



2004
Annual Report
Laporan Tahunan



Vision

To be one of the world's leading designers and providers of innovative value-added products, based on technology of the future.

Mission

To create people-friendly, functional products that enhance the well-being and health of our customers and users in their environment.



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BOARD OF DIRECTORS

Y. Bhg. Tan Sri Dato' Nik Ibrahim Kamil
Executive Chairman

Mr. Chong Kon You @ Chong Kwan Yew
Chief Executive Officer

Mr. Loo Soo Loong, Evan
Executive Director

Mr. Yoshiharu Miyake
Non-Independent Non-Executive Director

Mr. Chan Kok Leong, Eric
Non-Independent Non-Executive Director

Mr. Gan Leng Swee, Benny
Independent Non-Executive Director

Vijeyaratnam a/l V. Thamothersam Pillay
Independent Non-Executive Director

COMPANY SECRETARY

Ms. Chua Siew Chuan (MAICSA 0777689)

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

The Second Board of Bursa Malaysia Securities Berhad

Directors' Profile

Y. BHG. TAN SRI DATO' NIK IBRAHIM KAMIL

Executive Chairman

Malaysian, 63 years of age

Tan Sri Dato' Nik Ibrahim Kamil has been a director of the Company since its incorporation and was appointed as the Executive Chairman of the Company on 24 October 1995. He has no family relationship with any director or major shareholder of the Company. His direct shareholdings in the Company is 2,988,105 shares (5.09%).

Tan Sri Dato' Nik Ibrahim Kamil graduated with a Bachelor of Science degree in Economics and Business Administration from Georgetown University, Washington D.C, USA in 1966. He has more than 30 years of managerial and business experience ranging from mining, petroleum, media, manufacturing, merchant banking and finance, stock broking, port management, trading to golf resort development.

Tan Sri Dato' Nik Ibrahim Kamil currently sits on the board of directors of Camerlin Group Berhad, Octogan Consolidated Berhad, QSR Brands Berhad and Palm Resort Berhad.

MR. CHONG KON YOU @ CHONG KWAN YEW

Chief Executive Officer

Malaysian, 60 years of age

Mr. Chong Kon You @ Chong Kwan Yew was appointed as a director of the Company on 19 July 2001, and as the Chief Executive Officer of the Company on 8 August 2002. Currently, Mr. Chong is also a member of the Audit Committee of the Company. He has no family relationship with any director or major shareholder of the Company. His direct and indirect shareholdings in the Company are 4,114,668 shares (7.01%) and 10,910,000 shares (18.58%) respectively.

Mr. Chong started his career as an apprentice with Associated Plastic Industries Sdn Bhd ("API") and was later promoted as the factory manager. During his 18 years in API, he played a pivotal role in the technical development of "Brite-Lite", the brand name which he eventually acquired from API before venturing into his own business with the incorporation of Advance Industries Sdn. Bhd. in 1979. Mr. Chong also pioneered the development of the modular kitchen system, vacuum-forming processes for outdoor lighted advertising products, disposable food containers and plastic long-bathtubs. He was responsible for many new technical innovations in the design and manufacture of modern luminaries which also led to the filing of fifteen (15) world-wide design copyrights and patents.

MR. LOO SOO LOONG, EVAN

Executive Director

Malaysian, 41 years of age

Mr. Loo Soo Loong was appointed as an Executive Director of the Company on 1 November 2002. He has no family relationship with any director or major shareholder of the Company. His direct and indirect shareholdings in the Company are 60,000 shares (0.10%) and 10,910,000 shares (18.58%) respectively.

Mr. Loo obtained his Bachelor of Science degree in Business Administration from California State University, Chico (USA) in 1986 and his Bachelor of Law degree (LLB) from the University of Buckingham, United Kingdom in 1988. He qualified as an advocate and solicitor in Malaysia in 1990.

Mr. Loo was involved in managing one of Kuala Lumpur's largest bus companies, which was subsequently amalgamated under the DRB Berhad Group in 1995. He remains as a non-independent non-executive director in the bus company at present. After practicing as an advocate and solicitor from 1995 to 2000, Mr. Loo departed to Hong Kong to set-up a US based internet company with venture capitalists from Hong Kong until end of 2001.

MR. YOSHIHARU MIYAKE

Non-Independent Non-Executive Director

Japanese, 68 years of age

Mr. Yoshiharu Miyake was the Managing Director of the Company since its incorporation. He relinquished his position as the Managing Director on 4 February 2004 but remain as a Non-Executive Director of the Company. Mr. Miyake has no family relationship with any director or major shareholder of the Company. His direct and indirect shareholdings in the Company are 232,093 (0.4%) and 2,522,552 (4.30%) respectively.

Mr. Miyake obtained his Bachelor degree in Civil Engineering from Tokyo University in 1960. Thereafter, he joined Mitsui Construction Co. Ltd, a multi-national general turnkey contractor and was the General Manager, Overseas Construction Division in the Tokyo Head Office when he left the company in 1980.

Mr. Miyake is also the Vice-Chairman of Palm Resort Berhad.

MR. CHAN KOK LEONG, ERIC

Non-Independent Non-Executive Director

Malaysian, 35 years of age

Mr. Chan Kok Leong was appointed as a director of the Company on 6 February 2004. Mr. Chan is currently a member of the Nominating Committee and the Remuneration Committee of the Company. He has no family relationship with any director or major shareholder of the Company and does not have any shareholding in the Company.

Mr. Chan is a member of the Malaysian Association of Certified Public Accountants. He also holds a Master degree in Business Administration from Institut Superior de Gestion, Paris.

Mr. Chan has more than 10 years experience in the realm of audit and corporate finance whereby he was involved in, amongst others, special assignments in accountancy and taxation related services, listing, restructuring, take over and merger as well as privatisation exercises. Currently, Mr. Chan is the Director – Corporate & Investment of Eastern & Oriental Berhad and E&O Property Development Berhad.

Directors' Profile (cont'd)

MR. GAN LENG SWEE, BENNY

Independent Non-Executive Director

Malaysian, 54 years of age

Mr. Gan Leng Swee was appointed to the Board of Directors of the Company on 15 January 1996. He is currently the Chairman of the Audit Committee and Nominating Committee, as well as a member of the Remuneration Committee of the Company. Mr. Gan has no family relationship with any director or major shareholder of the Company and does not have any shareholding in the Company.

Mr. Gan holds a Bachelor degree in Economics from University of Malaya in 1974. He began his career with Citibank N.A. in the same year and progressed to the position of Assistant Vice-President for Institutional Banking Group. From 1984 to 1986, he was the Asean Representative for MBf Dow Ltd, Hong Kong and General Manager of MBf Leasing Sdn Bhd. Prior to joining Overseas Union Bank, Singapore in 1987 as the head of the Credit Review Unit (Audit & Inspection), he was a Senior Credit Manager of Oriental Bank Berhad. From 1990 to 1991, he was the Dealer's Representative (Institutional Sales) with G.K. Goh (Stockbrokers) Pte. Ltd. He formed his private management consultancy practice named Citation Corporate Concepts Pte. Ltd, Singapore from 1991 to 1998. On a contract basis from November 1998 to November 1999, he was the Deputy President/Chief Operating Officer for Keppel Monte Bank, Manila.

Mr. Gan is also an Independent Non-Executive Director, Chairman of the Audit Committee and Remuneration Committee, and Member of the Risk Assessment/ Management Committee and Nominating Committee of Watta Holding Berhad.

MR. VIJAYARATNAM A/L V. THAMOTHARAM PILLAY

Independent Non-Executive Director

Malaysian, 53 years of age

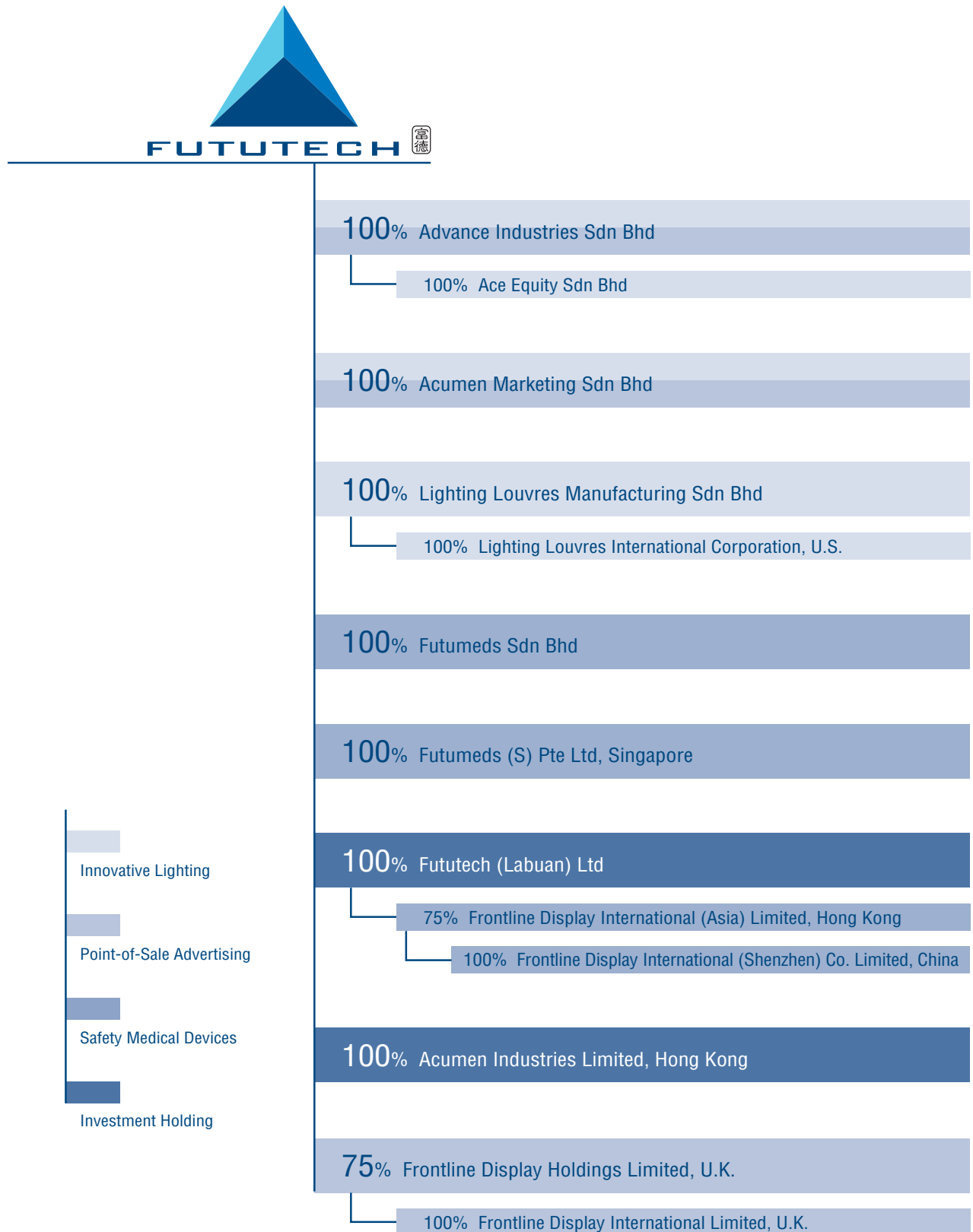
Mr. Vijeyaratnam was appointed as a director of the Company on 6 February 2004. He is currently the Chairman of the Remuneration Committee and a member of both Audit Committee and Nominating Committee of the Company. Mr. Vijeyaratnam has no family relationship with any director or major shareholder of the Company and does not have any shareholding in the Company.

Mr. Vijeyaratnam is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He has more than 25 years post qualifying experience covering auditing, financial planning, general management and corporate advisory. He is currently the Managing Director of an advisory and consultancy company.

Mr. Vijeyaratnam also sits on the Board of Directors of Multi-Purpose Holdings Berhad, Bandaraya Developments Berhad and Eastern & Oriental Berhad.

