accordingly, no amortisation was charged in the Company for the financial year.

18 INVENTORIES

Inventories consist of the following:

	2004 RM'000	2003 RM'000
Group		
At cost:		
Finished goods and trading merchandise	27,767	30,394
Raw materials	6,217	14,908
Packing materials	7,445	5,744
Bottles and cases	279	279
Work-in-progress	1,082	1,020
Spare parts and consumables	1,779	1,687
	44,569	54,032
Company		
At cost:		
Finished goods	15,715	18,935
Raw materials	5,261	12,585
Packing materials	6,383	5,284
Bottles and cases	279	279
Work-in-progress	890	927
Spare parts and consumables	1,095	978
	29,623	38,988

Notes to the Financial Statements (cont'd) 31st December, 2004

19 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	70,457	81,318	5,255	6,198
Less: Allowance for doubtful receivables	(9,111)	(10,203)	(37)	-
	61,346	71,115	5,218	6,198
Other receivables	2,776	5,402	2,336	3,374
Less: Allowance for doubtful receivables	(1,490)	(571)	(1,490)	(116)
	1,286	4,831	846	3,258
Deposits	1,973	4,156	330	455
Prepayments	533	508	376	445
	65,138	80,610	6,770	10,356

The currency profile of receivables is as follows:

- Ringgit Malaysia	59,510	73,826	1,652	4,184
- Singapore Dollar	3,771	4,539	3,287	3,969
- United States Dollar	917	396	917	396
- Brunei Dollar	940	1,849	914	1,807
	65,138	80,610	6,770	10,356

The credit terms of trade receivables range from 14 to 90 days (2003: 14 to 90 days).

The Group generally has no significant concentrations of credit risk.

20 AMOUNTS DUE FROM/(TO) HOLDING COMPANIES, SUBSIDIARIES AND FELLOW SUBSIDIARIES

Amounts due from/(to) holding companies, subsidiaries and fellow subsidiaries mainly comprise of trade transactions.

The amounts due from/(to) holding companies, subsidiaries and fellow subsidiaries are interest free and the credit terms range from 90 to 180 days (2003: 90 to 180 days).

The amount due from immediate holding company and amount due to ultimate holding company are denominated in Singapore Dollar.

The amounts due from subsidiaries are denominated in Ringgit Malaysia.

The currency profile of amount due from fellow subsidiaries is as follows:

	Group and Company	
	2004 RM'000	2003 RM'000
- US Dollar	705	1,111
- Hong Kong Dollar	1,090	964
	1,795	2,075

Notes to the Financial Statements (cont'd) 31st December, 2004

20 AMOUNTS DUE FROM/(TO) HOLDING COMPANIES, SUBSIDIARIES AND FELLOW SUBSIDIARIES (CONT'D)

The amount due to fellow subsidiary is denominated in US dollar.

The currency profile of amounts due to subsidiaries is as follows:

	Company	
	2004 RM'000	2003 RM'000
- Ringgit Malaysia	465,963	353,505
- Singapore Dollar	69,338	4,541
	535,301	358,046

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash and bank balances	8,172	16,778	6,437	10,686
Short-term deposits with licensed banks	83,631	51,541	83,631	51,541
	91,803	68,319	90,068	62,227

The weighted average interest rate of short-term deposits with licensed banks that was effective at the financial year end was 2.68% (2003: 2.78%).

Short-term deposits with licensed banks have an average maturity of 44 days (2003 : 72 days).

Bank balances are deposits held at call with banks.

The currency profile of deposits, bank and cash balance is as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
- Ringgit Malaysia	86,573	63,397	84,889	57,420
- Singapore Dollar	4,855	4,186	4,855	4,186
- US Dollar	375	736	324	621
	91,803	68,319	90,068	62,227

22 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	26,534	45,051	19,280	34,659
Other payables	4,593	4,655	1,824	2,415
Accrued expenses	25,487	26,771	10,613	12,087
Hire purchase payables (Note 24)	-	9	-	9
	56,614	76,486	31,717	49,170

Notes to the Financial Statements (cont'd) 31st December, 2004

22 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

The currency exposure profile of trade payables, other payables and accrued expenses is as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
- Ringgit Malaysia	55,663	74,951	30,838	47,889
- Singapore Dollar	521	354	170	241
- US Dollar	286	942	565	842
- Euro	-	239	-	198
- Canadian Dollar	119	-	119	-
- Others	25	-	25	-
	56,614	76,486	31,717	49,170

The average credit term granted to the Group and the Company for trade purchases is 60 days (2003: 60 days).

