

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

8 Directors' remuneration (continued)

Executive Directors

Loh Toa Thau @ Loh Eng Kim
Loh Yok Yeong
Lee Then Wah

The aggregate amounts of emoluments receivable by Directors of the Company during the financial year are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-Executive Directors - fees	73,000	87,000	73,000	87,000
Executive Directors:				
- fees	92,000	92,000	42,000	42,000
- salaries and bonus	1,232,116	1,253,135	0	0
- defined contribution plan	140,994	131,452	0	0
- other employee benefits	88,750	44,874	0	0
- estimated money value of benefits-in-kinds	59,379	39,125	0	0
	<u>1,613,239</u>	<u>1,560,586</u>	<u>42,000</u>	<u>42,000</u>
	<u>1,686,239</u>	<u>1,647,586</u>	<u>115,000</u>	<u>129,000</u>

The Executive Directors' options over ordinary shares adjusted for bonus issue during the financial year and their respective unexercised options at balance sheet are as follows:

2004

Number of options over ordinary shares of RM1 each

Grant date	Expiry Date	Exercise price RM/share [^]	Number of options over ordinary shares of RM1 each				
			At 1 April	Adjusted for bonus issue	Exercised	Lapsed	At 31 March
13.12.1999	29.11.2004	1.00	292,000	0	(292,000)	0	0
24.02.2000	29.11.2004	1.77	531,000	25,000	(556,000)	0	0
05.07.2002	29.11.2004	2.60	488,000	244,000	(577,000)	0	155,000
			<u>1,311,000</u>	<u>269,000</u>	<u>(1,425,000)</u>	<u>0</u>	<u>155,000</u>

[^] The exercise prices for these share options have been adjusted pursuant to the bonus issue undertaken by the Company during the financial year.

2003

Number of options over ordinary shares of RM1 each

Grant date	Expiry Date	Exercise price RM/share [^]	Number of options over ordinary shares of RM1 each				
			At 1 April	Granted	Exercised	Lapsed	At 31 March
13.12.1999	29.11.2004	1.36	350,000	0	(58,000)	0	292,000
24.02.2000	29.11.2004	2.65	732,000	0	(201,000)	0	531,000
05.07.2002	29.11.2004	3.90	0	488,000	0	0	488,000
			<u>1,082,000</u>	<u>488,000</u>	<u>(259,000)</u>	<u>0</u>	<u>1,311,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

9 Finance costs

	Group	
	2004 RM	2003 RM
Interest expense on:		
- revolving credit / bankers acceptance	(51,678)	0
- hire-purchase	(28,496)	(35,242)
- term loan	0	(117,560)
- bank overdraft	(47,354)	(2,369)
- trust receipts	(6,470)	0
	<u>(133,998)</u>	<u>(155,171)</u>

10 Taxation

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Malaysian income taxation:				
Taxation based on the profit for the financial year	(5,481,770)	(8,248,225)	(2,685,533)	(12,473,348)
Deferred taxation (note 25)	(1,093,696)	(615,125)	0	0
	<u>(6,575,466)</u>	<u>(8,863,350)</u>	<u>(2,685,533)</u>	<u>(12,473,348)</u>
Over / (under) provision in respect of prior financial years:				
- current taxation	397,813	(6,543)	45,748	(6,675)
- deferred taxation (note 25)	(329,099)	(394,403)	0	0
	<u>(6,506,752)</u>	<u>(9,264,296)</u>	<u>(2,639,785)</u>	<u>(12,480,023)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

10 Taxation (continued)

Numerical reconciliation between tax expense and the accounting profit multiplied by the Malaysian tax rate is as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit from ordinary activities before taxation	<u>27,660,017</u>	<u>36,167,669</u>	<u>9,259,671</u>	<u>44,298,220</u>
Tax calculated at the Malaysian tax rate of 28% (2003: 28%)	(7,744,805)	(10,126,947)	(2,592,708)	(12,403,502)
Tax effect of expenses not deducted for tax purposes	(305,192)	(340,347)	(99,579)	(69,846)
Tax effect of income not subject to tax	59,770	70,029	6,754	0
Tax effect of utilisation of reinvestment allowances	1,305,737	1,514,374	0	0
Deferred tax assets not previously recognised	11,124	0	0	0
Difference in tax rate for the first RM500,000 (2003: RM100,000) of taxable income of Malaysian subsidiaries	97,900	19,541	0	0
Over / (under) provision in respect of prior financial year				
- current taxation	397,813	(6,543)	45,748	(6,675)
- deferred taxation	(329,099)	(394,403)	0	0
	<u>(6,506,752)</u>	<u>(9,264,296)</u>	<u>(2,639,785)</u>	<u>(12,480,023)</u>

11 Earnings per share**(i) Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the net profit after taxation by the weighted average number of ordinary shares in issue during the financial year. The weighted average number of ordinary shares in issue during the financial year have been adjusted for the issuance of ordinary shares pursuant to the ESOS and bonus issue undertaken by the Company during the financial year.

	2004	2003
Net profit after taxation (RM)	21,153,265	26,903,373
Weighted average number of ordinary shares in issue	96,578,525	94,502,192
Basic earnings per share (sen)	21.90	28.47

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

II Earnings per share (continued)**(ii) Diluted earnings per share**

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has share options granted to employees as a category of dilutive potential ordinary shares.

For the share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit after taxation for the share options calculated.