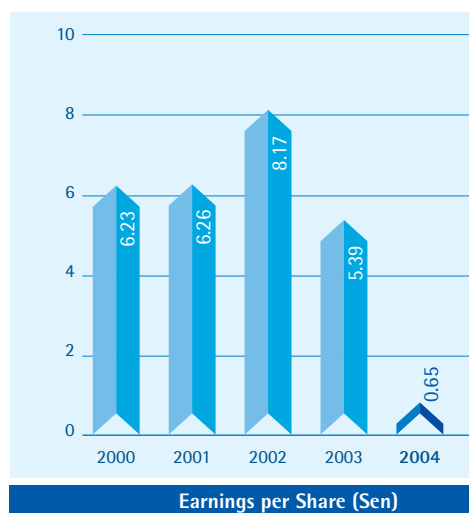
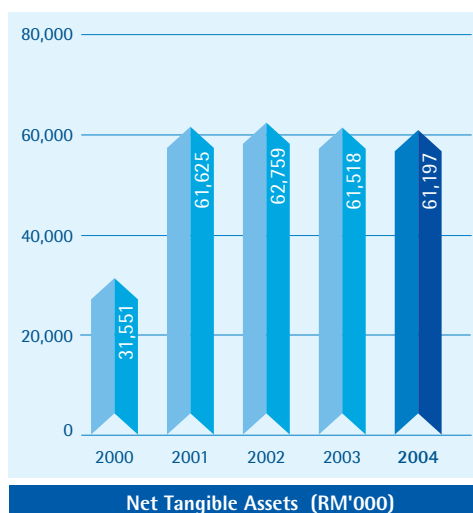
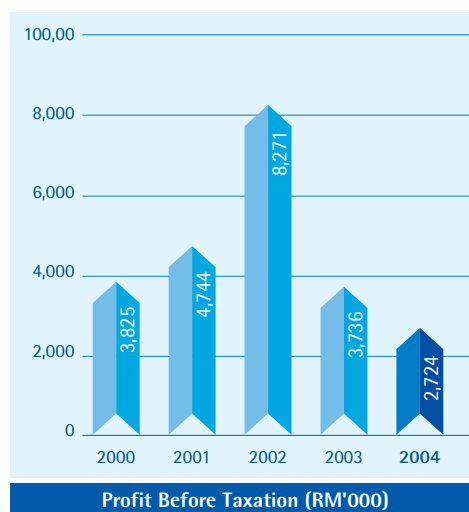
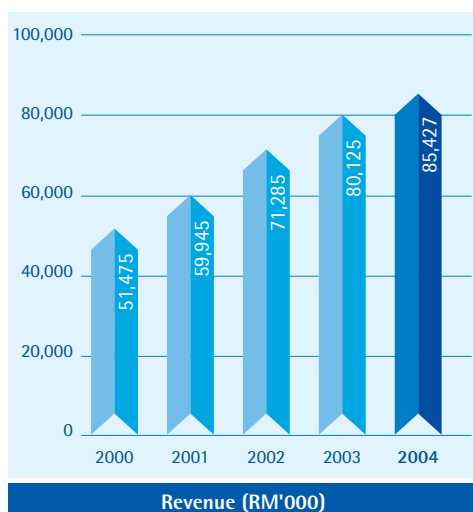
None of the Directors of the Company has been convicted of any offence (other than traffic offences, if any) within the past 10 years.

Corporate Structure



5-Year Group Financial Summary

Financial Year Ended 31 December	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000
Revenue	85,427	80,125	71,285	59,945	51,475
Profit Before Taxation	2,724	3,736	8,271	4,744	3,825
Profit After Taxation & Minority Interest	373	3,105	4,699	2,749	1,611
Dividend (Amount net of tax)	-	1,733	1,727	1,150	594
Total Assets	134,726	134,895	118,589	115,359	79,336
Shareholders' Funds	88,532	89,408	87,802	83,905	45,591
Net Tangible Assets	61,197	61,518	62,759	61,625	31,551
Net Tangible Assets per Share (Sen)	105.93	106.87	109.05	107.73	159.35
Earnings per Share (Sen)	0.65	5.39	8.17	6.26	6.23



Chairman's Statement

ECONOMY AND GROUP REVIEW

Malaysia recorded a healthy 7.1% growth in gross domestic product (GDP) for 2004, another consecutive year of growth after rising 5.3% in 2003. The good result achieved was driven by stronger growth of both exports and domestic demand.

With the exception of the construction sector, all the industries recorded positive growth with the main contributors coming from the manufacturing, services and primary commodities sectors. According to the Bank Negara report, the manufacturing sector showed another year of strong double-digit expansion, with output growth of 12.7%. This is a reflection of the strong global demand for electronics and electrical products.

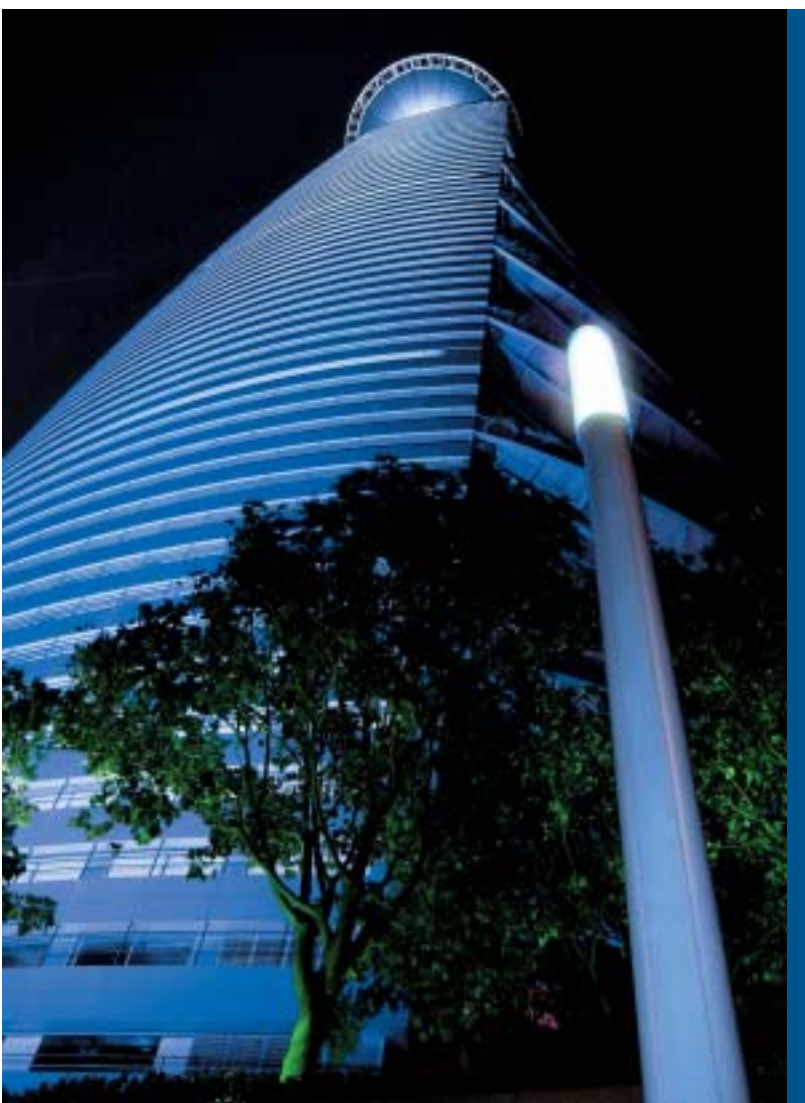
However, with fewer infrastructural projects and lower government spending, the construction sector suffered a contraction of 1.9%. Fortunately, sustained activities in the residential and non-residential segments were the mitigating factors for this sector.

2004 was a challenging as well as a disappointing year for the group. The surging oil prices and China's huge demand of raw materials had a significant impact on materials prices which brought about negative repercussion to many businesses including ours.

Although the group's revenue has increased from RM80.1 million to RM85.4 million, domestic sales have been reduced from RM64.3 million to RM62.9 million. More significantly is the domestic operational result which was reduced from RM5.4 million to RM3.1 million.

The lower domestic results were mitigated by overseas operations which have improved substantially with a contribution of RM2.4 million as compared to RM137 thousand.

Overall, the combined net result on profit from operations was similar to year 2003, with a marginal decline from RM4.4 million to RM4.3 million. However, with higher financing expenses and greater tax provision, profit after tax and minority interest reduced substantially from RM3.1 million to only RM373 thousand.



Chairman's Statement (cont'd)

Both the lighting and POS businesses have contributed positively to the group's results. The group's greater challenge however, remains with its safety medical device business. Since our OEM partner, Futura Medical Technologies Inc had terminated its safety syringe marketing partnership with Smiths Group Plc, its own marketing effort has not yielded any significant results. Towards the end of year 2004, our wholly-owned subsidiary, Futumed Sdn Bhd, began exploratory discussions with Medisys Plc (parent company of Futura Medical Technologies Inc.) to seek a longer term alternative that would be mutually beneficial in respect of manufacturing, sales and marketing of the safety syringe and safety lancet.

As part of the commercialisation of the safety syringe and safety lancet, Futumed Sdn Bhd had proceeded with its planned qualification and certification programs to effectively bring its products into the market. On the certification milestone, we had achieved ISO 13485:2003 in August 2004 in addition to ISO 9001:2000. Recently, in March 2005, we have also achieved the CE mark certification for our safety lancet that will enable us to distribute the product in the European Union (E.U.) markets. A 510K application for our safety lancet was also made to the Food and Drug Administration (FDA) in the U.S.A. in the first quarter of 2005 which is now pending.



2005 OUTLOOK

The market sentiment started to turn cautious at the end of 2004 as there were signs that demand had begun to moderate. Malaysia's economy grew at a slower pace of 5.6% for the fourth quarter of 2004 as compared to 6.7% in the third quarter. The fourth-quarter result was in line with the slowdown in the global growth trend that is expected to continue at least through the first half of 2005.

Further, there is inflationary pressure as oil prices persistently remain in the USD50 range. Producers of raw materials have no choice but to share its rising cost with its customers such as us. However, given today's competitive market environment, it is not always feasible for Fututech group to pass on 100% of the increased cost to our customers. As such, we will be facing an uphill battle to maintain our profit margin for the next couple of quarters.

Notwithstanding the aforesaid, export for the lighting products remained favourable as the demand continued to be holding up. In particular, there continues to be much construction activities in the Middle East, Australia, New Zealand and China.



With the established offices in United Kingdom and Hong Kong, it is our objective to continue to expand the point-of-sale business overseas and to expand our client base by attracting and servicing other international brands. We will achieve this by expanding our studio talents and building up our research & development teams. Our people have always been considered the Company's greatest assets and this philosophy will not change. On the contrary, it will be greater reinforced.

For the safety medical device business, our emphasis has now switched from products and production qualification to developing our customer base. Futumeds Sdn Bhd, besides participating in health care exhibitions to introduce our safety products to the market, will in addition be exploring strategic partnerships with other established distributors across the region, in particular Asia Pacific, China, Australia, Middle East and the U.S.A. The management is endeavouring to chart up a positive contribution to the group for the current financial year.

Chairman's Statement (cont'd)



APPRECIATION & CHALLENGE

I would like to take this opportunity to express my appreciation to the management and staff for their hard work and dedication to the group during the year, and to the relevant authorities for their guidance and counsel.

Notwithstanding the highly demanding market environment, I would like to challenge the management and staff to continue to actively upgrade ourselves and be innovative in helping the group in designing and producing attractive products at an attractive price that will surpass our customers' expectation.

The market place will continue to be more competitive and we cannot afford to sit back and relax allowing others to exploit the opportunities that arise. We have to face the reality squarely and overcome any obstacles to move up the productive curve and remain in the forefront of our competitors. Thus, everyone needs to pitch in to move our group to greater heights.

On behalf of my fellow directors, we would like to see that our shareholders would be justly rewarded as they continue to stay invested with the Company.

Tan Sri Dato' Nik Ibrahim Kamil
1 June 2005



Statement on Corporate Governance

The Board of Directors of Fututech Berhad would like to affirm its continued commitment in maintaining good corporate governance and recognises that it is a continual process, which requires re-assessment and refinement of management practices and systems.

The Board supports the principles and best practices recommended by the Malaysian Code on Corporate Governance ("the Code"). This Statement sets out the practices adopted by the Board in compliance with the Code for the financial year ended 31 December 2004.

DIRECTORS

i) The Board of Directors & Its Composition

The Company complied with the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in regards to the composition of the Board of Directors. The Board, lead by the Executive Chairman, comprises of seven members, including three executive directors and four non-executives directors, of which two are independent. The Executive Chairman is primarily responsible for matters pertaining to the strategies and policies of the Group whilst the Chief Executive Officer oversees the operations of the Group and the implementation of the Board's directives and policies. Profile of each Director is presented on pages 2 to 4 of this annual report.

The Board has overall responsibilities as the steward of the Company, guiding the Company towards achieving its short-term and long-term goals by setting various strategies for growth and development while providing direction and advice to the Management in achieving

the goals. The Directors each bring objective and independent judgment to the Board and there is no domination by a group or an individual in the process of decision making by the Board. In addition thereto, the independent directors also provide the Board with independent guidance and unbiased advice based on their experience specific to the industry as well as the general commercial environment.

In view of the above, the Board is of the opinion that the appointment of a Senior Independent Non-Executive Director to whom concerns may be conveyed is not necessary, for the time being.

ii) Meetings and Supply of Information

The Board of Directors meet on a quarterly basis with additional meetings to be held when deemed necessary.

