

PERAK CORPORATION BERHAD (210915-U)

(Incorporated in Malaysia)

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Corporate Information

BOARD OF DIRECTORS

Dato' Ir. Haji Harun bin Ahmad Saruji DPMP, AMP (*Chairman*)
Tuan Haji Megat Dziauddin bin Megat Mahmud
Datuk Haji Faisal bin Haji Siraj DMSM
Dr. Nawawi bin Mat Awin
Dato' Azian bin Osman DPMP, AMP
Puan Noor Asmah bt. Mohd Nawawi

Non-Independent Non-Executive
Non-Independent Non-Executive
Non-Independent Non-Executive
Independent Non-Executive
Independent Non-Executive
Independent Non-Executive

MANAGEMENT TEAM

Dato' Samsudin bin Hashim DPMP, PMP, AMP
Encik Harbhajan Singh a/l Ujagar Singh AMP, PPT
Tuan Haji Ibrahim bin Yaacob AMP, PPT
Dato' Ismail Mokhtar bin Mohd Noor DPMP, PMP, AMP
Tuan Haji Hamsidi bin Haji Shaharah
Hajah Sharifah Nor Hashimah bt. Syed Kamaruddin AMP, PPT
Puan Sharifah Hanizah bt. Syed Mustafa

Group Chief Executive
Group GM, Corporate Finance
Group GM, Township Development
Group GM, Hotel & Hospitality
Group Assistant GM, Business Development
Group Assistant GM, Land & Property
Group Manager, Finance

AUDIT COMMITTEE

Dr. Nawawi bin Mat Awin (*Chairman*)
Dato' Ir. Haji Harun bin Ahmad Saruji DPMP, AMP
Puan Noor Asmah bt. Mohd Nawawi
Dato' Azian bin Osman DPMP, AMP

COMPANY SECRETARY

Cheai Weng Hoong (LS 05624)

NOMINATION COMMITTEE

Puan Noor Asmah bt. Mohd Nawawi (*Chairperson*)
Dr. Nawawi bin Mat Awin
Datuk Haji Faisal bin Haji Siraj DMSM

AUDITORS

Ernst & Young (AF : 0039)
Chartered Accountants

REMUNERATION COMMITTEE

Dato' Azian bin Osman DPMP, AMP (*Chairman*)
Tuan Haji Megat Dziauddin bin Megat Mahmud
Puan Noor Asmah bt. Mohd Nawawi

SOLICITORS

Azman Davidson & Co.
Rusnah Loh & Ng

FINANCE, ADMINISTRATION & SECRETARIAL COMMITTEE

Dato' Ir. Haji Harun bin Ahmad Saruji DPMP, AMP (*Chairman*)
Dato' Azian bin Osman DPMP, AMP
Dato' Samsudin bin Hashim DPMP, PMP, AMP
Encik Harbhajan Singh a/l Ujagar Singh AMP, PPT

REGISTRAR

Shared Services & Resources Sdn Bhd
Room 305, 3rd Floor, Asia Life Building,
45 Jalan Tun Sambanthan,
30000 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: (05) 241 7762
(05) 253 0760
Fax: (05) 241 6761

BUSINESS DEVELOPMENT COMMITTEE

Dato' Ir. Haji Harun bin Ahmad Saruji DPMP, AMP (*Chairman*)
Dato' Samsudin bin Hashim DPMP, PMP, AMP
Encik Harbhajan Singh a/l Ujagar Singh AMP, PPT

PRINCIPAL BANKERS

Southern Bank Berhad
Citibank Berhad
Malayan Banking Berhad

REGISTERED OFFICE

7th Floor, Wisma Wan Mohamed,
Jalan Panglima Bukit Gantang Wahab,
30000 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel (05) 242 7277, 242 7279, 242 7280
Fax (05) 242 7290
Email pkcorp@tm.net.my
pkcorp2@tm.net.my

STOCK EXCHANGE LISTING

Main Board, Bursa Malaysia Securities Berhad
Stock Code / Name – 8346 / PRKCORP

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Thursday, 26 May 2005, at 12.00 noon to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2004 together with the Report of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of a first and final dividend of 2 sen per share less income tax for the year ended 31 December 2004. **Resolution 2**
3. To approve the payment of Directors' fees for the year ended 31 December 2004. **Resolution 3**
4. To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association:
 - a) Dato' Azian bin Osman **Resolution 4**
 - b) Puan Noor Asmah bt. Mohd Nawawi **Resolution 5**
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

As special business:

6. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT approval be and is hereby given pursuant to Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for day to day operations with the Related Parties, as detailed in Section 2.2 of the Circular to Shareholders of the Company dated 28 April 2005, subject to the following:

- (a) the transactions are carried out in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders during the financial year based on the following information:
 - (i) the type of the Recurrent Transactions made; and
 - (ii) the names of the Related Parties involved in each type of the Recurrent Transactions made and their relationship with the Company.

Notice Of Annual General Meeting (continued)

THAT the approval given in the paragraph above shall only continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965, ("the Act"), but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

Resolution 7

- 7. To transact any other business appropriate to an Annual General Meeting of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By order of the Board

Cheai Weng Hoong
Company Secretary

Ipoh
28 April 2005

Notice Of Annual General Meeting (continued)

NOTICE OF FIRST AND FINAL DIVIDEND PAYMENT AND CLOSURE OF REGISTER

Subject to the approval of the shareholders, a first and final dividend of 2 sen per share less income tax will be paid on 30 June 2005.

Notice is hereby given that the Register of Members of the Company will be closed on 9 June 2005, to determine shareholders' entitlement to the dividend payment.

A depositor will qualify for entitlement only in respect of:

- a) Share transferred into the Depositors' Securities account before 4.00 p.m. on 9 June 2005 in respect of ordinary transfers; and
- b) Share bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Notes:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead and Section 149 (1)(b) of the Companies Act, 1965 shall not apply.*
2. *When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 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. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Share Registrar's Office at Room 305, 3rd Floor, Asia Life Building, 45 Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan at least forty-eight (48) hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.*
6. *The registration for the above Meeting will commence on Thursday, 26 May 2005 at 11.30 a.m.*

Explanatory Note

Resolution 7 Please refer to the Circular to Shareholders dated 28 April 2005 which is enclosed together with the Annual Report of the Company.

Statement Accompanying Notice Of Annual General Meeting

1. DIRECTORS STANDING FOR RE-ELECTION AND THEIR DETAILS

Retiring Under Article 80 Of The Company's Articles Of Association:

(i) **Dato' Azian bin Osman**

Independent Non-Executive Director, 46 years of age, Malaysian. He was appointed to the Board on 20 December 2001.

Shareholdings in the Company: Direct – None
Indirect – None

Family relationship with any Director and/or major shareholder: None

He has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

(ii) **Puan Noor Asmah bt. Mohd Nawawi**

Independent Non-Executive Director, 38 years of age, Malaysian. She was appointed to the Board on 20 December 2001.

Shareholdings in the Company: Direct – None
Indirect – None

Family relationship with any Director and/or major shareholder: None

She has no conflict of interest with the Company and has not been convicted of any offence in the past 10 years.

Note: Further details on both Directors are shown on page 11.

2. DETAILS OF ANNUAL GENERAL MEETING TO BE HELD

The Fourteenth Annual General Meeting of the Company shall be held at Dewan Persidangan, Tingkat 4, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan on Thursday 26 May 2005, at 12.00 noon.