	2004	2003
Net profit after taxation (RM)	21,153,265	26,903,373
Weighted average number of ordinary shares in issue	96,578,525	94,502,192
Adjustment for share options	267,658	632,297
Weighted average number of ordinary shares for diluted earnings per share	96,846,183	95,134,489
Diluted earnings per share (sen)	21.84	28.28

12 Dividend

	Group and Company	
	2004	2003
	RM	RM
Special interim dividend of nil (2003: 7.5%) less tax at 28%	0	3,401,676
Proposed first and final dividend of 7.0% (2003: final dividend of 5%) less tax 28%	4,937,033	2,258,712
Dividend on additional 1,643,000 ordinary shares due to exercise of employee share options	0	59,148
	4,937,033	5,719,536

The proposed first and final dividend of 7.0% less tax 28% amounting to RM4,937,033 will be accrued as a liability after approval by the shareholders at the Annual General Meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

13 Property, plant and equipment

The details of property, plant and equipment are as follows:

Group only 2004	Land and buildings RM	Plant machinery, tools and equipment RM	Motor vehicles RM	Furniture and fittings RM	Office equipment and air conditioners RM	Total RM
Cost/valuation	At cost/ valuation	At cost	At cost	At cost	At cost	At cost/ valuation
At 1 April	36,706,350	54,824,737	4,208,614	301,924	914,150	96,955,775
Additions	127,403	7,773,369	809,517	12,035	141,116	8,863,440
Disposals	0	0	(554,483)	0	0	(554,483)
Write offs	0	(559,739)	0	0	0	(559,739)
At 31 March	36,833,753	62,038,367	4,463,648	313,959	1,055,266	104,704,993
Accumulated depreciation						
At 1 April	3,518,549	18,167,709	2,138,280	72,061	345,413	24,242,012
Charge for the financial year	662,352	5,107,031	549,416	13,234	96,266	6,428,299
Disposals	0	0	(421,714)	0	0	(421,714)
Write offs	0	(323,391)	0	0	0	(323,391)
At 31 March	4,180,901	22,951,349	2,265,982	85,295	441,679	29,925,206
Net book value						
31 March 2004	32,652,852	39,087,018	2,197,666	228,664	613,587	74,779,787
31 March 2003	33,187,801	36,657,028	2,070,334	229,863	568,737	72,713,763

The Group's land and buildings comprise of:

2004	At 1 April RM	Additions RM	At 31 March RM
Cost or valuation			
Freehold land, at valuation	1,841,166	0	1,841,166
Long term leasehold land, at valuation	2,550,000	0	2,550,000
Building, at valuation	141,155	0	141,155
Short term leasehold land and building, at valuation	6,324,260	0	6,324,260
Freehold land and building, at cost	2,913,570	97,903	3,011,473
Long term leasehold building, at cost	1,973,160	0	1,973,160
Long term leasehold flats, at cost	188,200	0	188,200
Short term leasehold land and building, at cost	18,827,716	29,500	18,857,216
Renovation, at cost	334,656	0	334,656
Factory building at cost	1,612,467	0	1,612,467
Total	36,706,350	127,403	36,833,753

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

13 Property, plant and equipment (continued)

2004	At 1 April RM	Depreciation charge for the financial year RM	At 31 March RM
Accumulated depreciation			
Long term leasehold land, at valuation	345,765	45,921	391,686
Building, at valuation	25,297	2,317	27,614
Short term leasehold land and building, at valuation	1,077,181	98,878	1,176,059
Freehold land and building, at cost	125,814	25,711	151,525
Long term leasehold building, at cost	237,526	34,713	272,239
Long term leasehold flats, at cost	24,818	3,268	28,086
Short term leasehold land and building, at cost	1,534,804	396,804	1,931,608
Renovation, at cost	100,356	23,430	123,786
Factory building, at cost	46,988	31,310	78,298
Total	3,518,549	662,352	4,180,901

	2004 RM	2003 RM
Net book value		
Freehold land, at valuation	1,841,166	1,841,166
Long term leasehold land, at valuation	2,158,314	2,204,235
Building, at valuation	113,541	115,858
Short term leasehold land and building, at valuation	5,148,201	5,247,079
Freehold land and building, at cost	2,859,948	2,787,756
Long term leasehold building, at cost	1,700,921	1,735,634
Long term leasehold flats, at cost	160,114	163,382
Short term leasehold land and building, at cost	16,925,608	17,292,912
Renovation, at cost	210,870	234,300
Factory building, at cost	1,534,169	1,565,479
	<u>32,652,852</u>	<u>33,187,801</u>

The Company's long term leasehold land and short term leasehold land and buildings were revalued by a firm of independent professional valuers in 1994 and 1998 using the open market value basis. Subsequent additions are stated at cost.

(a) Analysis of freehold and leasehold land and buildings that are stated at valuation:

	2004 RM	2003 RM
Valuation in 1994 on the Open Market Value basis	8,306,581	8,306,581
Valuation in 1998 on the Open Market Value basis	2,550,000	2,550,000
	<u>10,856,581</u>	<u>10,856,581</u>
Net book value	<u>9,261,222</u>	<u>9,408,338</u>
Net book value – had the above been carried at historical cost	<u>1,580,853</u>	<u>1,612,377</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

13 Property, plant and equipment (continued)

(b) The details of the property, plant and equipment of the Group acquired under hire-purchase agreements are as follows:

	Cost RM	Accumulated depreciation RM	Net book value RM
2004			
Motor vehicles	<u>520,000</u>	<u>(289,598)</u>	<u>230,402</u>
2003			
Motor vehicles	<u>700,000</u>	<u>(275,040)</u>	<u>424,960</u>

14 Subsidiary companies

	Company	
	2004 RM	2003 RM
Unquoted shares, at cost	<u>18,306,448</u>	<u>18,306,448</u>

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Company		Interest in equity held by a subsidiary company		Principal activities
		2004 %	2003 %	2004 %	2003 %	
Yew Lean Foundry & Co. Sdn. Bhd.	Malaysia	100	100	0	0	Manufacturing and marketing of ductile iron pipes and fittings and other related products.
Yew Li Foundry & Co. Sdn. Bhd.*	Malaysia	100	100	0	0	Manufacturing and marketing of cast iron fittings, saddle and manhole covers and fabrication of pipes.
Logam Utara (M) Sdn. Bhd.*	Malaysia	100	100	0	0	Manufacturing and coating of LUSAN™ (Rilsan) on couplings, tapping sleeves, water tanks and other steel products as well as trading of UPVC pipes and fittings, sanitary fittings, brass fittings and related products.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

14 Subsidiary companies (continued)

Name of company	Country of incorporation	Company		Interest in equity held by a subsidiary company		Principal activities
		2004	2003	2004	2003	
		%	%	%	%	
Zhangzhou YLI Electro-Metallurgy Co. Ltd.*	The People's Republic of China	100	100	0	0	Manufacture of raw materials for foundry use.
Zenith Eastern (M) Sdn. Bhd.*	Malaysia	0	0	100	100	Property investment holding.

