

WARISAN TC HOLDINGS BERHAD



WARISAN TC HOLDINGS BERHAD


(424834-W)

LAPORAN TAHUNAN 2005 ANNUAL REPORT

Warisan TC Holdings Berhad
(424834-W)

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51200 Kuala Lumpur

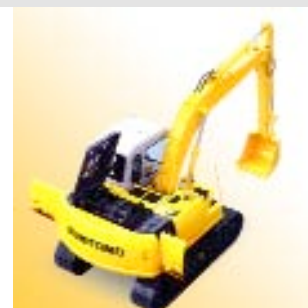
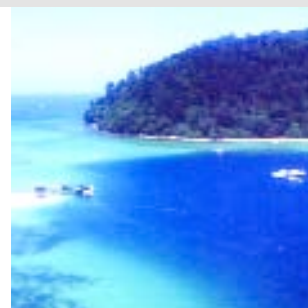
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laporan tahunan    2005 annual report



WARISAN TC HOLDINGS BERHAD (424834-W)

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corporate information

DIRECTORS

Dato' Tan Heng Chew JP, DJMK
Chairman

Ngu Ew Look
Executive Director

Yeoh Keong Lian
Executive Director

Dato' Lee Eng Guan @ Lee Eng Yuan DPTJ, ANS

Dato' Haji Nadzam bin Haji Mohd Din JP, DJMK, KMN, AMP

Ismail bin Rautin Ibrahim

Seow Thiam Fatt

AUDIT COMMITTEE

Seow Thiam Fatt
Chairman
Independent Non-Executive Director

Ismail bin Rautin Ibrahim
Independent Non-Executive Director

Ngu Ew Look
Executive Director

COMPANY SECRETARY

Chan Yoke Lin

REGISTERED OFFICE

62-68 Jalan Ipoh
51200 Kuala Lumpur
Telephone : 03-4047 8888
Facsimile : 03-4047 8636
E-mail : warisan@tanchong.com.my

REGISTRARS

Tenaga Koperat Sdn. Bhd.
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Telephone : 03-4041 6522
Facsimile : 03-4042 6352

AUDITORS

KPMG
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Listed on the Main Board on 15 December 1999)

business divisions

consumer products

cosmetics
hair care products
lingerie

travel & car rental

inbound tours
corporate travel
airline ticketing
car rental

machinery

material handling equipment
construction equipment
agricultural tractors
engine & generator sets



perutusan pengerusi

chairman's statement

On behalf of the Board, I am pleased to present the Annual Report and Audited Financial Statements of Warisan TC Holdings Berhad for the financial year ended 31 December 2005.

Highlights

2005 was indeed an equally challenging year compared to previous years. The Malaysian economy remained resilient despite moderation in global growth due to high oil prices, inflationary pressures and interest rate hikes. It was also an eventful year with the completion of the joint venture between the Company and Shiseido Co. Ltd of Japan. Shiseido Malaysia Sdn Bhd, the joint venture company, commenced business on 1 October 2005.

Bagi pihak Lembaga Pengarah, dengan sukacitanya saya membentangkan Laporan Tahunan dan Penyata Kewangan Warisan TC Holdings Berhad bagi tahun kewangan berakhir pada 31 Disember 2005.

Maklumat Penting

Tahun 2005 merupakan satu lagi tahun yang mencabar seperti tahun-tahun yang terdahulu. Ekonomi Malaysia tetap bertahan walaupun pertumbuhan global yang agak sederhana akibat daripada kenaikan harga minyak, tekanan inflasi dan kenaikan kadar faedah. Ia juga merupakan tahun yang sungguh bermakna dengan termeterainya usaha sama antara Syarikat dengan Shiseido Co. Ltd di Jepun. Shiseido Malaysia Sdn Bhd, iaitu sebuah syarikat usaha sama yang mula beroperasi pada 1 Oktober 2005.



chairman's statement

perutusan pengerusi

Despite the challenges faced, the Group continued to improve its profitability in 2005. For the financial year under review, the Group recorded a turnover of RM263.2 million compared to RM269 million in the previous financial year, a decrease of 2%. The Group's turnover was mainly contributed by travel and car rental division as well as machinery division which accounted for 38% and 44% respectively of the total revenue. Profit from operation of RM22.5 million was 11% higher compared to RM20.3 million, mainly contributed by the increase in profitability of the consumer products division.

Dividends

An interim dividend of 3% tax exempt per share amounting to RM2,016,000 was paid on 28 September 2005.

The Board of Directors have recommended payment of a final dividend of 4% tax exempt per share and a special dividend of 2% less tax per share amounting to RM2,688,000 and RM967,680 respectively for the financial year ended 31 December 2005. Together with the interim dividend of 3% tax exempt per share already declared and paid, this represents a total dividend of 9% (gross) per share.

Review of Operations

For the financial year ended 31 December 2005, the Group continued to operate with its 3 core divisions, namely Consumer Products, Travel & Car Rental and Machinery.

Walaupun banyak cabaran perlu ditempuhi, keuntungan Kumpulan terus meningkat pada 2005. Bagi tahun kewangan dalam kajian, Kumpulan mencatatkan perolehan sebanyak RM263.2 juta berbanding dengan RM269 juta pada tahun kewangan sebelum ini, iaitu penurunan sebanyak 2%. Perolehan Kumpulan sebahagian besar merupakan sumbangan daripada bahagian pelancongan dan penyewaan kereta serta bahagian kejenteraan di mana masing-masing menyumbangkan sebanyak 38% dan 44% daripada jumlah pendapatan. Keuntungan operasi sebanyak RM22.5 juta adalah 11% lebih tinggi berbanding RM20.3 juta yang sebahagian besarnya disebabkan oleh peningkatan keuntungan daripada bahagian barangan pengguna.

Dividen

Dividen pertengahan bebas cukai sebanyak 3% sesaham berjumlah RM2,016,000 telah dibayar pada 28 September 2005.

Lembaga Pengarah mencadangkan pembayaran dividen akhir bebas cukai sebanyak 4% sesaham dan dividen khas sebanyak 2% sesaham ditolak cukai yang masing-masing berjumlah RM2,688,000 dan RM967,680 bagi tahun kewangan yang berakhir pada 31 Disember 2005. Dengan dividen interim bebas cukai sebanyak 3% sesaham yang telah diisytiharkan dan dibayar, ini menunjukkan jumlah dividen sebanyak 9% (kasar) sesaham.

Kajian Operasi

Bagi tahun kewangan yang berakhir 31 Disember 2005, Kumpulan terus beroperasi dengan 3 bahagian utamanya, iaitu Barangan Pengguna, Pelancongan & Penyewaan Kereta dan Kejenteraan.

chairman's statement

perutusan pengerusi



consumer products

barangan pengguna

Consumer Products

The division registered an increase in profit before taxation for 2005. Tung Pao Sdn Bhd, a subsidiary of the Company enhanced its focus on Shiseido's customer service and education with a number of seminars and workshops by researchers and scientists concentrating on the study of anti-ageing and sun protection.

Za's True White skincare range continued to enjoy strong growth in the self selection cosmetics market. Pure & Mild launched in the last quarter of 2004 registered steady sales in 2005.

Shiseido Professional's sponsorship for the Tokyo Cutting Academy continued to enjoy strong participation by Malaysian hairstylists. "Program Solution", a new treatment haircare range was launched during the year to expand Shiseido Professional's product offerings.

Barangan Pengguna

Bahagian ini mencatatkan peningkatan keuntungan sebelum cukai bagi tahun 2005. Tung Pao Sdn Bhd, sebuah anak syarikat meningkatkan tumpuannya perkhidmatan kepada pelanggan dan pengetahuan tentang Shiseido melalui beberapa seminar dan bengkel yang dikendalikan oleh penyelidik dan ahli sains yang terlibat dalam kajian antipenuaan dan perlindungan daripada matahari.

Produk penjagaan kulit True White dari jenama Za terus menikmati pertumbuhan yang kukuh dalam pasaran kosmetik pilihan sendiri. Pure & Mild yang dilancarkan pada suku akhir 2004 mencatatkan jualan yang gigih pada 2005.

Penajaan Shiseido Profesional untuk Tokyo Cutting Academy terus mendapat sambutan menggalakkan melalui penyertaan pendandan rambut dari Malaysia. "Program Solution", iaitu siri rawatan baru penjagaan rambut telah dilancarkan pada tahun tersebut untuk menambah lagi barangan Shiseido Profesional.

chairman's statement

perutusan pengerusi

Wacoal Malaysia Sdn Bhd ("WM"), a joint venture company, introduced more fashionable design in 2005, covering each season of Spring / Summer and Autumn / Winter. With high quality merchandise and effective marketing campaign, WM recorded double digit sales growth and a significant increase in profit before taxation in 2005. Two new product ranges were launched during 2005, namely "Parfage" to cater for ladies with a penchant for more exquisite lingerie and "Snuggies", a range of comfortable and fashionable shorts.

In September and October 2005, WM launched the "Pink Ribbon" campaign in raising awareness for breast cancer through the press, its counters and a donation to the National Cancer Society of Malaysia.

Wacoal Malaysia Sdn Bhd ("WM"), sebuah syarikat usaha sama melancarkan rekaan fesyen yang lebih bergaya pada 2005, dengan hasil rekaan mengikut musim, iaitu Musim Bunga / Musim Panas dan Musim Luruh / Musim Sejuk. Dengan barangan yang berkualiti tinggi dan kempen pemasaran yang berkesan, WM mencatatkan pertumbuhan jualan berganda dan peningkatan keuntungan yang ketara sebelum cukai pada 2005. Dua jenis barangan baru dilancarkan pada 2005, iaitu "Parfage" untuk memenuhi permintaan kaum wanita yang gemarkan pakaian dalam yang lebih menarik dan "Snuggies", satu rangkaian seluar pendek yang selesa dan bergaya.

Pada bulan September dan Oktober 2005, WM melancarkan kempen "Pink Ribbon" untuk meningkatkan kesedaran tentang kanser payu dara melalui siaran akhbar, kaunter WM dan sumbangan derma kepada Persatuan Kebangsaan Kanser Malaysia.



chairman's statement

perutusan pengerusi



travel & car rental

pelancongan & penyewaan kereta

Travel & Car Rental

Despite stiff competition and a series of happenings including the suicide bombings in London and Bali, high fuel prices and the outbreak of bird flu from Asia to Europe, the travel division was able to improve its profit before taxation due mainly to implementation of yield management and focus on quality clientele. In order to improve customers' confidence and service delivery, a "one stop travel" center was opened in the hub of Kuala Lumpur in 2005.

Pelancongan & Penyewaaan Kereta

Walaupun persaingan sengit dan berlaku beberapa peristiwa termasuk pengeboman berani mati di London dan Bali, kenaikan harga minyak dan penyebaran wabak selsema burung dari Asia ke Eropah, namun begitu bahagian pelancongan masih mampu meningkatkan keuntungan sebelum cukai sebahagian besarnya disebabkan oleh pelaksanaan pengurusan keluaran dan penumpuan ke atas kualiti pelanggan. Untuk meningkatkan keyakinan dan perkhidmatan pelanggan, sebuah pusat "pelancongan setempat" telah dibuka di tengah-tengah Kuala Lumpur pada 2005.



chairman's statement

perutusan pengerusi

As to the car rental business, the performance has been encouraging. In view of the increasing demand for long term leasing by corporate companies, total fleet size has increased by 32% in 2005. Apart from focusing on the fleet solution business, the management has also launched the defensive driving course with a view to create awareness and generate additional source of revenue.

Mayflower American Express Travel Services Sdn Bhd ("MAE"), a joint venture company, continued to dominate in the corporate ticketing market with a revenue growth of 26% in 2005. MAE was awarded MAS Top Agent and Abacus Top Agent for the 4th consecutive year.

On the eco-tourism side, the division registered a sales growth with more effective marketing activities in place. Discovery Tours (Sabah) Sdn Bhd, a wholly-owned subsidiary of the Company was awarded Best Tour Operator (Sabah) 2005 by Sabah Tourism Board.

Bagi perniagaan penyewaan kereta, prestasinya memang menggalakkan. Memandangkan permintaan yang meningkat bagi penyewaan jangka panjang daripada syarikat korporat, jumlah pengangkutan telah bertambah sebanyak 32% pada 2005. Selain daripada tumpuan kepada perniagaan pengangkutan, pihak pengurusan juga melancarkan kursus memandu berhemat dengan matlamat untuk mewujudkan kesedaran dan menambah sumber pendapatan.

Mayflower American Express Travel Services Sdn Bhd ("MAE"), sebuah syarikat usaha sama, terus mendominasi pasaran tiket korporat dengan pertumbuhan pendapatan sebanyak 26% pada 2005. MAE dianugerahkan sebagai Ejen Terbaik MAS dan Ejen Terbaik Abacus untuk tahun ke-empat berturut-turut.

Dari segi pelancongan ekologi, bahagian ini mencatatkan pertumbuhan jualan melalui aktiviti pemasaran yang lebih berkesan. Discovery Tours (Sabah) Sdn Bhd, anak syarikat milik penuh Syarikat dianugerahkan sebagai Pengendali Pelancongan Terbaik (Sabah) 2005 oleh Lembaga Pelancongan Sabah.

Awarded
Top Agent in Malaysia
for 2004/2005
by Malaysia Airlines



Awarded
Best Tour Operator
Sabah for 2004/2005



chairman's statement

perutusan pengerusi



machinery

kejenteraan

Machinery

The division registered a marginal revenue growth in 2005 contributed mainly from the construction, service and rental of forklift segments. Profit before taxation, however, dropped due to the erosion of gross profit margin attributed to cost increase from principal as a result of steel surcharge and intense competition faced by the division. In line with the objective of securing more products to increase revenue stream, during the year, the division managed to secure the exclusive distributorship right for Ingersoll Rand compactor roller and other road construction machinery from a renowned US based company, Ingersoll Rand. This places the division on a more competitive footing to the division with a wider range of construction products to compete in this sector in the coming years.