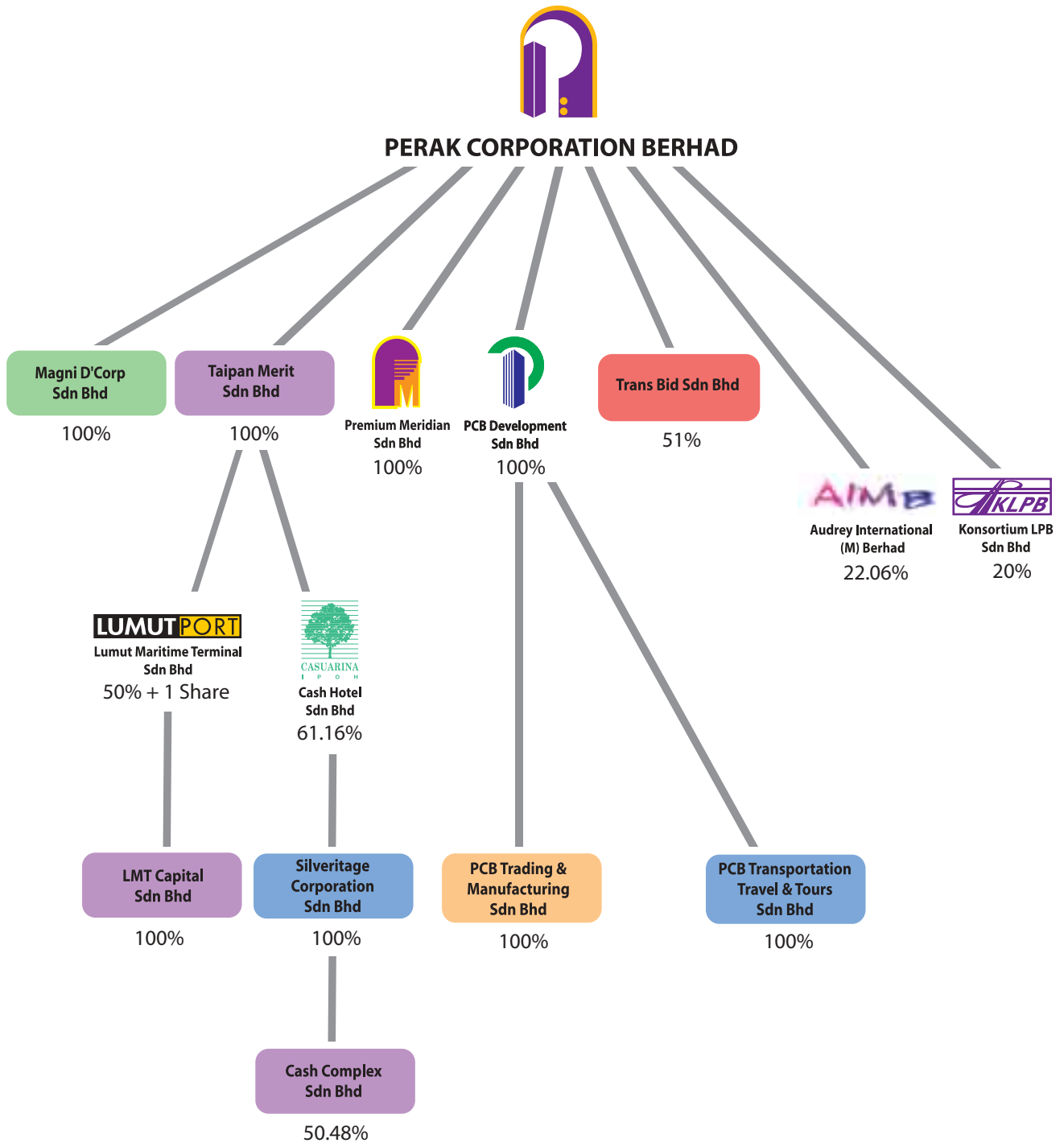
3. DETAILS OF BOARD MEETINGS HELD

A total of four (4) Board of Directors' Meetings were held during the financial year ended 31 December 2004. All meetings were held at Bilik Gerakan, 8th Floor, Wisma Wan Mohamed, Jalan Panglima Bukit Gantang Wahab, 30000 Ipoh, Perak Darul Ridzuan.

4. ATTENDANCE OF DIRECTORS FOR THE YEAR 2004 AT BOARD MEETINGS HELD IN THE FINANCIAL YEAR 2004

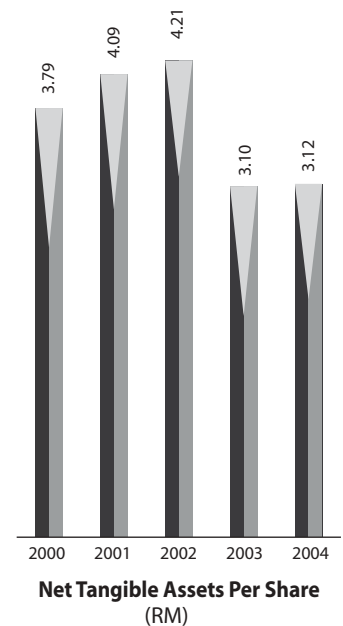
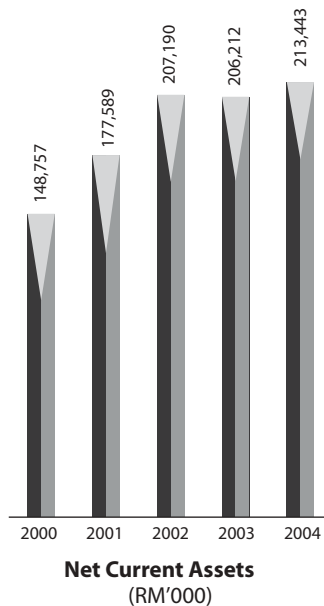
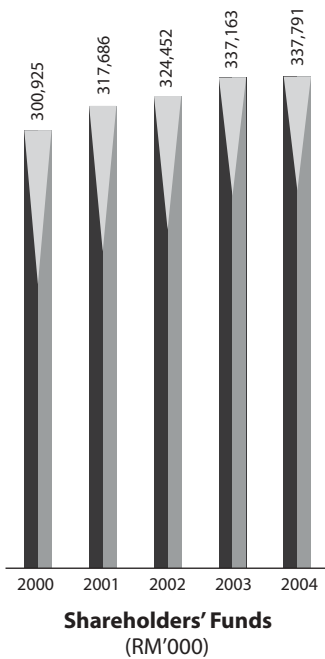
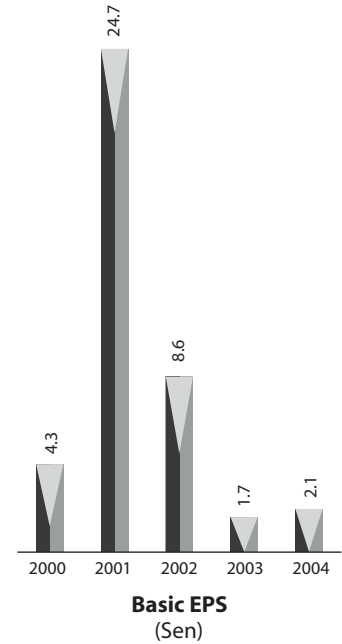
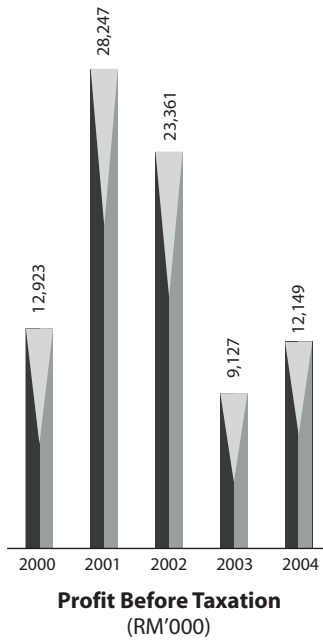
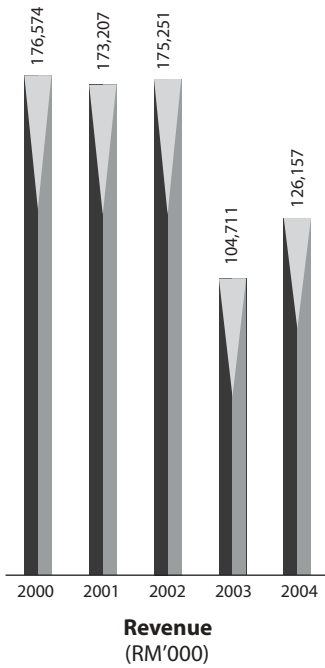
	<i>Date of Appointment</i>	<i>Attendance</i>
(i) Dato' Ir. Haji Harun bin Ahmad Saruji	19 February 1997	4/4
(ii) Tuan Haji Megat Dziauddin bin Megat Mahmud	4 June 2003	2/4
(iii) Datuk Haji Faisal bin Haji Siraj	16 January 2004	3/4
(iv) Dr. Nawawi bin Mat Awin	20 December 2001	4/4
(v) Dato' Azian bin Osman	20 December 2001	3/4
(vi) Puan Noor Asmah bt. Mohd Nawawi	20 December 2001	3/4

Corporate Structure as at 31 December 2004



- | | | | | |
|-------------------------------------|--|--|---|--|
| MANUFACTURING AND CONSUMER PRODUCTS | HOTEL, TOURISM AND RELATED SERVICES | INFRASTRUCTURE | TOWNSHIP AND PROPERTY DEVELOPMENT | MANAGEMENT SERVICES AND OTHERS |
| PCB Trading & Manufacturing Sdn Bhd | Cash Hotel Sdn Bhd
Silveritage Corporation Sdn Bhd
PCB Transportation Travel & Tours Sdn Bhd | Lumut Maritime Terminal Sdn Bhd
Trans Bid Sdn Bhd
Konsortium LPB Sdn Bhd | PCB Development Sdn Bhd
Premium Meridian Sdn Bhd
Magni D'Corp Sdn Bhd | Taipan Merit Sdn Bhd
LMT Capital Sdn Bhd
Cash Complex Sdn Bhd
Audrey International (M) Berhad |

Five-Year Financial Highlights



Five-Year Financial Highlights (continued)