*These subsidiary companies are audited by a firm of auditors other than PricewaterhouseCoopers, Malaysia.

15 Jointly controlled entity

	Company	
	2004	2003
	RM	RM
Group		
Share of net loss of the jointly controlled entity	141	0
Company		
Unquoted shares, at cost	141	0

The jointly controlled entity has not commenced operations at balance sheet date. The Group has recognised the share of loss up to the cost of its investments.

Details of the jointly controlled entity are as follows:

Name of company	Country of incorporation	Company		Interest in equity held by a subsidiary company		Principal activities
		2004	2003	2004	2003	
		%	%	%	%	
Pinang Water Limited*	Labuan, Malaysia	37	0	0	0	Constructing water-infrastructure projects, water treatment, management and supply of treated water.

* Audited by a firm of auditors other than PricewaterhouseCoopers, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

15 Jointly controlled entity (continued)

The Group's share of capital commitments of the jointly controlled entity is as follows:

	2004 RM	2003 RM
In respect of purchase of property, plant and equipment	<u>5,272,500</u>	<u>0</u>

The Company has also given a corporate guarantee to a third party on behalf of the jointly controlled entity as follows:

	2004 RM	2003 RM
In respect of purchase of property, plant and equipment	<u>3,163,500</u>	<u>0</u>

16 Inventories

	Group	
	2004 RM	2003 RM
At cost:		
Raw materials	6,925,313	4,745,649
Work in progress	371,127	412,385
Finished goods	<u>15,314,716</u>	<u>6,354,111</u>
	<u>22,611,156</u>	<u>11,512,145</u>

17 Receivables

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	27,736,008	19,265,381	0	0
Other receivables	562,648	353,146	0	0
Deposits	1,411,407	193,506	4,350	4,350
Prepayments	35,310	288,060	0	0
	<u>29,745,373</u>	<u>20,100,093</u>	<u>4,350</u>	<u>4,350</u>

The currency exposure profile of trade receivables of the Group is as follows:

	Group	
	2004 RM	2003 RM
Ringgit Malaysia	25,391,455	18,872,398
US Dollar	1,836,539	204,858
Chinese Renminbi	508,014	188,125
	<u>27,736,008</u>	<u>19,265,381</u>

The credit terms of trade receivables of the Group range from 30 to 120 days (2003: 60 to 120 days).

18 Amounts due from subsidiary companies

The fair value of amounts due from subsidiary companies approximated the book values at balance sheet date.

Amounts due from subsidiary companies are primarily interest free advances with no fixed repayment terms except

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

18 Amounts due from subsidiary companies (continued)

for RM2,212,522 (2003:RM2,061,297) due from a subsidiary company where interest was charged at 7.5% (2003: 7.5%) per annum.

The currency exposure profile for amounts due from subsidiary companies are as follows:

	Company	
	2004	2003
	RM	RM
Ringgit Malaysia	61,520,232	56,018,620
US Dollar	2,355,413	2,203,797
	<u>63,875,645</u>	<u>58,222,417</u>

19 Amount due from a jointly controlled entity

The fair value of amount due from a jointly controlled entity approximated its book value at balance sheet date.

The amount due from a jointly controlled entity is denominated in Ringgit Malaysia and interest free with no fixed term of repayment.

20 Marketable securities

	Group and Company	
	2004	2003
	RM	RM
Market value of shares in corporations – quoted in Malaysia	497,720	0

21 Deposits, bank and cash balances

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Fixed deposits with:				
Licensed banks	25,702,755	24,366,771	15,252,296	13,968,732
Licensed finance companies	13,596,318	18,899,087	5,987,548	6,430,355
	<u>39,299,073</u>	<u>43,265,858</u>	<u>21,239,844</u>	<u>20,399,087</u>
Cash and bank balances	3,503,673	2,401,079	393,909	363,203
	<u>42,802,746</u>	<u>45,666,937</u>	<u>21,633,753</u>	<u>20,762,290</u>

The effective interest rate of the Group's and of the Company's fixed deposits at balance sheet date ranged from 2.55% to 3.76% (2003: 2.60% to 4.05%) and 2.60% to 3.76% (2003: 2.60% to 4.00%) per annum respectively.

The Group's and the Company's fixed deposits have an average maturity of 60 days and 30 days respectively at the end of the financial year.

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

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Ringgit Malaysia	41,399,401	45,179,967	21,633,753	20,762,290
US Dollar	1,333,619	426,319	0	0
Chinese Renminbi	69,726	60,651	0	0
	<u>42,802,746</u>	<u>45,666,937</u>	<u>21,633,753</u>	<u>20,762,290</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

22 Payables

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Trade payables	906,498	1,089,877	0	0
Other payables	2,812,754	2,871,539	113,013	5,617
Other accruals	1,635,055	1,723,077	128,116	157,830
	<u>5,354,307</u>	<u>5,684,493</u>	<u>241,129</u>	<u>163,447</u>

The currency exposure profile for trade and other payables is as follows:

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Ringgit Malaysia	3,025,920	3,109,827	112,872	5,617
US Dollar	55,861	145,004	141	0
Chinese Renminbi	637,471	706,585	0	0
	<u>3,719,252</u>	<u>3,961,416</u>	<u>113,013</u>	<u>5,617</u>

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

23 Revolving credit

The revolving credit is denominated in US Dollar and has an average effective interest rate of 3.28% (2003: 3.18%) per annum.

24 Hire-purchase liabilities

	Group	
	2004	2003
	RM	RM
Minimum hire-purchase payments:		
- not later than 1 year	27,047	223,047
- later than 1 year but not later than 2 years	0	27,047
	<u>27,047</u>	<u>250,094</u>
Future finance charges on hire-purchase liabilities	(3,458)	(31,954)
Present value of hire-purchase liabilities	<u>23,589</u>	<u>218,140</u>
Representing hire-purchase liabilities:		
- current	23,589	194,551
- non-current	0	23,589
	<u>23,589</u>	<u>218,140</u>
Present value of hire-purchase liabilities:		
- not later than 1 year	23,589	194,551
- later than 1 year but not later than 2 years	0	23,589
	<u>23,589</u>	<u>218,140</u>

The fair values of the hire-purchase liabilities approximated the carrying values at balance sheet date.