Kejenteraan

Bahagian ini mencatatkan pertumbuhan pendapatan yang marginal pada 2005 dengan sumbangan sebahagian besarnya daripada segmen pembinaan, perkhidmatan dan penyewaan trak angkat susun. Namun begitu, keuntungan sebelum cukai merosot akibat daripada penyusutan margin keuntungan kasar yang disebabkan oleh peningkatan kos daripada prinsipal ekoran daripada kos tambahan keluli dan persaingan sengit yang dihadapi oleh bahagian ini. Selaras dengan objektif untuk memperolehi lebih banyak barangan bagi menambah aliran pendapatan, sepanjang tahun tersebut, bahagian ini berjaya mendapatkan hak pengedaran eksklusif untuk penggelek pematat Ingersoll Rand dan jentera pembinaan jalan yang lain dari sebuah syarikat terkemuka berdasar di Amerika Syarikat, Ingersoll Rand. Ini mengakibatkan lebih daya persaingan di bahagian ini dengan penawaran pelbagai barangan pembinaan untuk bersaing dalam sektor ini bagi tahun-tahun yang akan datang.



chairman's statement

perutusan pengerusi

During the year, apart from the launch of the new construction machinery, a German made 106 horsepower John Deere agricultural tractor was introduced for various application needs of the oil palm industries. This particular model is expected to handle rougher terrain estates in East Malaysia and with the brand's image, it should contribute positively to the division.

Sepanjang tahun tersebut, selain daripada pelancaran jentera pembinaan yang baru, traktor pertanian John Deere berkuasa kuda 106 buatan Jerman telah diperkenalkan untuk pelbagai penggunaan di ladang kelapa sawit. Model ini dijangka dapat digunakan di ladang yang bentuk muka buminya tidak merata di Malaysia Timur dan dengan imej jenama tersebut, model ini pasti dapat memberi sumbangan yang positif kepada bahagian ini.



chairman's statement

perutusan pengerusi

Prospects

The outlook of the Malaysian economy remains favourable with Gross Domestic Product (GDP) growth of 5.5% expected in 2006. Operationally, many of the Group's business will remain highly competitive. The Group is focusing on its core businesses and at the same time seeking new business opportunities to enhance its earnings stream. 2006 will again be profitable and the Group's performance is expected to remain satisfactory, barring any unforeseen circumstances.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to thank all our shareholders, valued customers, business associates and financiers for their continued support to the Group. I would like to record our appreciation to the management team and employees for their dedication and commitment.

Lastly, I would like to thank my fellow Board members for their invaluable contribution to the Group.

Dato' Tan Heng Chew JP, DJMK

Chairman / Pengerusi

Kuala Lumpur
31 March 2006

Prospek

Tinjauan ekonomi Malaysia tetap menggalakkan dengan pertumbuhan Keluaran Dalam Negara Kasar (KDKN) sebanyak 5.5% dijangka pada 2006. Dari segi operasi, sebahagian besar urus niaga Kumpulan masih tetap tinggi persaingannya. Kumpulan tertumpu kepada perniagaan utamanya dan pada masa yang sama mencari peluang perniagaan baru untuk menambah aliran perolehannya. Tahun 2006 akan sekali lagi menjadi tahun yang menguntungkan, malah prestasi Kumpulan dijangka tetap memberangsangkan jika tiada perkara yang tidak dijangkakan berlaku.

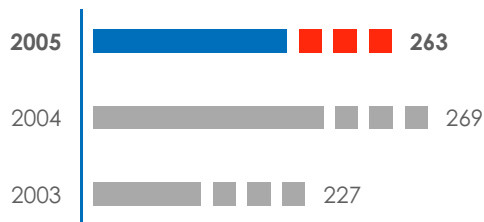
Penghargaan

Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada para pemegang saham, pelanggan yang dihargai, sekutu perniagaan dan ahli kewangan di atas sokongan berterusan kepada Kumpulan. Saya juga ingin merakamkan penghargaan kepada pihak pengurusan dan kakitangan terhadap dedikasi dan komitmen mereka.

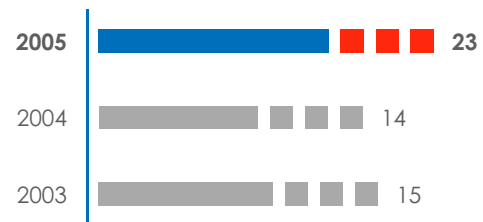
Akhir sekali, saya ingin mengucapkan terima kasih kepada ahli Lembaga Pengarah di atas sumbangan mereka yang tidak ternilai kepada Kumpulan.



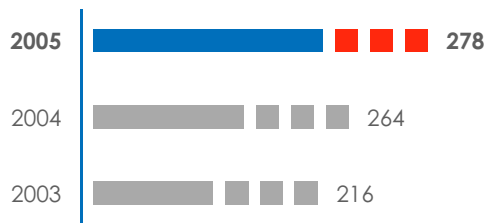
financial charts



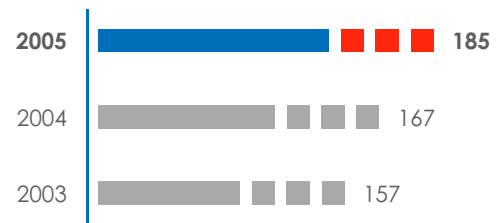
revenue (RM million)



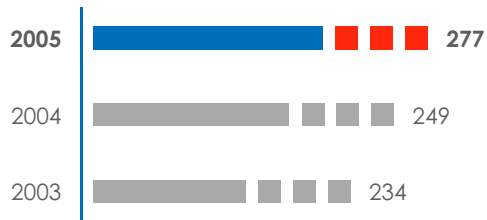
profit after tax (RM million)



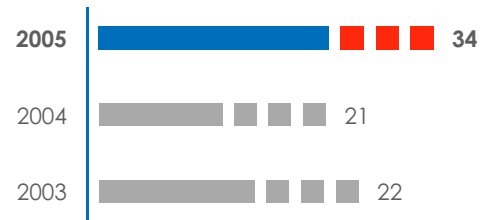
total assets (RM million)



capital & reserves (RM million)



net assets per share (sen)



earnings per share (sen)

profile of the board of directors

Dato' Tan Heng Chew, JP, DJMK

59, a Malaysian, is a Non-Executive and Non-Independent Director and the Chairman of Warisan TC Holdings Berhad. He was the first director of the Company when it was incorporated on 26 March 1997.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Motor Holdings Berhad Group of companies in 1970 and was instrumental in the establishment of its Autoparts Division in the 1970s and early 1980s.

Dato' Tan sits on the Board of Tan Chong Motor Holdings Berhad as Executive Deputy Chairman and is also the Chairman of APM Automotive Holdings Berhad.

He is a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company.

Dato' Tan does not have any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group with related parties involving himself.

Dato' Tan attended all the six board meetings held in 2005.

Ngui Ew Look

52, a Malaysian, is an Executive Director. He was appointed to the Board on 26 July 2002 and is a member of the Audit Committee.

Mr. Ngui is a Fellow of the Association of Chartered Certified Accountants. He served the Tan Chong Motor Holdings Berhad Group in various financial and management positions over the last 25 years. He was an Accountant for the travel business and later became the Product Manager and subsequently promoted to General Manager of the industrial machinery business, both operations of which are now under the Warisan Group. Since January 1999 and until his current appointment, he was the General Manager, in charge of the heavy commercial vehicles division of the Tan Chong Group and overseeing the heavy commercial vehicle business of the Tan Chong Group in East Malaysia.

Mr. Ngui does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

Mr. Ngui attended all the six board meetings held in 2005.



profile of the board of directors

Yeoh Keong Lian

51, a Malaysian, is an Executive Director. She was appointed to the Board on 20 March 2003.

Ms. Yeoh is a Fellow of the Association of Chartered Certified Accountants and holds a Diploma in Applied International Management. She served in various management capacities in the Tan Chong Motor Holdings Berhad Group for about 12 years before joining PK Electronic Industries Group in 1992 where she was the Senior Manager for about 3 years. Prior to this appointment, she was the Finance Director of Kimberly-Clark Corporation's Malaysia and Singapore operations.

Ms. Yeoh does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

Ms. Yeoh attended all the six board meetings held in 2005.

Dato' Haji Nadzam bin Haji Mohd Din, JP, DJMK, KMN, AMP

63, a Malaysian, is a Non-Executive and Non-Independent Director. He was appointed to the Board on 1 November 1999.

Dato' Haji Nadzam was in the Malaysian civil service and served as the Press Secretary for the Minister of Culture, Youth and Sport - 1972 to 1975; the Minister of Trade and Industry - 1975 to 1978 and the Minister of Law and Attorney General - 1978 to 1980. He has been the Head of the Public Affairs Department of the Tan Chong Motor Holdings Berhad Group since 1981.

Dato' Haji Nadzam does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group with related parties involving himself.

Dato' Haji Nadzam attended all the six board meetings held in 2005.

Ismail bin Rautin Ibrahim

71, a Malaysian, is an Independent and Non-Executive Director. He was appointed to the Board on 24 November 1999 and is a member of the Audit Committee.

Encik Ismail is a Fellow of the Institute of Commercial Management, United Kingdom and holds a Diploma in Entrepreneurial Management from Algonquin College, Canada. He joined the Royal Malaysia Police Force in 1954 and went on to join the Department of the Chief Government Security Officers in the Prime Minister's Department in 1967 and was appointed as its Chief in 1980. He subsequently opted for early retirement and went into his own business.

Encik Ismail does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

Encik Ismail attended all the six board meetings held in 2005.

profile of the board of directors

Seow Thiam Fatt

65, a Malaysian, is an Independent and Non-Executive Director. He was appointed to the Board on 26 July 2002 and is the Chairman of the Audit Committee. He is also an Independent and Non-Executive Director of Tan Chong Motor Holdings Berhad, Affin Merchant Bank Berhad, ING Funds Berhad and a Non-Independent Non-Executive Director of Malaysia Pacific Corporation Berhad.

Mr. Seow, a Chartered Accountant, was admitted as a member of CPA Australia in 1963, the Institute of Chartered Secretaries and Administrators in 1964 and the Institute of Chartered Accountants in Australia in 1968. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA) since 1969. He is a past President of MICPA and also served four years as a government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE).

He has more than 20 years' professional experience as a practising accountant in the capacity of a Senior Partner of Larry Seow & Co./Moore & Rowland and a Partner of Arthur Young. He diverted from professional practice in 1994 and thereafter held various senior positions in private and public companies. His work experience includes a two-year contract with the Securities Commission of Malaysia as General Manager of the Financial Reporting Surveillance and Compliance Department.

Mr. Seow does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

Mr. Seow attended five of the six board meetings held in 2005.

Dato' Lee Eng Guan @ Lee Eng Yuan, DPTJ, ANS

60, a Malaysian, is a Non-Executive and Non-Independent Director. He was elected to the Board at the Annual General Meeting on 20 May 2003.

Dato' Lee has a Bachelor of Arts degree from the University of Queensland, Australia. He was the divisional director of the heavy machinery and equipment operations of the Tan Chong Motor Holdings Berhad ("TCMH") group until the re-structuring of TCMH, resulting in the emergence of the Company. Prior to joining TCMH, he was with the Inchcape Group and the Tractors Malaysia Group.

Dato' Lee does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

Dato' Lee attended all the six board meetings held in 2005.

None of the directors had convictions for any offences within the past 10 years.



corporate governance statement

The Board of Directors (the "Board") of Warisan TC Holdings Berhad recognises that the exercise of good corporate governance in conducting the business and affairs of the Company and the Group forms a fundamental part of discharging its responsibilities to protect shareholders' value and to enhance the Group's performance. Therefore, it is the policy of the Board to manage the business and affairs of the Group in accordance with the appropriate standards for good corporate governance.

In line with the Bursa Malaysia Securities Berhad ("BMSB")'s Listing Requirements, the Board wishes to report on the manner the Group has applied the principles and the extent of compliance with the best practices set out in the Malaysian Code on Corporate Governance (the "Code").

A: DIRECTORS

I The Board

The Board is entrusted with the responsibility in leading and directing the Group towards realising long term shareholders' values. The Board retains full and effective control of the Group's strategic plans, overseeing the conduct of the Groups' businesses, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Company's system of internal control.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. In 2005, the Board held six (6) Board Meetings. In every Board Meeting, there is a schedule of matters reserved for the Board's decision and apart from the broad policy making decisions, these matters include the approval of annual and interim results, annual business plans and budgets, significant acquisitions and disposals, material agreements, major capital expenditures, senior executive appointments and significant corporate matters. Other matters are delegated to Board Committees, officers and the management.

II Board Balance

The Board currently has seven (7) members comprising the Chairman, two (2) Executive Directors and four (4) Non-Executive Directors, two (2) of whom are Independent Directors. This Board membership meets the requirement of at least one third being Independent Non-Executive Directors.

The Board collectively has a diverse background in business and financial experience and skills vital for the continued progress and success of the Group. The profiles of the Board members are set out on pages 14 to 16.

III Supply of Information

All Board and Committee meetings held were preceded with formal agenda issued by the Company Secretary. The agenda was accompanied by the minutes of previous meetings, relevant documents for deliberations and reports on current trading and business issues, periodic financial reports and proposal papers from the management as and when required.

The Board has approved an agreed procedure for Directors to take independent professional advice at the Company's expense.

The Directors have direct access to the advice and the services of the Company Secretary who is responsible for ensuring Board procedures are followed.



corporate governance statement

IV Appointment to the Board

The Board is of the view that an assessment carried out by drawing upon the wealth of experience of all the Directors on the Board would be more effective and therefore a Nomination Committee is currently not required. Consequently, this role will be performed by the Board as a whole when necessary and as appropriate.