The Board deliberated and examined issues in relation to, amongst others, financial performance, strategy, resources and standards of conduct of the Group before decisions were made. To assist the Directors in reviewing and considering the issues to be discussed at the meeting, they are provided with reports relevant to the agenda of the meeting, prior to each board meeting. They are also given access to all information of the Group and the advice of the Company Secretary and /or other independent professional advisors, where necessary, to enable them to discharge their duties effectively and diligently.

There were four meetings of the Board of Directors held during the year 2004. Attendance of each Director at the meetings held during the financial year is as follows:-

Name of Directors	Designation	Number of Meetings Attended
Y. Bhg. Tan Sri Dato' Nik Ibrahim Kamil	Executive Chairman	4/4
Mr. Chong Kon You @ Chong Kwan Yew	Chief Executive Officer	4/4
Mr. Loo Soo Loong, Evan	Executive Director	4/4
Mr. Yoshiharu Miyake	Non-Independent Non-Executive Director	3/4
Mr. Gan Leng Swee, Benny	Independent Non-Executive Director	4/4
Mr. Vijeyaratnam a/I V. Thamothearam Pillay <i>(Appointed on 6 February 2004)</i>	Independent Non-Executive Director	4/4
Mr. Chan Kok Leong, Eric <i>(Appointed on 6 February 2004)</i>	Non-Independent Non-Executive Director	4/4
En. Hisham bin Harun Hashim <i>(Resigned on 24 February 2004)</i>	Non-Independent Non-Executive Director	1/1
Mr. Law Piang Woon <i>(Resigned on 5 February 2004)</i>	Independent Non-Executive Director	N/A

Statement on Corporate Governance (cont'd)

iii) Committees

There were 3 committees of the Board during the year 2004, namely the Audit Committee, the Nominating and Remuneration Committee ("NRC") and the Employee Share Option Scheme Committee.

The Board delegated to each committee specific authority to consider and approve specific matters in accordance with their respective terms of reference. Each committee will report to the Board with its decisions and/or recommendation. The ultimate responsibility for final decision on all matters however, rests with the Board.

The Board had resolved to restructure the NRC with effect from the financial year 2005. The functions previously undertaken by the NRC will now be undertaken by two separate committees namely, the Nominating Committee and the Remuneration Committee.

iv) Directors' Training

All Directors have attended the Mandatory Accreditation Programme as required by the Listing Requirements of Bursa Securities. They will also attend further training programmes as may be required from time to time, including the Continuing Education Programme, in order to keep abreast with the relevant changes and development in laws and regulations, as well as the business environment.

All directors newly appointed to the Board will be furnished with the relevant information of the Group and a summary of liabilities and disclosure requirements as a director.

v) Appointment and Retirement of Directors

The Nominating and Remuneration Committee of the Board ("NRC") comprises three members, all being non-executive directors while two of whom are independent. After recent restructuring effective from year 2005, the Nominating Committee is entrusted by the Board to review and evaluate all new nominations for directors.

It should be noted that acceptance and approval of the appointment to the Board remains the responsibility of the Board as a whole.

The Articles of Association of the Company requires a director appointed during a financial year to retire at the following annual general meeting. One-third of the directors for the time being are also obliged to retire at every annual general meeting of the Company, or if the number is not a multiple of three then the number nearest to one-third shall retire. In addition, all directors, including the managing director, are bound to retire at an annual general meeting of the Company at least once every three years. Directors over the age of seventy are required to retire annually. All the retiring directors shall be eligible for re-election.

No annual review of the Board was performed by the NRC during the financial year as the Board is satisfied that its current composition fairly reflects the interest of minority shareholders of the Company and represents the needed mix of skills and experience required in discharging the Board's duties and responsibilities.

vi) Directors' Remuneration

With the restructuring of the NRC, the responsibilities to assess and to recommend to the Board the remuneration package of the executive directors are now vested on the new Remuneration Committee.

The Board as a whole recommends the remuneration of the non-executive directors in the form of directors' fees, which is subject to shareholders' approval at annual general meeting. No director will participate in the deliberation and decision in respect of their own remuneration.

The remuneration of the directors reflects the level of responsibilities each director held, and is set at such levels to enable the Company to attract and retain services of directors with the relevant experience and expertise required to assist in the effective management and operations of the Group.

Statement on Corporate Governance (cont'd)

The aggregate remuneration of the directors for the financial year ended 31 December 2004 categorised into the appropriate components and analysed into bands of RM50,000 is as below :-

Category	Fees & Allowances (RM)	Salaries & Other Emoluments (RM)
Executive Directors	42,500	1,033,209
Non-Executive Directors	81,500	-
Total	124,000	1,033,209

Amount of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
Below RM50,000	1*	5^
RM200,000 to RM250,000	-	-
RM250,001 to RM300,000	2	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	-	-
RM400,001 to RM450,000	-	-
RM450,001 to RM500,000	-	-
RM500,001 to RM550,000	1	-
RM550,001 to RM600,000	-	-

* Being a non-executive director who had relinquished his executive position during the year 2004..

^ Number inclusive of two non-executive directors who have resigned during the year 2004.

SHAREHOLDERS AND INVESTORS

The Board values the support of its shareholders and investors. It also recognises the importance of effective communication with shareholders and the investment community of the material corporate and business matters of the Group.

Timely announcements, including announcements on financial results on both quarterly and annually basis will be made available to the shareholders and general public via Bursa Securities which is accessible via its website at <http://www.bursamalaysia.com>. The Company also maintains a website : www.fututech.com.my, through which the shareholders and the general public are able to review the Company's activities and products information.

General meetings of the Company serve as the main platform for dialogue and interaction with the shareholders. The Board also presents the performance and development of the Company during the general meetings and the shareholders are given the opportunity to have a better understanding of the state of affairs of the Company.

ACCOUNTABILITY AND AUDIT

i) Financial Reporting

Financial statements of the Company are drawn up in accordance with the Companies Act, 1965 and the applicable accounting standards in Malaysia, which are consistently applied and supported by reasonable and prudent judgments and estimates.

The Board had always aimed to present a balanced and comprehensible assessment of the Group's position and prospects when presenting the annual financial statements and quarterly announcement of unaudited results.

ii) Internal Control

The Board has the overall responsibility for maintaining a sound system of internal control in safeguarding the interest of its shareholders and the Group's assets.

The Statement on Internal Control is set out on page 16 of this annual report, providing an overview of the Company's state of internal control.

Statement on Corporate Governance (cont'd)

iii) Relationship with Auditors

The Company has always maintained and will continue to maintain a close and transparent working relationship with its Auditors.

The role of the Audit Committee in relation to the external auditors is presented in the Audit Committee Report on pages 14 and 15 of this annual report.

Directors or major shareholders, which was still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Revaluation Policy on Landed Properties

Revaluation of landed properties will be carried out should there be an intended sale or where market values have significantly changed.

OTHER INFORMATION

Material Contract

There was no material contract entered into by the Company or the Group involving the interest of the

Variation of Results

There is a variance of RM317,934 between the audited profit after tax and minority interest ("PAT & MI") of RM372,826 and the unaudited PAT & MI of RM54,892 for the financial year ended 31 December 2004, reconciliation of which is as follows :-

	RM
Unaudited PAT & MI as per announcement	54,892
Under provision of taxation	(230,560)
Loss on deemed disposal	(55,941)
Unrealised foreign exchange gain	192,075
Over allocation of Minority Interest	156,931
Adjustment in closing stock	200,964
Other adjustment	54,465
Audited PAT & MI	372,826

RESPONSIBILITY STATEMENT BY DIRECTORS IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are collectively responsible in ensuring that the annual financial statements of the Group are prepared with the aim to provide a true and fair view of the financial position of the Group at the end of the financial year and the transactions carried out during the financial year.

In preparing the financial statements, the Directors have :

- adopted and applied suitable accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent;

- ensured that the applicable approved accounting standards have been complied with; and
- prepared the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible in ensuring that proper accounting records are kept to enable them to be conveniently and properly audited, in compliance with the Companies Act, 1965. The Directors also have the overall responsibilities 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.

Audit Committee Report

The Audit Committee of the Company was established on 12 January 1996. Currently, members of the Audit Committee are :-

Mr. Gan Leng Swee, Benny

Chairman, Independent Non-Executive Director

(appointed on 16 January 1996)

Mr. Vijeyaratnam a/l V. Thamotharam Pillay

Member, Independent Non-Executive Director *(Member of MIA)*

(appointed on 6 February 2004)

Mr. Chong Kon You @ Chong Kwan Yew

Member, Chief Executive Officer

(appointed on 6 February 2004)

TERMS OF REFERENCE :

Composition of the Committee

- 1) The Committee shall be appointed by the Board from among the Directors of the Company and shall consist of not less than three (3) members of whom the majority shall be independent directors. The composition of the Committee shall fulfill such requirements as prescribed in the Listing Requirements of Bursa Malaysia Securities Berhad from time to time.
- 2) The members of the Committee shall elect a Chairman from among their number who shall be an independent director. The Company Secretary or any other person appointed by the Committee shall be the Secretary of the Committee.
- 3) In the event of any vacancy in the Committee resulting in non-compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, the Board shall within three (3) months from the date of that event fill the vacancy.

Meetings of the Committee

- 1) The Committee shall meet at least twice a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. The external auditors may request a meeting if they consider one is necessary.

- 2) The quorum for meetings is two, the majority of whom shall be independent directors and any decision shall be by simple majority. The Chairman of the Committee shall not have a second or casting vote.
- 3) The Secretary shall give notice of meeting including agenda with minutes of the last preceding meeting and all relevant documents to all members of the Committee not less than 48 hours before the relevant meeting. The Secretary shall further record minutes of all meetings and maintain a record of all meetings held by the Committee.
- 4) A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may consist of several documents in like form, each signed by one or more members.

Authority of the Committee

The Committee is authorised by the Board to investigate any activity within its terms of reference and all employees are directed to co-operate with any request made by the Committee. The Committee shall also have the authority to consult independent experts where they consider it necessary to carry out their duties, at the cost of the Company.

Functions of the Committee

The functions of the Committee are as follows :-

- a) to review with the external auditors :
 - the audit plan;
 - their evaluation of the system of internal controls; and
 - the audit report.
- b) to review the assistance given by the Company's officers to the external auditors;
- c) to review the adequacy, scope and effectiveness of the internal accounting control procedures;
- d) to review the quarterly results and year end financial statements before submission to the Board of Directors;

Audit Committee Report (cont'd)

- e) to review any related party transactions that may arise within the Company;
 - f) to consider the nomination of a person or persons as external auditors; and
 - g) to perform any other work as delegated by the Board of Directors from time to time.
- review of unaudited quarterly financial statements during the financial year prior to submission to the Board for consideration and approval;
 - review and evaluate the policies for risk management and systems of internal control;
 - review of internal audit reports presented by internal auditors and consider the major findings by the internal auditors and management's responses thereto; and
 - review of the audited financial statements for the financial year ended 31 December 2004 and to discuss audit issues with the external auditors.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2004, the Committee carried out its duties as set out in its Terms of Reference, including but not limited to :-

- review of audit plans prepared by both internal and external auditors;

The Committee held 4 meetings during the financial year. Details of the attendance by the Members are as follows :-

Name of Members	Designation on the Board of Directors	No. of Meetings Attended	Percentage (%)
Mr. Benny Gan Leng Swee	Independent Non-Executive Director	4/4	100
Mr. Vijeyaratnam a/l V. Thamocharan Pillay <i>(Member of MIA)</i>	Independent Non-Executive Director	4/4	100
Mr. Chong Kon You @ Chong Kwan Yew	Chief Executive Officer	4/4	100
Mr. Law Piang Woon <i>(Member of MIA)</i> <i>(Resigned on 5 February 2004)</i>	Independent Non-Executive Director	N/A	N/A
Mr. Yoshiharu Miyake <i>(Resigned on 6 February 2004)</i>	Non-Independent Non-Executive Director	N/A	N/A

FUNCTION OF INTERNAL AUDIT

The internal audit function of the Company is undertaken by professional firm of external consultants, who are independent of the activities or operations of its auditees and report direct to the Committee. The internal auditors conduct regular audit on the internal control, operations and processes of the Group according to the internal audit

plan adopted annually, as well as follow-up audits. They present the audit findings to the Committee, together with recommendation for improvement. The internal auditors also review and monitor the risk management and corporate governance of the Company.

Statement on Internal Control

RESPONSIBILITY

The Board of Directors recognises the importance of maintaining a sound system of internal control and risk management to safeguard shareholders' investment and the Group's assets. The Board acknowledges its responsibility for the Group's approach of internal control, which includes having a process in place to continuously review the adequacy and integrity of such a system.