The average effective interest rate applicable to the hire-purchase liabilities is 9.31% (2003: 9.54%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

25 Deferred taxation

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

	Group	
	2004	2003
	RM	RM
Deferred tax assets	(66,707)	0
Deferred tax liabilities		
- subject to income tax	6,864,607	5,375,105
- subject to capital gains tax	79,845	79,845
	<u>6,877,745</u>	<u>5,454,950</u>

The movements in deferred taxation during the financial year are as follows:

	Group	
	2004	2003
	RM	RM
At beginning of the financial year	5,454,950	4,445,422
Property, plant and equipment:		
- current financial year (note 10)	1,093,696	615,125
- over provision in prior financial year (note 10)	329,099	394,403
- charged to income statement	1,422,795	1,009,528
At end of the financial year	<u>6,877,745</u>	<u>5,454,950</u>

Subject to income tax:

Deferred tax assets (before offsetting):		
Provisions	(66,607)	0
Offsetting	66,607	0
Deferred tax assets (after offsetting)	<u>0</u>	<u>0</u>

Deferred tax liabilities (before offsetting):

Property, plant and equipment	6,864,607	5,375,105
Offsetting	(66,707)	0
Deferred tax liabilities (after offsetting)	<u>6,797,900</u>	<u>5,375,105</u>

Subject to capital gains tax:

Deferred tax liabilities		
Property, plant and equipment	79,845	79,845

26 Share capital

	Company	
	2004	2003
	RM	RM
Authorised:		
Ordinary shares of RM1 each:		
At 1 April	100,000,000	100,000,000
Created during the financial year	400,000,000	0
At 31 March	<u>500,000,000</u>	<u>100,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

26 Share capital (continued)**Movements on issued share capital are as follows:**

Ordinary shares of RM1 each:

At 1 April	62,742,000	61,786,000
Issued during the financial year:		
- exercise of share options	2,948,000	956,000
- bonus issue	32,267,000	0
At 31 March	<u>97,957,000</u>	<u>62,742,000</u>

During the financial year, the issued and fully paid up share capital of the Company was increased from RM62,742,000 to RM97,957,000 by way of:

- (a) an issue of 2,948,000 ordinary shares of RM1 each for cash at the respective option prices by virtue of the exercise of options granted under the Employees' Share Option Scheme ("ESOS") of YLI Holdings Berhad; and
- (b) a bonus issue of 32,267,000 ordinary shares of RM1 each on 17 October 2003 on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held. The bonus issue was effected by the capitalisation from the retained earnings account of the Company.

As at 31 March 2004, options to subscribe for 9,000, 39,000 and 556,000 ordinary shares of RM1 each can be exercised at the respective option prices of RM1.00, RM1.77 and RM2.60 per share. The respective option prices have also been adjusted pursuant to the bonus issue undertaken by the Company during the financial year. These options remain unexercised as at 31 March 2004. The consideration is payable in full on application.

The other features of ESOS are as follows:

- (a) Eligible persons are Malaysian citizens who are all full time employees of the Group (including Executive Chairman and Executive Directors) who have been confirmed and have attained the age of eighteen years. The eligible persons must have served at least one year of continuous service.
- (b) Eligible employees of the Group who have accepted the offer to participate in other employees' share option scheme implemented by any other company within the Group which is in force for the time being shall not be eligible to participate in the ESOS.
- (c) The total number of shares to be offered shall not exceed 10% of the issued and paid up share capital of the Company at any time during the existence of the ESOS.
- (d) No option shall be granted for less than 1,000 shares nor more than 500,000 shares and shall always be in multiples of 1,000 shares.
- (e) The option price shall be the average of the mean market quotation as shown in the daily official list issued by the Bursa Malaysia (previously known as Kuala Lumpur Stock Exchange) for the five (5) market days preceding the date of offer, provided that the option price shall not be less than the last transacted market price of the shares at the date preceding the date of offer or the par value of the shares.
- (f) The ESOS remains in force until 29 November 2004.
- (g) The number of shares comprised in the option price or the maximum number of shares and/or percentage of the total YLI Holdings Berhad's shares comprised in the option that may be executed in a particular financial year so far as the options remain unexercised, shall be adjusted following any alterations in capital structures of the Company by ways of capitalisation of profits or reserves, rights issues, reduction, subdivision, consolidation of capital or otherwise howsoever taking place.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

26 Share capital (continued)

The other features of ESOS are as follows (continued):

- (h) The new shares to be allotted upon any exercise of an option will rank pari passu in all respects with the then existing ordinary shares of the Company save and except that the new shares will not be entitled to any dividends, rights, allotments or distributions which entitlement date precedes the relevant exercise date of the option.
- (i) Subject to the approval of the relevant authorities, the terms and conditions of the ESOS may from time to time be modified and/or amended by a resolution of the Board of Directors or Options Committee without the prior approval of the Company's shareholders in a general meeting provided that no such amendment shall be made which would either prejudice the rights then accrued to any option holder without the consent or sanction of that option holder or alter to the advantage of any option holder.

The movements of the ESOS during the financial year are as follows:

Date of expiry	Balance at 1 April 2003	Adjusted for bonus issue	Exercised	Lapsed	Balance at 31 March 2004
29 November 2004	2,942,000	614,000	(2,948,000)	(4,000)	604,000

The lapsed amounts are attributed to employees' resignations.

27 Share premium

	Group and Company	
	2004	2003
	RM	RM
At 1 April	1,597,060	334,971
Premium arising from options exercised in respect of 2,948,000 (2003: 956,000) ordinary shares	4,695,134	1,262,089
At 31 March	<u>6,292,194</u>	<u>1,597,060</u>

28 Revaluation and other reserves

	Group	
	2004	2003
	RM	RM
Revaluation/capital reserve	1,326,976	1,326,976
Exchange fluctuation reserve	(184)	(5)
	<u>1,326,792</u>	<u>1,326,971</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

28 Revaluation and other reserves (continued)

The movements in each category of reserves are as follows:

	Group	
	2004 RM	2003 RM
Revaluation/capital reserve		
At 1 April		
- as previously reported	1,846,911	1,856,911
- change in accounting policy (note 34(ii))	(519,935)	(519,935)
- as restated	1,326,976	1,336,976
Reclassification *	0	(10,000)
At 31 March	<u>1,326,976</u>	<u>1,326,976</u>
Exchange fluctuation reserve		
At 1 April	(5)	(3,397)
Arising in the financial year	(179)	3,392
At 31 March	<u>(184)</u>	<u>(5)</u>

* The reclassification amounting to RM10,000 was in respect of gain on disposal of property, plant and equipment previously classified as capital reserve now reclassified to retained earnings.