23 PROVISIONS FOR RETIREMENT BENEFITS

The movements during the period in the amount recognised in the balance sheet in respect of the Group's and Company's lump sum retirement benefit plan are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January 2004	4,866	9,369	2,636	5,698
Charged/(credited) to income statement (Note 8)	647	(2,308)	341	(1,754)
Contributions paid to:				
- Employees Provident Fund	-	(1,725)	-	(1,000)
- Retired staff	(257)	(470)	(217)	(308)
	(257)	(2,195)	(217)	(1,308)
At 31 December 2004	5,256	4,866	2,760	2,636

The amount recognised in the Group's and Company's balance sheet may be analysed as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Present value of unfunded obligations/ Liability in the balance sheet	5,256	4,866	2,760	2,636

The retirement benefit plan of the Group and the Company is not funded. There are no plan assets or actual returns on plan assets.

The current service cost and interest cost recognised in the Group's income statement in respect of provision for retirement benefits amounted to RM316,000 and RM331,000 (2003: RM Nil), respectively.

The current service cost and interest cost recognised in the Company's income statement in respect of provision for retirement benefits amounted to RM164,000 and RM177,000 (2003: RM Nil), respectively.

Notes to the Financial Statements (cont'd) 31st December, 2004

23 PROVISIONS FOR RETIREMENT BENEFITS (CONT'D)

The writeback of provision no longer required for the Group and the Company were RM Nil (2003: RM2,308,000 and RM1,754,000 respectively).

The latest actuarial valuation of the plan was carried out at 31 December 2003.

The principal actuarial assumptions used in respect of the Group's and Company's defined plan were discount rate at 7% (2003: 7%) and expected rate of salary increases at 6% (2003: 6%).

The Group and Company have a non-contributory unfunded retirement benefits scheme for those employees who are eligible under a collective bargaining agreement and a contributory funded retirement benefits scheme known as Yeo Hiap Seng (M) Bhd Retirement Benefit Fund ("YHSB Retirement Benefit Fund") for management staff not covered by collective bargaining agreement but who fulfil certain conditions. On 1 May 2003, the said YHSB Retirement Benefit Fund was dissolved and the accrued benefit for each staff was paid into respective individual Employee Provident Fund account.

24 HIRE PURCHASE PAYABLES

The Group's obligations under hire purchase are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Total outstanding	-	9	-	9
Less: Interest-in-suspense	-	-	-	-
Principal outstanding	-	9	-	9
Less: Amount due within 12 months included under other payables and accrued expenses (Note 22)	-	(9)	-	(9)
Non-current portion	-	-	-	-

The average term of hire purchase is about 3 to 5 years. The effective interest rate as at year end is at Nil % (2003: 4.8% to 5.5%) per annum. Interest rates are fixed at the inception of the hire purchase arrangements.

25 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<u>Deferred tax (liabilities)/assets</u>				
Deferred tax assets	736	-	-	-
Deferred tax liabilities:				
- subject to income tax	(978)	(364)	(1,078)	(593)
- subject to capital gains tax	(110)	-	(50)	-
	<u>(1,088)</u>	<u>(364)</u>	<u>(1,128)</u>	<u>(593)</u>
	<u>(352)</u>	<u>(364)</u>	<u>(1,128)</u>	<u>(593)</u>