It is an essential part of the Board policy that Directors receive training and update from time to time, particularly on relevant new laws and regulations and changing commercial risks.

V Re-election

The names of the Directors at the date of this Report, together with their profiles are set out on pages 14 to 16.

The Company's Articles of Association provide that at every Annual General Meeting of the Company, one-third of the Directors shall retire from office by rotation and that all Directors shall retire from office once at least in every three years, but shall be eligible for re-election at each Annual General Meeting.

Non-Executive Directors are not appointed for a specific term and are subject to election by shareholders at the next Annual General Meeting following their appointment, and to re-election in accordance with the Company's Articles of Association.

VI Directors' Training

All Directors have attended the mandatory accreditation training programmes prescribed by BMSB. During the financial year, the Directors have also participated, in accordance to the needs of the respective directors, in some of the seminars organized internally. For continuous training, the Directors are encouraged to participate in seminars and conferences organised by the relevant regulatory authorities and professional bodies to keep abreast with developments in the market place.

B: DIRECTORS' REMUNERATION

The Board is of the view that existing remuneration guidelines formulated by drawing upon the wealth of experience of all the directors on the Board would be more effective and therefore a Remuneration Committee is currently not required. Consequently, this role will be performed by the Board as a whole when necessary and as appropriate. The remuneration policy of the Group essentially seeks to attract, retain and motivate all level of employees including Executive Directors to contribute positively towards the Group's performance.

The quantum of the annual performance bonus and increment for the employees of the Group is dependent on the operating results of the Group after taking into account the prevailing business conditions and takes into consideration the individual's performance. The same guidelines apply to the Executive Directors.



corporate governance statement

The aggregate remuneration of the Directors for the financial year ended 31 December 2005 is as follows:

	Fees RM	Salaries & Allowance RM	Bonus RM	Benefits- in-kind RM	Total RM
Executive Directors	-	600,356	295,266	29,408	925,030
Non-Executive Directors	72,000	-	-	-	72,000

The number of Directors whose remuneration fall into the following bands are as follows:

Range of remuneration	Executive	Non-Executive
50,000 and below	-	5
400,000 - 450,000	1	-
450,001 - 500,000	1	-

The remuneration of each of the Non-Executive Director is determined by the Board as a whole. Non-Executive Directors do not take part in discussions of their own remuneration.

C: RELATIONS WITH SHAREHOLDERS

I Dialogue between Companies and Investors

The Board acknowledges the need to communicate with shareholders on all material business matters affecting the Group. The Company will hold group and individual discussions with analysts, institutional shareholders and investment communities, at their request, with the view to foster greater understanding of the business of the Group. When appropriate, the Company will also conduct press conference to inform shareholders and investors of any material business developments of the Group. The Group's quarterly result announcements are available from the BMSB website and serve to keep the interested shareholders informed of the Group's progress from time to time.

II The Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with the shareholders which allows the shareholders to have direct access to the Board. The shareholders are given the opportunity to raise questions or issues regarding the Company's performance or on any proposed resolutions. The shareholders attending the AGM are also advised of the number of proxy votes lodged and the outcome for each resolution.

The last AGM was held on Thursday, 24 June 2005 at 2:30 pm at the Grand Ballroom, Grand Seasons Hotel, Kuala Lumpur. It was attended by registered shareholders, or their proxies or Corporate Representatives, representing 61% of the issued share capital. The Notice of Meeting was attached to the Annual Report sent to shareholders.

corporate governance statement

D: ACCOUNTABILITY AND AUDIT

I Financial Reporting

The Board aims to present a balanced and understandable assessment of the Company's and the Group's position and prospects to the shareholders, investors and regulatory authorities primarily through the annual report and quarterly financial statements.

II Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control which would cover all aspects of the business including financial, operational and compliance controls. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system cannot totally eliminate risks and thus there can never be an absolute assurance that the Group will achieve its objectives or will there be no material loss arising thereon.

The system of internal control is embedded in the overall management processes and some of the key elements of the system may be described as the control environment and this is represented by the following:

1. Review and approval of annual business plan and budget of all major business units by the Board. These plans set out the key business objectives of the respective business units and the major risks and opportunities in the operations and ensuing action plans.
2. Regular review of the performance of business units by the Board which also assesses the impact of the changes in business and competitive environment.
3. Active participation by certain members of the Board in the day to day running of the major businesses and regular dialogues with the senior management of smaller business units.
4. Monthly financial reporting to the Holding Company.

There is an on-going process for identifying, evaluating and managing significant risks that would affect the business. Measures of internal control are enhanced through the internal audit function which provides assurance that the system of internal control functions as intended.

The internal control of the Group is further supported by an established organisation structure with reporting lines and appropriate limits of authority clearly set out for different purposes, decisions or commitments. The conduct of Executive Management Committee (EMC) will set the platform for the Group to lay down the authority limits that have been established to manage and control its businesses. Matters beyond the limits of authority are referred to the main Board for approval.

The above processes are also complemented by the Systems & Internal Audit Department. The Audit Committee approves plans for control reviews and deals with significant issues raised by the Systems & Internal Audit Department or the external auditors.



III Audit Committee and Auditors

The Board has established an Audit Committee. The membership of this Committee, the terms of reference and its activities report are set out on pages 25 to 27.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES IN CORPORATE GOVERNANCE

The Directors considered that for the financial year ended 31 December 2005, the Company had complied substantially with the Best Practices in Corporate Governance as set out under Part 2 of the Code, except for the formation of Nomination and Remuneration Committees.

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and their results for the financial year.

In preparing the financial statements for the year ended 31 December 2005, the Directors have:

1. adopted the appropriate accounting policies, which are consistently applied;
2. made judgments and estimates that are reasonable and prudent; and
3. ensured that the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965 are complied with.

The Directors have the responsibility for ensuring that the Company and the Group keep proper and adequate accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and to ensure that the financial statements comply with the requirements of the Companies Act, 1965. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

statement on internal control

Responsibility

The Board has overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Group's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. In pursuing these objectives, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Internal Control System

The key elements of the Group's internal control system are described as below:

- * Defined lines of responsibility, delegation of authority, segregation of duties and information flow.
- * The Executive Management Committee (EMC) which reviews high level policies as well as monitors the performance and profitability of business divisions.
- * Internal policies and procedures have been established and documented.
- * Business planning and budgeting process for business units with periodical monitoring of performance so that major variances are followed up and management action taken.
- * Justification and approval process for major expenditures to ensure congruence with Company's strategic objectives.
- * Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures and legislation whilst assessing the effectiveness of the Group's system of financial, compliance and operational control.



statement on internal control

Risk Management Framework

The Board confirms that there is a continuous process to identify and manage the significant risks of the Group. Key risks relating to the Group's operations and strategic mission are addressed, evaluated and subsequently tabled and endorsed by the Board.

The key features of the risk management framework are as follows:

- * Risk Management Committee, which is headed by an Executive Director and comprising key management personnel from respective business divisions, has been established. The Committee is entrusted with the responsibility to identify and communicate to the Board through the Audit Committee on the risk that the Group faces, their changes and management action plans to mitigate the risks.
- * A Risk Management Oversight Policies and Procedures which outlines the risk management framework for the Group and offers practical guidance on risk management issues has been formed and presented to the Audit Committee for adoption.
- * Updates on Corporate Risk Scorecards by the heads of business divisions with focus on operational risks. The database of all risks and controls in a form of risk scorecard is subject to review.

Internal Audit Function

An in house internal audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance of the Group's system of internal control. Internal audit appraises and contributes towards improving the Group's risk management and control system and reports to the Audit Committee on a quarterly basis.

The internal audit team is independent and has no involvement in the operation with the Group.

The Board is of the opinion that the system of internal control is adequate to achieve the Group's business objectives. During the year, there were no material losses caused by breakdown in internal control.

additional compliance information

In compliance with the Bursa Malaysia Securities Berhad's Listing Requirements, the following additional information is provided:-

(i) Utilisation of Proceeds

The proceeds raised from disposing the "Shiseido" business of distributing Shiseido products to a jointly controlled entity were utilised for working capital purposes during the financial year.

(ii) Share Buybacks

There were no share buybacks during the financial year.

(iii) Warrants and Convertible Securities

There were no warrants and convertible securities issued during the financial year.

(iv) American Depository Receipt ("ADR") / Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR Programme during the financial year.

(v) Sanctions and/or Penalties

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

(vi) Non-audit Fees

The amount of non-audit fees paid by the Group to the external auditors during the financial year amounted to RM83,600.

(vii) Variance in Results

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

(viii) Profit Guarantee

The Company did not give any profit guarantee during the financial year.

(ix) Material Contracts

During the financial year, there were no:-

- material contracts between the Company and its subsidiaries involving directors' or major shareholders' interests; and
- contract of loans between the Company and its subsidiaries involving directors' or major shareholders' interests.

(x) Revaluation Policy

The Company did not carry out any revaluation on landed properties during the financial year.



audit committee report

COMPOSITION

Members of the Audit Committee ("the Committee"), their respective designations and directorships are as follows:

Seow Thiam Fatt (*Chairman, Independent Non-Executive*)

Ismail bin Rautin Ibrahim (*Member, Independent Non-Executive*)

Ngu Ew Look (*Member, Executive*)

TERMS OF REFERENCE

Membership

The members of the Committee shall be appointed by the Board and shall consist of no less than three (3) members, the majority of whom shall be independent non-executive directors.

No alternative director shall be appointed to the Committee.

At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least three (3) years working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act 1967 or is a member of one (1) of the associations specified in Part II of the said Schedule.

The members of the Committee shall elect a chairman from amongst their number who shall be an independent director.

In the event of any vacancy in the Committee resulting in the non compliance of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"), the vacancy must be filled within three (3) months.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

Attendance at Meeting

The Heads of Finance and Internal Audit shall normally attend the meetings. The presence of a representative of the external auditors will be requested if required. Other officers may be invited to brief the Committee on issues that are incorporated into the agenda. The Company Secretary shall be the secretary of the Committee.

Frequency of Meetings

The Committee shall meet at least four (4) times in a financial year with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. The Committee shall meet with the external auditors at least once a year without the executive board members present.

audit committee report

For the financial year ended 31 December 2005, a total of five (5) meetings were held, details of which are as follows:

Committee Members	Attendance
Seow Thiam Fatt	5/5
Ismail bin Rautin Ibrahim	5/5
Ngu Ew Look	5/5

Quorum

The quorum for a meeting shall be two (2) members who are independent directors.

Authority

The Committee shall have the authority to investigate any matter within its terms of reference and the resources which are required to perform its duties. The Committee shall have full and unrestricted access to both internal and external auditors and to all employees of the Group. The Committee may, with the approval of the Board, obtain independent professional or other advice, if necessary.

Duties

The duties of the Committee include the following:

- * To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal.
- * To discuss with the external auditors the nature and scope of the audit, audit reports, evaluation of the system of internal controls and the extent of assistance rendered by employees of the auditee.
- * To review the adequacy of the scope, functions and resources of the internal audit function.
- * To review the internal audit programmes and results of the internal audit process and when necessary ensure that appropriate action is taken on recommendations of the internal audit function.
- * To review any appraisal or assessment of the performance of the members of the internal audit function.
- * To approve any appointment or termination of senior staff of the internal audit function.
- * To ensure that internal auditors have unrestricted access to all activities, records, property and personnel necessary to perform their duties.
- * To review the Risk Management Framework adopted within the Group annually and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a timely manner which result in minimizing losses and maximizing opportunities of the Group.
- * To review the quarterly and year end financial statements of the Company, focusing on:
 - any changes in accounting policies and practices.
 - major judgmental areas.
 - significant audit adjustments from the audit.
 - the going concern assumption.
 - compliance with accounting standards and other legal requirements.
- * To consider any related party transactions that may arise within the Company or Group.
- * To consider the major findings of internal investigations and management's response.
- * To consider other topics, as defined by the Board.



SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

In discharging its responsibilities for the financial year, the Committee, in particular:

- * Reviewed the quarterly and year end financial statements and made recommendations to the Board.
- * Deliberated over the internal audit and compliance reports.
- * Reviewed and assisted in the development and implementation of sound and effective internal control and business system within the Group.
- * Reviewed the external auditors' scope of work and audit plan for the year.
- * Discussed and reviewed with the external auditors the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- * Reviewed the Company's compliance with regards to the Listing Requirements of the BMSB and compliance with updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board.
- * Reviewed the related party transactions of the Company and the Group to ensure that all such transactions are reflected in the annual report.
- * Reviewed the key risks and their related control strategies of the Group.

INTERNAL AUDIT FUNCTION

The Committee is supported by Systems & Internal Audit Department, which reports functionally to the Committee and is independent of the activities they audit.

During the financial year, the Systems & Internal Audit Department carried out, inter alia, the following activities:

- * Formulated and agreed with the Committee on the audit plan, strategy and scope of work.
- * Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- * Analyzed and assessed certain key business processes, report findings, and made recommendations to improve their effectiveness and efficiency.
- * Other on going assurance and advisory work to the Board and management.