Consolidated Income Statement for the Year Ended 31 December

	2000	2001	2002	2003	2004
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	176,574	173,207	175,251	104,711	126,157
Profit before charging depreciation and interest	25,654	39,854	38,425	22,970	31,101
Depreciation/amortisation	(8,688)	(8,168)	(7,342)	(1,937)	(6,254)
Finance costs	(3,817)	(3,201)	(7,525)	(12,553)	(13,830)
Share of results of associates	(226)	(238)	(197)	647	1,132
Profit before taxation	12,923	28,247	23,361	9,127	12,149
Taxation	(7,072)	(7,349)	(9,932)	(7,987)	(8,233)
Profit after taxation	5,851	20,898	13,429	1,140	3,916
Minority interests	(2,818)	(3,581)	(5,655)	431	(1,848)
Profit after taxation and minority interests	3,033	17,317	7,774	1,571	2,068
Weighted average no. of ordinary shares ('000)	70,000	70,000	90,000	91,616	100,000
Basic earnings per share (sen)	4.3	24.7	8.6	1.7	2.1
Dividend declared (rate)	2%	2%	2%	2%	2%

Consolidated Balance Sheet as at 31 December

	2000	2001	2002	2003	2004
	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	70,000	70,000	70,000	100,000	100,000
Share premium	190,497	190,497	190,497	172,770	172,770
Retained profits	40,428	57,189	63,955	64,393	65,021
Shareholders' funds	300,925	317,686	324,452	337,163	337,791
Represented by:					
Property, plant & equipment	123,152	106,313	101,886	91,631	90,588
Land and development expenditure	142,189	131,677	123,271	124,075	113,265
Investment in associates	3,021	2,783	2,586	23,044	23,756
Other investments	4,663	4,648	4,648	4,623	4,623
Sinking fund account	4,870	3,350	1,768	1,714	-
Deferred tax assets	-	800	1,707	2,119	2,190
Goodwill and other intangible assets	35,673	31,577	29,458	27,650	25,558
	313,568	281,148	265,324	274,856	259,980
Current assets	327,607	340,684	381,863	373,498	371,600
Less: Current liabilities	(178,850)	(163,095)	(174,673)	(167,286)	(158,157)
Net current assets	148,757	177,589	207,190	206,212	213,443
Less: Non-current liabilities					
Long term liabilities	(30,787)	(10,460)	(84,544)	(80,817)	(68,910)
Minority interests	(130,613)	(130,591)	(63,518)	(63,088)	(66,722)
	300,925	317,686	324,452	337,163	337,791
Number of ordinary shares in issue of RM1.00 each ('000)	70,000	70,000	70,000	100,000	100,000
Net tangible assets per share (RM)	3.79	4.09	4.21	3.10	3.12

Certain figures have been restated due to reclassification and/or adjusted to conform with the requirements of Financial Reporting Standards ("FRS"), which resulted in prior year adjustments.

Board Of Directors



**DATO' IR. HAJI HARUN
BIN AHMAD SARUJI**
Non-Independent
Non-Executive Director

A Malaysian aged 68, was appointed to the Board on 19 February 1997. He serves as Chairman of the Board and he has been a member of the Audit Committee since 26 March 2004. He is a Civil Engineer by profession, has served in Government Departments and Statutory Bodies for over 35 years. Prior to his appointment to the Board, he was the Chief Executive of Perbadanan Kemajuan Negeri Perak ("PKNP"). He is also currently a member of the Board of Directors of KUB Malaysia Berhad ("KUB"), a company listed on the main board of the Bursa Malaysia Securities Berhad ("BMSB"). In addition, he sits on the Board of Directors of a number of subsidiaries of PCB and KUB. He is an Executive Director of PCB Development Sdn Bhd, a wholly owned subsidiary of PCB. He has attended all 4 Board of Directors meetings held during the financial year ended 31 December 2004. He does not have any family relationship with any Director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.



**TUAN HAJI MEGAT
DZIAUDDIN BIN
MEGAT MAHMUD**
Non-Independent
Non-Executive Director

A Malaysian aged 59, was appointed to the Board on 4 June 2003. He has been a member of the Remuneration Committee since 26 February 2004. He is an Economics graduate from Queen's University of Belfast. He is a Fellow of the Institute of Chartered Accountants in Ireland and a Chartered Accountant with the Malaysian Institute of Accountants. He had previously served as the Group Director – Finance of Golden Hope Plantations Berhad, a Treasury Accountant in the Accountant-General's Department, Finance Manager with Bank Simpanan Nasional and General Manager – Investment with Arab-Malaysian Merchant Bank Berhad. He has attended 2 out of 4 Board of Directors meetings held during the financial year ended 31 December 2004. Save as disclosed above, he does not have any family relationship with any Director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.



**DATUK HAJI FAISAL
BIN HAJI SIRAJ**
Non-Independent
Non-Executive Director

A Malaysian aged 59, was appointed to the Board on 16 January 2004. He has been a member of the Nomination Committee since 26 February 2004. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He acts as a director of PCB on behalf of Skim Amanah Saham Bumiputra, a substantial shareholder of PCB. He is the Senior Group Director, Financial Services and Treasury of DRB-HICOM Berhad. Prior to joining DRB-HICOM, he was with Malaysian Mining Corporation Berhad from 1976 to 1994, the last position held being Group Executive Director. He is currently a member of the Board of Directors of DRB-HICOM Berhad and Edaran Otomobil Nasional Berhad, both listed on the BMSB. In addition, he sits on the Board of Directors of Gadek (Malaysia) Berhad, HICOM Berhad, HICOM Holdings Berhad, Horsedale Development Berhad and Rebak Island Marina Berhad. He has attended 3 out of 4 Board of Directors meetings held during the financial year ended 31 December 2004. Save as disclosed above, he does not have any family relationship with any Director and/or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.

Board Of Directors (continued)



**DR. NAWAWI
BIN MAT AWIN**
Independent
Non-Executive Director

A Malaysian aged 67, was appointed to the Board on 20 December 2001. He serves as Chairman of the Audit Committee and he has been a member of the Nomination Committee since 26 February 2004. He was Chairman and Senior Partner (1974-1982; 1985-1993) of Coopers and Lybrand (now known as PriceWaterhouseCoopers) Malaysia which he joined in 1966. He has vast experience in the banking sector and served in several public and professional bodies, nationally and internationally, including as Chairman or President of, inter alia, the Asian Productivity Organisation, the National Productivity Council of Malaysia, ASEAN Chamber of Commerce and Industry, the National Chamber of Commerce and Industry of Malaysia, the Malaysian Institute of Certified Public Accountants and as a Member of, inter alia, the National Economic Consultative Committee, the Panel on Takeovers and Mergers, Parliament and its Public Accounts Committee. He is currently a member of the Board of Directors of MBM Resources Bhd and Rubberex Corporation (M) Berhad, both listed on the BMSB. In addition, he sits on the Board of Directors of Kennedy Burkill & Company Berhad and Clearwater Sanctuary Golf Management Berhad. He has attended all 4 Board of Directors meetings held during the financial year ended 31 December 2004. He does not have any family relationship with any Director and/ or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.



**DATO' AZIAN
BIN OSMAN**
Independent
Non-Executive Director

A Malaysian aged 46, was appointed to the Board on 20 December 2001. He has been the Chairman of the Remuneration Committee since 26 February 2004 and was appointed as an Audit Committee member on 3 January 2005. He has been practising as an Advocate and Solicitor for more than 17 years and has wide knowledge and experience in the field of corporate, land and banking laws. He holds an LLB from the University of Malaya. On 1 January 2005, he resigned as a partner of a legal firm in Ipoh, Messrs. Faisal, Azian & Co. that acts as panel lawyers for PKNP, one of the substantial shareholders of PCB. Dato' Azian also sits on the Board of Directors of Kinta Kellas Public Limited Company a company listed on both the BMSB and the London Stock Exchange, and several other private limited companies. He has attended 3 out of 4 Board of Directors meetings held during the financial year ended 31 December 2004. He does not have any family relationship with any Director and/ or major shareholder and has no conflict of interest with the Company. He has no conviction for any offence within the past 10 years.



**PUAN NOOR ASMAM
BT. MOHD NAWAWI**
Independent
Non-Executive Director

A Malaysian aged 38, was appointed to the Board on 20 December 2001. She serves as Chairperson of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee. She graduated from International Islamic University, Malaysia with a Degree in Law. She has been practising as an Advocate and Solicitor for more than 12 years. Currently, she is a partner of a legal firm in Ipoh, Messrs. Asmah, Juhaida & Partners. She has attended 3 out of 4 Board of Directors meetings held during the financial year ended 31 December 2004. She does not have any family relationship with any Director and/ or major shareholder and has no conflict of interest with the Company. She has no conviction for any offence within the past 10 years.

Chairman's Statement

On behalf of the Board of Directors of Perak Corporation Berhad, I am pleased to present the Annual Report and financial statements of the Group and the Company for the financial year ended 31 December 2004.

OVERVIEW

The country experienced a healthy Gross Domestic Product ("GDP") growth of 7.1% in the year 2004 (2003: 5.3%), driven by private sector activities and the government continuing with its fiscal consolidation programme.