Notes to the Financial Statements (cont'd) 31st December, 2004

25 DEFERRED TAXATION (CONT'D)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January 2004	(364)	(121)	(593)	-
Credited/(charged) to income statements (Note 11)	12	(243)	(535)	(593)
At 31 December 2004	(352)	(364)	(1,128)	(593)
<u>Subject to income tax</u>				
Deferred tax assets (before offsetting)				
- property, plant and equipment	318	-	-	-
- provision for retirement benefits	1,472	738	773	738
- inventories	160	-	112	-
- receivables	457	-	280	-
- related party balances	158	161	-	-
	2,565	899	1,165	738
Offsetting deferred tax liabilities	(1,829)	(899)	(1,165)	(738)
Deferred tax assets (after offsetting)	736	-	-	-
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(2,807)	(1,263)	(2,125)	(1,263)
- related party balances	-	-	(118)	(68)
	(2,807)	(1,263)	(2,243)	(1,331)
Offsetting against deferred tax assets	1,829	899	1,165	738
Deferred tax liabilities (after offsetting)	(978)	(364)	(1,078)	(593)
<u>Subject to capital gains tax</u>				
Deferred tax liability				
- property, plant and equipment	(110)	-	(50)	-

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deductible temporary differences	71	1,160	-	-
Tax losses	2,219	2,285	-	-

Notes to the Financial Statements (cont'd) 31st December, 2004

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of YHS (Singapore) Pte Ltd, a company incorporated in Singapore. The Directors regard Yeo Hiap Seng Limited (YHSL), a company also incorporated in Singapore as the ultimate holding company.

The Directors of the Group and of the Company are of the opinion that the transactions below have been entered in the normal course of business and have been established under terms that are no more favourable than those arranged with independent third parties.

The financial statements of the Group reflect the following related party transactions:

	Group	
	2004	2003
	RM'000	RM'000
Significant related party transactions		
(a) Royalty, technical and management fee payable to ultimate holding company	<u>5,532</u>	4,289
(b) Sales of goods		
Immediate holding company	54,411	62,567
<u>Fellow subsidiaries</u>		
YHS Trading (USA) Inc	1,868	7,052
YHS Hong Kong (2000) Pte Ltd	<u>2,217</u>	2,883
(c) Purchase of goods from immediate holding company	<u>2,377</u>	381
(d) Rental of machinery and equipment to immediate holding company	<u>643</u>	622
Significant outstanding balances arising from current transactions other than normal trade transactions:		
(a) Royalty, technical and management fee payable to ultimate holding company	<u>5,532</u>	4,289

27 SHARE CAPITAL

	Group and Company	
	2004	2003
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1 each:		
Balance at beginning/end of year	<u>300,000</u>	300,000
Issued and paid-up:		
Ordinary shares of RM1 each:		
Balance at beginning/end of year	<u>128,096</u>	128,096

Notes to the Financial Statements (cont'd) 31st December, 2004

28 RESERVES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Distributable reserves:				
General reserve	-	10,000	-	10,000
Retained earnings	125,868	119,120	55,533	40,376
	125,868	129,120	55,533	50,376
Non-distributable reserves:				
Share premium	59,897	59,897	59,897	59,897
Capital reserve	1	1	-	-
Foreign exchange reserve	3,008	1,101	-	-
	62,906	60,999	59,897	59,897
	188,774	190,119	115,430	110,273

Capital reserve

In 2002, an amount of Bahrain Dollar 60 equivalent to RM606 of a subsidiary company, Yeo Hiap Seng (Middle East) Co. Ltd. E.C., was transferred to the capital reserve. The capital reserve arose from the provisions of the Bahrain Commercial Companies Law 1975 (Amended), which required an amount equivalent to 10% of a subsidiary company, Yeo Hiap Seng (Middle East) Co. Ltd. E.C.'s net profit before appropriation to be transferred to a non-distributable reserve account until such time as a minimum of 25% of the issued share capital had been set aside.

Foreign exchange reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign exchange reserve.

Retained earnings

Based on estimated tax credits available and prevailing tax rates applicable to dividends, the retained earnings of the Company is available for distribution by way of cash dividends without additional tax liability being incurred.

The Group and the Company has the tax credits and exempt profits to frank the payment of future dividends as follows:

- approximately RM51,473,000 and RM21,975,000 (2003: RM57,241,000 and RM24,795,000) respectively under Section 108(6) of the Income Tax Act, 1967.
- approximately RM13,619,000 and RM4,658,000 (2003: RM20,024,000 and RM11,063,000) respectively under Section 12 of the Income Tax(Amendment) Act, 1999.
- approximately RM5,682,000 (2003: RM5,682,000) under Section 22(6) of the Investment Incentives Act, 1968.
- approximately RM1,580,000 and RM647,000 (2003: RM1,580,000 and RM647,000) respectively under Section 37 of the Promotion of Investment Act 1986.
- approximately RM13,974,000 and RM5,822,000 (2003: RM13,974,000 and RM5,822,000) respectively under Reinvestment Allowance.