The Systems & Internal Audit Department also assists the Risk Management Committee to compile the key factors in identifying, evaluating and mitigating the risks of the Group.

shareholders' statistics

at 31 March 2006

SHARE CAPITAL

Authorised	:	RM100,000,000
Issued and Fully Paid-up	:	RM67,200,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

at 31 March 2006

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	2,749	27.89	133,728	0.20
100 - 1,000	5,329	54.08	1,904,175	2.83
1,001 - 10,000	1,490	15.12	5,383,097	8.01
10,001 - 100,000	220	2.23	6,672,810	9.93
100,001 - 3,359,999	65	0.66	28,152,857	41.90
3,360,000 and above	2	0.02	24,953,333	37.13
Total	9,855	100.00	67,200,000	100.00

DIRECTORS' SHAREHOLDING

(as per Register of Directors' Shareholding)

Name	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
1. Dato' Tan Heng Chew	581,983	0.87	28,653,333	42.64 ⁽¹⁾
2. Ngu Ew Look	10,000	0.01	-	-
3. Dato' Lee Eng Guan @ Lee Eng Yuan	8,000	0.01	-	-
4. Dato' Haji Nadzam bin Haji Mohd Din	95,000	0.14	-	-
5. Yeoh Keong Lian	5,000	0.01	-	-

Note:

(1) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Parasand Limited pursuant to Section 6A of the Companies Act, 1965.



shareholders' statistics

at 31 March 2006

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

Name	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
1. Tan Chong Consolidated Sdn Bhd	15,213,333	22.64	13,440,000	20.00 ⁽¹⁾
2. Parasand Limited	13,440,000	20.00	-	-
3. Dato' Tan Heng Chew	581,983	0.87	28,653,333	42.64 ⁽²⁾
4. Tan Eng Soon	70,000	0.10	28,653,333	42.64 ⁽²⁾
5. Dato' Tan Kim Hor	153,741	0.23	28,653,333	42.64 ⁽²⁾
6. Dato' Tan Boon Pun	205,221	0.31	28,653,347	42.64 ⁽³⁾
7. Dr. Tan Ban Leong	30,000	0.04	28,653,333	42.64 ⁽²⁾
8. Dr. Tan Kang Leong	500	- ⁽⁴⁾	28,653,333	42.64 ⁽²⁾
9. Tan Beng Keong	1,000	- ⁽⁴⁾	28,653,333	42.64 ⁽²⁾
10. Tan Chee Keong	15,000	0.02	28,653,333	42.64 ⁽²⁾
11. Tan Hoe Pin	8,000	0.01	28,653,333	42.64 ⁽²⁾
12. Tan Kheng Leong	13,500	0.02	28,653,333	42.64 ⁽²⁾

Notes:

(1) Deemed interests by virtue of interest in Parasand Limited pursuant to Section 6A of the Companies Act, 1965.

(2) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Parasand Limited pursuant to Section 6A of the Companies Act, 1965.

(3) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd, Parasand Limited and Progroup Nominees Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(4) Less than 0.01%

THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares Held	%
1 Parasand Limited	13,440,000	20.00
2 Tan Chong Consolidated Sdn Bhd	11,513,333	17.13
3 Mayban Nominees (Tempatan) Sdn Bhd <i>Tan Chong Consolidated Sdn Bhd (N14011984860)</i>	2,250,000	3.35
4 M & A Securities Sdn Bhd IVT (B)	1,865,600	2.78
5 Tan Boon Hooi	1,516,600	2.26
6 HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Austral International Holdings Limited</i>	1,396,100	2.08
7 F.I.T Nominees (Asing) Sdn Bhd <i>Platinum Broking Co Ltd for Modern Dynasty Limited</i>	1,300,000	1.93
8 Key Development Sdn Berhad	1,130,000	1.68
9 HSBC Nominees (Asing) Sdn Bhd <i>Coutts BK Von Ernst SG for Cyber Structure Ltd</i>	1,100,000	1.64
10 Cimsec Nominees (Tempatan) Sdn Bhd <i>Allied Investments Limited for Tan Chong Consolidated Sdn Bhd</i>	1,000,000	1.49

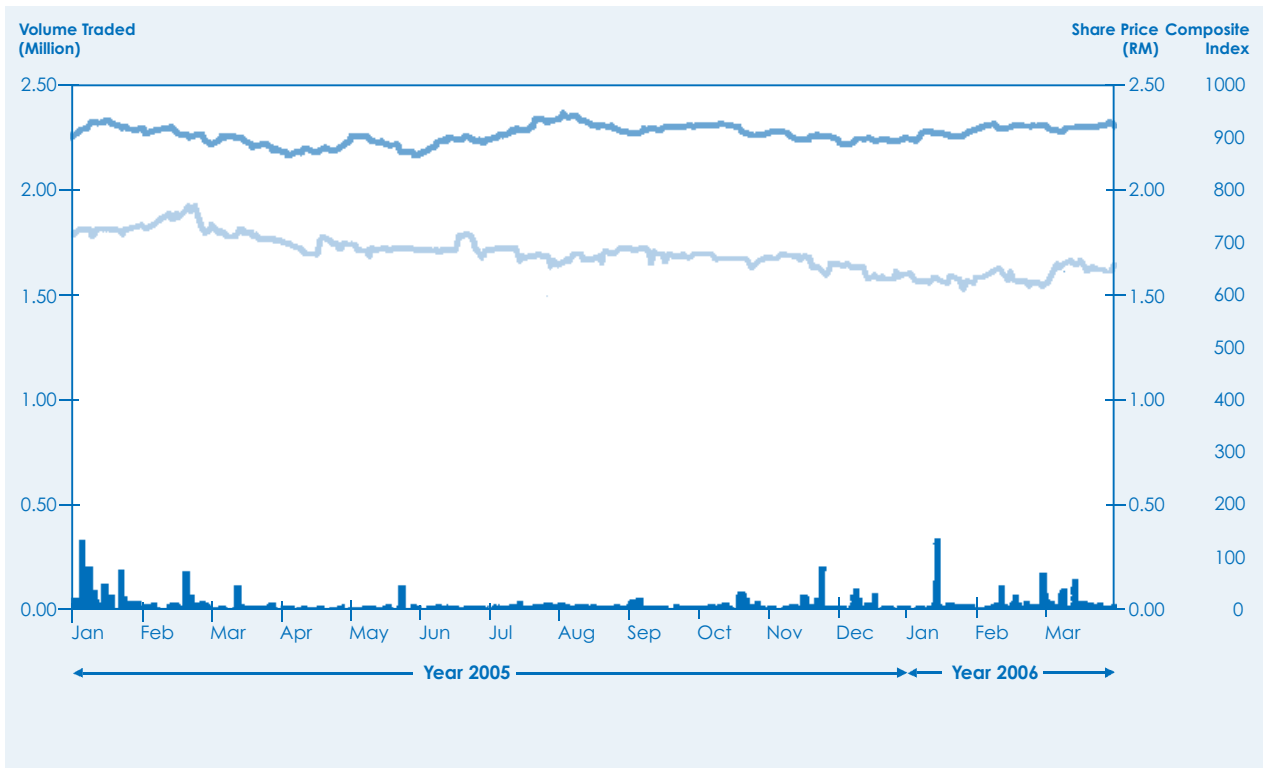
shareholders' statistics

at 31 March 2006

THIRTY LARGEST SHAREHOLDERS (continued)

Name	No. of Shares Held	%
11 F.I.T Nominees (Asing) Sdn Bhd <i>Platinum Broking Co Ltd for Super Oriental Limited</i>	1,000,000	1.49
12 HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Drylon Holdings Limited</i>	1,000,000	1.49
13 HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Haveling Estates Limited</i>	900,000	1.34
14 HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Noble Pacific Mutual Fund Limited</i>	774,000	1.15
15 Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Khor Swee Wah @ Koh Bee Leng (Margin-MM1208)</i>	696,169	1.04
16 Gan Teng Siew Realty Sdn Berhad	692,500	1.03
17 M & A Securities Sdn Bhd <i>Pedigree Limited</i>	484,000	0.72
18 Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB-Principal Asset Management Berhad for Pensions Trust Fund Council</i>	460,000	0.68
19 Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Chong Consolidated Sdn Bhd (014011528927)</i>	450,000	0.67
20 Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Kim Eng Securities Pte Ltd for Lem Kim Wan & Lim Hong Gee</i>	411,600	0.61
21 Yeo Khee Nam	410,000	0.61
22 JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Siew Lai (Margin)</i>	400,000	0.59
23 Teo Kwee Hock	382,300	0.57
24 TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Kit Pheng</i>	378,200	0.56
25 Chinchoo Investment Sdn Berhad	369,000	0.55
26 Rengo Malay Estate Sendirian Berhad	330,000	0.49
27 Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Koh Bee Hoon (Margin-M1208B)</i>	330,000	0.49
28 Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)</i>	315,255	0.47
29 Cartaban Nominees (Tempatan) Sdn Bhd <i>Meridian Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd (1/154-6)</i>	299,100	0.44
30 Pacific & Orient Insurance Co Berhad	274,000	0.41
TOTAL	46,867,757	69.74

share price and volume traded



Volume Traded
 (number of shares traded for the day)

Share Price
 (closing price for the day)

BMSB Composite Index
 (closing index for the day)

group properties

Location	Description	Land Area (sq. feet)	Built-up Area (sq. feet)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)
18 Jalan Segambut Pusat 51200 Kuala Lumpur	Office & vehicle storage yard	17,574	18,160	Leasehold 16.6.2067	1.8	29
9 Jalan Kemajuan (12/18) 46200 Petaling Jaya Selangor	Showroom, offices, workshop & warehouse	78,801	86,451	Leasehold 6.9.2065	8.5	23
Lot 9 Jalan Delima 1/1 Subang Hi Tech Industrial Park 40000 Shah Alam Selangor	Showroom, office, workshop & vehicle storage yard	98,349	53,766	Freehold	4.5	13
43 Jalan IMJ 3 Taman Industry Malim Jaya 75050 Melaka	Office and workshop	11,087	3,700	Leasehold 18.11.2095	0.4	9
19 Jalan Bertam 8 Taman Daya 81100 Johor Bahru Johor	Office and workshop	8,456	7,553	Freehold	0.7	13
1A Jalan Kemajuan 13/1 Section 13 46200 Petaling Jaya Selangor	Office and warehouse	94,596	33,900	Leasehold 10.6.2058	11.1	31
Lot 29 Jalan Delima 1/3 Subang Hi Tech Industrial Park 40000 Shah Alam Selangor	Showroom, office, workshop and vehicle storage yard	125,871	40,808	Freehold	7.9	13



financial statements

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directors' report

for the year ended 31 December 2005

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2005.

Principal activities

The Company is principally engaged in investment holding and the provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 29 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Net profit for the year	22,664	3,795

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid:

- (i) a final dividend of 4% tax exempt per share totalling RM2,688,000 in respect of the year ended 31 December 2004 on 26 July 2005;
- (ii) an interim dividend of 3% tax exempt per share totalling RM2,016,000 in respect of the year ended 31 December 2005 on 28 September 2005.

The final and special dividends recommended by the Directors in respect of the year ended 31 December 2005 is 4% tax exempt per share and 2% less tax per share totalling RM2,688,000 and RM967,680 respectively.



directors' report

for the year ended 31 December 2005

Directors of the Company

Directors who served since the date of the last report are:

Dato' Tan Heng Chew
 Dato' Haji Nadzam bin Haji Mohd Din
 Ismail bin Rautin Ibrahim
 Ngu Ew Look
 Seow Thiam Fatt
 Yeoh Keong Lian
 Dato' Lee Eng Guan @ Lee Eng Yuan

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2005
	At 1.1.2005	Bought	Sold	
<i>Shareholdings in which Directors have direct interests</i>				
Interests in the Company:				
Dato' Tan Heng Chew	417,083	164,900	-	581,983
Dato' Haji Nadzam bin Haji Mohd Din	95,000	-	-	95,000
Dato' Lee Eng Guan @ Lee Eng Yuan	8,000	-	-	8,000
Ngue Ew Look	10,000	-	-	10,000

Shareholdings in which Directors have deemed interests

Interests in the Company:

Dato' Tan Heng Chew	28,653,333	-	-	28,653,333
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By virtue of the interests in the shares of the Company, Dato' Tan Heng Chew is deemed interested in the shares of the subsidiaries during the financial year to the extent that Warisan TC Holdings Berhad has an interest. Details of his deemed shareholdings in non-wholly owned subsidiary is shown in Note 29 to the financial statements.

None of the other Directors holding office at 31 December 2005 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

directors' report

for the year ended 31 December 2005

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Group, the Company and/or its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and rental income receivable and rental expense payable from/to companies in which the Directors have significant financial interests.

There were no arrangements during and at the end of the financial year which had the object 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.

Issue of shares

There were no changes in the issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

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

Significant events during the year

- (i) Pursuant to the Joint Venture Agreement ("JVA") entered into between the Company, Shiseido Co. Ltd ("SCL") and Shiseido Malaysia Sdn. Bhd. ("SM") on 18 April 2005, the Company and SCL had each subscribed for 12,000,000 and 11,999,998 new ordinary shares of RM1 each in SM which, together with the two subscriber shares owned by SCL, had resulted in SCL and the Company each owning 50% of the issued and paid-up share capital in SM on 1 October 2005. Further, the Company and SCL had each subscribed for 4,568,252 new ordinary shares of RM1 each in SM on 29 November 2005.
- (ii) Further to the JVA and pursuant to the Asset Sale Agreement between Tung Pao Sdn. Bhd. ("TP") and SM dated 18 April 2005, TP had completed the disposal of its business and related assets to SM for a total consideration of RM21,136,503 on 29 November 2005.



directors' report

for the year ended 31 December 2005

Significant events subsequent to balance sheet date

- (i) On 16 January 2006, a subsidiary of the Company entered into a Sale and Purchase Agreement with a subsidiary of Tan Chong Motor Holdings Berhad for the disposal of a piece of property held under title number PN4914 Lot No 73, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan for a total consideration of RM14,200,000.
- (ii) On 24 February 2006, the Company proposed to seek authority from its shareholders to purchase the ordinary shares of RM1 each in the Company, as may be determined by the Directors of the Company from time to time, on the market of the Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased does not exceed 10% of the total issued and paid-up capital of the Company. At the discretion of the Directors, the shares purchased may be cancelled and/or retained as treasury shares and distributed as dividends or resold on the Bursa Malaysia Securities Berhad.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

directors' report

for the year ended 31 December 2005

Other statutory information *(continued)*

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

In the opinion of the Directors, except for the gain on disposal of a subsidiary's business as disclosed in Note 17 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2005 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

Ngw Ew Look

Kuala Lumpur,
31 March 2006

Yeoh Keong Lian



statement by directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 41 to 83 are, except for pages 44 to 46 which are expressed in USD equivalent, drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2005 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Ngu Ew Look

Yeoh Keong Lian

Kuala Lumpur,
31 March 2006

statutory declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Chua Tian Pang, the officer primarily responsible for the financial management of Warisan TC Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 41 to 83 are, except for pages 44 to 46 which are expressed in USD equivalent, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 31 March 2006.