However, it should be noted that due to inherent limitations in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Therefore, the system can only provide reasonable but not absolute assurance against material errors, misstatement, loss, contingencies, fraud or any irregularities.

The Board reviews the effectiveness of the Group's internal control system through feedback mainly from the Audit Committee. The Audit Committee in turn seeks assurance on the adequacy and integrity of the internal control system through independent reviews conducted by the internal audit function, external auditors and the Management.

RISK MANAGEMENT FRAMEWORK

Risk management is a formal ongoing process for identifying, evaluating, managing and reviewing any changes in the risks faced by the businesses in the Group. The risk management process involves all business and functional units of the Group in identifying significant risks impacting the achievement of business objectives of the Group. It also involves the assessment of the impact and likelihood of such risks and of the effectiveness of controls in place to manage them.

Steps are being taken to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to the Management's and the Board's attention.

The Group's key risk profile is regularly reviewed by Management, taking into account changes in the Group's business and operating environments. This is to ensure that risks identified previously remain relevant and that any new risks faced by the Group are identified and that there are corresponding controls/action plans implemented to manage these new risks.

The above is the description of the manner currently adopted by the Group for the on going identification and management of risks.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The other key elements of the Group's internal control systems are described below:

- clearly defined and structured lines of reporting and responsibilities within the Group;
- regular internal audit reviews to monitor compliance with procedures and assess the internal controls of the Group;
- weekly management meetings to discuss the Group's operations and performance, including the regular monitoring of results against budget, with significant variance explained and management action taken, where necessary;
- budgeting process where operating companies in the Group prepare budgets for the coming year, which are considered and reviewed by the Board;
- periodic reporting on operations and financial matters from foreign subsidiaries to monitor their performance and results; and
- regular factory visits by members of the senior management team.

During the year, there were no significant weaknesses noted in the internal controls system that have resulted in any materials loss, contingent or uncertainties requiring disclosure in the Group's annual report.



FINANCIAL STATEMENT

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Directors' Report

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 11 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(loss) after taxation	645,478	(271,254)
Minority interest	(272,652)	-
Net profit/(loss) for the year	372,826	(271,254)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statement of changes in equity.

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

DIVIDENDS

On 18 August 2004, the Company paid an ordinary final tax exempt dividend of 3.0% per ordinary share amounting to RM1,733,083 in respect of the financial year ended 31 December 2003.

No dividend has been proposed by the directors for the financial year ended 31 December 2004.

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil

Chong Kon You @ Chong Kwan Yew

Loo Soo Loong

Yoshiharu Miyake

Gan Leng Swee

Vijeyaratnam a/l V. Thamothearam Pillay

Chan Kok Leong

Directors' Report (cont'd)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangements in which the Company or its subsidiaries is a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than the share options granted pursuant to the Fututech Berhad Employee Share Option Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office in the shares and options over shares in the Company at the end of the financial year were as follows:

	<-----Number of Ordinary Shares of RM1 Each----->			
	1 January 2004	Bought	Sold	31 December 2004
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil - direct	3,000,105	-	(12,000)	2,988,105
Yoshiharu Miyake - direct	312,093	204,000	-	516,093
- indirect	2,539,652	-	(17,100)	2,522,552
Chong Kon You @ Chong Kwan Yew - direct	4,114,668	-	-	4,114,668
- indirect	10,910,000	-	-	10,910,000
Loo Soo Loong - indirect	10,910,000	-	-	10,910,000

	Share option price RM	<---Number of Options Over Ordinary Shares of RM1 Each--- ></th				
		1 January 2004	Granted	Exercised	Lapsed	31 December 2004
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	1.00	180,000	-	-	-	180,000
	1.20	160,000	60,000	-	-	220,000
Yoshiharu Miyake	1.00	180,000	-	(108,000)	(72,000)	-
	1.20	160,000	-	(96,000)	(64,000)	-
Chong Kon You @ Chong Kwan Yew	1.00	180,000	-	-	-	180,000
	1.20	160,000	-	-	-	160,000

Chong Kon You @ Chong Kwan Yew and Loo Soo Loong, by virtue of their interest in the Company, are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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

Directors' Report (cont'd)

ISSUE OF SHARES

During the financial year, 108,000 ordinary shares of RM1 each and 96,000 ordinary shares of RM1 each were issued for cash by the Company with the exercise prices of RM1.00 and RM1.20 per share respectively pursuant to the ESOS. The details of the movement in share capital are disclosed in Note 23 to the financial statements.

EMPLOYEE SHARE OPTION SCHEME

The ESOS is governed by the bye-laws approved by the shareholders at the Extraordinary General Meeting held on 19 December 2000. The ESOS was implemented on 6 June 2001 and is to be in force for a period of 5 years from the date of implementation.

The salient features of the ESOS together with the movements in the number of shares under options are disclosed in Note 23 (a) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 100,000 ordinary shares of RM1 each during the financial year. No employee was granted options to subscribe for 100,000 or more ordinary shares of RM1 each during the financial year.

Details of options granted to directors are disclosed in the section of Directors' Interests in this report.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off as bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (cont'd)

(f) In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Note 32 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are as disclosed in Note 33 to the financial statements.

AUDITORS

Our auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

Tan Sri Dato' Nik Ibrahim Kamil
bin Tan Sri Nik Ahmad Kamil

Chong Kon You @ Chong Kwan Yew

Kuala Lumpur, Malaysia
28 April 2005

Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil and Chong Kon You @ Chong Kwan Yew, being two of the directors of Fututech Berhad, do hereby state, that in the opinion of the directors, the accompanying financial statements set out on pages 24 to 61 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

Tan Sri Dato' Nik Ibrahim Kamil
bin Tan Sri Nik Ahmad Kamil

Chong Kon You @ Chong Kwan Yew

Kuala Lumpur, Malaysia
28 April 2005

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Chong Kon You @ Chong Kwan Yew, being the director primarily responsible for the financial management of Fututech Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 24 to 61 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Chong Kon You @ Chong
Kwan Yew at Kuala Lumpur in Federal
Territory on 28 April 2005

Chong Kon You @ Chong Kwan Yew

Before me,

SOH AH KAU, AMN
Commissioner for Oath
No. W 315

Report of the Auditors

TO THE MEMBERS OF FUTUTECH BERHAD

We have audited the financial statements set out on pages 24 to 61. These financial statements are 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 applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 11 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Ernst & Young
AF: 0039
Chartered Accountants

Wong Kang Hwee
No. 1116 / 01 / 06(J)
Partner

Kuala Lumpur, Malaysia
28 April 2005

Income Statements

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	3	85,427,205	80,125,294	-	-
Cost of sales		(58,410,045)	(57,483,720)	-	-
Gross profit		27,017,160	22,641,574	-	-
Other operating income		690,497	3,693,550	914,075	3,757,159
Administration expenses		(16,775,705)	(16,658,482)	(1,255,681)	(1,496,404)
Selling and distribution expenses		(3,750,406)	(4,947,185)	-	(25,164)
Other operating expenses		(2,925,362)	(321,264)	-	-
Profit/(loss) from operations	4	4,256,184	4,408,193	(341,606)	2,235,591
Finance costs, net	7	(1,532,262)	(671,965)	12,786	82,360
Profit/(loss) before taxation		2,723,922	3,736,228	(328,820)	2,317,951
Taxation	8	(2,078,444)	(689,942)	57,566	198,726
Profit/(loss) after taxation		645,478	3,046,286	(271,254)	2,516,677
Minority interest		(272,652)	58,264	-	-
Net profit/(loss) attributable to shareholders		372,826	3,104,550	(271,254)	2,516,677
Earnings per share (sen)					
- Basic	9	0.65	5.39		
- Diluted		-	5.33		

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

Balance Sheets

AS AT 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
NON-CURRENT ASSETS					
Property, plant and equipment	10	59,508,544	52,672,528	174,870	248,556
Subsidiaries	11	-	-	33,492,706	33,492,706
Other investments	12	161,900	1,439,085	-	1,277,185
Goodwill on consolidation	13	12,290,093	13,125,046	-	-
Other intangible assets	14	15,044,881	14,765,471	-	-
		87,005,418	82,002,130	33,667,576	35,018,447
CURRENT ASSETS					
Inventories	15	12,151,339	9,684,545	-	-
Trade receivables	16	28,586,155	32,158,354	-	-
Other receivables	17	3,289,655	2,637,213	51,877,571	37,987,581
Cash and bank balances	18	3,692,958	8,412,882	1,179,541	6,555,526
		47,720,107	52,892,994	53,057,112	44,543,107
CURRENT LIABILITIES					
Short term borrowings	19	15,740,976	5,100,122	9,000,000	-
Trade payables	21	8,276,283	15,507,909	-	-
Other payables	22	7,243,650	9,734,838	396,226	396,496
Taxation		1,857,056	745,160	-	-
		33,117,965	31,088,029	9,396,226	396,496
NET CURRENT ASSETS					
		14,602,142	21,804,965	43,660,886	44,146,611
		101,607,560	103,807,095	77,328,462	79,165,058
FINANCED BY:					
Share capital	23	57,769,357	57,565,357	57,769,357	57,565,357
Reserves		30,762,654	31,842,819	19,559,105	21,544,242
Shareholders' equity		88,532,011	89,408,176	77,328,462	79,109,599
Minority interest		602,548	406,229	-	-
		89,134,559	89,814,405	77,328,462	79,109,599
Long term borrowings	19	10,220,021	11,650,366	-	-
Deferred taxation	24	2,252,980	2,342,324	-	55,459
Non-current liabilities		12,473,001	13,992,690	-	55,459
		101,607,560	103,807,095	77,328,462	79,165,058

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

Statements of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2004

Group	-----Non-Distributable-----				Distributable Retained Profits (Note 27) RM	Total RM
	Share Capital (Note 23) RM	Share Premium RM	Other Reserve (Note 25) RM	Translation Reserve (Note 26) RM		
At 1 January 2003	57,548,357	9,963,037	475,000	(87)	19,815,247	87,801,554
Issue of shares through exercise of share options	17,000	-	-	-	-	17,000
Foreign exchange differences arising during the year, representing net gain not recognised in the income statement	-	-	-	211,733	-	211,733
Dividend (Note 28)	-	-	-	-	(1,726,661)	(1,726,661)
Net profit for the year	-	-	-	-	3,104,550	3,104,550
At 31 December 2003 / 1 January 2004	57,565,357	9,963,037	475,000	211,646	21,193,136	89,408,176
Issue of shares through exercise of share options	204,000	19,200	-	-	-	223,200
Foreign exchange differences arising during the year, representing net gain not recognised in the income statement	-	-	-	260,892	-	260,892
Dividend (Note 28)	-	-	-	-	(1,733,083)	(1,733,083)
Net profit for the year	-	-	-	-	372,826	372,826
At 31 December 2004	57,769,357	9,982,237	475,000	472,538	19,832,879	88,532,011

Company	Share Capital (Note 23) RM	Non- Distributable Share Premium RM	Distributable Retained Profits (Note 27) RM	Total RM
At 1 January 2003	57,548,357	9,963,037	10,791,189	78,302,583
Issue of shares through exercise of share options	17,000	-	-	17,000
Dividend (Note 28)	-	-	(1,726,661)	(1,726,661)
Net profit for the year	-	-	2,516,677	2,516,677
At 31 December 2003 / 1 January 2004	57,565,357	9,963,037	11,581,205	79,109,599
Issue of shares through exercise of share options	204,000	19,200	-	223,200
Dividend (Note 28)	-	-	(1,733,083)	(1,733,083)
Net loss for the year	-	-	(271,254)	(271,254)
At 31 December 2004	57,769,357	9,982,237	9,576,868	77,328,462

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

Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	2,723,922	3,736,228	(328,820)	2,317,951
Adjustments for:				
Loss on deemed disposal	54,941	-	-	-
Amortisation of goodwill	836,600	836,600	-	-
Depreciation	3,558,988	2,608,493	73,686	193,083
Preliminary expenses written off	-	9,600	-	-
Write back of provision for diminution in value of quoted shares in Malaysia	(26,050)	(207,335)	(26,050)	(221,735)
Inventories written down to net realisable value	25,359	-	-	-
Bad debts written off	157,544	58,723	-	30,819
Provision for doubtful debts	18,869	1,317,321	-	-
Write back of bad debts	-	(102,292)	-	-
Inventories written off	34,003	10,285	-	-
Short term accumulating compensated absences	232,714	-	-	-
Interest expense	1,753,645	1,136,898	69,970	978
Interest income	(97,339)	(99,933)	(82,756)	(83,338)
Unrealised loss/(gain) on foreign exchange	27,096	(65,996)	-	-
Dividend income	(19,146)	(66,041)	(661,641)	(390,641)
Gain on disposal of quoted shares in Malaysia	(156,405)	(5,560)	(156,405)	(5,560)
Gain on disposal of property, plant and equipment	(23,415)	(2,663,997)	(23,000)	(2,663,443)
Operating profit/(loss) before working capital changes	9,101,326	6,502,994	(1,135,016)	(821,886)
Net changes in:				
Inventories	(2,526,156)	(420,689)	-	-
Receivables	2,441,912	(6,700,774)	(13,244,488)	(3,980,157)
Payables	(9,876,045)	5,821,167	(270)	156,566
Cash (used in)/generated from operations	(858,963)	5,202,698	(14,379,774)	(4,645,477)
Tax paid	(1,151,286)	(2,381,547)	-	(177,193)
Interest paid	(1,753,645)	(1,136,898)	(69,970)	(978)
Net cash (used in)/generated from operating activities	(3,763,894)	1,684,253	(14,449,744)	(4,823,648)