Notes to the Financial Statements (cont'd) 31st December, 2004

29 DIVIDENDS

Dividends declared or proposed in respect of the financial year are as follows:

	Group and Company			
	2004		2003	
	Gross per share Sen	Amount of dividend net of tax RM'000	Gross per share Sen	Amount of dividend net of tax RM'000
Interim dividend paid	5.00	6,404	2.00	1,844
Final dividend proposed	9.00	8,301	9.00	8,301
Special dividend paid	-	-	3.00	2,767
	14.00	14,705	14.00	12,912

At the forthcoming Annual General Meeting on 27 April 2005, a final gross dividend in respect of the financial year ended 31 December 2004 of 9 sen per share (2003: 9 sen per share) amounting to RM8,300,591 (2003: RM8,300,591) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accounted for in the financial year ending 31 December 2005 when approved by shareholders.

30 CONTINGENT LIABILITIES

- (a) As of 31 December 2004, the subsidiaries have credit and loan facilities amounting to RM200,000 (2003: RM200,000) obtained from local financial institutions, which are guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of the amount of the credit and loan facilities utilised by its subsidiaries. None of the credit and loan facilities are secured against the assets of the Company or of the Group.
- (b) During the financial year, a legal action was initiated against the Company for an alleged infringement of copyright. The plaintiff has sought general damages, which the plaintiff has not quantified/disclosed but will be assessed by the Court. The Company is contesting the claim, and based on advice received from its legal advisors, the Directors are of the opinion that the Company has reasonable prospect of success. The Company has filed for a counter claim against the plaintiff. Accordingly, no provision for loss has been made in the financial statements. The outcome of the case is not presently known.

31 FINANCIAL INSTRUMENTS

Forward foreign exchange contracts

Forward foreign exchange contracts entered into by the Company and open as at financial year end is SGD1,500,000, equivalent to RM3,435,000 contracted at an average rate of RM2.29/SGD1 in respect of SGD receipts in the month of January 2005. Fair value of these contracts at balance sheet date was RM3,462,000.

Notes to the Financial Statements (cont'd) 31st December, 2004

32 CAPITAL COMMITMENTS

As of the end of the financial year, the Group and the Company have commitments in respect of the following:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Property, plant and equipment:				
Approved and contracted for	534	67	299	49
Approved but not contracted for	1,815	680	205	-

33 NON CASH TRANSACTIONS

The principal non-cash transactions during the financial year are:

- (a) transfer of intangible asset from a subsidiary amounting to RM23,638,000 (2003: RM Nil)
- (b) transfer of machinery and equipment from a subsidiary amounting to RM38,698,000 (2003: RM Nil).
- (c) dividend income from subsidiaries amounting to RM20,469,000 (2003: RM2,501,000).

34 FAIR VALUES

The carrying amounts of financial asstes and liabilities of Group and Company at the balance sheet date approximated their fair values except for other investments (Note 16).

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 February 2005.

Group Property Particulars

Listed below are the particulars of the properties referred to in Note 13 to the Financial Statements.