FINANCIAL REVIEW

For the financial year ended 31 December 2004, the Group registered a revenue of RM126.1 million (2003: RM104.7 million). The increase is mainly due to better revenue contribution by the infrastructure and township development segments, which together contributed to more than 85% of the Group's revenue. The Group achieved an operating profit before taxation of RM12.1 million (2003: RM9.1 million) and profit after taxation and minority interests for the Group totalled RM2.1 million (2003: RM1.6 million). Net tangible assets per share for the Group, as at 31 December 2004 was RM3.12 (2003: RM3.10), based on the number of ordinary shares in issue of RM1.00 each of 100 million (2003: 100 million).

At Company level, revenue for the year 2004 was registered at RM2.6 million with profit before taxation of RM1.9 million as compared to revenue of RM2.1 million in the year 2003, with a profit before taxation of RM35.5 million. Profit after taxation was recorded at RM1.1 million as against RM34.8 million achieved in the year 2003. The higher profit in the year 2003 was mainly due to the disposal of a subsidiary, Anakku Holdings Sdn Bhd and its subsidiaries, which resulted in a gross gain of RM38.6 million.

REVIEW OF OPERATIONS

Township Development

The Group via its wholly owned subsidiary, PCB Development Sdn Bhd ("PCBD") is developing a self-contained suburban development project of approximately 2000-acre known as Bandar Meru Raya, in the vicinity of Ipoh City, Perak, spanning over a period of over fifteen years and a projected population of 80,000 people.

PCBD has earmarked 227 acres of land in Bandar Meru Raya for ICT-based industries, 76 acres for government department offices and the balance for residential, commercial, recreational facilities and reserve for infrastructure.

To date, a total of 1,202 units of various types of houses have been completed and 3,186 residential units are in various stages of completion in the new township.

The "Kompleks Kementerian Hal-Ehwal Dalam Negeri" with a total project cost of RM40.7 million, which commenced in June 2003 was completed on 25 April 2005.

Other activities under this segment are as follows:

- i) Initial planning works have commenced in respect of the 465 acres of land allocated to the Company in Mukim Ulu Bernam Timur, Perak, adjacent to the Proton City at Tanjung Malim/ Ulu Bernam;

Chairman's Statement (continued)

- ii) The relocation works with regards to "Perladangan Haiwan Behrang Ulu" carried out by the Company is progressing in line with the needs of Jabatan Perkhidmatan Haiwan, Malaysia.

This segment has contributed to the Group's revenue by achieving RM55.7 million (2003: RM25.7 million) with profit before taxation totalling RM1.3 million (2003: RM1.8 million) in the current financial year.

Hospitality and Tourism

The Group's interest in the hospitality industry is through the hotel and tourism segment under Cash Hotel Sdn Bhd ("CHSB"), operating under the trade name Casuarina Ipoh.

Due to keen competition in the hospitality industry in Ipoh, the 200-room Casuarina Ipoh has embarked on an upgrading and refurbishment exercise, which has been substantially completed.

The hotel and tourism segment has achieved a revenue of RM16.0 million (2003: RM24.1 million) and profit before taxation of RM0.6 million (2003: RM2.3 million). Included in the revenue of the year 2003 was RM11.1 million attributable to the completion of the UMNO building.

Infrastructure

The Group's contributor in this segment is via its subsidiary, Lumut Maritime Terminal Sdn Bhd ("LMT"), which is actively providing maritime services as follows:

i) LMT Terminal (throughput)

	2004	2003	+/-
	FWT*	FWT*	%
Import (BULK)	598,367	426,604	40.3
Export (BULK)	1,873,027	1,722,516	8.8
	2,471,394	2,149,120	15.0
			+/-
	TEUs**	TEUs**	%
Containers	1,388	1,347	3.0

ii) Lekir Bulk Terminal Operations and Maintenance (throughput)

	2004	2003	+/-
	FWT*	FWT*	%
Import (COAL)	4,968,837	3,424,080	45.1

* Freight Weight Tonnes

** Tonnage Equivalent Units

The infrastructure segment has achieved a revenue of RM52.0 million (2003: RM45.2 million) and profit before taxation of RM9.3 million (2003: RM6.9 million), an increase of 15.0% and 34.8% respectively.

Chairman's Statement (continued)

CORPORATE REVIEW

On 3 December 2004, LMT, a 50% plus one (1) share subsidiary of the Company, has successfully completed the issuance of RM60.0 million Bai Bithaman Ajil Islamic Debt Securities ("BaIDS").

The BaIDS are structured in ten (10) tranches with maturities ranging from 3.0 years to 12.5 years. Rating Agency Malaysia Berhad has assigned an enhanced rating of AA3(s) to the BaIDS.

The proceeds from the issuance of the BaIDS together with the internal funds of LMT have been utilised on 3 December 2004 to facilitate the full redemption of the redeemable preference shares ("RPS") issued by LMT Capital Sdn Bhd, a wholly owned subsidiary of LMT, and to fully settle the outstanding cumulative dividends under the RPS.

Hereafter, LMT shall benefit from the reduction in annual finance costs and such costs being deductible for tax purposes.

PROSPECTS FOR YEAR 2005

The Malaysian economy is projected to grow at between 5% and 6% in the year 2005 with inflation expected to average 2.5% and the private sector shall remain the engine of growth for the economy.

With sound and prudent business decisions and strategies together with cost-cutting measures in the ordinary course of business, the Group shall continue to strive to improve its financial performance in the year 2005.

DIVIDEND

The Board of Directors of the Company is pleased to recommend a first and final dividend of 2 sen per share less 28% taxation, for approval at the forthcoming Annual General Meeting.

The recommended dividend upon approval by shareholders in the forthcoming Annual General Meeting shall be paid on 30 June 2005.

APPRECIATION

Our performance has been made possible with the full dedication, loyalty and commitment of my fellow Directors, management, staff, together with the unwavering support of our clients, customers, suppliers and business associates, bankers, various government authorities and shareholders.

Finally, on behalf of the Board of Directors, I wish to express our appreciation and heartfelt thanks to their continuous support and assistance in contributing positively in achieving the results.

DATO' IR. HAJI HARUN BIN AHMAD SARUJI DPMP, AMP
Chairman

28 April 2005

Penyata Pengerusi

Bagi pihak Lembaga Pengarah Perak Corporation Berhad, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Disember 2004.

TINJAUAN KESELURUHAN

Malaysia telah mencapai pertumbuhan sihat dengan Keluaran Dalam Negeri Kasar ("KDNK") sebanyak 7.1% dalam tahun 2004 (2003: 5.3%), dipacu oleh aktiviti-aktiviti sektor swasta dan usaha berterusan pihak kerajaan di dalam program penyatuan fiskal.

TINJAUAN SEMULA KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2004, Kumpulan mencatat perolehan RM126.1 juta (2003: RM104.7 juta). Punca utama kenaikan adalah hasil perolehan yang baik dari segmen infrastruktur dan pembangunan bandar baru, yang mana kedua-duanya menyumbang lebih daripada 85% perolehan Kumpulan. Kumpulan mencapai keuntungan operasi sebelum cukai sebanyak RM12.1 juta (2003: RM9.1 juta) dan keuntungan selepas cukai dan kepentingan minoriti Kumpulan berjumlah RM2.1 juta (2003: RM1.6 juta). Aset ketara bersih sesaham bagi Kumpulan pada 31 Disember 2004 adalah RM3.12 (2003: RM3.10) berasas kepada bilangan syer biasa yang diterbitkan pada RM1.00 seunit untuk 100 juta (2003: 100 juta).

Pada peringkat Syarikat, perolehan tahun 2004 dicatat sebanyak RM2.6 juta dengan keuntungan sebelum cukai RM1.9 juta berbanding dengan perolehan RM2.1 juta pada tahun 2003, yang memperolehi keuntungan sebelum cukai RM35.5 juta. Keuntungan selepas cukai dicatat pada RM1.1 juta, berbanding RM34.8 juta yang dicapai pada tahun 2003. Keuntungan yang lebih tinggi pada tahun 2003 adalah dari hasil penjualan syarikat anak, Anakku Holdings Sdn Bhd dan syarikat-syarikat anaknya, yang menghasilkan keuntungan kasar sebanyak RM38.6 juta.

TINJAUAN SEMULA AKTIVITI-AKTIVITI

Pembangunan Hartanah

Kumpulan melalui syarikat anak milik penuh, PCB Development Sdn Bhd ("PCBD") sedang membangunkan sebuah projek bandar baru serba lengkap atas 2,000 ekar tanah dikenali sebagai Bandar Meru Raya di persisiran Bandaraya Ipoh, Perak, untuk tempoh perancangan lima belas tahun dan dijangka akan berpenduduk seramai 80,000 orang.

PCBD telah mengenalpasti 227 ekar tanah di Bandar Meru Raya untuk industri-industri informasi, komunikasi dan teknologi, 76 ekar untuk pejabat-pejabat jabatan kerajaan dan bakinya untuk perumahan, komersial, kemudahan riadah dan rizab untuk infrastruktur.