29 Retained earnings

The Company has, subject to confirmation with Inland Revenue Board, sufficient tax credits to frank the payment of net dividends out of all its retained earnings as at 31 March 2004 without incurring additional taxation.

30 Cash flows from operations

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Net profit after taxation	21,153,265	26,903,373	6,619,886	31,818,197
Adjustments for:				
Taxation	6,506,752	9,264,296	2,639,785	12,480,023
Profit on disposal of marketable securities	(23,872)	0	(23,872)	0
Profit on disposal of unit trusts	(21,806)	0	0	0
Depreciation of property, plant and equipment	6,428,299	6,019,891	0	0
Profit on disposal of property, plant and equipment	(59,231)	(24,486)	0	0
Property, plant and equipment written off	236,348	1,675,254	0	0
Interest expense	133,998	155,171	0	0
Interest income	(1,246,064)	(698,541)	(863,789)	(551,623)
	<u>11,954,424</u>	<u>16,391,585</u>	<u>1,752,124</u>	<u>11,928,400</u>
	<u>33,107,689</u>	<u>43,294,958</u>	<u>8,372,010</u>	<u>43,746,597</u>
Changes in working capital:				
Inventories	(11,099,011)	1,864,381	0	0
Trade and other receivables	(9,645,280)	8,516,778	0	7,507
Intercompany balances	0	0	502,089	(2,787,663)
Trade and other payables	(420,118)	1,005,891	(12,396)	10,840
	<u>(21,164,409)</u>	<u>11,387,050</u>	<u>489,698</u>	<u>(2,769,316)</u>
	<u>11,943,280</u>	<u>54,682,008</u>	<u>8,861,708</u>	<u>40,977,281</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

31 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed deposits	39,299,073	43,265,858	21,239,844	20,399,087
Cash and bank balances	3,503,673	2,401,079	393,909	363,203
	<u>42,802,746</u>	<u>45,666,937</u>	<u>21,633,753</u>	<u>20,762,290</u>

32 Contingent liabilities (unsecured)**Company**

The Company has given guarantees to banks on behalf of certain subsidiary companies for facilities approximating RM56,868,000 (2003:RM56,868,000) of which RM5,737,080 (2003: RM4,726,702) was utilised as at 31 March 2004.

33 Capital commitments

Capital expenditure not provided for in the financial statements is as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Contracted but not provided for	3,177,523	4,005,693	0	0
Analysed as follows:				
- Property, plant and equipment	<u>3,177,523</u>	<u>4,005,693</u>	<u>0</u>	<u>0</u>

The Group's interest in the capital commitments of the jointly controlled entity is disclosed in note 15 to the financial statements.

34 Change in accounting policy

(i) Dividend (2003 only)

During the financial year ended 31 March 2003, the Company changed its accounting policy with respect to the recognition of liabilities in compliance with the new MASB Standard 19 "Events After The Balance Sheet Date". In previous financial years, dividends were accrued as liability when proposed by the Directors. The Company has now changed this accounting policy to recognise dividends in shareholders' equity in the period in which the obligation to pay is established in accordance with MASB Standard 19. Therefore, final dividends are now accrued as a liability after approval by the shareholders at the Company's Annual General Meeting. This change in accounting policy has been accounted for retrospectively.

(ii) Deferred Taxation

During the financial year ended 31 March 2004, the Group changed its accounting policy with respect to the recognition of deferred taxation in compliance with MASB Standard 25: "Income Taxes".

In the previous financial years, deferred taxation was recognised for all timing differences and the tax effect of timing differences that resulted in a debit balance to the deferred taxation balance was not carried forward unless its realisation was beyond reasonable doubt. In addition, no recognition of deferred taxation or disclosure was made of this tax effect where the Group intended to hold such assets for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

34 Change in accounting policy (continued)

The Group has now changed this accounting policy to recognise deferred taxation on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying values in the financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences or unused tax losses can be utilised.

(iii) The effects of adjustments (i) and (ii) above which have been made retrospectively are as follows:

	As previously reported RM	Effect of adjustment (i) RM	Effect of adjustment (ii) RM	As restated RM
Group				
At 1 April 2002				
- retained earnings	44,754,769	2,224,296	(70,055)	46,909,010
- proposed dividend	2,224,296	(2,224,296)	0	0
- revaluation and other reserves	1,853,514	0	(519,935)	1,333,579
Financial year ended 31 March 2003				
- net profit for the financial year	26,870,795	0	32,578	26,903,373
- taxation	(9,296,874)	0	32,578	(9,264,296)
At 1 April 2003				
- retained earnings	68,217,220	0	(37,477)	68,179,743
- revaluation and other reserves	1,846,906	0	(519,935)	1,326,971
- deferred taxation	4,897,538	0	557,412	5,454,950
Company				
At 1 April 2002				
- retained earnings	1,056,735	2,224,296	0	3,281,031
- proposed dividend	2,224,296	(2,224,296)	0	0

(iv) For the financial year ended 31 March 2004, the change in accounting policies to comply with the requirements of MASB 25 and MASB 29 have the effects of increasing and decreasing the Group's net profit after taxation for the financial year ended 31 March 2004 by RM32,364 and RM43,312 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For The Financial Year Ended 31 March 2004

35 Segmental reporting**Primary reporting format – Business segments**

The Group operates within one industry, thus business segment information is not presented.