	Location of Property	Brief Description	Approximate Land Area (sq. ft.)	Tenure	Approximate Age of Building (years)*	Net Book Value as at 31.12.2004 (RM'000)
1.	Lot 58, Mukim Mergong, Alor Setar, Kedah	Trading Depot	43,596	99 years lease expiring in year 2076	11	879
2.	Lots 24, 29-31 MIEL Industrial Estate Prai	Trading Depot	85,895	99 years lease expiring in year 2071	27	465
3.	Lot 5827 (formerly known as Lot 1163), Mukim 12, South West District, Penang	Industrial site for future development	153,927	Freehold Land	-	1,670
4.	Mukim of Ulu Kinta and Sungei Raja, Perak	Farming Lands	11,310,000	17 lots freehold, 3 lots with 60 years lease expiring in year 2045	30	711
5.	Lot 66134, District of Kinta, Perak	Factory and Trading Depot	274,865	60 years lease expiring in year 2033	33	1,224
6.	Lot 154475, District of Kinta, Perak	Factory and Trading Depot	52,554	60 years lease expiring in year 2048	33	
7.	Lot 65644, District of Kinta, Perak	Factory and Trading Depot	218,876	60 years lease expiring in year 2033	33	1,699
8.	Lot 154474, District of Kinta, Perak	Factory and Trading Depot	65,659	60 years lease expiring in year 2048	33	
9.	Lot 6843 (PT 2987), Mukim Bidor, Daerah Batang Padang, Perak	Industrial Land	2,178,000	99 years lease expiring in year 2094	-	7,346
10.	PT 2988, Mukim Bidor Daerah Batang Padang, Perak	Industrial Land	2,093,930	99 years lease expiring in year 2094	-	
11.	7, Jalan Tandang, Petaling Jaya, Selangor	Corporate Office, Factory and Trading Depot	125,235	99 years lease expiring in year 2058	45	6,159
12.	Lots 191 & 121, Shah Alam Industrial Estate, Shah Alam	Factory and Trading Depot	428,140	99 years lease expiring in year 2074 and 2073 respectively	23	6,456
13.	Lot PT 645-650, Mukim Panchor, Daerah Kemumin Kota Bharu, Kelantan	Trading Depot	52,830	66 years lease expiring in year 2048	9	1,149
14.	Lot 147A, Kawasan Perindustrian Semambu, Kuantan, Pahang	Trading Depot	217,800	66 years lease expiring in year 2046	22	1,042

Group Property Particulars (cont'd)

Location of Property	Brief Description	Approximate Land Area (sq. ft.)	Tenure	Approximate Age of Building (years)*	Net Book Value as at 31.12.2004 (RM'000)
15. Lots K-70 & 71, Temerloh Industrial Park (Phase One) Mentakab	Trading Depot	43,560	Freehold Land	8	1,049
16. Lot 2814, Mukim of Mentakab, Temerloh District, Pahang	Trading Depot	1,600	Freehold Land	26	48
17. Lot 62, Kawasan Industrial Air Keroh, Malacca	Trading Depot	102,236	99 years lease expiring in year 2080	20	665
18. H.S. (M) 2458 (formerly known as Lot 1151-1154), Mukim of Plentong, Johor	Factory and Trading Depot	298,769	Interest in perpetuity subject to payment of annual rent	34	12,439
19. District of Kluang, Mukim Sungai Benut Johor	Industrial Land	4,523,096	Interest in perpetuity	-	7,055
20. Lot 2050 (formerly known as Lots 1340-1346) Sec.66, Kuching, Sarawak	Factory and Trading Depot	144,550	60 years lease expiring in year 2027	19	1,937
21. Lot 1347, Sec.66, Kuching, Sarawak	Industrial Land	213,836	60 years lease expiring in year 2027	7	3,990
22. Lot 1348, Sec.66, Kuching, Sarawak	Industrial Land	102,279	60 years lease expiring in year 2027	8	
23. Lot 30, Block 19, Seduan Land District, Sibu, Sarawak	Trading Depot	65,732	60 years lease expiring in year 2039	24	332
24. Lot 4183 (formerly known 1732-1750) Block 5, Lambir Land District, Miri, Sarawak	Trading Depot	95,347	60 years lease expiring in year 2054	9	2,171
25. Lot 71, Sedco Industrial Estate, Kota Kinabalu, Sabah	Trading Depot	56,350	60 years lease expiring in year 2034	13	1,015
26. Lot 1632, Kemena Land District, Bintulu, Sabah	Industrial Land	60,084	60 years lease expiring in year 2058	-	400
Total					59,901

* The approximate age of building denotes the age of the oldest building.