Sehingga kini, sejumlah 1,202 unit rumah pelbagai jenis telah siap dan 3,186 unit tempat kediaman sedang di dalam berbagai peringkat persiapan di bandar baru tersebut.

Kompleks Kementerian Hal-Ehwal Dalam Negeri dengan kos projeknya berjumlah RM40.7 juta, mula dibina pada Jun 2003 dan telah siap pada 25 April 2005.

Aktiviti-aktiviti lain di bawah segmen ini termasuk:

- i) Perancangan kerja-kerja awalan telah dimulakan atas tanah seluas 465 ekar yang diperuntukkan kepada Syarikat di Mukim Ulu Bernam Timur, Perak, bersebelahan Bandaraya Proton di Tanjung Malim/ Ulu Bernam;

Penyata Pengerusi (continued)

- ii) Kerja-kerja penempatan semula Perladangan Haiwan Behrang Ulu yang dilaksanakan oleh Syarikat sedang berjalan lancar selaras dengan keperluan Jabatan Perkhidmatan Haiwan, Malaysia.

Segmen ini menyumbang perolehan untuk Kumpulan dengan mencapai RM55.7 juta (2003: RM25.7 juta) dengan keuntungan sebelum cukai berjumlah RM1.3 juta (2003: RM1.8 juta) pada tahun kewangan semasa.

Perhotelan dan Pelancongan

Kepentingan Kumpulan dalam segmen ini adalah melalui urusniaga perhotelan dan pelancongan di bawah Cash Hotel Sdn Bhd ("CHSB"), beroperasi di bawah nama Casuarina Ipoh.

Berdasar kepada persaingan yang tinggi di dalam industri ini di Ipoh, Casuarina Ipoh yang mempunyai 200 unit bilik telah memulakan usaha menaiktaraf dan pengubahsuaian. Sebahagian besar kerja-kerja tersebut telahpun disiapkan.

Segmen perhotelan dan pelancongan telah mencapai perolehan sebanyak RM16.0 juta (2003: RM24.1 juta) dan keuntungan sebelum cukai sebanyak RM0.6 juta (2003 : RM2.3 juta). Dari keseluruhan jumlah perolehan tahun 2003, sebanyak RM11.1 juta adalah dari hasil penyiapan bangunan UMNO.

Infrastruktur

Sumbangan Kumpulan dalam segmen ini ialah melalui syarikat anak, Lumut Maritime Terminal Sdn Bhd ("LMT") yang aktif dalam penyediaan perkhidmatan maritim seperti berikut:-

i) Terminal LMT (throughput)

	2004	2003	+/-
	FWT*	FWT*	%
Import (PUKAL)	598,367	426,604	40.3
Eksport (PUKAL)	1,873,027	1,722,516	8.8
	2,471,394	2,149,120	15.0
			+/-
	TEUs**	TEUs**	%
Kontena	1,388	1,347	3.0

ii) Lekir Bulk Terminal Operasi dan Penyelenggaraan (throughput)

	2004	2003	+/-
	FWT*	FWT*	%
Import (ARANG BATU)	4,968,837	3,424,080	45.1

* *Freight Weight Tonnes*

** *Tonnage Equivalent Units*

Segmen infrastruktur telah mencapai hasil perolehan RM52.0 juta (2003: RM45.2 juta) dan keuntungan sebelum cukai RM9.3 juta (2003: 6.9 juta), iaitu kenaikan sebanyak 15.0% dan 34.8%, masing-masing.

Penyata Pengerusi (continued)

TINJAUAN KORPORAT

Pada 3 Disember 2004, LMT, syarikat anak di mana Syarikat mempunyai ekuiti 50% tambah satu (1) saham, telah menyempurnakan terbitan RM60.0 juta "Bai Bithaman Ajil Islamic Debt Securities" ("BaIDS").

BaIDS ini distrukturkan dalam sepuluh (10) peringkat yang mana tempoh matangnya di antara 3.0 tahun ke 12.5 tahun. Syarikat Rating Agency Malaysia Berhad telah memperuntukkan kadar yang menarik iaitu AA3(s) kepada BaIDS tersebut.

Hasil dari terbitan BaIDS bersama dengan dana dalaman LMT telah digunapakai pada 3 Disember 2004 untuk menebus sepenuhnya saham keutamaan boleh tebus ("RPS") yang diterbitkan oleh LMT Capital Sdn Bhd, syarikat anak milik penuh LMT, dan telah menyelesaikan tunggakan dividen terkumpul di bawah RPS.

Seterusnya, LMT akan memperolehi manfaat pengurangan kos kewangan tahunan berserta kos tersebut dibenarkan untuk tujuan potongan cukai.

PROSPEK MASA HADAPAN

Pertumbuhan ekonomi Malaysia diunjurkan antara 5% dan 6% dalam tahun 2005 dengan purata kadar inflasi 2.5% dan sektor swasta akan kekal sebagai enjin pertumbuhan ekonomi.

Dengan langkah-langkah dan tindakan perniagaan yang cermat dan strategi berserta langkah-langkah pengurangan kos di dalam semua aspek, Kumpulan berkeyakinan untuk terus meningkatkan pencapaian prestasi kewangan bagi tahun 2005.

DIVIDEN

Lembaga Pengarah dengan sukacitanya mengisytiharkan dividen pertama dan akhir sebanyak 2 sen setiap saham ditolak 28% cukai, dan akan dibayar pada 30 Jun 2005 tertakluk kepada kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan yang akan diadakan.

PENGHARGAAN

Pencapaian ini adalah hasil sumbangan usaha yang dedikasi, kesetiaan dan komitmen daripada rakan-rakan ahli Lembaga Pengarah, pengurusan, warga kerja serta sokongan padu para pelanggan, pembekal, rakan niaga, ahli-ahli perbankan, pelbagai penguatkuasa kerajaan dan pemegang-pemegang saham.

Akhir kata, bagi pihak Lembaga Pengarah, saya merakamkan penghargaan dan terima kasih atas sokongan dan kerjasama berterusan dalam menyumbang ke arah keputusan yang positif.

DATO' IR. HAJI HARUN BIN AHMAD SARUJI DPMP, AMP

Pengerusi

28 April 2005

Statement On Corporate Governance

The Board welcomes the Malaysian Code on Corporate Governance (the “Code”) as it sets out principles (Part 1) and best practices (Part 2) on structures and processes the Group may use in their operations towards achieving the optimal framework in the discharge of its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

The Principles and Best Practices of the Code published in October 2000, were incorporated into the revamped Listing Requirement of the Bursa Malaysia Securities Berhad (“BMSB”) with effect from 1 June 2001. The principles of the Code are divided into four sections:

Section 1: Directors

Section 2: Directors’ Remuneration

Section 3: Shareholders

Section 4: Accountability and Audit

In preparing this report, the Board has considered the manner in which it has applied these Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

SECTION 1: DIRECTORS

Composition of the Board

The Board has six members as at the date of the Annual Report, all of whom are non-executive directors. Of this, three are independent and the rest are non-independent. No individual or group of individuals dominates the Board’s decision-making and the number of directors fairly reflects the nominees of each of the Company’s major shareholders.

Dato’ Ir. Haji Harun bin Ahmad Saruji is the Chairman of the Board while Dato’ Samsudin bin Hashim, who is a non-board member, leads the management team. There is a clear division of responsibility between these two roles and between the non-executive board members and the executive non-board management team to ensure a balance of power and authority.

The Company considers that its complement of non-executive directors provide an effective Board with a mix of industry-specific knowledge and business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company’s strategy and performance so as to ensure that the Company maintains the highest standard of conduct and integrity. The profile of the Board members are set out on pages 10 and 11.

More than one-third of the Board are independent directors since the Company recognises the contribution of independent directors as equal Board members in the development of the Company’s strategy, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. All independent directors are independent of management and free from any relationship that could interfere with their independent judgement. The appointment of Dr. Nawawi bin Mat Awin as the Senior Independent Non-Executive Director has been made based on his vast business experience and to whom concerns by other independent directors may be conveyed.

Statement On Corporate Governance (continued)

Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and interim results, material acquisitions and disposals, as well as material agreements are reserved for the Board.

The Board has a minimum of four regularly scheduled meetings annually, with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. In 2004, the Board held meetings on the following dates: 26 February, 27 May, 24 August and 30 November. At each scheduled meeting, there is a full financial and business review and discussion, including trading and financial performance to date against annual budget and financial plan previously approved by the Board for that year. The details of meeting attendance of each individual director are set out on page 6.

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out on pages 27 to 30), Nomination Committee and Remuneration Committee.

The Board has also set up a Financial, Administrative and Secretarial Executive Committee ("FASC") to assist the Board to evaluate major operating issues which arise out of the ordinary course of business. The FASC also reviews Annual Budgets before they are submitted to the Board and annual salary reviews of the employees of the Company. The FASC comprises an independent non-executive director, the Group Chief Executive, the Group General Manager, Corporate Finance and is headed by the Chairman of the Board.

Supply of Information

Each Board member receives quarterly operating results, including comprehensive reviews and analyse. Prior to each Board meeting, directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be properly informed before the meeting.