Chua Tian Pang
MIA: 12361

Before me:

Mohd Radzi bin Yasin

No. W327

Commissioner for Oaths

(Pesuruhjaya Sumpah)

Kuala Lumpur
31 March 2006

report of the auditors

to the members of Warisan TC Holdings Berhad

We have audited the financial statements set out on pages 41 to 83, except for pages 44 to 46 which are expressed in USD equivalent. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company at 31 December 2005 and the results of their operations and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary and jointly controlled entity in respect of which we have not acted as auditors are identified in Note 29 and Note 4 to the financial statements respectively and we have considered their financial statements and the auditors' report 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 audit 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.

KPMG
Firm Number: AF 0758
Chartered Accountants

Kuala Lumpur,
31 March 2006

Hew Lee Lam Sang
Partner
Approval Number: 1862/10/07(J)



balance sheets

at 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment	2	116,507	104,921	11,422	11,510
Investment in subsidiaries	3	-	-	72,478	72,478
Investment in jointly controlled entities	4	20,081	6,968	24,568	8,000
Deferred tax assets	5	849	470	161	161
Goodwill	6	606	694	-	-
Other investments	7	10	10	-	-
Long term lease receivables	9	3,380	2,343	-	-
		141,433	115,406	108,629	92,149
Current assets					
Inventories	8	35,281	41,102	-	-
Trade and other receivables	9	44,441	52,629	2,133	2,893
Tax recoverable		1,469	1,028	323	-
Cash and cash equivalents	10	54,995	54,210	37,044	35,502
		136,186	148,969	39,500	38,395
Current liabilities					
Trade and other payables	11	28,890	37,965	58,340	39,560
Borrowings	12	36,870	28,344	-	-
Taxation		2,793	3,104	-	-
		68,553	69,413	58,340	39,560
Net current assets/(liabilities)		67,633	79,556	(18,840)	(1,165)
		209,066	194,962	89,789	90,984

balance sheets

at 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Financed by:					
Capital and reserves					
Share capital	13	67,200	67,200	67,200	67,200
Reserves	14	118,167	100,219	22,548	23,457
		185,367	167,419	89,748	90,657
Minority shareholders' interests	15	605	-	-	-
Long term and deferred liabilities					
Deferred tax liabilities	5	7,324	6,862	-	-
Employee benefits	16	397	1,497	41	327
Borrowings	12	15,373	19,184	-	-
		23,094	27,543	41	327
		209,066	194,962	89,789	90,984

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2006. The notes set out on pages 52 to 83 form an integral part of, and should be read in conjunction with, these financial statements.



income statements

for the year ended 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	17	263,153	268,980	7,317	20,197
Operating profit	17	25,341	19,085	4,170	17,188
Interest expense		(2,080)	(1,126)	(889)	(1,280)
Interest income		1,369	1,780	998	1,521
Share of profit of jointly controlled entities	4	2,658	1,457	-	-
Profit before tax		27,288	21,196	4,279	17,429
Tax expense	19	(4,619)	(6,810)	(484)	(5,264)
Profit after tax		22,669	14,386	3,795	12,165
Less: Minority interests		(5)	-	-	-
Net profit for the year		22,664	14,386	3,795	12,165
Basic earnings per ordinary share (sen)	20	33.7	21.4		
Dividend per ordinary share - net (sen)					
- excluding proposed final and special dividends	21	3.0	3.0	3.0	3.0
- including proposed final and special dividends	21	8.4	7.0	8.4	7.0

The notes set out on pages 52 to 83 form an integral part of, and should be read in conjunction with, these financial statements.

consolidated balance sheets

at 31 December 2005 (In USD equivalent)

	2005 USD'000	2004 USD'000
Property, plant and equipment	30,904	27,611
Investments in jointly controlled entities	5,326	1,834
Deferred tax assets	225	124
Goodwill	161	183
Other investments	3	2
Long term lease receivables	896	616
	37,515	30,370
Current assets		
Inventories	9,358	10,816
Trade and other receivables	11,788	13,850
Tax recoverable	390	270
Cash and cash equivalents	14,588	14,266
	36,124	39,202
Current liabilities		
Trade and other payables	7,663	9,991
Borrowings	9,780	7,459
Taxation	741	817
	18,184	18,267
Net current assets	17,940	20,935
	55,455	51,305



consolidated balance sheets
at 31 December 2005 (In USD equivalent)

	2005 USD'000	2004 USD'000
Financed by :		
Capital and reserves		
Share Capital	17,825	17,684
Reserves	31,344	26,373
	49,169	44,057
Minority shareholders' interests	160	-
Long term and deferred liabilities		
Deferred tax liabilities	1,943	1,806
Retirement benefits	105	394
Borrowings	4,078	5,048
	6,126	7,248
	55,455	51,305

The information presented on this page does not form part of the audited financial statements of the Group. Figures for 2005 and 2004 are converted into USD equivalent using the exchange rates of RM3.77 = USD1.00 and RM3.80 = USD1.00 respectively which approximate that prevailing on the balance sheet dates.

consolidated income statements

for the year ended 31 December 2005 (In USD equivalent)

	2005 USD'000	2004 USD'000
Revenue	69,802	70,784
Operating profit	6,722	5,022
Interest expense	(552)	(296)
Interest income	363	468
Share of profit of jointly controlled entities	705	383
Profit before tax	7,238	5,577
Tax expense	(1,225)	(1,792)
Profit after tax	6,013	3,785
Less: Minority Interest	(1)	-
Net profit for the year	6,012	3,785
Basic earnings per ordinary share (US cents)	8.9	5.6
Dividend per ordinary share - net (US cents)		
- excluding proposed final and special dividends	0.8	0.8
- including proposed final and special dividends	2.2	1.8

The information presented on this page does not form part of the audited financial statements of the Group. Figures for 2005 and 2004 are converted into USD equivalent using the exchange rates of RM3.77 = USD1.00 and RM3.80 = USD1.00 respectively which approximate that prevailing on the balance sheet dates.



consolidated statement of changes in equity

for the year ended 31 December 2005

Group	Note	Share capital RM'000	Reserves			Sub-total RM'000	Total RM'000	
			Capital reserve RM'000	Merger reserve RM'000	Translation reserve RM'000			Distributable Retained profits RM'000
At 1 January 2004		67,200	615	(41,614)	-	130,864	89,865	157,065
Net profit for the year		-	-	-	-	14,386	14,386	14,386
Dividend - 2003 final	21	-	-	-	-	(2,016)	(2,016)	(2,016)
- 2004 interim	21	-	-	-	-	(2,016)	(2,016)	(2,016)
At 31 December 2004/ 1 January 2005		67,200	615	(41,614)	-	141,218	100,219	167,419
Foreign exchange differences arising from translation		-	-	-	(12)	-	(12)	(12)
Net losses not recognised in the income statement		-	-	-	(12)	-	(12)	(12)
Net profit for the year		-	-	-	-	22,664	22,664	22,664
Dividend - 2004 final	21	-	-	-	-	(2,688)	(2,688)	(2,688)
- 2005 interim	21	-	-	-	-	(2,016)	(2,016)	(2,016)
At 31 December 2005		67,200	615	(41,614)	(12)	159,178	118,167	185,367

Note 13

The notes set out on pages 52 to 83 form an integral part of, and should be read in conjunction with, these financial statements.

statement of changes in equity

for the year ended 31 December 2005

Company	Note	Distributable		Total RM'000
		Share capital RM'000	Retained profits RM'000	
At 1 January 2004		67,200	15,324	82,524
Net profit for the year		-	12,165	12,165
Dividend - 2003 final	21	-	(2,016)	(2,016)
- 2004 interim	21	-	(2,016)	(2,016)
At 31 December 2004/1 January 2005		67,200	23,457	90,657
Net profit for the year		-	3,795	3,795
Dividend - 2004 final	21	-	(2,688)	(2,688)
- 2005 interim	21	-	(2,016)	(2,016)
At 31 December 2005		67,200	22,548	89,748

Note 13 Note 14

The notes set out on pages 52 to 83 form an integral part of, and should be read in conjunction with, these financial statements.



cash flow statements

for the year ended 31 December 2005

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from operating activities				
Profit before taxation	27,288	21,196	4,279	17,429
Adjustments for:				
Amortisation of goodwill	88	88	-	-
Dividend income	-	(2)	(6,563)	(19,370)
Depreciation	19,801	16,428	332	295
Gain on disposal of subsidiary's business	(4,837)	-	-	-
Gain on disposal of property, plant and equipment	(2,867)	(3,866)	(30)	-
Property, plant and equipment written off	6	-	-	-
Interest expense	2,080	1,126	889	1,280
Interest income	(1,369)	(1,780)	(998)	(1,521)
Loss on foreign exchange - unrealised	179	29	-	-
Retirement benefits charged	125	399	16	55
Write back of provision for retirement benefits	(1,033)	(46)	(302)	-
Profit retained in jointly controlled entities	(2,658)	(1,457)	-	-
Operating profit/(loss) before working capital changes	36,803	32,115	(2,377)	(1,832)
Decrease/(Increase) in working capital:				
Inventories	(3,884)	(8,129)	-	-
Trade and other receivables	6,949	(4,061)	760	(1,326)
Trade and other payables	(9,254)	4,387	18,780	(5,741)
Cash generated from/(used in) operations	30,614	24,312	17,163	(8,899)
Income taxes paid	(5,313)	(3,659)	(1,680)	(5,264)
Income tax refund	873	-	873	-
Interest paid	(2,080)	(1,126)	(889)	(1,280)
Interest received	1,369	1,780	998	1,521
Retirement benefits paid	(192)	(93)	-	-
Placement of pledged deposits	(15)	-	-	-
Net cash generated from/(used in) operating activities	25,256	21,214	16,465	(13,922)

cash flow statements

for the year ended 31 December 2005

Note	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from investing activities				
Investment in jointly controlled entity	(ii) -	-	(16,568)	-
Dividends received	-	2	6,563	19,370
Proceeds from disposal of property, plant and equipment	9,223	9,056	105	-
Purchase of property, plant and equipment	(38,876)	(62,757)	(319)	(11,515)
Investment by minority shareholder	600	-	-	-
Proceeds from disposal of subsidiary's business	(ii) 4,568	-	-	-
Net cash (used in)/generated from investing activities	(24,485)	(53,699)	(10,219)	7,855
Cash flows from financing activities				
Dividends paid to shareholders of the Company	(4,704)	(4,032)	(4,704)	(4,032)
Proceeds from bills payable	116,138	88,319	-	-
Repayment of bills payable	(108,870)	(81,907)	-	-
Proceeds from term loan	3,000	26,000	-	-
Repayment of term loan	(5,553)	(1,264)	-	-
Net cash generated from/(used in) financing activities	11	27,116	(4,704)	(4,032)
Net increase/(decrease) in cash and cash equivalents	782	(5,369)	1,542	(10,099)
Cash and cash equivalents at beginning of year	54,150	59,519	35,502	45,601
Foreign exchange differences on opening balances	(12)	-	-	-
Cash and cash equivalents at end of year	(i) 54,920	54,150	37,044	35,502

Notes to cash flow statement:

(i) *Cash and cash equivalents*

Cash and bank balances	8,847	13,434	718	3,404
Deposits (excluding deposits pledged)	46,073	40,716	36,326	32,098
	54,920	54,150	37,044	35,502



cash flow statements
for the year ended 31 December 2005

Notes to cash flow statement (continued):

(ii) *Disposal of assets and liabilities*

During the year, the Group disposed of Tung Pao Sdn. Bhd.'s business and related assets to Shiseido Malaysia Sdn. Bhd., a jointly controlled entity. The disposal had the following effect on the Group's assets and liabilities as at 1 October 2005.

	2005 RM'000
Property, plant and equipment	1,127
Current assets	<u>10,335</u>
Total assets disposed	11,462
Gain on disposal of business	<u>9,674</u>
Total consideration	21,136
Shiseido Malaysia Sdn. Bhd.'s shares allotted to the Company	<u>(16,568)</u>
	<u>4,568</u>

The notes set out on pages 52 to 83 form an integral part of, and should be read in conjunction with, these financial statements.

notes to the financial statements

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

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

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries acquired from Tan Chong Motor Holdings Berhad ("TCMH") Group* pursuant to an internal reorganisation are consolidated using the merger method of accounting. TC Beauty Services Sdn. Bhd. is consolidated using the acquisition method of accounting.

* TCMH Group refers to companies in the Tan Chong Motor Holdings Berhad Group before the reorganisation and demerger of the Autoparts and Non-Motor Divisions of TCMH Group.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital and reserves of the merged subsidiaries is taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences).

Under the acquisition method of accounting, the results of a subsidiary acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair value of the subsidiary's net asset is determined and this value is reflected in the Group financial statements. The difference between the acquisition cost and the fair value of the subsidiary's net asset is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1984 was carried out primarily for the purpose of issuing bonus shares then in certain subsidiaries and was not intended to effect a change in the accounting policy to one of revaluation of properties.



1. Summary of significant accounting policies *(continued)*

(c) Property, plant and equipment *(continued)*

In accordance with the transitional provisions issued by the MASB on the adoption of International Accounting Standard ("IAS") No. 16 (Revised) - "Property, Plant and Equipment", the valuation of these properties have not been updated and they continue to be stated at their existing carrying amounts less accumulated depreciation.