Analysis of Shareholdings as at 28 February 2005

No. of Shareholders	:	5,374
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	1 vote per ordinary share

Distribution of Shareholdings

	No. of Holders	Holdings	Total Holdings	%
	101	1 - 99	1,906	-
	2,083	100 - 1,000	1,916,981	1.50
	2,744	1,001 - 10,000	10,757,870	8.40
	389	10,001 - 100,000	10,548,958	8.24
	56	100,001 - 6,404,776	27,058,785	21.12
	1	6,404,777 and above	77,811,041	60.74
Total	5,374		128,095,541	100.00

Statement of Directors' Interest

No.	Name	No of Shares Held	%
1.	Philip Ng Chee Tat	Nil	Nil
2.	Tjong Yik Min	Nil	Nil
3.	Brigadier General (R) Dato' Yahya bin Yusof	Nil	Nil
4.	Dato' Mohamed Nizam bin Abdul Razak	Nil	Nil
5.	Dato' N. Sadasivan a/l N.N. Pillay	Nil	Nil
6.	Razman Hafidz bin Abu Zarim	Nil	Nil

Substantial Shareholder (as per register of substantial shareholders)

No.	Name	No. of Shares Held	% of Shareholdings
1.	YHS (Singapore) Pte. Ltd.	77,811,041	60.74
2.	Yeo Hiap Seng Limited	*77,811,041	* 60.74
		77,811,041	60.74

* Deemed Interest through YHS (Singapore) Pte. Ltd.

Analysis of Shareholdings (cont'd) as at 28 February 2005

List of Thirty Largest Shareholders

No.	Name	No. of Shares Held	% of Shareholdings
1.	YHS (Singapore) Pte. Ltd.	77,811,041	60.74
2.	Lembaga Tabung Angkatan Tentera	5,487,000	4.28
3.	F.I.T. Nominees (Asing) Sdn. Bhd. <i>Platinum Broking Co. Ltd. For Bendic Associates</i>	1,818,000	1.42
4.	Employees Provident Fund Board	1,668,800	1.30
5.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd. For Hwang-DBS Select Small Caps Fund</i>	1,640,900	1.28
6.	Amanah Raya Nominees (Tempatan) Sdn. Bhd.	1,571,400	1.23
7.	Mayban Securities Nominees (Asing) Sdn. Bhd. <i>Platinum Broking Co. Ltd. For Vansbridge Ltd.</i>	1,427,000	1.11
8.	Lembaga Tabung Haji	1,316,400	1.03
9.	F.I.T. Nominees (Asing) Sdn. Bhd. <i>Platinum Broking Co. Ltd. For Culford Holdings Intl Ltd</i>	1,268,000	0.99
10.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pheim Asset Management Sdn. Bhd. For Employees Provident Fund</i>	939,000	0.73
11.	Asia Life (M) Berhad	754,000	0.59
12.	Mayban Nominees (Tempatan) Sdn. Bhd. <i>Mayban Trustees Berhad For RHB Dynamic Fund</i>	465,000	0.36
13.	Affin Nominees (Asing) Sdn. Bhd. <i>UOB Kay Hian Pte. Ltd. For Goi Seng Hui</i>	421,000	0.33
14.	Eng Nominees (Asing) Sdn. Bhd. <i>Kim Eng Securities Pte. Ltd. For Lee Kim Chong</i>	405,000	0.32
15.	F.I.T. Nominees (Asing) Sdn. Bhd. <i>Platinum Broking Co. Ltd. For Vansbridge Ltd</i>	372,000	0.29
16.	Tan Jin Tuan	345,000	0.27
17.	Bank Kerjasama Rakyat Malaysia Berhad	340,000	0.27
18.	Bank Kerjasama Rakyat Malaysia Berhad	339,000	0.27
19.	Eng Nominees (Asing) Sdn. Bhd. <i>Kim Eng Securities Pte Ltd. For Ho Kok Yin</i>	329,900	0.26

Analysis of Shareholdings (cont'd) as at 28 February 2005

List of Thirty Largest Shareholders (cont'd)