Directors have access to all information within the Company whether as full board or in their individual capacity, in furtherance to their duties. Directors have also direct access and the services of the Company Secretary who is responsible for ensuring that Board procedures are followed.

The Board as a whole determines whether to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Company's expense.

Appointments of the Board and Re-election

The Board has a Nomination Committee, which was established on 20 December 2001. The composition of the Nomination Committee as at 28 April 2005 comprises three non-executive directors of which two of whom are independent. The members are Dr. Nawawi bin Mat Awin, Datuk Haji Faisal bin Haji Siraj and headed by Puan Noor Asmah bt. Mohd Nawawi. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director.

Statement On Corporate Governance (continued)

The Board through the Nomination Committee ensures that it recruits to the Board individuals of sufficient calibre, knowledge and experience to fulfill the duties of a director. The Chairman of the Board together with the Group Chief Executive shall give informal briefings to the new directors. All the directors have attended the Mandatory Accreditation Programme as prescribed by the BMSB. The directors are also encouraged to attend the Continuous Professional Education accredited courses and seminars from time to time.

The directors have direct access to the advice and the services of the Company Secretary, who is responsible for ensuring that all appointments are properly made and all necessary information are obtained from directors, both for the Group's own records and for the purposes of complying with the requirements of the Companies Act, 1965, Listing Requirements of the BMSB and other regulatory requirements. Upon appointment, directors are advised of their legal and other obligations as a director of a public listed company.

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to election at the next Annual General Meeting ("AGM") after their appointment. The Articles also provide that at least one-third of the Board is subject to re-election at regular intervals of at least once every three years.

During the financial year, a Nomination Committee meeting was held on 30 November 2004 and attended by all its members.

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Remuneration Committee was established on 20 December 2001. The composition of the Remuneration Committee as at 28 April 2005 comprises three non-executive directors, two of whom are independent. The members are Puan Noor Asmah bt. Mohd Nawawi, Tuan Haji Megat Dziauddin bin Megat Mahmud and Dato' Azian bin Osman as the Chairman. The Committee reviews the annual fees, attendance allowance and other benefits for the directors of the Company. The ultimate decision of the determination of the level of remuneration shall be the responsibility of the Board as a whole after considering recommendations from the Remuneration Committee with approval from shareholders at the AGM.

During the financial year, a Remuneration Committee meeting was held on 24 August 2004 and attended by all its members.

Directors Remuneration

Range of remuneration and number of non-executive directors for the financial year ended 31 December 2004:

	All are Non-Executive Directors
Below RM50,000	5 – Fees from Company only
RM50,001 – RM100,000	-
RM100,001 – RM150,000	-
RM150,001 – RM200,000	1 – Fees from Company, and salary, bonus and benefits-in-kind from subsidiaries of the Company.

For details of appointment of directors, please refer page 6.

Statement On Corporate Governance (continued)

SECTION 3: SHAREHOLDERS

Investor Relations and Shareholders Communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company through the Annual Report, AGM and Extraordinary General Meeting (“EGM”). Announcements and release of financial results on a quarterly basis, semi-annual returns and business acquisitions and disposals, provide the shareholders and the investing public with an overview of the Group’s performance, operations and directions. Members of the public can obtain the full financial results and the Company’s announcements from the BMSB web-site.

In addition, nominees of most of the Company’s major shareholders sit on the Board. This provides a platform for interactions and direct communications between the Board, management and major shareholders. Any queries from other shareholders are communicated through the Company Secretary.

Annual General Meeting (“AGM”)

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and annual reports are sent out to shareholders at least 21 days before the date of meeting.

Besides the usual agenda for the AGM, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. The directors and the Group Chief Executive are available to provide responses to questions from the shareholders during these meetings.

For re-election of directors, the Board shall ensure that full information shall be disclosed through the notice of meeting regarding directors who are retiring and who are willing to serve if re-elected.

An explanatory statement to facilitate full understanding and evaluation of the issues involved shall accompany items of special business included in the notice of the meeting.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly reports to BMSB and the annual report to shareholders, the directors have a responsibility to present a fair assessment of the Group’s position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement of Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 42 of this Annual Report.

Internal Control

The Board takes responsibility for the Group’s internal control system and risk management and for reviewing its adequacy and integrity. The Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard the Group’s assets and shareholders’ investment. The Group has in place an adequately resourced internal audit department of the Company’s ultimate holding corporation.

Statement On Corporate Governance (continued)

The Statement on Internal Control as set out on pages 23 to 26 in this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The role of the Audit Committee in relation to the auditors can be found in Report on Audit Committee set out on pages 27 to 30. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with accounting standards in Malaysia.

Statement of Compliance with the Best Practice of the Code

Save as disclosed below, the Group has complied with the Principles and Best Practices of the Code:

- (a) *The Board and also the various committees' members of the Board have been able to identify business risks and ensure implementation of appropriate measures to manage these risks* – The Audit Committee members shall assist the Board of Directors to assess and manage internal risk. During the previous financial year, a structured risk management framework has been put in place to better identify, monitor and manage the business risks affecting the Group with the assistance of the internal audit department of the Company's ultimate holding corporation;
- (b) *The Board has formal schedule of matters reserved to itself for decision* – The Board is of the view that this is done through the appointment of various committees, which spell out the authority of the committees. Otherwise, this is achieved informally through the convention that the Board decides on any Group level issues as a whole;
- (c) *The individual director is allowed to obtain independent professional advice whenever necessary at the expense of the Company* – All directors as a group, have access to the advice of the Company Secretary and External Auditors on an as need basis;
- (d) *There is formal succession planning within the organisation* – Middle Management is constantly being informally appraised to assess their capability of taking over the Senior Management positions;
- (e) *Remuneration of each member of the Board of Directors is detailed* – The directors are of the opinion that there was a necessity to safeguard the physical security of the directors and members of their family.

Statement On Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

Paragraph 15.27(b) of the Bursa Malaysia Securities Berhad's ("BMSB") Listing Requirements require directors of listed companies to include a statement in annual reports on the state of the internal control of the listed issuer as a group. The BMSB's Statement on Internal Controls: Guidance for Directors of Public Listed Companies ("the Internal Control Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Internal Control Guidance.

BOARD RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. Due to the limitations that are inherent in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can provide only reasonable and not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls.

The Board confirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives, which has been in place during the year and up to the date of approval of the Annual Report and Financial Statements. The Board is constantly reviewing this process and accords with the Internal Control Guidance.

RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of the Internal Control Guidance. The terms of reference of the Audit Committee has been extended to assist the Board to assess and manage internal risk. With the assistance of the internal audit department of the ultimate holding corporation, a structured risk management framework for the Group has been put in place. The recommended risk framework, which was presented to the Audit Committee at its meeting during the previous year for adoption by the Group, involves the following:

1. Group Risk Management Committee

The Group Risk Management Committee is responsible to identify continuously and communicate to the Audit Committee, which in turn would report to the Board, the critical risks the Group face, their changes and the management action plans to manage the risks.

2. Risk Management Policies and Procedures Manual

This manual serves to outline the risk management framework for the Group and would offer practical guidance to all employees on risk management issues.

Statement On Internal Control (continued)

3. Key Management Staff

Nomination of key management staff in each operating unit to prepare action plans, with implementation time-scales to address any risk and control issues.

4. Risk Management Reporting

Regular risk management reporting by the head of operating units/ key management staff to the Group Risk Management Committee.

The above risk management framework has been fully implemented for the past two years i.e. 2003 and 2004, thus enhancing the ability of the Board and management to effectively address critical business risks.

For the year 2005, the action plan that has been established at the Group level in reviewing the adequacy and integrity of the system of internal control includes the following:

- Assess the competency and suitability of the members of respective subsidiaries' risk management committee;
- Require regular risk management reporting (at least once every quarter) from each company within the Group to the holding company according to a pre-determined schedule;
- Action plans to be submitted by the respective risk management committees;
- To receive and discuss reports and executive summaries from the companies and thereafter to discuss these reports at the Audit Committee meeting of PCB on a quarterly basis;
- To incorporate the use of benchmarking and key performance indices as effective operational and financial performance measures.

INTERNAL AUDIT

The Group, via the ultimate holding corporation's internal audit department provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group. During the financial year under review, the Internal Auditors carried out audits of the operating units including subsidiaries based on internal audit plan approved by the Audit Committee. The audit reports were tabled at the Audit Committee meeting, where Audit Committee members reviewed the findings with management. Internal Auditors ensured that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the External Auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

The scope of work of the internal audit department did not extend to:

- i) Konsortium LPB Sdn Bhd ("KLPB"), an associate of the Company. Principal activities of KLPB are to construct, operate and manage the operation of the privatised project West Coast Expressway Highway for a 30-year concession period. It has yet to commence operations. However, a representative of the management of the Company sits as a Board member of KLPB to ensure that implementation shall be carried out in a proper manner and risk assessment shall be undertaken by KLPB;
- ii) Audrey International (Malaysia) Berhad ("AIMB"), an associate of the Company. Principal activities of AIMB Group are marketing and trading of ladies undergarments and leisurewear. A representative of the management of the Company and a nominee sit as Board members of AIMB to ensure that risk assessment is carried out in a proper manner and controls are in place. AIMB has outsourced the internal audit function to a professional firm, which reports to the Audit Committee on a quarterly basis.