The Directors are of the opinion that the current market values of the revalued properties are not less than their net book values as at 31 December 2005.

Depreciation

Freehold land is not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases which range from 55 to 99 years. Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period.

The straight-line method is used to write off the cost of other property, plant and equipment over the term of their estimated useful lives at the following principal annual rates:

Plant, machinery, equipment and equipment for lease	15% - 50%
Furniture, fixtures, fittings and office equipment	10% - 50%
Motor vehicles, coaches and motor vehicles for lease	10% - 20%

(d) Impairment

The carrying amount of the Group's assets, other than inventories (refer Note 1(h)), deferred tax assets (refer Note 1(p)) and financial assets (other than investments in subsidiaries and joint ventures), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.



notes to the financial statements

1. Summary of significant accounting policies *(continued)*

(e) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses (refer Note 1(d)).

Goodwill is amortised from the date of initial recognition over its estimated useful life of 10 years.

In respect of jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the investment in the jointly controlled entities.

(f) Investments

Long term investments, other than in subsidiaries and jointly controlled entities, are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Long term investments in subsidiaries and jointly controlled entities are stated at cost in the Company, less impairment loss, where applicable.

(g) Joint venture

A joint venture is a contractual agreement whereby the Group and other parties have joint control over an economic entity.

In respect of its interest in the jointly controlled entities, the Group uses the equity method to account for its interest.

Unrealised profits or losses arising from transactions between the Group and its joint ventures are recognised only to the extent of that portion of the gain or loss which is attributable to the interests of the other venturer. Unrealised losses are recognised in full when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value.

Raw materials, work-in-progress, manufactured inventories, trading inventories and spare parts are determined mainly on the weighted average basis, while machinery and workshop inventories are determined on a specific identification basis.

Costs of work-in-progress and manufactured inventories consist of costs of raw materials, indirect materials, direct labour and an appropriate allocation of manufacturing overheads.

Costs of raw materials, trading inventories and machinery, spare parts and workshop inventories consist of purchase cost and all expenses incurred in bringing the inventories to their present location and condition.

**1. Summary of significant accounting policies** *(continued)***(i) Trade and other receivables**

Trade and other receivables are stated at cost less allowance for doubtful debts.

(j) Lease receivables and leased assets

Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership other than legal title, are classified as lease receivables. The balance sheet amount represents the total minimum lease payments receivable less unearned income and prepaid rentals. Initial direct costs including legal fees and commissions are recognised immediately as expenses.

Assets leased to customers under agreements whereby substantially all risks and rewards associated with ownership are retained with the Group are classified as leased assets. These leased assets are accounted for in accordance with the Group's policy on property, plant and equipment and depreciated as disclosed in Note 1(c) above.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of pledged deposits.

(l) Liabilities

Borrowings and trade and other payables are stated at cost.

(m) Employee benefits**(i) Short term benefits**

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

(ii) Defined contribution plans

Obligations for contributions to the statutory Employees' Provident Fund is recognised as an expense in the income statement as incurred.

notes to the financial statements

1. Summary of significant accounting policies *(continued)*

(m) Employee benefits *(continued)*

(iii) Employee benefits

The Group and Company's net obligation in respect of their defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value. The discount rate is the market yield at the balance sheet date on high quality corporate bonds. The calculation is performed by an actuary using the projected unit credit method.

Any increase in benefits to employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group and Company's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the present value of the defined benefit obligation, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

(n) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

Provision for warranties

A provision for warranties is recognised when the underlying products or services are sold. It is based on historical warranty date and a weighting of all possible outcomes against the associated probabilities.

(o) Derivative financial instruments

The Group uses forward foreign exchange contracts to hedge its exposure to foreign exchange risks arising from operational activities. Transaction costs related to the foreign exchange contracts are expensed to the income statement.

Foreign currency monetary items, which are hedged by forward foreign exchange contracts in respect of trade transactions, are reported using the rates of exchange specified in those contracts.

(p) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.



1. Summary of significant accounting policies *(continued)*

(p) Income tax *(continued)*

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(q) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Except for monetary items which are hedged by forward exchange contracts (Note 1(o)), monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

1 USD	:	RM3.77	(2004	-	1 USD	:	RM3.80)
100 JPY	:	RM3.19	(2004	-	100 JPY	:	RM3.68)
1 EUR	:	RM4.46	(2004	-	1 EUR	:	RM5.15)

(ii) Financial statements of a subsidiary incorporated in Labuan

The Group's operations in Labuan, Warisan Captive Incorporated (Note 29), are not considered an integral part of the Group's operations. Accordingly, the assets and liabilities of the operations in Labuan, which are denominated in USD, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of the operations in Labuan are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity. The closing rate used to translate the financial statements of the Labuan operations is 1 USD: RM3.77 (2004 - 1 USD: RM3.80).

notes to the financial statements

1. Summary of significant accounting policies *(continued)*

(r) Revenue

(i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Services rendered

Revenue from services rendered is recognised in the income statement as and when the services are performed.

(iii) Operating lease and car hire income

Operating lease and car hire income are recognised in the income statement based on the value invoiced to customers during the year.

(iv) Finance lease income

Finance lease income is recognised in the income statement over the terms of the lease commencing from the month the lease is executed to give a constant periodic rate of interest over the remaining period of the lease receivable amount outstanding.

(v) Dividend income

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

(s) Interest income

Interest income from finance lease transactions is recognised based on the sum-of-digits method. Where an account becomes non-performing, interest income is suspended until it is realised on a cash basis. An account is classified as non-performing where repayments are in arrears for more than six months.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(t) Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred.



notes to the financial statements

2. Property, plant and equipment

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Equipment for lease RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles and coaches RM'000	Motor vehicles for lease RM'000	Boats, rafts and cabin RM'000	Total RM'000
Group										
Cost/Valuation										
Opening balance	7,849	15,557	19,055	1,600	38,415	15,598	37,048	23,172	104	158,398
Additions	-	-	30	5	9,822	1,569	8,435	19,015	-	38,876
Disposals	-	-	-	-	(9,887)	(4,529)	(8,703)	(2,462)	-	(25,581)
Written off	-	-	-	-	-	(28)	-	-	-	(28)
Adjustment	-	-	-	-	-	-	1,370	-	-	1,370
Closing balance	7,849	15,557	19,085	1,605	38,350	12,610	38,150	39,725	104	173,035
Representing items at:										
Cost	7,849	10,200	9,534	1,605	38,350	12,610	38,150	39,725	104	158,127
Directors' valuation	-	5,357	9,551	-	-	-	-	-	-	14,908
Closing balance	7,849	15,557	19,085	1,605	38,350	12,610	38,150	39,725	104	173,035
Accumulated depreciation										
Opening balance	-	1,658	5,169	1,558	15,559	11,691	12,990	4,769	83	53,477
Charge for the year	-	260	416	24	7,597	1,440	5,239	4,822	3	19,801
Disposals	-	-	-	-	(7,603)	(3,354)	(5,647)	(1,494)	-	(18,098)
Written off	-	-	-	-	-	(22)	-	-	-	(22)
Adjustment	-	-	-	-	-	-	1,370	-	-	1,370
Closing balance	-	1,918	5,585	1,582	15,553	9,755	13,952	8,097	86	56,528
Net book value										
At 31 December 2005	7,849	13,639	13,500	23	22,797	2,855	24,198	31,628	18	116,507
At 31 December 2004	7,849	13,899	13,886	42	22,856	3,907	24,058	18,403	21	104,921
Depreciation charge for the year ended 31 December 2004	-	260	411	33	6,563	1,352	5,109	2,698	2	16,428

Note 27

notes to the financial statements

2. Property, plant and equipment *(continued)*

	Long term leasehold land RM'000	Building RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company					
Cost					
Opening balance	10,200	1,300	93	311	11,904
Additions	-	-	10	309	319
Disposal	-	-	-	(125)	(125)
Closing balance	10,200	1,300	103	495	12,098
Accumulated depreciation					
Opening balance	189	26	55	124	394
Charge for the year	189	26	18	99	332
Disposal	-	-	-	(50)	(50)
Closing balance	378	52	73	173	676
Net book value					
At 31 December 2005	9,822	1,248	30	322	11,422
At 31 December 2004	10,011	1,274	38	187	11,510
Depreciation charge for the year ended 31 December 2004	189	26	18	62	295
Revaluation					

Certain land and buildings of the Group are stated at Directors' valuation based on professional valuations on the existing use basis conducted in 1984.

The net book value of the revalued properties had they been stated at cost less accumulated depreciation calculated on original cost as required by MASB 15 - Property, Plant and Equipment is not shown as the records are not available since the revaluation was done in 1984.



notes to the financial statements

3. Investment in subsidiaries

	Company	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	74,178	74,178
Less: Impairment loss	(1,700)	(1,700)
	72,478	72,478

Details of the subsidiaries are shown in Note 29.

4. Investment in jointly controlled entities

	Group	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	24,778	8,210
Share of post acquisition reserve	2,515	1,133
Less: Group share of gain on disposal of business to jointly controlled entities	(7,212)	(2,375)
	20,081	6,968

The Group's interest in the assets and liabilities, revenue and expenses of jointly controlled entities are as follows:

	Group	
	2005 RM'000	2004 RM'000
Assets and liabilities		
Long term assets	1,169	1,074
Current assets	33,273	12,923
Long term and deferred liabilities	(166)	(84)
Current liabilities	(13,813)	(6,621)
	20,463	7,292
Unrealised profit eliminated	(382)	(324)
	20,081	6,968

notes to the financial statements

4. Investment in jointly controlled entities (continued)

	Group	
	2005 RM'000	2004 RM'000
Revenue and expenses		
Income	215,568	165,695
Expenses	(212,910)	(164,238)
Profit before tax	2,658	1,457
Tax expense (Note 19)	(894)	(470)
Net profit for the year	1,764	987

Details of the jointly controlled entities are as follows:

Name	Principal activities	Country of incorporation	Proportion of effective ownership interest	
			2005 %	2004 %
Mayflower American Express Travel Services Sdn. Bhd.*	Operation of inbound tours and provision of air ticketing services	Malaysia	70	70
Wacoal Malaysia Sdn. Bhd.	Distribution and sale of undergarments	Malaysia	50	50
Shiseido Malaysia Sdn. Bhd.	Distribution and sale of cosmetics and consumer products	Malaysia	50	-

Company

The Company's investment in jointly controlled entities represent cost of shares in Wacoal Malaysia Sdn. Bhd. and Shiseido Malaysia Sdn. Bhd..

* The financial statements of this jointly controlled entity is audited by other auditors.



notes to the financial statements

5. Deferred tax

The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deferred tax assets	(849)	(470)	(161)	(161)
Deferred tax liabilities	7,324	6,862	-	-

Deferred tax liabilities and assets are offset above where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deferred tax assets				
Provisions	(1,359)	(1,248)	(69)	(110)
Unabsorbed capital allowances	(2,889)	(2,311)	(99)	(68)
Unutilised tax losses	(11)	(11)	(4)	(4)
	(4,259)	(3,570)	(172)	(182)
Deferred tax liabilities				
Property, plant and equipment				
- capital allowance	9,365	8,570	11	21
- revaluation	1,369	1,392	-	-
	10,734	9,962	11	21

notes to the financial statements

5. Deferred tax *(continued)*

No deferred tax has been recognised for the following items:

	Group	
	2005	2004
	RM'000	RM'000
Deductible temporary differences	315	241
Unabsorbed capital allowances	64	823
Unutilised tax losses	733	630
	1,112	1,694

The deductible temporary differences, unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

6. Goodwill

	Group	
	2005	2004
	RM'000	RM'000
Goodwill at cost	870	870
Cumulative amortisation	(264)	(176)
	606	694

7. Other investments

	Group	
	2005	2004
	RM'000	RM'000
Unquoted shares, at cost	10	10

notes to the financial statements

8. Inventories

	Group	
	2005 RM'000	2004 RM'000
Raw materials	3,104	2,499
Work-in-progress	166	177
Manufactured inventories	746	389
Trading inventories	24,126	31,891
Spare parts and workshop inventories	7,139	6,146
	35,281	41,102

The following inventories are carried at net realisable value:

Trading inventories	1,535	1,941
Spare parts and workshop inventories	1,856	1,659
	3,391	3,600

9. Trade and other receivables

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade receivables	35,039	46,667	-	-
Less: Allowance for doubtful debts	(3,114)	(2,936)	-	-
	31,925	43,731	-	-
Lease receivables	2,832	2,441	-	-
Subsidiaries	-	-	1,893	2,782
Other receivables, deposits and prepayments	9,684	6,457	240	111
	44,441	52,629	2,133	2,893

During the year, bad debts of RM10,190 (2004 - RM225,137) were written off against the allowance for doubtful debts.

notes to the financial statements

9. Trade and other receivables (continued)

Lease receivables are receivable as follows:

Group	Lease payments	Interest	Principal	Lease payments	Interest	Principal
	2005	2005	2005	2004	2004	2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	3,446	(614)	2,832	3,002	(561)	2,441
Between one and three years	3,930	(550)	3,380	2,778	(435)	2,343
	7,376	(1,164)	6,212	5,780	(996)	4,784

The amounts due from subsidiaries are non-trade in nature, unsecured, have no fixed term of repayment and are interest free.

Included in other receivables, deposits and prepayments of the Group are amount due from jointly controlled entities which are non trade balances of RM2,304,000 (2004 - RM1,868,000) which is subject to an interest rate of 6% (2004 - 4% to 7%) per annum.