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

Cash Flow Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	97,339	99,933	82,756	83,338
Dividend received	19,146	55,824	18,246	380,424
Net cash used for acquisition of a subsidiary	-	(4,091,604)	-	(4,850,330)
Payment of licence fees and development expenditure	-	(93,046)	-	-
Purchases of property, plant and equipment	(10,073,609)	(9,195,975)	-	-
Net proceeds from disposal of quoted shares in Malaysia	1,459,640	177,310	1,459,640	177,310
Proceeds from disposal of property, plant and equipment	36,373	8,116,240	23,000	8,109,750
Net cash (used in)/generated from investing activities	(8,461,111)	(4,931,318)	1,583,642	3,900,492
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	223,200	17,000	223,200	17,000
Net proceeds from borrowings	10,008,010	2,417,331	9,000,000	-
Repayment of hire purchase and lease creditors	(665,435)	(1,471,003)	-	(3,558)
Repayment of trust receipts	(507,317)	-	-	-
Dividends paid to minority interest	(171,998)	-	-	-
Dividends paid to shareholders	(1,733,083)	(1,726,661)	(1,733,083)	(1,726,661)
Net cash generated from/(used in) financing activities	7,153,377	(763,333)	7,490,117	(1,713,219)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,071,628)	(4,010,398)	(5,375,985)	(2,636,375)
EFFECTS OF EXCHANGE RATE CHANGES	(23,547)	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,028,804	11,039,202	6,555,526	9,191,901
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,933,629	7,028,804	1,179,541	6,555,526
Cash and cash equivalents comprise:				
Cash on hand and at banks	2,692,458	2,220,321	179,541	555,526
Deposits with licensed banks	1,000,500	6,192,561	1,000,000	6,000,000
Less: Bank overdraft (Note 19)	3,692,958	8,412,882	1,179,541	6,555,526
	(1,759,329)	(1,384,078)	-	-
	1,933,629	7,028,804	1,179,541	6,555,526

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

Notes to the Financial Statements

31 DECEMBER 2004

1. CORPORATE INFORMATION

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

The principal activities of the subsidiaries are described in Note 11. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at No. 3, First Floor, Jalan Puchong, Batu 12 1/2, 47100 Puchong, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 479 (2003: 578) and 2 (2003: 3) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

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

Minority interest in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (o). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Goodwill is amortised on a straight-line basis over its estimated useful life or 20 years, whichever is shorter.

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

(d) Other Intangible Assets

These represent principally licence fees and development expenditure which are stated at cost.

(i) Licence fees incurred for rights to manufacture, assemble, market or distribute certain licensed products will be amortised upon the subsidiaries commencing the manufacture of the said licensed products over the licence period on a straight line basis.

(ii) Development expenditure represents expenses incurred in the development of new products prior to the commencement of commercial production. The said expenditure will be amortised over a period in which benefits are expected to be derived, commencing in the year in which the related revenue is first recognised on a straight line basis.

(e) Investment in Subsidiaries

The Company's investment in subsidiaries is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (o).

On disposal of such investments, the difference between net disposal proceeds and the carrying amounts are charged or credited to the income statement.

(f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (o).

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Property, Plant and Equipment and Depreciation (cont'd)

Freehold land and factory building under construction are not depreciated.

Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to their residual value over the estimated useful life at the following annual rates:

Long term leasehold land	over 75 years
Building	2% - 3%
Building structure	10%
Plant and machinery	7.5% - 10%
Office equipment, furniture, fittings, motor vehicles, and renovations	10% - 20%

Interest incurred on borrowings relating to the construction of assets is capitalised until the assets are ready for their intended use.

Upon disposal of an item of property, plant and equipment, the differences between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(g) Inventories

Inventories are stated at lower of cost and net realisable value (determined on the weighted average basis). Cost of raw materials consists of the original purchase price plus incidental cost incurred in bringing the inventories to their present location. For cost of finished goods and work-in-progress cost comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdraft.

(i) Leases and Hire Purchase

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance lease

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

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the differences between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2 (f).

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Leases and Hire Purchase (cont'd)

(ii) Operating lease

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(j) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(k) Income Tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(l) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Employee Benefits (cont'd)

(iii) Equity compensation benefits

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

(iv) Termination Benefits

The Group pays termination benefits in cases of termination of employment. Termination benefits are recognised as a liability and expense when it is without realistic possibility of withdrawal.

(m) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Dividend income

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

(n) Foreign Currencies

(i) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded at Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These exchange differences are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Foreign Currencies (cont'd)

(ii) Foreign Entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Group and translated at the exchange rate ruling at the date of transaction.

The principal exchange rates used for each respective unit or 100 units of foreign currency ruling at balance sheet date used are as follows:

	2004 RM	2003 RM
United States Dollar	3.80	3.80
Japanese Yen (100 units)	3.66	3.55
Singapore Dollar	2.33	2.23
Australian Dollar	2.94	2.83
Euro	5.17	4.74
Sterling Pound	7.32	6.74
Hong Kong Dollar	0.49	0.49

(o) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

(p) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Financial Instruments (cont'd)

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries are stated at cost less provision for any diminution in value other than temporary. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

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

(v) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(vi) Equity

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. REVENUE

Revenue of the Group and the Company represents the invoiced value of sales less returns and discounts.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

4. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Staff costs (Note 5)	14,430,091	13,480,462	211,783	221,306
Directors' remuneration (Note 6)	2,102,580	2,471,947	362,633	594,808
Termination benefits paid to a former director of a foreign subsidiary	-	426,372	-	-
Auditors' remuneration				
- Auditors of the Company	65,000	73,000	15,000	25,000
- Other auditors	54,717	37,600	-	-
Write back of provision for diminution in value of quoted shares in Malaysia	(26,050)	(207,335)	(26,050)	(221,735)
Bad debts written off	157,544	58,723	-	30,819
Bad debts recovered	(59,445)	(102,292)	-	-
Inventories written off	34,003	10,285	-	-
Inventories written down to net realisable value	25,359	-	-	-
Provision for doubtful debts	18,869	1,317,321	-	-
Loss on deemed disposal *	54,941	-	-	-
Amortisation of goodwill	836,600	836,600	-	-
Depreciation	3,558,988	2,608,493	73,686	193,083
Preliminary expenses written off	-	9,600	-	-
Net foreign exchange (gains)/losses:				
- Realised	(130,432)	198,256	(10)	1,220
- Unrealised	27,096	(65,996)	-	-
Gross dividends				
- quoted shares in Malaysia	(19,146)	(66,041)	(18,246)	(63,041)
- subsidiaries	-	-	(643,395)	(327,600)
Rental expenses	350,838	532,803	-	-
Rental income	(225,000)	(567,000)	-	(477,000)
Gain on disposal of quoted shares in Malaysia	(156,405)	(5,560)	(156,405)	(5,560)
Short-term accumulating compensated absences	232,714	-	-	-
Gain on disposal of property, plant and equipment	(23,415)	(2,663,997)	(23,000)	(2,663,443)

* Loss on deemed disposal represent loss recognised for dilution of interest in a subsidiary that has allotted new ordinary shares to a minority shareholder.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

5. STAFF COSTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Wages and salaries	12,344,075	12,064,312	181,500	194,775
Social security costs	107,034	136,148	-	-
Pension costs	1,412,991	891,306	28,512	25,904
Other staff related expenses	565,991	388,696	1,771	627
	14,430,091	13,480,462	211,783	221,306

Staff costs exclude remuneration paid to directors.

6. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	906,000	1,149,316	240,000	459,996
Pension costs - defined contribution plans	108,876	95,976	28,800	28,812
Fees	42,500	72,000	-	32,000
	1,057,376	1,317,292	268,800	520,808
Non-Executive:				
Salaries and other emoluments	27,833	-	27,833	-
Fees	66,000	74,000	66,000	74,000
	93,833	74,000	93,833	74,000
Other Directors:				
Salaries and other emoluments	793,129	983,793	-	-
Pension costs - defined contribution plans	5,866	91,862	-	-
Fees	17,500	5,000	-	-
Benefits-in-kind	134,876	-	-	-
	951,371	1,080,655	-	-
Total	2,102,580	2,471,947	362,633	594,808
Total excluding benefits-in-kind	1,967,704	2,471,947	362,633	594,808

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

6. DIRECTORS' REMUNERATION (cont'd)

The number of directors of the Company whose total remuneration during the year fell within the following bands is as follows:

	Number of Directors	
	2004	2003
Executive Directors:		
RM200,001 - RM250,000	-	2
RM250,001 - RM350,000	2	1
RM500,000 - RM550,000	1	1
Non-executive Directors:		
Below RM50,000	6	3

7. FINANCE COSTS, NET

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest expense	1,753,645	1,136,898	69,970	978
Interest income	(97,339)	(99,933)	(82,756)	(83,338)
	1,656,306	1,036,965	(12,786)	(82,360)
Less: Interest capitalised in property, plant and equipment	(124,044)	(365,000)	-	-
	1,532,262	671,965	(12,786)	(82,360)

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

8. TAXATION

(a) Tax expense for the year comprise:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(i) Tax expense for the year:				
Malaysian income tax	1,241,508	962,704	-	-
Foreign tax	603,915	-	-	-
	1,845,423	962,704	-	-
(ii) Under/(over) provided in prior years:				
Malaysian income tax	291,000	(254,225)	(2,109)	(143,185)
Foreign tax	40,423	-	-	-
	331,423	(254,225)	(2,109)	(143,185)
(iii) Deferred tax:				
Relating to origination and reversal of temporary differences	(120,804)	183,419	(24,852)	(4,278)
Under/(over) provision of deferred taxation in prior years	22,402	(201,956)	(30,605)	(51,263)
	(98,402)	(18,537)	(55,457)	(55,541)
	2,078,444	689,942	(57,566)	(198,726)

(b) Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

8. TAXATION (cont'd)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2004 RM	2003 RM
Group		
Profit before taxation	2,723,922	3,736,228
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	762,698	1,046,144
Effect of different tax rates in foreign countries	(73,549)	(99,141)
Effect of small and medium sized firm taxed at 20% for the first RM500,000 chargeable income (2003: RM100,000)	(102,650)	(24,000)
Income not subject to tax	(334,497)	(882,588)
Expenses not deductible for tax purposes	1,131,111	1,124,604
Utilisation of current year reinvestment allowances	(33,280)	(417,035)
Utilisation of previously unrecognised reinvestment allowances	-	(96,440)
Deferred tax assets recognised during the year for reinvestment allowances	(867,567)	(481,096)
Deferred tax assets not recognised during the year	1,242,353	975,675
Under/(over) provision of deferred tax in prior years	22,402	(201,956)
Under/(over) provision of income tax expense in prior years	331,423	(254,225)
Tax expense for the year	2,078,444	689,942
Company		
(Loss)/profit before taxation	(328,820)	2,317,951
Taxation at Malaysian statutory tax rate of 28% (2003 : 28%)	(92,070)	649,026
Income not subject to tax	(185,259)	(881,748)
Expenses not deductible for tax purposes	95,676	31,595
Deferred tax assets not recognised during the year	156,801	196,849
Overprovision of deferred tax in prior year	(30,605)	(51,263)
Overprovision of income tax expense in prior years	(2,109)	(143,185)
Tax expense for the year	(57,566)	(198,726)

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

8. TAXATION (cont'd)

(c) Tax savings during the financial year arising from:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax savings recognised during the year arising from:				
Utilisation of current year tax losses	1,747	238,245	-	166,398
Utilisation of tax losses brought forward from previous years	6,725	46,036	-	46,036
Unabsorbed tax losses carried forward	9,293,944	5,358,185	507,088	549,725
(d) Unutilised capital allowances carried forward	6,180,328	3,659,807	11,409	-

9. EARNINGS PER SHARE

(a) Basic:

The basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2004	2003
Net profit attributable to shareholders (RM)	372,826	3,104,550
Weighted average number of ordinary shares in issue	57,750,406	57,555,384
Basic earnings per share (sen)	0.65	5.39

(b) Diluted:

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The basis for the maximum number of ordinary shares of RM1.00 each to be issued on exercise of share options granted, the respective latest date for exercise and the respective price are mentioned in Note 23.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

9. EARNINGS PER SHARE (cont'd)

(b) Diluted: (cont'd)

	Group	
	2004	2003
Net profit attributable to shareholders (RM)	372,826	3,104,550
Weighted average number of ordinary shares in issue	57,750,406	57,555,384
Adjustment for:		
Assumed conversion of ESOS shares	*	733,855
Adjusted weighted average number of ordinary shares in issue and issuable	*	58,289,239
Diluted earnings per share (sen)	*	5.33

The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that the outstanding ESOS shares were exercised at the beginning of the financial year.