Secondary reporting format – Geographical segments

	2004			2003		
	Malaysia RM	The People's Republic of China RM	Total RM	Malaysia RM	The People's Republic of China RM	Total RM
Revenue						
Total revenue	108,845,608	4,237,501	113,083,109	154,537,116	5,123,962	159,661,078
Intersegment revenue	(9,458,696)	(1,353,750)	(10,812,446)	(44,596,519)	(1,309,347)	(45,905,866)
External revenue	<u>99,386,912</u>	<u>2,883,751</u>	<u>102,270,663</u>	<u>109,940,597</u>	<u>3,814,615</u>	<u>113,755,212</u>
Other information						
Segment assets	126,764,787	5,982,518	132,747,305	101,148,957	5,578,123	106,727,080
Unallocated assets	40,803,536	0	40,803,536	43,477,603	0	43,477,603
Total assets			<u>173,550,841</u>			<u>150,204,683</u>
Segment liabilities	4,677,011	693,191	5,370,202	8,323,428	762,741	9,086,169
Unallocated liabilities	6,899,323	957,182	7,856,505	6,315,459	957,281	7,272,740
Total liabilities			<u>13,226,707</u>			<u>16,358,909</u>
Capital expenditure	8,825,752	37,688	8,863,440	10,910,747	57,961	10,968,708
Depreciation and amortisation	6,136,404	291,895	6,428,299	5,702,815	317,076	6,019,891

Segment assets comprise primarily of property, plant and equipment, inventories, receivables and operating cash but exclude fixed deposits and taxation recoverable. Segment liabilities comprise operating liabilities but exclude items such as taxation and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment (note 13).

Inter segment revenue in Malaysia mainly consist of dividend income from a subsidiary company while inter segment revenue in The People's Republic of China comprise sales of raw materials for foundry use to a Malaysian subsidiary company on terms agreed between the companies.

36 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 27 May 2004.

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

We, Loh Toa Thau @ Loh Eng Kim and Lee Then Wah, two of the Directors of YLI Holdings Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 36 to 68 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2004 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 27 May 2004.

Loh Toa Thau @ Loh Eng Kim
Director

Lee Then Wah
Director

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

I, Loh Bee Hoon, being the officer primarily responsible for the financial management of YLI Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 68 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.

Loh Bee Hoon

Subscribed and solemnly declared by the abovenamed Loh Bee Hoon at Penang on 27 May 2004.

Before me

Commissioner for Oaths

ANALYSIS OF SHAREHOLDINGS

As At 30 July 2004

Class of Shares	: Ordinary Shares of RM1.00 each
Voting Right	: One vote per ordinary share
Authorised Share Capital	: RM500,000,000
Issued and Paid-up Capital	: RM198,265,000
Number of Holders	: 2,116

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS AT 30 JULY 2004

No. of Holders	Size of Holdings	Total Holdings	% of total issued capital
20	less than 100 shares	554	0.01
322	100 to 1,000 shares	274,550	0.28
1,437	1,001 to 10,000 shares	5,175,740	5.27
270	10,001 to 100,000 shares	8,430,350	8.57
64	100,001 to less than 5% of issued shares	34,062,250	34.66
3	5% and above of issued shares	50,321,556	51.21
2,116		98,265,000	100.00

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 JULY 2004

	NAME	SHAREHOLDINGS	% of TOTAL ISSUED CAPITAL
1	FUJI FUSION SDN BHD	37,909,506	38.58
2	EMPLOYEES PROVIDENT FUND BOARD	7,492,650	7.62
3	LEMBAGA TABUNG HAJI	4,919,400	5.01
4	RHB NOMINEES (TEMPATAN) SDN BHD RHB ASSET MANAGEMENT SDN BHD FOR KUMPULAN WANG SIMPANAN PEKERJA	3,038,000	3.09
5	AMMB NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR HLG PENNY STOCK FUND (5/4-3)	2,596,500	2.64
6	AMMB NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC DIVIDEND FUND (5/27-2)	2,546,300	2.59
7	AMMB NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND (5/1-9)	2,501,850	2.55
8	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR OSK-UOB SMALL CAP OPPORTUNITY UNIT TRUST (3548)	2,209,700	2.25
9	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR HWANG-DBS SELECT SMALL CAPS FUND (4579)	2,000,000	2.04
10	BUMIPUTRA-COMMERCE NOMINEES (TEMPATAN) SDN. BHD. BUMIPUTRA-COMMERCE TRUSTEE BERHAD FOR PACIFIC DANA AMAN (3717TROI)	1,984,700	2.02
11	AMMB NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR SBB DANA AL-IHSAN (5-2-7)	1,100,000	1.12
12	LEMBAGA TABUNG ANGKATAN TENTERA	1,100,000	1.12

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

As At 30 July 2004

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 JULY 2004 (continued)

	NAME	SHAREHOLDINGS	% of TOTAL ISSUED CAPITAL
13	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD SEKIM AMANAH SAHAM NASIONAL	1,086,700	1.11
14	PERTUBUHAN KESELAMATAN SOSIAL	1,000,000	1.02
15	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	637,350	0.65
16	ECM LIBRA SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PETROLIAM NASIONAL BERHAD	573,300	0.58
17	RHB NOMINEES (TEMPATAN) SDN BHD RHB ASSET MANAGEMENT SDN BHD FOR KUMPULAN WANG AMANAH PENCEN	567,700	0.58
18	FUJI FUSION SDN BHD	528,000	0.54
19	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR MAA MUTUAL BALANCED FUND (N14011910170)	508,700	0.52
20	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC SMALLCAP FUND	501,500	0.51
21	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	471,500	0.48
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR HWANG-DBS DANA IZDIHAR (4207)	459,300	0.47
23	BHLB TRUSTEE BERHAD TA SMALL CAP FUND	422,100	0.43
24	HSBC NOMINEES (TEMPATAN) SDN BHD NOMURA ASSET MGMT SG FOR EMPLOYEES PROVIDENT FUND	387,500	0.39
25	LOH TOA THAU @ LOH ENG KIM	357,000	0.36
26	CITICORP NOMINEES (ASING) SDN BHD CITIBANK SINGAPORE GLOBAL WINDOW FOR SAVERS MALAYSIA FUND	300,000	0.31
27	MALAYSIA NOMINEES (ASING) SENDIRIAN BERHAD BRITISH AND MALAYAN TRUSTEES LIMITED FOR OCBC SINGAPORE/MALAYSIA FUND (BMT A/C 9001Z)	300,000	0.31
28	MALAYSIAN ASSURANCE ALLIANCE BERHAD AS BENEFICIAL OWNER (GROWTH FUND)	300,000	0.31
29	AMMB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN ASSURANCE ALLIANCE BHD FOR ANNUITY PAR (1/185-6)	295,000	0.30
30	YEOH PHAIK SEE	267,000	0.27
		78,361,256	79.77