10. Cash and cash equivalents

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	8,847	13,434	718	3,404
Deposits	46,148	40,776	36,326	32,098
	54,995	54,210	37,044	35,502
Deposits are placed with:				
Licensed banks	12,783	13,210	2,961	4,532
Licensed finance companies	978	2,062	978	2,062
Other corporations	32,387	25,504	32,387	25,504
	46,148	40,776	36,326	32,098

Included in fixed deposits is RM75,000 (2004 - RM60,000) pledged to a licensed bank to secure banking facilities granted to a subsidiary. (Note 23)

11. Trade and other payables

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	13,764	20,709	-	-
Other payables and accrued expenses	15,126	17,256	855	348
Subsidiaries	-	-	57,485	39,212
	28,890	37,965	58,340	39,560

The amounts due to subsidiaries are non-trade in nature, unsecured, have no fixed terms of repayment and are interest free except for an amount of RM31,432,045 (2004 - RM29,903,367) which is subject to interest at rates ranging from 2.6% to 3.4% (2004 - 2.72% to 3.3%) per annum.

12. Borrowings

	Group	
	2005 RM'000	2004 RM'000
Current		
Bills payable - unsecured	30,060	22,792
Term loan - unsecured	6,810	5,552
	36,870	28,344
Non-current		
Term loan - unsecured	15,373	19,184

Terms and debt repayment schedule

The bills payable of the Group is subject to interest at rates ranging from 2.53% to 3.7% (2004 - 2.7% to 3.14%) per annum. The bills payable is supported by a negative pledge over the current and future assets of a subsidiary.

The term loans of the Group are subject to interest at rates ranging from 4.6% to 5.2% per annum in the first three years and 5.2% to 5.75% per annum in the next two years.

	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
Unsecured term loan	22,183	6,810	6,872	8,501

notes to the financial statements

13. Share capital

	Group and Company	
	2005	2004
	RM'000	RM'000
Ordinary shares of RM1.00 each Authorised	100,000	100,000
Issued and fully paid	67,200	67,200

14. Reserves

Company

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profit at 31 December 2005 if paid out as dividends.

15. Minority Shareholders' Interests

This consists of the minority shareholders' proportion of share capital and reserves of non-wholly owned subsidiary.

16. Employee Benefits

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Recognised liability for defined benefit obligations	397	1,497	41	327

The Group and the Company make contributions to a defined benefit plan that provides pension benefits for employees upon retirement. Under the scheme, eligible employees are entitled to retirement benefits based on a certain percentage of total basic salary earned for the period of service less employers' EPF contribution.



16. Employee Benefits (continued)

Movements in the net liability recognised in the balance sheets

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Net liability at 1 January	1,497	1,237	327	272
Benefits paid	(41)	(93)	-	-
Expense recognised in the income statement	125	399	16	55
Liabilities transferred	(151)	-	-	-
Overprovision	(1,033)	(46)	(302)	-
Net liability at 31 December	397	1,497	41	327

The expense is recognised in the following line items in the income statements

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Administration expenses	125	399	16	55

Liability for defined benefit obligations

Principal actuarial assumptions used at the balance sheet date (expressed as weighted averages):

	Group	
	2005 %	2004 %
Discount rate	6.5	6.5
Future salary increases	6.0	6.0
Price inflation	3.0	3.0

notes to the financial statements

17. Operating profit

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue				
Sale of goods	139,613	148,745	-	-
Services rendered including hire income	122,875	119,593	754	827
Gross dividends	-	-	6,563	19,370
Lease interest income	665	642	-	-
	263,153	268,980	7,317	20,197
Cost of sales				
Sale of goods	94,829	93,876	-	-
Services rendered including hire services	94,821	93,759	-	-
	189,650	187,635	-	-
Gross profit	73,503	81,345	7,317	20,197
Distribution costs	(39,777)	(49,448)	-	-
Administration expenses	(17,260)	(18,037)	(3,254)	(3,025)
Other operating expenses	(1,209)	(1,408)	(16)	(18)
Other operating income	10,084	6,633	123	34
Operating profit	25,341	19,085	4,170	17,188

Operating profit is arrived at after crediting:

Gross dividends/tax exempt dividends
from unquoted shares of:

Subsidiaries				
- tax exempt dividends	-	-	563	570
- gross dividends	-	-	6,000	18,800
Investments	-	2	-	-
Bad debts recovered	2	13	-	-
Gain on disposal of property, plant and equipment	2,867	3,866	30	-
Gain on disposal of subsidiary's business	4,837	-	-	-
Gain on foreign exchange - realised	330	624	-	-
Management fees from subsidiaries	-	-	754	827
Rental income on land and buildings	1,406	962	93	34
Rental of equipment	12,445	11,087	-	-
Write back of allowance for doubtful debts	208	720	-	-
Write back of inventories written down	705	450	-	-
Write back of provision for retirement benefits	1,033	46	302	-



notes to the financial statements

17. Operating profit (continued)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
and after charging:				
Auditors' remuneration				
- current year	120	123	25	25
- (over)/under provision in prior year	-	(3)	-	1
Allowance for doubtful debts	396	474	-	-
Amortisation of goodwill	88	88	-	-
Bad debts written off	20	91	-	-
Company's Directors:				
Remuneration	896	827	896	827
Fees	72	87	72	87
Depreciation	19,801	16,428	332	295
Inventories written off	168	251	-	-
Inventories written down	1,436	986	-	-
Management fees to a related party	164	136	164	136
Retirement benefits charged	125	399	16	55
Property, plant and equipment written off	6	-	-	-
Rental expense on land and buildings	1,312	1,277	-	-
Rental of equipment	206	218	-	-
Loss on foreign exchange - unrealised	179	29	-	-

The estimated monetary value of Directors' benefits-in-kind of the Group and of the Company are RM29,408 (2004 - RM27,100).

18. Employee information

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Salary and other costs	30,652	33,269	1,590	1,481
Contribution to EPF	2,909	3,071	179	151
	33,561	36,340	1,769	1,632

The number of employees of the Group (including Directors) and of the Company (including Directors) at the end of the year was 782 (2004 - 1,177) and 13 (2004 - 12) respectively.

notes to the financial statements

19. Tax expense

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax expense				
Malaysian - current	4,908	4,378	1,357	5,264
- prior	(1,266)	445	(873)	-
Deferred tax expense				
- current year	563	983	-	-
- prior year	(480)	534	-	-
Tax expense on share of profit of jointly controlled entities	894	470	-	-
	4,619	6,810	484	5,264

Reconciliation of effective tax expense

Profit before tax	27,288	21,196	4,279	17,429
Income tax using Malaysian tax rates	7,641	5,935	1,198	4,880
Non-deductible expenses	894	859	66	214
Tax exempt income	(2,355)	(1,158)	(158)	(161)
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(94)	(41)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	163	177	-	-
Other items	116	59	251	331
	6,365	5,831	1,357	5,264
(Over) / Under provision in prior years				
- income tax	(1,266)	445	(873)	-
- deferred tax	(480)	534	-	-
Tax expense	4,619	6,810	484	5,264

20. Earnings per ordinary share
Group

The calculation of basic earnings per share is based on the net profit attributable to shareholders of RM22,664,000 (2004 - RM14,386,000) and the number of ordinary shares in issue during the year of 67,200,000 (2004 - 67,200,000).

21. Dividends

	Group and Company	
	2005	2004
	RM'000	RM'000
Ordinary		
Final:		
2004 final dividend of 4% tax exempt per share paid on 26 July 2005 (2003 final dividend - 3% tax exempt per share paid on 18 June 2004)	2,688	2,016
Interim:		
2005 interim dividend of 3% tax exempt per share paid on 28 September 2005 (2004 interim dividend - 3% tax exempt per share paid on 23 September 2004)	2,016	2,016
	4,704	4,032

Proposed final and special dividends for the financial year ended 31 December 2005

The proposed final and special dividends for the year ended 31 December 2005 of 4% tax exempt per share and 2% less tax per share totalling RM2,688,000 and RM967,680 respectively have not been accounted for in the financial statements of the Group and of the Company as at 31 December 2005.

Dividend per share

The calculation of dividend per share is based on the net dividend declared and proposed for the financial year and the number of ordinary shares in issue during the year of 67,200,000 (2004 - 67,200,000).

22. Segmental information

Segment information is presented in respect of the Group's business segments. Segment information by geographical location is not provided as the activities of the Group are located principally in Malaysia.

Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses.

Business segments

The Group comprises the following main business segments:

Consumer products	The manufacture and distribution of under-garments and distribution of cosmetics.
Travel and car rental	Operation of inbound and outbound tours, the hiring of cars and coaches and the sale of air tickets.
Machinery	The distribution and rental of industrial machinery and equipment.

notes to the financial statements

22. Segmental information (continued)

	Consumer products		Travel and car rental		Machinery		Other operations		Eliminations		Consolidated	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Business Segments												
Revenue from external customers	46,076	63,543	99,383	98,031	116,323	106,216	1,371	1,190	-	-	263,153	268,980
Inter-segment revenue	-	-	223	278	-	-	-	-	(223)	(278)	-	-
Total revenue	46,076	63,543	99,606	98,309	116,323	106,216	1,371	1,190	(223)	(278)	263,153	268,980
Segment result	7,348	5,481	5,580	4,945	9,078	10,296	890	545	-	-	22,896	21,267
Unallocated expenses											(2,392)	(2,182)
Operating profit											20,504	19,085
Interest expense											(2,080)	(1,126)
Interest income											1,369	1,780
Share of profit of jointly controlled entities	954	39	1,704	1,418	-	-	-	-	-	-	2,658	1,457
Gain on disposal of subsidiaries' business											4,837	-
Profit before tax											27,288	21,196
Minority interest											(5)	-
Tax expense											(4,619)	(6,810)
Net profit for the year											22,664	14,386
Segment assets	19,551	46,299	75,099	61,995	103,094	92,805	580	337	-	-	198,324	201,436
Share of net assets in jointly controlled entities	16,449	4,562	3,632	2,406	-	-	-	-	-	-	20,081	6,968
Unallocated assets											59,214	55,971
Total assets											277,619	264,375
Segment liabilities	(3,229)	(12,260)	(13,080)	(11,688)	(12,652)	(14,756)	(35)	(83)	-	-	(28,996)	(38,787)
Unallocated liabilities											(62,651)	(58,169)
Total liabilities											(91,647)	(96,956)
Capital expenditure	50	929	27,986	27,181	10,521	23,132	-	-	-	-	38,557	51,242
Unallocated capital expenditure											319	11,515
Total capital expenditure											38,876	62,757

22. Segmental information (continued)

	Consumer products		Travel and car rental		Machinery		Other operations		Eliminations		Consolidated	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Depreciation and amortisation	(840)	(1,069)	(10,036)	(7,564)	(8,593)	(7,500)	-	-	-	-	(19,469)	(16,133)
Unallocated depreciation and amortisation											(332)	(295)
Total depreciation and amortisation											(19,801)	(16,428)
Non-cash expenses other than depreciation and amortisation	(685)	(318)	(59)	(260)	(231)	(356)	-	-	-	-	(975)	(934)
Unallocated non-cash expenses											(16)	(55)
Total non-cash expenses											(991)	(989)

23. Contingent liabilities

	Group	
	2005 RM'000	2004 RM'000
Contingent liabilities:		
Bank guarantees to third parties for trade purposes secured by fixed deposits (Note 10)	120	120

In 2002, a former director of the Company together with a former director who served on the Board of certain subsidiaries claimed against the Company and the respective subsidiaries in relation to their non re-election as Directors of the subsidiaries. Their application for interim injunctions was dismissed with costs. The High Court has struck out their Writ and Statement of Claim on 19 July 2003. They have appealed to the Court of Appeal and at this stage, no hearing date has been fixed. Based on legal advice, the Directors of the Company are of the opinion that the appeal is unlikely to succeed and will ultimately be dismissed with costs. No provision for damages needs to be made in the financial statements for that reason.

notes to the financial statements

24. Commitments

	Group	
	2005	2004
	RM'000	RM'000
Capital commitments:		
Property, plant and equipment contracted but not provided for in the financial statements	2,658	3,079

25. Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest rate, liquidity and foreign currency risk arises in the normal course of the Group and the Company's business. Credit and foreign currency risk in relation to the Group's core business activities are managed by the respective operating units. The Group monitors the interest rate trend on an on going basis.

Forward exchange rate contracts are used to reduce exposure to fluctuations in foreign exchange rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

Credit risk

In respect of the operating units, credit policies that are specific to their respective industries are in place. Exposure to credit risk is monitored on an on going basis.

The Group and the Company also place a significant portion of their excess funds with licensed financial institutions. The management is of the view that credit risk exposure to licensed financial institutions is minimal.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of the receivables presented in the balance sheet.

Interest rate risk

The Group and the Company's exposure to interest rate risk mainly arises through its fixed deposits, bills payable and term loans. The Group adopts a policy of ensuring their exposure to changes in interest rates on term loan is on a fixed rate basis. The management reviews the fixed deposits and bills payables rates at regular intervals.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flow.



notes to the financial statements

25. Financial instruments (continued)**Foreign currency risk**

The Group incurs foreign currency risk mainly on purchases that are denominated in Japanese Yen. The Group monitors its exchange exposure regularly and undertakes selective hedging whenever deemed necessary.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing liabilities, the following table indicates their effective interest rates at the balance sheet date and the period they reprice or mature, whichever is earlier.