No.	Name	No. of Shares Held	% of Shareholdings
20.	Citicorp Nominees (Asing) Sdn. Bhd. <i>CBN For DFA Emerging Markets Fund</i>	296,100	0.23
21.	Bank Kerjasama Rakyat Malaysia Berhad	273,900	0.21
22.	HSBC Nominees (Asing) Sdn. Bhd. <i>HPBN For Hartlane Enterprises Inc.</i>	256,000	0.20
23.	Triple Boutique Sdn. Bhd.	239,000	0.19
24.	Ong Bee Lian	229,000	0.18
25.	Amsec Nominees (Asing) Sdn. Bhd. <i>Fraser Securities Pte. Ltd. For Tan Eng Chin Holdings (Pte) Ltd.</i>	225,000	0.18
26.	Bank Kerjasama Rakyat Malaysia Berhad	220,500	0.17
27.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>AUTB Progress Fund</i>	220,000	0.17
28.	Bank Kerjasama Rakyat Malaysia Berhad	206,100	0.16
29.	F.I.T. Nominees (Asing) Sdn. Bhd. <i>Platinum Broking Co. Ltd. For TopChart Company Holdings Ltd.</i>	202,700	0.16
30.	Bank Kerjasama Rakyat Malaysia Berhad	193,600	0.15
		101,280,341	79.07

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-First Annual General Meeting of Yeo Hiap Seng (Malaysia) Berhad ("YHSM") will be held at Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya on Wednesday, the 27th day of April, 2005 at 4.00p.m. to transact the following business:-

As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2004 together with the Reports of the Directors and Auditors thereon; **Resolution 1**
2. To sanction the declaration of a Final Dividend of 9% gross less Malaysian Income Tax in respect of the financial year ended 31 December 2004; **Resolution 2**
3. To re-elect the following Director who retires pursuant to Article 75 of the Company's Articles of Association:-
(i) Mr Tjong Yik Min **Resolution 3**
4. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association:-
(i) Y Bhg Dato' N. Sadasivan a/l N. N. Pillay **Resolution 4**
(ii) Encik Razman Hafidz bin Abu Zarim **Resolution 5**
5. To approve the payment of Directors' Fee amounting to RM43,500.00 for the financial year ended 31 December 2004; **Resolution 6**
6. To re-appoint Messrs. PricewaterhouseCoopers as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

As Special Business

To consider and, if thought fit, pass the following resolutions:-

ORDINARY RESOLUTION 1

7. PROPOSED SHARE BUY-BACK

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company be and is hereby authorised, to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that:-

- a) the maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities;
- b) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of retained profits and the share premium account of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back. As at 31 December 2004, the audited Retained Profits and Share Premium Account of the Company were RM55,533,000 and RM59,897,000 respectively; and

Notice of Annual General Meeting (cont'd)

- c) the shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with in all or any of the following manner (as selected by the Company):
 - i) the shares so purchased may be cancelled; and/or
 - ii) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
 - iii) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

AND THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the requirements of the Bursa Securities and all other relevant governmental/regulatory authorities.”

Resolution 8

ORDINARY RESOLUTION 2

8. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

“THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with related parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or a major shareholder, as specified in section 3.1.3 of the Circular to Shareholders dated 4 April 2005 subject to the following:-

- i) the transactions are of a revenue or trading in nature which are necessary for the day to day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms not more favourable to the Related Parties than those generally available to the public and/or will not to the detriment of the minority shareholders; and
- ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' mandate together with a breakdown of the aggregate value of the transactions during the financial year based on the type of transactions, names of the related parties and their relationship.

THAT the mandate given by the shareholders of the Company shall only continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to section 143(1) of the Companies Act, 1965 (the “Act”) (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting.

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give full effect to the Shareholders' mandate.”

Resolution 9

- 9. To transact any other ordinary business of the Company for which due notice shall have been given.

Notice of Annual General Meeting (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY ALSO GIVEN THAT a final dividend of 9% less 28% Malaysian Income Tax in respect of financial year ended 31 December 2004, if approved by the shareholders at the forthcoming Annual General Meeting will be paid on 8 June 2005. The entitlement date for the dividend payment is 12 May 2005.

A Depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 May 2005 in respect of transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

Sau Ean Nee
Company Secretary

PETALING JAYA
4 April 2005

Notes:

1. A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint one proxy to attend and vote in his stead. Such proxy need not be a member of the Company.
2. The instrument of appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under the hand of an officer or attorney of the corporation duly authorised.
3. The instrument appointing the proxy must be deposited at the registered office of the Company at No. 7, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Explanatory Notes on Special Business

Resolution pertaining to the Proposed Share Buy-Back

The proposed Ordinary Resolution 8, if passed, will empower the Director of the Company to purchase the Company's shares up to ten percentage (10%) of the issued and paid up share capital of the Company ("Proposed Share Buy-Back") by utilizing the funds allocated which shall not exceed the total retained profits and share premium account of the Company. Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders of the Company dated 4 April 2005 which is despatched together with the Company's 2004 Annual Report.