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

As At 30 July 2004

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 30 July 2004 are as follows:-

Name of Shareholders	No of shares			
	Direct	%	Indirect	%
Fuji Fusion Sdn Bhd	38,437,506	39.12	-	-
Loh Eng Kim Co Sdn Bhd	15,000	0.02	@38,437,506	39.12
Loh Toa Thau @ Loh Eng Kim	418,500	0.43	#38,452,506	39.13
Loh Yok Yeong	196,000	0.20	#38,452,506	39.13
Loh Yeok Chuan	-	-	#38,452,506	39.13
Loh Yeok Cheong+	-	-	#38,452,506	39.13
HSBC Holdings plc*	5,347,200	5.44	-	-
Employees Provident Fund Board	10,918,150	11.11	-	-
Lembaga Tabung Haji	4,919,400	5.01	-	-

@ Deemed interest by virtue of its substantial shareholding in Fuji Fusion Sdn Bhd

Deemed interest by virtue of their substantial shareholdings in Fuji Fusion Sdn Bhd and Loh Eng Kim Co Sdn Bhd

+ Held in trust by Yeoh Phaik See

* Shares held as Trustees for Unit Trust and Discretionary Investment Management

DIRECTORS AND THEIR SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 30 July 2004 are as follows:-

Name of Directors	No of shares			
	Direct	%	Indirect	%
Loh Toa Thau @ Loh Eng Kim	418,500	0.43	#38,452,506	39.13
Loh Yok Yeong	196,000	0.20	#38,452,506	39.13
Lee Then Wah	145,000	0.15	-	-
Dato' Ir. Syed Muhammad Shahabudin	-	-	-	-
Dato' Haji Yahaya bin Ahmad	-	-	-	-
Foong Kai Choong	-	-	-	-
Ng Chong Wee	-	-	-	-
Tan Hock Hin	-	-	-	-

Deemed interest by virtue of their substantial interests in Fuji Fusion Sdn Bhd and Loh Eng Kim Co Sdn Bhd

PROPERTIES OF THE GROUP

FACTORIES	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2004 RM'000	APPROX AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
2432, Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Prai, Pulau Pinang	Land (Leasehold 60 years. expiring 03.10.2042)	3.30 acres	1,721	N/A	1 November 1994
	Main factory	76,100 sq. ft.	4,109	21	
	Machine workshop	3,200 sq. ft.		13	
	Canteen	2,050 sq. ft.		8	
Office building	7,949 sq. ft.	8			
71-A Jln. Jelutong, 11600 Pulau Pinang	Land (Freehold)	12,988 sq. ft.	1,169	N/A	25 October 1994
	Two-storey office block and one single storey workshop	*5,170 sq. ft.	724	32	
	Land (Freehold) Single storey office building	3,044 sq.ft.	83 61	N/A 5	5 August 1998 1 March 2000
Lot No. 499 9W, Georgetown North East District Pulau Pinang	Land (Leasehold expiring 23.3.2041) (front yard of Lebuah Bakau factory)	1,679 sq. ft.	80	N/A	25 October 1994
39, East Jelutong, 11600 Pulau Pinang	Land (Freehold) (part of Lebuah Bakau factory)	6,993 sq. ft.	424	N/A	25 October 1994
	Workshop	1,600 sq. ft.	80	1	3 October 2003
40, East Jelutong, 11600 Pulau Pinang	Land (Freehold) (part of Lebuah Bakau. factory)	4,085 sq. ft.	248	N/A	25 October 1994
2462 Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Pulau Pinang	Land (Leasehold) 60 years expiring 13.04.2044)	3.01 acres	5,217	N/A	10 September 1999
	Factory Building	60,702 sq.ft.	5,070	4	14 July 2000
2579, Lorong Perusahaan 10, Prai Industrial Estate 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 23.01.2045)	3.02 acres	2,739	N/A	19 July 1999
	Single Storey factory cum workshop	40,050 sq. ft.	2,312	13	19 July 1999
	Double-Storey Office building	4,450sq. ft.			
Min Nam Coastal Free Trade Zone, Nanjing, Zhangzhou, Fujian, People's Republic of China	Factory	33,368 sq. ft.	1,534	3	24 October 2000
	Three-Storey building cum workers hostel	9,095 sq. ft.			

* Approximate figures

PROPERTIES OF THE GROUP (CONTINUED)

OFFICE CUM WORKSHOP	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2004 RM'000	APPROX AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
51, Jalan Layang-layang 3 Bandar Puchong Jaya 47100 Puchong, Selangor Darul Ehsan	Land (Freehold) 1 1/2 storey semi-detached factory erected on it	7,201 sq. ft.	750 401	N/A 7	} 26 May 1997
WAREHOUSE	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2004 RM'000	APPROX AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
No. 2739, Mukim 6 Lorong Nagasari 5 Taman Nagasari 13600 Prai Pulau Pinang	Land (Leasehold expiring 09.05.2051) Single Storey building used as a warehouse with a small section as office	3.25 acres 10,744 sq. ft.	3,010 1,701	N/A 8	} 22 June 1996
GENERAL PROPERTIES	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2004 RM'000	APPROX AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
No.11,12,13,14 Tingkat 3, Block C, Taman Pelangi 13600 Prai, Pulau Pinang	4 units of flats (leasehold expiring 07.11.2093) used as production workers accommodation)	700 sq. ft. each	160	8	8 November 1994
No. 7, Lorong Nagasari 22 Taman Nagasari 13600 Prai, Pulau Pinang	Land (Freehold) 1 1/2 storey terrace factory erected on it (used as production workers accommodation)	2,034 sq.ft	259	8	10 November 1993
HS(M)21310 PT No.18066 HS(M)21311 PT No.64243 HS(M)28813 PT No.18068 HS(M)21313 PT No.18069	Land (Freehold) Puchong, Selangor Darul Ehsan Warehouse	1,481 sq. metres	610 119	N/A N/A	May 2002 January 2003
Moveable Site Hostel No.2739, Mukim 6 Lorong Nagasari 5 Taman Nagasari 13600 Prai	Double Storey Steel Container	40' x 8' x 8' (4 units)	72	N/A	16 September 2002