* As at 31 December 2004, the basic earnings per share has been calculated based on the Group profit of RM372,826 (2003: RM3,104,550) on ordinary shares in issue at the end of the year of 57,769,357 (2003: 57,565,357). The assumed conversion of ESOS has an anti-dilutive effect on the earnings per share of the Group and therefore diluted earnings per share is not separately presented.

10. PROPERTY, PLANT AND EQUIPMENT

Group	** Land and Buildings RM	Plant and Machinery RM	Factory Building Under Construction RM	*Other Assets RM	Total RM
COST					
At 1 January 2004	23,065,585	28,608,930	2,338,168	9,714,931	63,727,614
Additions	209,184	7,884,931	724,261	1,255,233	10,073,609
Disposal	-	-	-	(417,393)	(417,393)
Exchange differences	341,558	-	-	171,158	512,716
At 31 December 2004	23,616,327	36,493,861	3,062,429	10,723,929	73,896,546
ACCUMULATED DEPRECIATION					
At 1 January 2004	240,628	7,262,954	-	3,551,504	11,055,086
Charge for the year	298,977	2,182,637	-	1,077,374	3,558,988
Disposal	-	-	-	(404,435)	(404,435)
Exchange differences	5,257	-	-	173,106	178,363
At 31 December 2004	544,862	9,445,591	-	4,397,549	14,388,002
NET BOOK VALUE					
At 31 December 2004	23,071,465	27,048,270	3,062,429	6,326,380	59,508,544
At 31 December 2003	22,824,957	21,345,976	2,338,168	6,163,427	52,672,528
Depreciation charge for 2003	216,574	1,479,273	-	912,646	2,608,493

* Other assets consists of office equipment, furniture, fittings, motor vehicles and renovation.

** Land and Buildings

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

** Land and Buildings

Group	Freehold Land RM	Long Term Leasehold Land RM	Short Term Leasehold Land RM	Buildings RM	Total RM
COST					
At 1 January 2004	6,100,032	1,051,974	-	15,913,579	23,065,585
Additions	-	-	-	209,184	209,184
Exchange differences	113,852	-	-	227,706	341,558
At 31 December 2004	6,213,884	1,051,974	-	16,350,469	23,616,327
ACCUMULATED DEPRECIATION					
At 1 January 2004	-	14,196	-	226,432	240,628
Charge for the year	-	49,815	-	249,162	298,977
Exchange differences	-	-	-	5,257	5,257
At 31 December 2004	-	64,011	-	480,851	544,862
NET BOOK VALUE					
At 31 December 2004	6,213,884	987,963	-	15,869,618	23,071,465
At 31 December 2003	6,100,032	1,037,778	-	15,687,147	22,824,957
Depreciation charge for 2003	-	14,196	6,250	196,128	216,574

Company	Land and Building RM	*Other Assets RM	Total RM
COST			
At 1 January 2004	-	459,888	459,888
Disposal	-	(70,060)	(70,060)
At 31 December 2004	-	389,828	389,828
ACCUMULATED DEPRECIATION			
At 1 January 2004	-	211,332	211,332
Charge for the year	-	73,686	73,686
Disposal	-	(70,060)	(70,060)
At 31 December 2004	-	214,958	214,958
NET BOOK VALUE			
At 31 December 2004	-	174,870	174,870
At 31 December 2003	-	248,556	248,556
Depreciation charge for 2003	105,705	87,378	193,083

* Other assets consists of office equipment, furniture, fittings, motor vehicles and renovation.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Net book values of plant and equipment held under hire purchases and finance lease arrangements are as follows:

	Group	
	2004 RM	2003 RM
Plant and machinery	2,553,007	5,344,736
Office equipment	52,745	72,935
Motor vehicle	981,779	837,946
	3,587,531	6,255,617

(b) During the year, the Group acquired property, plant and equipment by means of hire purchase and finance lease arrangements amounting to RM309,921 (2003: RM19,000).

(c) The entire net book value of freehold land and buildings amounting to RM23,055,518 (2003: RM21,766,685) are pledged to financial institutions for bank borrowings as disclosed in Note 19.

(d) Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing RM1,327,023 (2003: RM807,432) and RM10,294 (2003: RM80,354) respectively.

(e) Borrowing cost capitalised during the financial year in relation to factory building amounted to RM124,044 (2003: RM365,000).

11. SUBSIDIARIES

	Company	
	2004 RM	2003 RM
Unquoted shares, at cost	33,492,706	33,492,706

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

11. SUBSIDIARIES (cont'd)

(a) Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Interests (%) 2004		Principal 2003	Activities
Advance Industries Sdn. Bhd.	Malaysia	100	100		Manufacturing, assembling, installation and sales of light fittings and advertising point-of-sale and related products
Acumen Marketing Sdn. Bhd.	Malaysia	100	100		Supply of lightings, light fittings, outdoor fittings and advertising point-of-sale and related products
Lighting Louvres Manufacturing Sdn. Bhd.	Malaysia	100	100		Manufacturing and sale of aluminium lighting louvres
Ace Equity Sdn. Bhd.	Malaysia	100	100		Manufacturing and sale of high pressure die casted alloy products
Futumeds Sdn. Bhd.	Malaysia	100	100		Production of disposable safety medical devices
Lighting Louvres International Corporation	United States of America	100	100		Assembly and sale of light fittings and related products
Frontline Display Holdings Limited *	United Kingdom	75	75		Administration and provision of project management services to its subsidiary company
Frontline Display International Limited *	United Kingdom	75	75		Design of three dimensional display and merchandising equipment for major national and multinational clients
Frontline Display International (Asia) Limited *	Hong Kong	75	100		Provision of consultancy services
Futumeds (S) Pte. Ltd. *	Republic of Singapore	100	100		Dormant
Fututech (Labuan) Ltd. *	Federal Territory of Labuan	100	100		Investment holding
Frontline Display International (Shenzhen) Co. Ltd. *	People's Republic of China	75	-		Dormant

* Audited by firms of auditors other than Ernst & Young

(b) Dilution of interest in a subsidiary

On 1 March 2004, a third party subscribed to 50 ordinary shares of HKD1 each pursuant to the new issuance of 100 ordinary shares of HKD1 each by Frontline Display International (Asia) Limited, thus resulting in dilution of the Group's 100% equity interest in Frontline Display International (Asia) Limited to 75%.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

12. OTHER INVESTMENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) Club membership	156,500	156,500	-	-
(b) Quoted shares in Malaysia, at cost	19,800	1,323,050	-	1,303,250
Provision for diminution in value	(14,400)	(40,465)	-	(26,065)
	5,400	1,282,585	-	1,277,185
Total other investments	161,900	1,439,085	-	1,277,185
Market value of quoted shares in Malaysia	3,690	1,282,585	-	1,227,185

13. GOODWILL ON CONSOLIDATION

	Group	
	2004 RM	2003 RM
At cost:		
At 1 January	16,752,323	13,160,917
Arising from acquisition of subsidiaries	-	3,591,406
Exchange differences	1,647	-
	16,753,970	16,752,323
Less : Accumulated amortisation	(4,463,877)	(3,627,277)
At 31 December	12,290,093	13,125,046

14. OTHER INTANGIBLE ASSETS

	Group	
	2004 RM	2003 RM
At cost:		
License fees		
At 1 January	14,204,207	14,111,161
Additions	-	93,046
Exchange differences	279,410	-
At 31 December	14,483,617	14,204,207
Development expenditure		
At 1 January/31 December	561,264	561,264
Total	15,044,881	14,765,471

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

15. INVENTORIES

	Group	
	2004 RM	2003 RM
At cost :		
Raw materials	8,934,728	8,674,390
Work in progress	1,569,702	366,330
Finished goods	1,232,180	643,825
	11,736,610	9,684,545
Net realisable value:		
Raw materials	414,729	-
	12,151,339	9,684,545

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM58,410,045 (2003: RM57,483,720).

16. TRADE RECEIVABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	30,084,124	33,687,791	-	-
Less : Provision for doubtful debts	(1,497,969)	(1,529,437)	-	-
	28,586,155	32,158,354	-	-

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than receivables from one of the Group's major customers representing 12.91% (2003 : 51.20%) of the total sales receivables. The major customer has settled some of the outstanding receivables subsequent to the end of the financial year.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

17. OTHER RECEIVABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Due from subsidiaries	-	-	51,202,466	37,968,082
Deposits	274,967	788,641	-	2,900
Prepayments	1,341,931	702,978	26,865	16,599
Tax recoverable	795,433	733,411	129,507	-
Sundry receivables	877,324	412,183	518,733	-
	3,289,655	2,637,213	51,877,571	37,987,581

The amount due from subsidiaries is unsecured, interest free and has no fixed terms of repayment.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

18. CASH AND BANK BALANCES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash on hand and at banks	2,692,458	2,220,321	179,541	555,526
Deposits with licensed banks	1,000,500	6,192,561	1,000,000	6,000,000
	3,692,958	8,412,882	1,179,541	6,555,526

(a) Deposits with a licensed bank of the Group amounting to RMNil (2003: RM192,561) is pledged to a bank for bank guarantee facilities granted to a subsidiary.

(b) The deposits with licensed banks bore interest rates ranging between 2.40% to 3.00% (2003: 2.40% to 3.00%) during the financial year and the average maturities of the deposits as at 31 December 2004 was 30 days (2003: 30 days).

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

19. BORROWINGS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) Short term borrowings				
Secured:				
Bank overdraft	1,759,329	1,309,874	-	-
Term loans	13,161,156	1,466,258	9,000,000	-
Hire purchases and lease payables (Note 20)	820,491	1,742,469	-	-
	15,740,976	4,518,601	9,000,000	-
Unsecured:				
Bank overdraft	-	74,204	-	-
Trust receipts	-	507,317	-	-
	-	581,521	-	-
Total short term borrowings	15,740,976	5,100,122	9,000,000	-
(b) Long term borrowings				
Term loans, secured	9,436,140	11,123,028	-	-
Hire purchase and lease payables due after 12 months (Note 20)	783,881	527,338	-	-
Total long term borrowings	10,220,021	11,650,366	-	-
(c) Total borrowings	25,960,997	16,750,488	9,000,000	-

(d) Interest rate

The range of interest rates during the financial year for borrowings, excluding hire purchase and finance lease payables, were as follows:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Bank overdrafts	5.00 - 8.10	5.00 - 8.10	-	-
Bankers' acceptance	-	3.50 - 4.80	-	-
Letter of credit	1.20 - 2.00	1.20	-	-
Term loans	3.40 - 7.25	5.30 - 7.70	7.25	-
Trust receipts	5.00 - 8.00	7.00 - 8.00	-	-

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

19. BORROWINGS (cont'd)

(e) Securities

(i) The term loans of the Group are secured by the following:

(a) First, second and third legal charge over the freehold land and buildings of subsidiaries as disclosed in Note 10;

(b) Corporate guarantee by the Company.

(ii) The bank overdrafts are secured by first legal charge over the freehold land and building of a foreign subsidiary as disclosed in Note 10.

20. HIRE PURCHASE AND LEASE PAYABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Future minimum payments:				
Payable within one year	848,521	1,807,488	-	-
Payable within one and five years	912,037	597,528	-	-
	1,760,558	2,405,016	-	-
Less : Finance charges	(156,186)	(135,209)	-	-
	1,604,372	2,269,807	-	-
Representing hire purchase and lease liabilities:				
Due within 12 months (Note 19)	820,491	1,742,469	-	-
Due after 12 months (Note 19)	783,881	527,338	-	-
	1,604,372	2,269,807	-	-

The hire purchase and lease bore effective interests of between 6.6% to 8.9% (2003: 7.3% to 9.8%) per annum.

21. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 90 days.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

22. OTHER PAYABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Sundry payables	2,460,785	2,897,952	159,897	209,100
Accruals	4,094,765	6,747,386	236,329	71,318
Dividend payable	688,100	89,500	-	116,078
	7,243,650	9,734,838	396,226	396,496

23. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2004	2003	2004 RM	2003 RM
Authorised:				
At 1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 1 January	57,565,357	57,548,357	57,565,357	57,548,357
Issued from exercise of share options	204,000	17,000	204,000	17,000
At 31 December	57,769,357	57,565,357	57,769,357	57,565,357

(a) Employee Share Option Scheme

The Company's ESOS which is governed by the bye-laws, was approved by the shareholders at the Extraordinary General Meeting held on 19 December 2000.

The salient features of the ESOS are as follows:

- (i) Eligible persons are employees of the Group (including Executive Directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.
- (ii) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS, which shall be in force for a period of five years from the date of the receipt of the last requisite approvals.
- (iii) The option price for each share shall be the weighted average market price of the shares of the Company in the daily official list issued by Bursa Malaysia Securities Berhad for the five market days immediately preceding the date of offer with an allowance for a discount of not more than 10%, or the par value of the shares of the Company of RM1, whichever is the higher.
- (iv) No option shall be granted for less than 1,000 shares nor more than 400,000 shares to any eligible employee.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

23. SHARE CAPITAL (cont'd)

(a) Employee Share Option Scheme (cont'd)

- (v) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer.
- (vi) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

During the year, 108,000 ordinary shares of RM1 each and 96,000 ordinary shares of RM1 each were issued for cash by the Company with the exercise prices of RM1.00 and RM1.20 per share respectively pursuant to the ESOS.

The movement of the ESOS granted and not exercised are as follows:

	Number of Share Options 2004	Number of Share Options 2003
At 1 January	3,514,000	3,536,000
Granted during the year	343,000	-
Exercised	(204,000)	(17,000)
Lapsed	(279,000)	(5,000)
At 31 December	3,374,000	3,514,000

The details of ESOS exercised during the financial year are as follows:

Exercise Date	Exercise Price RM	Consideration Received RM	Number of Share Options 2004	Number of Share Options 2003	Fair Value of Share Options RM
03.03.2003	1.00	7,000	-	7,000	1.37
11.11.2003	1.00	10,000	-	10,000	1.37
03.02.2004	1.00	108,000	108,000	-	1.28
03.02.2004	1.20	115,200	96,000	-	1.28
		240,200	204,000	17,000	

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

23. SHARE CAPITAL (cont'd)

The terms of share options outstanding as at the end of the year are as follows:

Exercise Period	Exercise Price RM	Number of Share Options Outstanding	
		2004	2003
12.06.2001 - 06.06.2006	1.00	1,667,000	1,901,000
11.01.2002 - 06.06.2006	1.20	1,417,000	1,613,000
16.02.2004 - 06.06.2006	1.20	290,000	-
		3,374,000	3,514,000

24. DEFERRED TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At 1 January	2,342,324	2,281,000	55,459	111,000
Acquisition of subsidiaries	-	61,347	-	-
Exchange differences	9,058	18,514	-	-
Transfer to income statement	(98,402)	(18,537)	(55,459)	(55,541)
At 31 December	2,252,980	2,342,324	-	55,459
(a) Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,341,222)	(624,698)	-	-
Deferred tax liabilities	4,594,202	2,967,022	-	55,459
	2,252,980	2,342,324	-	55,459

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM
At 1 January 2004	2,967,022
Exchange differences	9,058
Recognised in the income statement	1,618,122
At 31 December 2004	4,594,202

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

24. DEFERRED TAXATION (cont'd)

Deferred Tax Assets of the Group:

	Reinvestment Allowances RM	Unabsorbed Capital Allowances and Unutilised Tax Losses RM	Decelerated Capital Allowances RM	Total RM
At 1 January 2004	(582,670)	(40,321)	(1,707)	(624,698)
Recognised in the income statement	(1,619,412)	(97,112)	-	(1,716,524)
At 31 December 2004	(2,202,082)	(137,433)	(1,707)	(2,341,222)

Deferred tax liabilities of the Company arise from accelerated capital allowances of property, plant and equipment.

(c) Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unutilised tax losses	9,339,949	5,272,377	586,069	-
Unutilised capital allowances	572,070	176,602	-	-
Other temporary differences	-	26,065	-	26,065

The unutilised tax losses and unutilised reinvestment allowances are available for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

25. OTHER RESERVE

The other reserve is in respect of capitalisation of retained profits by a subsidiary for a bonus issue made.

26. TRANSLATION RESERVE

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

27. RETAINED PROFITS

As at 31 December 2004, the Company has tax exempt profits available for distribution of approximately RM7,087,000 (2003: RM8,802,000) subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income accounts to frank the payment of dividends out of its entire retained profits as at 31 December 2004..

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

28. DIVIDEND

On 18 August 2004, the Company paid an ordinary final tax exempt dividend of 3.0% per ordinary share amounting to RM1,733,083 in respect of the financial year ended 31 December 2003 (2003: ordinary final tax exempt dividend of 3.0% per ordinary share amounting to RM1,726,661 in respect of the financial year ended 31 December 2002).

No dividend has been proposed by the directors for the financial year ended 31 December 2004.

29. SIGNIFICANT RELATED PARTY TRANSACTION

Company	2004 RM	2003 RM
Gross dividends from subsidiaries	(643,395)	(327,600)

30. COMMITMENTS

Group	2004 RM	2003 RM
Capital expenditure, approved and contracted for	-	700,000

31. CONTINGENT LIABILITY

Company	2004 RM	2003 RM
Unsecured: Corporate guarantee given to banks for credit facilities granted to subsidiaries	14,459,819	13,329,671

32. SIGNIFICANT EVENTS

- (a) A third party subscribed for an additional 50 ordinary shares of HKD1 each pursuant to the new issue of shares of 100 ordinary shares of HKD1 each by a subsidiary, Frontline Display International (Asia) Limited ("FDAL") on 1 March 2004.
- (b) On 5 May 2004, the Company entered into a Memorandum of Understanding with a third party in relation to the acquisition of 1,200,000 ordinary shares of RM1 each representing 60% equity interests in Guppy Plastic Industries Sdn. Bhd. and 600,000 ordinary shares of RM1 each representing 60% equity interest in Ekspedisi Emas Sdn. Bhd., for a total cash consideration of RM36,000,000.

However, on 15 July 2004, the Company announced its decision not to proceed with the execution of a share sale agreement with the vendors.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

32. SIGNIFICANT EVENTS (cont'd)

- (c) On 6 May 2004, the Company terminated the Memorandum of Understanding entered into on 2 January 2003 with a third party in relation to a proposed joint venture for the production and marketing of globe lighting, street lighting and other related outdoor lighting products in the People's Republic of China.
- (d) On 16 July 2004, FDAL received notification from the relevant authorities in China on the incorporation of Frontline Display International (Shenzhen) Limited ("FDISL").

The entire registered capital of FDISL of HKD1.0 million is held by FDAL. The principal activities of FDISL are intended to be production and trading of point-of-sale and related products.

33. SUBSEQUENT EVENTS

- (a) On 25 February 2005, the Company entered into a participation agreement with a third party to jointly explore the viability of the proposed venture for the acquisition of 51% shareholding in Guangdong Jazz Information Technology Company Limited ("GJIT"). The principal activities of GJIT are design, development, practice, service and maintenance of computer application system and network engineering. The negotiation for the proposed acquisition is subject to the completion of the due diligence exercise, which is in progress.
- (b) On 15 April 2005, the Company acquired the entire issued and paid-up share capital of Acumen Industries Limited ("AIL"), a private limited company incorporated in Hong Kong. The principal activity of AIL is investment holding. AIL will be incorporating a wholly-owned subsidiary in Guangdong Province, People's Republic of China to primarily engage in the production of point-of-sale products.
- (c) Subsequent to year end, an additional 957,000 ordinary shares of RM1 each were issued by the Company for cash on the exercise of option shares pursuant to the Company's ESOS. The details of the additional shares are as follows:

Option Price RM	No.of Shares Exercised
1.00	629,000
1.15	110,000
1.20	218,000
	957,000

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

34. SEGMENTAL INFORMATION

Geographical Segments

31 December 2004

	Malaysia RM	Outside Malaysia RM	Eliminations RM	Consolidated RM
Revenue				
External sales	62,940,647	22,486,558	-	85,427,205
Inter-segment sales	27,524,703	695,948	(28,220,651)	-
Total revenue	90,465,350	23,182,506	(28,220,651)	85,427,205
Results				
Segment results	3,128,057	2,438,116	(1,309,989)	4,256,184
Profit from operations				4,256,184
Finance costs, net	(1,368,183)	(164,079)	-	(1,532,262)
Profit before taxation				2,723,922
Taxation	(1,393,210)	(685,234)	-	(2,078,444)
Profit after taxation				645,478
Minority interests	-	-	(272,652)	(272,652)
Net profit for the year				372,826
Assets				
Segment assets	201,411,912	20,824,059	(87,510,446)	134,725,525
Liabilities				
Segment liabilities	94,054,292	16,531,939	(64,995,265)	45,590,966
Other information				
Depreciation	3,299,374	259,614	-	3,558,988
Amortisation of goodwill	658,044	178,556	-	836,600

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

34. SEGMENTAL INFORMATION (cont'd)

Geographical Segments

31 December 2003

	Malaysia RM	Outside Malaysia RM	Eliminations RM	Consolidated RM
Revenue				
External sales	64,320,613	15,804,681	-	80,125,294
Inter-segment sales	34,914,137	441,795	(35,355,932)	-
Total revenue	99,234,750	16,246,476	(35,355,932)	80,125,294
Results				
Segment results	5,435,457	136,936	(1,164,200)	4,408,193
Profit from operations				4,408,193
Finance costs, net	(532,496)	(139,469)	-	(671,965)
Profit before taxation				3,736,228
Taxation	(671,337)	(18,605)	-	(689,942)
Profit after taxation				3,046,286
Minority interests	-	-	58,264	58,264
Net profit for the year				3,104,550
Assets				
Segment assets	198,739,382	16,239,610	(80,083,868)	134,895,124
Liabilities				
Segment liabilities	90,609,270	12,823,680	(58,352,231)	45,080,719
Other information				
Capital expenditure	700,000	-	-	700,000
Depreciation	2,432,965	175,528	-	2,608,493
Amortisation of goodwill	658,044	178,556	-	836,600
Material non-cash expenses				
- Provision for doubtful debts	1,255,088	62,233	-	1,317,321

No business segment is prepared as the Group's operations are substantially in the manufacturing sector only.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

35. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its currency, interest rate, market, credit, liquidity and cash flow risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions. The Group's policy in respect of the major areas of treasury activity is set out as follows:

(b) Price Risk

(i) Currency Risk

The transactions in foreign currencies within the Group are mainly denominated in US Dollar. Since the Malaysian Ringgit is pegged at a fixed rate to the US Dollar, the currency risk exposure is mitigated. The Group has exposure to other foreign currencies. However, the Group monitors its foreign exchange exposure closely and does not use derivative instruments to manage this risk.

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	Trade Receivables RM	Trade Payables RM	Other Payables RM
At 31 December 2004:			
United States Dollar	11,267,074	988,755	20,062
Japanese Yen (100 units)	-	1,116	52,007
Singapore Dollar	272,149	6,273	1,043,040
Australian Dollar	555,323	-	-
Euro	264,852	158,760	101,135
Sterling Pound	156,009	416,028	-
New Zealand Dollar	59,052	-	-
Hong Kong Dollar	274,780	284,224	-
	12,849,239	1,855,156	1,216,244

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Price Risk (cont'd)

(i) Currency Risk (cont'd)

	Trade Receivables RM	Other Receivables RM	Trade Payables RM	Other Payables RM
At 31 December 2003:				
United States Dollar	3,559,260	821,834	77,982	191,098
Japanese Yen (100 units)	-	-	1,116	-
Singapore Dollar	188,048	-	6,147	970,144
Australian Dollar	392,454	-	-	-
Euro	-	-	283,397	551,118
Sterling Pound	234,664	11,593	73,806	-
New Zealand Dollar	286,134	-	-	-
Hong Kong Dollar	32,871	874,006	-	-
	4,693,431	1,707,433	442,448	1,712,360

(ii) Interest Rate Risk

The interest rate risk in relation to interest-bearing debt is at a minimum. The Group also manages its interest rate by maintaining a prudent mix of fixed and floating rate of borrowings.

The investment in financial assets are mainly short term in nature and are not held for speculative purposes. The financial assets have been mostly placed in fixed deposits for better yield returns.