Statement On Internal Control (continued)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from key risk management and internal audit, the Group has in place the following key elements of internal controls:

1. Organisational Structure

The Group has in place an organisational structure with clearly defined lines of accountability and delegated authority.

2. Policies and Operating Procedures Manual

There is an Operating Procedures Manual that sets out the policies, procedures and practices covering activities including the following:

2.1 Financial Authority Limits

The Financial Authority Limits define purchases of goods/ services and capital expenditure for each level of management within the Group.

2.2 Budgeting

Budgets are generated annually at each operating unit. The budgets will then be reviewed by the Finance, Administrative and Secretarial Committee and thereafter presented to the Board for final review and approval.

2.3 Tender Committee

Major purchases of goods and services and contract works are required to be tendered out and submitted to the Board Tender Committee at subsidiary companies' level for review and approval.

3. Management Financial Report

Quarterly financial and performance reports are submitted to the Board which include the monitoring of results against budget, with major variances being explained and management action taken for improvement of results. This involves the inclusion of the Group Statement of Changes in Equity and Group Cash Flow Statement being presented to the Board.

4. Investment Appraisal

Investment proposals covering acquisition of property and long term investments shall be thoroughly appraised by the Board. Post implementation reviews on these investments are conducted and reported to the Board on a regular basis. Likewise, on action taken in respect of disposal of property/ long term investments/ subsidiaries.

5. Group Financial Management Meeting

Quarterly Group Financial Management meetings are held to monitor the progress and performance of each business unit and copy of the minutes are circulated to the Group Chief Executive for his information.

Statement On Internal Control (continued)

CONCLUSION

A number of minor structural weaknesses were identified during the period, all of which have been addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report.

Management has taken the necessary action to ensure minimum exceptions to be reported in this Statement.

For and on behalf of the Board of
PERAK CORPORATION BERHAD

DATO' IR. HAJI HARUN BIN AHMAD SARUJI DPMP, AMP
Chairman

Report On Audit Committee

COMPOSITION

Chairman:	Meeting attendance in 2004
Dr. Nawawi bin Mat Awin Independent, Non-Executive	6/6
Members:	
Dato' Ir. Haji Harun bin Ahmad Saruji (appointed on 26 March 2004) Non-Independent, Non-Executive	4/4
Puan Noor Asmah bt. Mohd Nawawi Independent, Non-Executive	6/6
Dato' Azian bin Osman (appointed on 3 January 2005) Independent, Non-Executive	-

All members of the Committee have a working familiarity with basic finance and accounting practices, and its Chairman, Dr Nawawi bin Mat Awin is a member of the Malaysian Institute of Certified Public Accountants, a scheduled body approved by the Malaysian Institute of Accountants.

MEETINGS

The Committee meets at least four times annually, or more frequently as circumstances dictate. As part of its duty to foster open communications, the Group Chief Executive, the Group General Manager, Corporate Finance and the Head of Internal Audit of the Company's ultimate holding corporation and a representative of the external auditors (if required) will normally attend the meetings. Other Board members may attend meetings upon invitation by the Committee.

The Committee met 6 times during the financial year for the following purposes:

- To review the financial statements before the quarterly announcements to Bursa Malaysia Securities Berhad ("BMSB");
- To review the year end financial statements together with external auditors' management letter and management's response;
- To discuss with the External Auditors, the audit plan and scope for the year, as well as the audit procedures to be utilised;
- To discuss with the Internal Auditors on its scope of work, adequacy of resources and coordination with the External Auditors;
- To review the reports prepared by the Internal Auditors on the state of internal control of the Group.

In 2004, the Committee held meetings on the following dates: 6 January, 25 February, 26 May, 24 August, 29 November and 22 December. The attendance of the members is as shown above.

Report On Audit Committee (continued)

RESPONSIBILITIES AND DUTIES

Besides the duties stated under the Terms of Reference on page 29, the Audit Committee shall:

- Consider the appointment of the external auditors, the audit fees and any questions of their resignation or dismissal;
- Review the adequacy and effectiveness of risk management, internal controls and governance systems;
- Review any other activities, as authorised by the Board.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an adequately resourced internal audit function from the Company's ultimate holding corporation's internal audit department, which would outsource any consultant or professional firm if there were a requirement to do so. The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

With the assistance of the internal audit department of the ultimate holding corporation, a structured risk management framework for the Group has been put in place. A series of review were carried out by the internal auditors during the year 2004 and results presented to the Audit Committee.

The internal audit activities have been carried out according to the internal audit plan, which has been approved by the Audit Committee. These include carrying out audits of the operating units including subsidiaries. The audit reports were tabled at the Audit Committee Meeting, where Audit Committee members reviewed the findings with management. Internal Auditors ensured that recommendations to improve controls were implemented by management. These initiatives, together with management's adoption of the External Auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

The Risk Management Framework of the Group together with the significant risks identified for the Group and findings were highlighted by the Internal Auditors to the Audit Committee members at a meeting held on 6 January 2004. The formation of Risk Management Committee and Risk Management Policies and Procedures Manual were approved by the Board on 26 February 2004.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on pages 23 to 26.

Report On Audit Committee (continued)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their members (who are not alternate directors), comprising at least three (3) members. A majority of the Committee must be independent of senior management and executives and free from any relationship that, in the opinion of the Board, will interfere with the exercise of independent judgement as a committee member. At least one member of the Committee shall be a member of the Malaysian Institute of Accountants.

The term of office and performance of the committee and each of its members shall be reviewed by the Board of Directors at least once every three years.

Chairman

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

Vacancy, retirement and resignation

All members, including the Chairman, will hold office only as long as they serve as directors of the Company. If for any reason the membership of the Committee fails to comply with the membership requirements, the Board shall within three (3) months of the event, appoint such number of new members as may be required to fill the vacancy.

Authority

The Audit Committee is authorised by the Board to investigate any activities within its terms of reference. It can seek outside legal or other independent professional assistance if it considers necessary.

The Audit Committee shall in principle have full, free and unrestricted access to any information pertaining to the Company and its Group in carrying out their duties.

Duties

- a) To recommend to the Board the appointment and re-appointment of the External Auditors, audit fee and any question of their resignation or dismissal.
- b) To discuss with the External Auditors before the audit commences, the audit plan, their evaluation of the system of internal control and the audit reports on the financial statements and the assistance given by the Company's officers to the External Auditors.
- c) To review the quarterly financial reports and annual financial statements before submission to the Board focusing particularly on:
 - Changes in or implementation of major accounting policy changes;
 - Significant and unusual events;
 - Compliance with accounting standards and other legal requirements.
- d) To discuss the outcome of the interim and final audit, and any matters the auditors may wish to discuss ensuring that no management restrictions are being placed on the scope of their examinations.

Report On Audit Committee (continued)

- e) To review the adequacy of the scope, function and resources and the effectiveness of the internal audit function.
- f) To review the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- g) To review the Risk Management Framework of the Group, the significant risks identified for the Group and the findings highlighted by the Internal Auditors.
- h) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- i) To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External Auditors as well as Internal Auditors.
- j) To prepare an Audit Committee Report, for the consideration of the Board at the end of each financial year, for inclusion in the Annual Report of the Company.
- k) To report to the BMSB where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the BMSB.

Meetings

The Audit Committee shall meet at least two (2) times a year, although additional meetings may be called at any time at the Chairman's discretion and if requested by any member or internal or external auditors. The Committee may convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary. The Committee may invite any person to be in attendance at each meeting.

A meeting shall be called by notice in writing of not less than seven (7) days or such shorter notice as may be agreed by the members.

The quorum for each meeting shall be two (2) members, the majority of members present must be independent members.

Minutes

Minutes of each meeting shall be kept and distributed to each member of the Committee and the Board. The Chairman shall report on each meeting to the Board. The minutes book shall be opened to the inspection of any director of the Company. The secretary to the Committee shall be the Company Secretary.

Additional Compliance Information

Material Contracts

There were no material contracts other than in the ordinary course of business entered into by the Company or its subsidiaries involving directors' and major shareholders' interests.

Impositions of Sanctions/ Penalties

There were no sanctions/ and or penalties imposed on the Company and its subsidiaries, directors or management by relevant authorities.

Non-Audit Fees

Non-audit fees payable to the external auditors by the Group for the financial year are RM5,000 (2003: RM5,000).