Statement on Revaluation Policy on Landed Properties

The freehold and leasehold land and buildings have not been revalued since 1994 and 1998. The Directors have adopted the transitional provisions in respect of assets carried at previously revalued amounts for International Accounting Standards ("IAS") No. 16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board ("MASB") to retain the carrying amounts of these freehold and leasehold land and buildings on the basis of their previous revaluation subject to the continuing application of current depreciation policy.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of **YLI Holdings Berhad** will be held at the Bayan Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Thursday, 9 September 2004 at 10.00 a.m.

BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2004 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To sanction the declaration and payment of a final dividend for the financial year ended 31 March 2004. (Resolution 2)
3. To approve the Directors' fees for the financial year ended 31 March 2004. (Resolution 3)
4. (i) To re-elect Dato' Haji Yahaya bin Ahmad who retires in accordance with Section 129(6) of the Companies Act, 1965. (Resolution 4)
- (ii) To re-elect the following Directors who retire in accordance with Article 84 of the Company's Articles of Association:-
 Mr Loh Toa Thau @ Loh Eng Kim (Resolution 5)
 Dato' Ir. Syed Muhammad Shahabudin (Resolution 6)
 Mr Ng Chong Wee (Resolution 7)
- (iii) To re-elect the following Director who retires in accordance with Article 86 of the Company's Articles of Association:-
 Mr Tan Hock Hin (Resolution 8)
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to determine their remuneration. (Resolution 9)
6. **SPECIAL BUSINESS**
 To consider and, if thought fit, to pass with or without modifications the following Ordinary Resolution:-
Authority to allot shares (Resolution 10)
 "THAT pursuant to Section 132D of the Companies Act 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued in any one financial year does not exceed 10% of the total issued share capital of the Company for the time being, subject always to the approval of the relevant regulatory bodies being obtained for such allotment and issue."
7. To transact any other business of which due notice shall have been received.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders, the final dividend will be paid on 7 December 2004 to depositors registered in the Register of Depositors at the close of business on 22 November 2004. The Register of Members of the Company will be closed from 23 November 2004 to 25 November 2004 (both dates inclusive) for the determination of dividend entitlements.

FURTHER NOTICE IS HEREBY GIVEN that a Depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 22 November 2004 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum dividend entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

MOLLY GUNN CHIT GEOK (MAICSA 0673097)

Company Secretary

Penang

Date: 17 August 2004

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be members of the Company) to attend and vote on his behalf.
2. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 71-A Jalan Jelutong, 11600 Penang not less than 48 hours before the time set for the meeting.
3. Where a member appoints two or more proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act 1965.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 10 – Authority pursuant to Section 132D of the Companies Act 1965

The Ordinary Resolution, if passed, will renew the powers given to the Directors at the last Annual General Meeting to issue new shares not exceeding 10 per cent (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant To Paragraph 8.28(2) of The Listing Requirements of Bursa Malaysia Securities Berhad

1 Directors standing for re-election:-

Pursuant to Article 84 of the Articles of Association

- Loh Toa Thau @ Loh Eng Kim
- Dato' Ir. Syed Muhammad Shahabudin
- Ng Chong Wee

Pursuant to Article 86 of the Articles of Association

- Tan Hock Hin

Pursuant to Section 129(6) of the Companies Act 1965

- Dato' Haji Yahaya bin Ahmad

2. Details of attendance of Directors at Board Meetings

The details are set out on page 18 of the annual report.

3. The place, date and time of the Annual General Meeting:-

Bayan Room, Hotel Equatorial,
No 1, Jalan Bukit Jambul,
11900 Bayan Lepas, Penang
on Thursday, 9 September 2004 at 10.00 a.m.

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

The profile and shareholdings of the Directors who are standing for re-election are set out on pages 14 to 16 and 31 respectively of the annual report.

PROXY FORM

Shareholding represented by Proxy

I/We _____ (Full Name In Capital Letters)

of _____ (Address)

being a member/members of YLI Holdings Berhad ("the Company"), hereby appoint _____

of _____ (Full Name)

or failing him/her _____

of _____

or failing him/her the **CHAIRMAN OF THE MEETING** as my/our proxy, to vote for me/us on my/our behalf at the **NINTH ANNUAL GENERAL MEETING** of the Company to be held at the Bayan Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Thursday, 9 September 2004 at 10.00 a.m. and at any adjournment thereof in the manner indicated:-

	For	Against
Resolution 1 - Adoption of financial statements and reports of Directors and Auditors		
Resolution 2 - Declaration and payment of a final dividend		
Resolution 3 - Approval of Directors' fees Re-election of Directors:		
Resolution 4 - Dato' Haji Yahaya bin Ahmad		
Resolution 5 - Mr Loh Toa Thau @ Loh Eng Kim		
Resolution 6 - Dato' Ir. Syed Muhammad Shahabudin		
Resolution 7 - Mr Ng Chong Wee		
Resolution 8 - Mr Tan Hock Hin		
Resolution 9 - Re-appointment of Messrs PricewaterhouseCoopers as Auditors and authorising the Directors to determine their remuneration		
Resolution 10 - Authority to allot shares		

Please indicate with "X" how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote or abstain from voting as he/she thinks fit.

Dated this _____ day of _____ 2004.

CDS Account Number
Number of shares held

Signature/Common Seal of Appointer

Notes:

- i) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies (who need not be members of the Company) to attend and vote on his behalf.
- ii) The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 71-A Jalan Jelutong, 11600 Penang not less than 48 hours before the time set for the meeting.
- iii) Where a member appoints two or more proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
- iv) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
- v) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act 1965.

Please fold across the lines and close



The Company Secretary
YLI HOLDINGS BERHAD
(367249-A)

71 - A, Jalan Jelutong, 11600 Penang, Malaysia

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