(c) Credit Risk

Credit risks are minimised, controlled and monitored through the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

(d) Liquidity Risk and Cash Flow Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Notes to the Financial Statements (cont'd)

31 DECEMBER 2004

35. FINANCIAL INSTRUMENTS (cont'd)

(e) Fair Values

The carrying amounts of financial assets and financial liabilities approximate their fair value except for the following:

	Note	Carrying Amount RM	Group Fair Value RM
<u>Borrowings</u>			
Term loan	19	22,597,296	24,486,991
Hire purchase payables	20	1,604,372	1,649,692
		24,201,668	26,136,683

(i) Borrowings

The fair value of borrowings is estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements.

(ii) Quoted Shares

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business at the balance sheet date.

(iii) Amount due to/from related companies

It is not practical to estimate the fair values of amounts due to/from related companies due principally to a lack of fixed repayment term entered into by the parties involved and without incurring excessive costs. The directors are of the opinion that the carrying amounts recorded at the balance sheet date do not differ significantly from the values that would eventually be received or settled.

List of Properties

LIST OF PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES AS AT 31 DECEMBER 2004

Address/Location	Tenure	Area (square metre)	Description / Existing Use	Approximate Age of Building	Net Book Value (RM'000)	Date of Acquisition
HSD 97288 Lot P.T. 32331 Mukim Petaling Daerah Petaling Selangor	Freehold	7,985	2-Storey office cum factory	8 years	7,455	20.11.2001
HSD 145784 Lot PT1172 Pekan Puchong Perdana Daerah Petaling Selangor	Freehold	3,534	5-Storey office cum factory	3 years	12,674	16.08.2000
Pajakan Mukim LM No. 10 Lot No. 1676 Tempat Batu 28 Ijok Mukim Ijok District Kuala Selangor Negeri Selangor	Leasehold Expiring in 2077	13,961	Factory	2 years	4,086	28.10.2002
8 - 9 Avon Buildings Lower Bristol Road Bath BA2 1ES United Kingdom	Freehold	438	Office cum workshop and showroom	29 years	3,901	October 2000

Analysis Of Shareholdings

AS AT 22 APRIL 2005

Authorised Share Capital : RM100,000,000
Paid-up Share Capital : RM58,726,357

Class of Shares : Ordinary shares of RM1.00 each
Voting Rights : One vote per ordinary share

SIZE OF SHAREHOLDINGS AS AT 22 APRIL 2005

Size of Shareholdings	No. of Shareholders	Total Shareholdings	% of Shareholdings
1 to 99	140	5,742	0.01
100 to 1,000	244	185,835	0.32
1,001 to 10,000	1,674	5,080,176	8.65
10,001 to 100,000	289	8,796,619	14.98
100,001 to 2,936,316 *	35	16,142,880	27.49
2,936,317 and above **	4	28,515,105	48.55
Total	2,386	58,726,357	100.00

Remarks:

* Less than 5% of issued shares

** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 22 APRIL 2005

Name of Substantial Shareholders	Notes	Direct Interest		Indirect Interest	
		No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings
Domestic Star Sdn Bhd		10,910,000	18.58	-	-
E&O Property Development Berhad	(1)	8,723,000	14.85	5,894,000	10.04
Samudra Pelangi Sdn Bhd		5,894,000	10.04	-	-
Chong Kon You @ Chong Kwan Yew	(2)	4,114,668	7.01	10,910,000	18.58
Tan Sri Dato' Nik Ibrahim Kamil		2,988,105	5.09	-	-
Loo Soo Loong	(2)	60,000	0.10	10,910,000	18.58
Dynamic Degree Sdn Bhd	(3)	-	-	14,617,000	24.89
Eastern Et Oriental Berhad	(4)	-	-	14,617,000	24.89
Pinjaya Sdn Bhd	(5)	-	-	14,617,000	24.89
Lim Teck Ming @ Ling Teck Ming	(6)	-	-	14,617,000	24.89
Dato' Tham Ka Hon	(7)	-	-	14,617,000	24.89

Notes:

- (1) Deemed interested by virtue of its shareholdings in Samudra Pelangi Sdn Bhd.
- (2) Deemed interested by virtue of section 6A of the Companies Act, 1965 via Domestic Star Sdn Bhd
- (3) Deemed interested by virtue of section 6A of the Companies Act, 1965, held through E&O Property Development Berhad.
- (4) Deemed interested by virtue of section 6A of the Companies Act, 1965, held through E&O Property Development Berhad and Dynamic Degree Sdn Bhd.
- (5) Deemed to have indirect interest by virtue of section 6A(4) of the Companies Act, 1965 held through its 49% owned subsidiary Dynamic Degree Sdn Bhd, which in turn owns 26.93% in E&O Property Development Berhad.
- (6) Deemed to have indirect interest by virtue of section 6A(4) of the Companies Act, 1965 held through his 15% shareholding in Metra Nominees Sdn Bhd, which in turn owns 97% in Pinjaya Sdn Bhd, which in turn owns 49% in Dynamic Degree Sdn Bhd, which in turn owns 26.93% in E&O Property Development Berhad.
- (7) Deemed interested by virtue of section 6A(4) of the Companies Act, 1965 through his deemed interest in E&O Property Development Berhad.

Analysis Of Shareholdings (cont'd)

AS AT 22 APRIL 2005

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 22 APRIL 2005

Name of Directors	Note	Direct Interest		Indirect Interest	
		No. of Shares	% of Shareholdings	No. of Shares	% of Shareholdings
Tan Sri Dato' Nik Ibrahim Kamil		2,988,105	5.09	-	-
Chong Kon You @ Chong Kwan Yew	(1)	4,114,668	7.01	10,910,000	18.58
Loo Soo Loong	(1)	60,000	0.10	10,910,000	18.58
Yoshiharu Miyake	(2)	232,093	0.40	2,522,552	4.30
Chan Kok Leong		-	-	-	-
Gan Leng Swee		-	-	-	-
Vijeyaratnam a/l V. Thamotheeram Pillay		-	-	-	-

Notes:

- (1) Deemed interested by virtue of section 6A of the Companies Act, 1965 via Domestic Star Sdn Bhd.
- (2) Deemed interested by virtue of section 6A of the Companies Act, 1965 via Dinosun Sdn Bhd.

Analysis Of Shareholdings (cont'd)

AS AT 22 APRIL 2005

THIRTY LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 22 APRIL 2005

Name of Registered Holders	No. of Shares Held	% of Shareholdings
1. SOUTHERN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Domestic Star Sdn Bhd	10,910,000	18.58
2. AMMB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for E&O Property Development Berhad (EODEV)	8,723,000	14.85
3. AMMB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Samudra Pelangi Sdn Bhd (BK6/319-1)	5,894,000	10.04
4. NIK IBRAHIM KAMIL BIN NIK AHMAD KAMIL	2,988,105	5.09
5. SOUTHERN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Dinosun Sdn Bhd	2,522,552	4.30
6. HLB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Chong Kon You @ Chong Kwan Yew	2,000,000	3.41
7. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Chong Kon You @ Chong Kwan Yew (CEB)	1,500,000	2.55
8. HAM AH LUI @ HAM WEE BOON	1,437,462	2.45
9. BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for A.A. Anthony Securities Sdn Bhd (3193 HPZA)	1,092,200	1.86
10. FAIRWAY AIM SDN BHD	1,000,000	1.70
11. NETUREN CO. LTD.	653,333	1.11
12. CARTABAN NOMINEES (ASING) SDN BHD Credit Agricole (Suisse) SA for Tristam International Limited	600,000	1.02
13. LIM KAI LEONG @ NGIM KAI LEONG	460,700	0.78
14. YU TUNG-HAN	417,300	0.71
15. CHONG KON YOU @ CHONG KWAN YEW	367,668	0.63
16. CHENG LEE WAH	354,300	0.60
17. HDM NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Renata Anita De Raj (M10)	278,400	0.47
18. CITICORP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Chong Kon You @ Chong Kwan Yew (472206)	247,000	0.42
19. YOGESVARAN A/L T ARIANAYAGAM	241,900	0.41
20. SOUTHERN NOMINEES (ASING) SDN BHD Pledged Securities Account for Miyake Yoshiharu	232,093	0.40
21. TIEW SOON AIK	229,300	0.39
22. KOK SEN CHOONG	185,000	0.32
23. POLY ELECTRONIC & ELECTRICAL (M) SDN BERHAD	175,000	0.30
24. FOO SAE HENG @ FOO SEA HING	175,000	0.30
25. LIEW YOW KEONG	172,400	0.29
26. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Lee Kok Guan (100317)	154,500	0.26
27. LIM HOCK CHUAN	150,000	0.26
28. JB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Shaharul Izhan bin Hassan	150,000	0.26
29. AHMAD BIN MUHAMED	148,000	0.25
30. AFFIN-ACF NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account for Chan Swee Fuk @ Chan Swee Fatt	142,800	0.24
TOTAL :	43,602,013	74.25

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of Fututech Berhad ("the Company") will be held at Bilik Kiara, Kelab Golf Perkhidmatan Awam Malaysia, Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 23 June 2005, at 11:00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2004 and the Reports of the Directors and Auditors. **Resolution No. 1**
2. To approve payment of Directors' fees of RM72,000 for the year ended 31 December 2004. **Resolution No. 2**
3. To re-elect as Director, Y. Bhg. Tan Sri Dato' Nik Ibrahim Kamil who retires in accordance with Article 89 of the Company's Articles of Association. **Resolution No. 3**
4. To re-elect as Director, Mr. Loo Soo Loong who retires in accordance with Article 89 of the Company's Articles of Association. **Resolution No. 4**
5. To re-appoint Messrs. Ernst & Young as Auditors for the year ending 31 December 2005 and to authorise the Directors to fix the Auditors' remuneration. **Resolution No. 5**

As Special Business

6. Ordinary Resolution :
Authority for Directors to Issue Shares **Resolution No. 6**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and they are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10 % of the issued share capital of the Company for the time being, and that the Directors be and are also authorised to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

7. To transact any other business of which due notice shall have been received in accordance with the Companies Act, 1965.

By Order of the Board

CHUA SIEW CHUAN
Company Secretary

Kuala Lumpur
1 June 2005

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company, an advocate, an approved company auditor, or a person approved by the Registrar.
2. A member of the Company may appoint more than one proxy to attend at the same meeting. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing.
5. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office at : Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be.

EXPLANATORY NOTES TO SPECIAL BUSINESS:

6. Authority for Directors to Issue Shares

The Ordinary Resolution proposed under item 6 of the Agenda, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company, subject to compliance with the relevant regulatory requirements. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

Statement Accompanying

NOTICE OF ANNUAL GENERAL MEETING

1. Individuals Standing for Election or Re-election

The Directors standing for re-election at the 21st Annual General Meeting are:

- i) Y. Bhg. Tan Sri Dato' Nik Ibrahim Kamil; and
- ii) Mr. Loo Soo Loong

2. Details of Attendance of Directors at Board Meetings

There were 4 Meetings of the Board of Directors held during the year ended 31 December 2004. Details of attendance of directors at the Board Meetings are set out in page 10 of the Annual Report.

3. Place, date and hour of Annual General Meeting

The 21st Annual General Meeting of Fututech Berhad will be held at Bilik Kiara, Kelab Golf Perkhidmatan Awam Malaysia, Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 23 June 2005, at 11:00 a.m.

4. Details of Individuals Standing for Election as Directors

There is no individual standing for election as director of the Company at the 21st Annual General Meeting of Fututech Berhad.

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FUTUTECH BERHAD (122592-U)
(Incorporated in Malaysia)

Form Of Proxy

I/We, (full name in block letters):

NRIC No./Co. No: _____ of (address): _____

being a member(s) of Fututech Berhad, hereby appoint (full name)

NRIC No:

of (address): _____

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held at Bilik Kiara, Kelab Golf Perkhidmatan Awam Malaysia, Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 23 June 2005, at 11:00 a.m. and at any adjournment thereof in the manner indicated below :-

		For	Against
Resolution No. 1	To receive Audited Financial Statements for the year ended 31 December 2004 and the Reports of Directors and Auditors.		
Resolution No. 2	To approve Directors' fees.		
Resolution No. 3	To re-elect Y. Bhg. Tan Sri Dato' Nik Ibrahim Kamil as Director.		
Resolution No. 4	To re-elect Mr. Loo Soo Loong as Director.		
Resolution No. 5	To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix the Auditors' remuneration.		
Resolution No. 6	To approve authority under section 132D of the Companies Act, 1965 for Directors to issue shares.		

Please indicate with an "X" or "√" in the appropriate space above. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he/she thinks fit.

Number of ordinary shares held

--

Signature of Shareholder(s) or Common Seal

Signed this day of 2005

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company, an advocate, an approved company auditor, or a person approved by the Registrar.
2. A member of the Company may appoint more than one proxy to attend at the same meeting. Where a member appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. A Power of Attorney or a certified copy thereof or the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing.
5. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the Registered Office at : Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be.

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Affix Stamp

FUTUTECH BERHAD (122592-U)

Registered Office
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur

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