Resolution pertaining to the Proposed Recurrent Related Party Transactions

The proposed Ordinary Resolution 9, if passed, will allow YHSM Group to enter into Recurrent Related Party Transactions pursuant to paragraph 10.09 of the Listing Requirements. Further information on the proposed Recurrent Related Party Transactions is set out in the Circular to Shareholders of the Company dated 4 April 2005 which is despatched together with the Company's 2004 Annual Report.

Statement Accompanying Notice of Annual General Meeting

1. The Directors who are standing for re-election

Director retiring by rotation pursuant to Article 75 of the Articles of Association

Tjong Yik Min

Directors retiring pursuant to Article 80 of the Articles of Association

Dato' N. Sadasivan a/l N. N. Pillay
Razman Hafidz bin Abu Zarim

2. Details of Attendance of Directors at Board Meetings

There were five (5) Board meetings held during the financial year ended 31 December 2004. The attendance record of Directors are as follows:-

Name of Directors	Number of Meetings Attended
Philip Ng Chee Tat	5/5
Tjong Yik Min	5/5
Brigadier General (R) Dato' Yahya bin Yusof	5/5
Dato' Mohamed Nizam bin Abdul Razak	5/5
Dato' N. Sadasivan a/l N.N. Pillay	1/1*
Razman Hafidz bin Abu Zarim	_***
Winston Mah Yat Kong	4/4***
Tham Chong Kong	_****
Chan Wai Ming	3/3*****

* There was one Board meeting held since his appointment on 13 August 2004.

** He was appointed after the financial year ended 31 December 2004, on 1 March 2005.

*** There were four (4) Board meetings held before his resignation on 31 December 2004.

**** No meeting was held during the period between his appointment on 8 June 2004 and resignation on 13 August 2004.

*****There were three (3) Board meetings held before his retirement on 22 April 2004.

3. 31st Annual General Meeting of Yeo Hiap Seng (Malaysia) Berhad

Place : Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya.

Date & Time : 27 April 2005 at 4.00p.m.

4. Further details of Directors who are standing for re-election

Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 5 to 7 of the Annual Report. None of the Directors hold any shares in the Company or its subsidiaries.

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Yeo Hiap Seng (Malaysia) Berhad (3405-X)
(Incorporated in Malaysia)

Proxy Form

I/We _____
(full name as per NRIC/company name in block capitals)

NRIC/Company No. _____
(new and old NRIC Nos)

CDS Account No. _____
(for nominee companies only)

of _____
(full address)

being a member of **Yeo Hiap Seng (Malaysia) Berhad** hereby appoint _____
(full name as per NRIC in block capitals)

_____ NRIC No. _____
(new and old NRIC Nos)

of _____
(full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held at Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya on Wednesday, 27 April 2005 at 4.00p.m. and any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Receipt of Directors' & Auditors' Reports and Audited Financial Statements		
2.	Declaration of Final Dividend		
3.	Re-election of Mr Tjong Yik Min		
4.	Re-election of Y Bhg Dato' N. Sadasivan a/l N. N. Pillay		
5.	Re-election of Encik Razman Hafidz bin Abu Zarim		
6.	Approval of the payment of Directors' Fees		
7.	Re-appointment of Messrs PricewaterhouseCoopers as Company Auditors		
8.	Proposed Share Buy-Back		
9.	Proposed Shareholders' Mandate For Recurrent Related Party Transactions		

No. of shares held	
--------------------	--

Dated this _____ day of _____, 2005.

Signature of shareholder

Notes:

1. A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint one proxy to attend and vote in his stead. Such proxy need not be a member of the Company.
2. The instrument of appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under the hand of an officer or attorney of the corporation duly authorised.
3. The instrument appointing the proxy must be deposited at the registered office of the Company at No. 7, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Affix
Stamp

THE COMPANY SECRETARY
YEO HIAP SENG (MALAYSIA) BERHAD (3405-X)
No.7, Jalan Tandang,
46050 Petaling Jaya,
Selangor Darul Ehsan