	Effective interest rate per annum %	2005			Effective interest rate per annum %	2004		
		Total RM	Within 1 year RM	1 - 5 years RM		Total RM	Within 1 year RM	1 - 5 years RM
Group								
Financial assets								
Fixed deposits	3.04	46,148	46,148	-	3.08	40,776	40,776	-
Amount due from jointly controlled entities	6.00	2,304	2,304	-	6.00	1,868	1,868	-
Financial liabilities								
Bills payable	3.08	30,060	30,060	-	3.00	22,792	22,792	-
Term loan	5.07	22,183	6,810	15,373	5.20	24,736	5,552	19,184
Company								
Financial asset								
Fixed deposits	3.04	36,326	36,326	-	3.08	32,098	32,098	-
Financial liability								
Amount due to subsidiaries	3.04	31,432	31,432	-	3.08	29,903	29,903	-

Recognised financial instruments

As at balance sheet date, the carrying amounts of trade and other receivables and trade and other payables approximate fair value due to the relatively short term nature of these financial instruments.

notes to the financial statements

25. Financial instruments (continued)

The aggregate fair values of other financial liability carried on the balance sheet as at 31 December are shown below:

	2005 Carrying amount RM'000	2005 Fair value RM'000	2004 Carrying amount RM'000	2004 Fair value RM'000
Financial liability				
Fixed rate term loan	22,183	19,496	24,736	20,997

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are:

	2005 RM'000	2004 RM'000
Forward foreign exchange purchase contracts		
- contractual value	5,534	8,271
- unrealised gains	15	111
Fair value	<u>5,549</u>	<u>8,382</u>
	2005 RM'000	2004 RM'000
Forward foreign exchange sales contracts		
- contractual value	6,133	-
- unrealised loss	(34)	-
Fair value	<u>6,099</u>	<u>-</u>

The fair value of the above forward exchange contracts is based on foreign currency contracts translated at year end rates. These forward foreign exchange contracts will mature within a year from the balance sheet date.

notes to the financial statements

26. Related parties (continued)

- (ii) Significant transactions with jointly controlled entities other than those disclosed elsewhere in the financial statements are as follows:

	Group	
	2005 RM'000	2004 RM'000
Sales	(8,188)	(8,087)
Interest income	(57)	(116)
Sale of business operation	(21,136)	-

These transactions have been entered into in the normal course of business and/or have been established under negotiated terms.

- (iii) Significant transactions with related corporations other than those disclosed elsewhere in the financial statements are as follows:

	Company	
	2005 RM'000	2004 RM'000
Subsidiaries		
Gross dividend income	(6,563)	(19,370)
Management fee income	(754)	(827)
Interest expenses	889	1,280

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

27. Operating leases

The Group leases out certain of its equipment and motor vehicle for lease under operating lease arrangement. These assets are included under property, plant and equipment (Note 2). Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2005 RM'000	2004 RM'000
Less than one year	2,655	3,194
Between one and five years	1,824	1,359
	4,479	4,553



28. Significant events during the year

- (i) Pursuant to the Joint Venture Agreement ("JVA") entered into between the Company, Shiseido Co. Ltd ("SCL") and Shiseido Malaysia Sdn. Bhd. ("SM") on 18 April 2005, the Company and SCL had each subscribed for 12,000,000 and 11,999,998 new ordinary shares of RM1 each in SM which, together with the two subscriber shares owned by SCL had resulted in SCL and the Company each owning 50% of the issued and paid-up share capital in SM on 1 October 2005. Further, the Company and SCL had each subscribed for 4,568,252 new ordinary shares of RM1 each in SM on 29 November 2005.
- (ii) Further to the JVA and pursuant to the Asset Sale Agreement between Tung Pao Sdn. Bhd. ("TP") and SM dated 18 April 2005, TP had completed the disposal of its business and related assets to SM for a total consideration of RM21,136,503 on 29 November 2005.

29. Companies in the Group

The principal activities of the subsidiaries in the Group, their places of incorporation and the interest of Warisan TC Holdings Berhad are shown below:

Name	Principal activities	Country of incorporation	Effective ownership interest	
			2005 %	2004 %
Tung Pao Sdn. Bhd.	Distribution and sale of cosmetics and consumer products	Malaysia	100	100
TC Beauty Services Sdn. Bhd. (100% of equity is held by Tung Pao Sdn. Bhd.)	Rental of salon equipment	Malaysia	100	100
Tan Chong Apparels Sdn. Bhd.	Dormant	Malaysia	100	100
Tan Chong Apparels Manufacturer Sdn. Bhd.	Manufacture of under-garments	Malaysia	100	100
TCIM Sdn. Bhd.	Distribution and sale of material handling equipment, agriculture tractors, engines and construction equipment and parts	Malaysia	100	100

notes to the financial statements

29. Companies in the Group (continued)

Name	Principal activities	Country of incorporation	Effective ownership interest	
			2005 %	2004 %
TCIM Esasia Sdn. Bhd.* (70% of equity is held by TCIM Sdn. Bhd.)	Manufacturing, distribution and sale of generator sets, engines, alternators and its related accessories	Malaysia	70	100
Jentrakel Sdn. Bhd.	Sale and rental of industrial machinery and equipment	Malaysia	100	100
Mayflower Acme Tours Sdn. Bhd.	Operation of inbound and outbound tours, the hiring of cars and coaches and the sale of air tickets	Malaysia	100	100
Discovery Tours (Sabah) Sdn. Bhd. (100% of equity is held by Mayflower Acme Tours Sdn. Bhd.)	Operation of inbound and outbound tours and sale of air tickets	Malaysia	100	100
Warisan Captive Incorporated	Underwriting of captive insurance business	Labuan, Malaysia	100	100
Belize Holdings Sdn. Bhd.	Investment holding	Malaysia	100	100
Comit Communications Technologies (M) Sdn. Bhd.	Dormant	Malaysia	100	100
Comit Phone (Malaysia) Sdn. Bhd.	Dormant	Malaysia	100	100
Telechoice Communication Sdn. Bhd.	Dormant	Malaysia	100	100
Angka-Tan Machinery Sdn. Bhd.	Dormant	Malaysia	100	100

* the financial statements of this subsidiary company is audited by other auditors.



notes to the financial statements

29. Companies in the Group (continued)

The Company's shareholdings in non-wholly owned subsidiary are as follows:

	Ordinary shares of RM1.00 each			At 31.12.2005
	At 1.1.2005	Bought	Sold	
TCIM Esasia Sdn. Bhd.	2	1,399,998	-	1,400,000

30. Significant events subsequent to balance sheet date

- (i) On 16 January 2006, a subsidiary of the Company entered into a Sale and Purchase Agreement with a subsidiary of Tan Chong Motor Holdings Berhad for the disposal of a piece of property held under title number PN4914 Lot No 73, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan for a total consideration of RM14,200,000.
- (ii) On 24 February 2006, the Company proposed to seek authority from its shareholders to purchase the ordinary shares of RM1 each in the Company, as may be determined by the Directors of the Company from time to time, on the market of the Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased does not exceed 10% of the total issued and paid-up capital of the Company. At the discretion of the Directors, the shares purchased may be cancelled and/or retained as treasury shares and distributed as dividends or resold on the Bursa Malaysia Securities Berhad.

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of Warisan TC Holdings Berhad will be held at the Grand Ballroom, Grand Seasons Hotel, No. 72 Jalan Pahang, 53000 Kuala Lumpur, Malaysia on Wednesday, 17 May 2006 at 3:00 p.m. to transact the following businesses:

Ordinary Business:

1. To receive and consider the Financial Statements for the financial year ended 31 December 2005 together with the Reports of the Directors and Auditors thereto. **Resolution 1**
2. To declare a final dividend of 4% tax exempt per share and a special dividend of 2% less tax per share for the financial year ended 31 December 2005. **Resolution 2**
3. To re-elect the following Directors, who are eligible and have offered themselves for re-election, in accordance with Article 100 of the Company's Articles of Association:
 - i Dato' Tan Heng Chew **Resolution 3**
 - ii Dato' Lee Eng Guan @ Lee Eng Yuan **Resolution 4**
4. To re-appoint Encik Ismail bin Rautin Ibrahim as Director pursuant to Section 129(6) of the Companies Act, 1965. **Resolution 5**
5. To re-appoint KPMG as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

Special Business:

6. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

PROPOSED GRANT OF AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"RESOLVED THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals and requirements of the relevant governmental/regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue new ordinary shares of RM1.00 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to the resolution does not exceed 10% of the issued and paid-up share capital for the time being of the Company **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."
Resolution 7



notice of annual general meeting

7. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

PROPOSED SHARE BUY-BACK OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-Back") 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 interest of the Company, provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed 10% of the issued and paid-up share capital of the Company.

AND THAT an amount not exceeding the Company's retained earnings be allocated by the Company for the Proposed Share Buy-Back.

AND THAT authority be and is hereby given to the Directors of the Company to decide at their discretion to retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and/or to resell them and/or to deal with the shares so purchased in such other manner as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will expire:

- (i) at the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) at the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back."

Resolution 8

notice of annual general meeting

8. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD GROUP

"**THAT**, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("WTCH Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the WTCH Group as set out under section 2.3.1.1 of Part A of the circular to shareholders dated 25 April 2006 ("Related Parties") provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

AND THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Resolution 9**

9. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD GROUP

"**THAT**, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("WTCH Group") to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the WTCH Group as set out under section 2.3.1.2 of Part A of the circular to shareholders dated 25 April 2006 ("Related Parties") provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

AND THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Resolution 10**



notice of annual general meeting

10. To transact any other business of the Company of which due notice shall have been received.

By order of the Board
CHAN YOKE LIN
Company Secretary

Kuala Lumpur
25 April 2006

Notes:

1. A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
2. In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.
3. An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
4. The form of proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

5. Explanatory Statement in relation to Resolution 7

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion or diversification proposals involve the issue of new shares, the Directors of the Company, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued share capital of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors of the Company be empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purpose. This authority, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the next annual general meeting of the Company.

6. Explanatory Statement in relation to Resolution 8

The proposed Resolution 8, if passed, will empower the Directors of the Company to purchase up to 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 retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Share Buy-Back is set out in the circular to shareholders dated 25 April 2006, despatched together with the Company's 2005 Annual Report.

7. Explanatory Statement in relation to Resolution 9 and Resolution 10

The proposed resolutions 9 and 10, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day to day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on resolutions 9 and 10 are set out in the circular to shareholders dated 25 April 2006, despatched together with the Company's 2005 Annual Report.

statement accompanying notice of annual general meeting

DIRECTORS STANDING FOR RE-ELECTION AT THE NINTH ANNUAL GENERAL MEETING

Directors standing for re-election pursuant to Article 100 are Dato' Tan Heng Chew and Dato' Lee Eng Guan @ Lee Eng Yuan. The profiles of these Directors are set out in the section entitled "Profiles of the Board of Directors" on pages 14 and 16 of the Annual Report. As at 31 March 2006, their shareholdings in the Company are as follows:

	Direct interest	Indirect interest
Dato' Tan Heng Chew	581,983	28,653,333
Dato' Lee Eng Guan @ Lee Eng Yuan	8,000	-

DETAILS OF ATTENDANCE OF THE DIRECTORS AT BOARD MEETINGS

There were a total of six (6) board meetings held during the financial year ended 31 December 2005 and the details of the attendance of the Directors who are standing for re-election are set out in the section entitled "Profiles of the Board of Directors" on pages 14 to 16 of the Annual Report.

DATE, TIME AND PLACE OF THE NINTH ANNUAL GENERAL MEETING

Date : Wednesday, 17 May 2006
 Time : 3:00 p.m.
 Place : Grand Ballroom
 Grand Seasons Hotel
 No. 72, Jalan Pahang,
 53000 Kuala Lumpur, Malaysia



notice of dividend entitlement and book closure

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Ninth Annual General Meeting of Warisan TC Holdings Berhad, a final dividend of 4% tax exempt per share and a special dividend of 2% less tax per share will be paid on 22 June 2006 to shareholders whose names appear in the Register of Members on book closure date on 25 May 2006. The entitlement date shall be 24 May 2006.

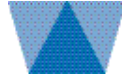
A depositor shall qualify for the entitlement to the dividends only in respect of:

- (1) shares transferred into the depositor's securities account before 4:00 p.m. on 24 May 2006 in respect of ordinary transfers;
- (2) shares deposited into the depositor's securities account before 12:30 p.m. on 22 May 2006 in respect of shares exempted from mandatory deposit; and
- (3) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By order of the Board
CHAN YOKE LIN
Company Secretary

Kuala Lumpur
25 April 2006

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WARISAN TC HOLDINGS BERHAD
(424834-W)
(Incorporated in Malaysia)

FORM OF PROXY

CDS account no. of authorised nominee

I/We _____ (name of shareholder as per NRIC, in capital letters)

IC No./ID No./Company No. _____ (new) _____ (old)
of _____ (full address)

being a member(s) of WARISAN TC HOLDINGS BERHAD, hereby appoint
_____ (name of proxy as per NRIC, in capital letters)

IC No. _____ (new) _____ (old) or failing him/her
_____ (name of proxy as per NRIC, in capital letters)

IC No. _____ (new) _____ (old) or failing him/her

the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Ninth Annual General Meeting of the Company to be held at the Grand Ballroom, Grand Seasons Hotel, No. 72, Jalan Pahang, 53000 Kuala Lumpur, Malaysia, on Wednesday, 17 May 2006 at 3.00 p.m., and at any adjournment thereof, as indicated below:

		For	Against
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final Dividend and Special Dividend		
Resolution 3	Re-election of Dato' Tan Heng Chew as Director		
Resolution 4	Re-election of Dato' Lee Eng Guan @ Lee Eng Yuan as Director		
Resolution 5	Re-appointment of Encik Ismail Rautin Ibrahim as Director		
Resolution 6	Re-appointment of KPMG as Auditors		
Resolution 7	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 8	Proposed Share Buy-Back of up to 10% of the issued and paid-up share capital of the Company		
Resolution 9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong Motor Holdings Berhad Group		
Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with APM Automotive Holdings Berhad Group		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signature/Common Seal

Number of shares held: _____

Date: _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1	_____	____%
Proxy 2	_____	____%
Total		100%

Notes:

- ⁽¹⁾ An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
- ⁽²⁾ A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
- ⁽³⁾ In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.

The Form of Proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

fold here

Affix
Stamp
Here

The Company Secretary
WARISAN TC HOLDINGS BERHAD
62-68 Jalan Ipoh
51200 Kuala Lumpur

fold here