Recurrent Related Party Transactions ("RRPT") of Revenue Nature

RRPT of revenue nature conducted during the financial year are as follows:

Type of RRPT	Name of Related Party	Relationship with the Company	Actual Value Period: 1.1.04 – 31.12.04 (RM)
Rental of office premises from the Company	Perbadanan Kemajuan Negeri Perak ("PKNP")	Ultimate Holding Corporation	2,023,549
Management services provided to the Company	PKNP	Ultimate Holding Corporation	176,000
Project services provided to the Company	PKNP	Ultimate Holding Corporation	1,424,000
Rental and disbursements payable by the Company	PKNP	Ultimate Holding Corporation	405,928
Project management services provided by a subsidiary, Premium Meridian Sdn Bhd	PKNP	Ultimate Holding Corporation	72,539
Management services provided by to a subsidiary, Lumut Maritime Terminal Sdn Bhd ("LMT")	Integrax Berhad ("ITB")	See note 1 below	600,000
Port services provided by a subsidiary, LMT	Perak Freight Services Sdn Bhd ("PFS")	See note 2 below	1,422,876
Container haulage services provided to a subsidiary, LMT	Perak Haulage Sdn Bhd ("PH")	See note 3 below	635,176
Operations and maintenance services provided by a subsidiary, LMT	Lekir Bulk Terminal Sdn Bhd ("LBT")	See note 4 below	19,776,713
Tug boat services provided to a subsidiary, LMT	Radikal Rancak Sdn Bhd ("RR")	See note 5 below	6,593,892

Additional Compliance Information (continued)

Relationship with the Company:

1. ITB is an associated company of Kuda Sejati Sdn Bhd ("KS") with 21.82% equity interest as at 31 December 2004, where KS is a wholly owned subsidiary of PKNP.
2. PFS is an associated company of PKNP with 40.59% equity interest as at 31 December 2004.
3. PH is a wholly owned subsidiary of PFS.
4. LBT is a subsidiary of Pelabuhan Lumut Sdn Bhd ("PL") which holds 80% of its equity interest, whereas the remaining equity interest of 20% is held by Tuah Utama Sdn Bhd, an unrelated company to PCB Group and its directors. PL is a wholly owned subsidiary of ITB.
5. RR is a wholly owned subsidiary of ITB.

Analysis Of Shareholdings as at 31 March 2005

Authorised Capital	: RM500,000,000
Issued and Fully Paid-Up Capital	: RM100,000,000
Class of Shares	: Ordinary shares of RM1.00 each fully paid
Voting Rights	: One vote per shareholder on a show of hands One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDERS (Based on the Record of Depositors)

No. of holders	Holdings	Total shareholdings	%
65	Less than 100	3,262	**
96	100 to 1,000	63,548	0.06
2,516	1,001 to 10,000	7,278,937	7.28
254	10,001 to 100,000	5,914,200	5.92
24	100,001 to 4,999,999	15,376,303	15.38
3	5,000,000* and above	71,363,750	71.36
2,958		100,000,000	100.00

Notes :

* Denotes 5% of the issued capital

** Negligible

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

(Based on the Company's Register of Substantial Shareholders)

No.	Name of holders	No. of shares held			
		Direct	%	Deemed	%
1.	Perbadanan Kemajuan Negeri Perak	52,271,253* ¹	52.27	257,500 * ²	0.26
2.	Skim Amanah Saham Bumiputera	15,000,000	15.00	-	-
3.	Golden Hope Plantations Berhad	6,125,000	6.13	-	-

Notes :

*1. 51,506,250 shares held through RC Nominees (Tempatan) Sdn Bhd

*2. Deemed interest through its wholly owned subsidiaries, Sergap Berkat Sdn Bhd and Cherry Blossom Sdn Bhd

DIRECTORS' SHAREHOLDINGS

(Based on the Company's Register of Directors' Shareholdings)

No.	Name of holders	No. of shares held			
		Direct	%	Deemed	%
1.	Dato' Ir. Haji Harun bin Ahmad Saruji	23,750	0.02	20,000* ¹	0.02

Note :

*1. Deemed interest through his spouse

Analysis Of Shareholdings as at 31 March 2005

THIRTY LARGEST SHAREHOLDERS (Based on the Record of Depositors)

No.	Name	No. of shares held	%
1.	RC Nominees (Tempatan) Sdn Bhd • Perbadanan Kemajuan Negeri Perak	50,238,750	50.24
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd • Skim Amanah Saham Bumiputera	15,000,000	15.00
3.	Golden Hope Plantations Berhad	6,125,000	6.13
4.	AMMB Nominees (Tempatan) Sdn Bhd • KAF Fund Management Sdn Bhd	4,602,050	4.60
5.	Universal Trustee (Malaysia) Berhad • Malaysian Assurance Alliance Bhd	2,582,800	2.58
6.	RC Nominees (Tempatan) Sdn Bhd • Perbadanan Kemajuan Negeri Perak	1,267,500	1.27
7.	Sisma Holdings Sdn Bhd	770,000	0.77
8.	Perbadanan Kemajuan Negeri Perak	765,003	0.77
9.	Cartaban Nominees (Asing) Sdn Bhd • Bank of Tokyo Mitsubishi Luxembourg S.A. For Osterreichische Volksbanken AG	687,500	0.69
10.	Universal Trustee (Malaysia) Berhad • MUI Continental Insurance Bhd	600,000	0.60
11.	Kong Sum Mooi	510,200	0.51
12.	Ng Lai Chiek	450,000	0.45
13.	Fawziah bt Hussein Sazally	335,000	0.34
14.	Mayban Nominees (Tempatan) Sdn Bhd • Pledged Securities Account For Neoh Soon Kee	320,200	0.32
15.	AMMB Nominees (Asing) Sdn Bhd • KAF Fund Management Sdn Bhd For Marguerite Louise Lee	320,000	0.32
16.	Cheong Yoke Choy	250,000	0.25
17.	Lee Choon Hoong	250,000	0.25
18.	Sergap Berkat Sdn Bhd	247,500	0.25
19.	AMMB Nominees (Tempatan) Sdn Bhd • KAF Fund Management Sdn Bhd For Yayasan Istana Abdul Aziz	240,000	0.24
20.	HLB Nominees (Tempatan) Sdn Bhd • Pledged Securities Account For Lam Kim Chiap	196,675	0.20
21.	TA Nominees (Tempatan) Sdn Bhd • Pledged Securities Account For Chua Eng Ho Waa @ Chua Eng Wah	195,875	0.20
22.	KBB Nominees (Tempatan) Sdn Bhd • Exempted ESOS (PRKCRP)	175,000	0.17
23.	AMMB Nominees (Tempatan) Sdn Bhd • KAF Fund Management Sdn Bhd For DYMM Tuanku Bainun Mohd Ali	150,000	0.15
24.	Loh Toh Heoh	125,000	0.12
25.	Malaysia Nominees (Tempatan) Sendirian Berhad • Pledged Securities Account For Lim Cheong Goh	120,000	0.12
26.	Foo Lim Get	111,000	0.11
27.	Chan Wing Kit	105,000	0.10
28.	Tan Tiong Yeu	94,500	0.09
29.	OSK Nominees (Tempatan) Sdn Berhad • Pledged Securities Account For Tan Gaik Suan	93,000	0.09
30.	Mayban Nominees (Tempatan) Sdn Bhd • Pledged Securities Account For Chee Hian Boon @ Chee Ah Deck	91,900	0.09
Total		87,019,453	87.02

SUMMARY OF PROPERTIES as at 31 December 2004

Location	Approximate Land Area (acres)	Tenure	Description	Date of Acquisition Approx. Age (Buildings) Net Book Value	Existing Use
Lot 6407N (PN 67134) Bandar Ipoh, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	0.73	Leasehold (99 years) expiring year 2081	9-storey office tower	10.1.1997 24 years RM10,797,426	Rented to Perbadanan Kemajuan Negeri Perak
Part of Lot 140407, 15437, 25459, 33004, 52566, 21310, 18202 Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	194.62	Freehold	Agricultural land with approval for mixed development from Pejabat Pengarah Tanah & Galian	31.12.1997 RM24,922,500	Agriculture (proposed for mixed development)
No. HSD 98757, PT 167585 Negeri Perak, Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan.	5.00	Freehold	3-storey building	1.1.2002 3 years RM2,568,213	Proposed rental for office and commercial space
PT 171441 KA92916 Mukim Ulu Kinta, District of Kinta, Perak Darul Ridzuan (formerly Lot 138945 PN 43395).	5.49	Leasehold (99 years) expiring year 2100	Hotel	21.1.1985 18 years RM49,747,032	4-star hotel operations
Lot PT 2273, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	27.46	Leasehold (99 years) expiring year 2094	Waterbody	30.9.1995 9 years RM322,580	Port operations
Lot PT 6973, Mukim Lumut, Daerah Manjung, Perak Darul Ridzuan.	72.54	Leasehold (99 years) expiring year 2094	Wharf, warehouse and office complex building	10.4.1997 9 years RM73,601,929	Port operations

Statement Of Directors' Responsibility In Respect Of The Annual Audited Financial Statements

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

In preparing the financial statements, the Directors have:

- Complied with the applicable approved Malaysian Accounting Standards.
- Adopted and consistently applied appropriate accounting policies.
- Made judgements and estimates that are prudent and reasonable.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records, which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.