

Annual Report - 2001 - Laporan Tahunan

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Seri Abdul Ghani Bin Abdul Aziz Non-Independent Non-Executive Chairman

Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil Executive Director

Zaida Khalida Binte Shaari Non-Independent Non-Executive Director

Chan Peng Chiw Independent Non-Executive Director

Nor Hishammuddin Bin Dato' Mohd Nordin Independent Non-Executive Director

AUDIT COMMITTEE MEMBERS

Chan Peng Chiw Chairman and Independent Non-Executive Director

Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil Member and Executive Director

Nor Hishammuddin Bin Dato' Mohd Nordin Member and Independent Non-Executive Director

REMUNERATION COMMITTEE MEMBERS

Chan Peng Chiw Chairman and Independent Non-Executive Director

Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil Member and Executive Director

Nor Hishammuddin Bin Dato' Mohd Nordin Member and Independent Non-Executive Director

NOMINATION COMMITTEE MEMBERS

Chan Peng Chiw Chairman and Independent Non-Executive Director

Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil Member and Executive Director

Nor Hishammuddin Bin Dato' Mohd Nordin Member and Independent Non-Executive Director

COMPANY SECRETARIES

Lim Phooi Kee (MIA 2759) Lee Peng Khoon (MIA 2251)

SHARE REGISTRARS

Signet Share Registration Services Sdn. Bhd. 11th Floor, Tower Block, Kompleks Antarabangsa Jalan Sultan Ismail, 50250 Kuala Lumpur Tel: 03-2145 4337 Fax: 03-2142 1353

REGISTERED OFFICE

Signet & Co Sdn. Bhd. 10th Floor, Tower Block Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03-2145 4337 Fax: 03-2141 5757

AUDITORS

Ernst & Young 4th Floor, Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03-2144 2333 Fax: 03-2144 5619

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad

RHB Bank Berhad

Hong Leong Bank Berhad

Malayan Banking Berhad

Bumiputra-Commerce Bank Berhad

HSBC Bank Malaysia Berhad

Standard Chartered Bank Malaysia Berhad

Aseambankers Malaysia Berhad

SOLICITORS

Abdul Aziz, Ong & Co. No. 30, Changkat Bukit Bintang 50200 Kuala Lumpur Tel: 03-2145 5655 Fax: 03-2141 4641

Chellam Wong Suite 5.03-5.04, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur Tel: 03-256 1234 Fax: 03-256 1200

LISTING

The Kuala Lumpur Stock Exchange (Main Board)

AUDIT COMMITTEE REPORT

COMPOSITION OF AUDIT COMMITTEE

Name	Date of Appointment	No. of Meetings Attended/Held whilst in office
Mr. Chan Peng Chiw (MIA 451) Chairman Independent Non-Executive Director	24.05.2001	1/1
Dato' Paduka Hj. Ahmad Basri bin Mohd Akil Member Executive Director	30.12.1999	4/4
Encik Nor Hishammuddin bin Dato' Mohd Nordin Member Independent Non-Executive Director	30.05.2001	1/1

TERMS OF REFERENCE

1. OBJECTIVES

The primary objective of the Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies ("the Group").

In addition, the Committee shall :

- (a) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- (b) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authorities and responsibilities; and
- (c) determine the adequacy of the Group's administrative, operating and accounting controls.

2. COMPOSITION

The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company. The Committee shall comprise not less than three (3) members of whom:

- (a) a majority shall be independent Directors;
- (b) at least one (1) member of the Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

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2. COMPOSITION (contd.)

(c) No alternate Director shall be appointed as a member of the Committee.

The members of the Committee shall elect a Chairman from among their number who shall be an independent Director.

The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

3. QUORUM

The quorum of the Committee shall be two (2) of whom the majority of members present shall be independent Directors.

4. ATTENDANCE AND MEETINGS

Apart from the members of the Committee who will be present at the meetings, the Committee may invite any member of the management, employees, other Directors and representatives of the external auditors to be present at meetings of the Committee.

The Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting of the Committee if a request is made by any Committee member, the Company's Managing Director, or the internal or external auditors.

5. SECRETARY

The Company Secretaries shall be the Secretaries of the Committee.

6. FUNCTIONS AND RESPONSIBILITIES

The functions and responsibilities of the Committee shall include the following:

- (a) to review with the external auditors their audit plan, their evaluation of the system of internal accounting and controls and their audit report;
- (b) to review the assistance given by the Company's employees to the external auditors;
- (c) to review the adequacy of scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (d) to review the financial condition of the Group, its internal controls and audit programme, the performance and findings of internal audit staff and to recommend action to be taken thereon by management and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (e) to review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements.

AUDIT COMMITTEE REPORT (contd.)

6. FUNCTIONS AND RESPONSIBILITIES (contd.)

- (f) to review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (g) to review and report the same to the Board of Directors any letter of resignation from the external auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- (h) to make recommendations concerning the appointment of the external auditors and their remuneration to the Board of Directors; and
- (i) such other functions as may be agreed to by the Committee and the Board of Directors.

The reports of the Committee and the external and internal auditors and corrective actions taken shall be tabled for discussion by the Board of Directors.

7. MINUTES

Minutes of each Committee meeting are to be prepared and sent to its members. The Secretary shall also circulate the minutes of meetings of the Committee to all members of the Board of Directors.

8. RIGHTS OF THE AUDIT COMMITTEE

The Committee shall, wherever necessary and reasonable for its performance of its duties and in accordance with a procedure to be determined by the Board of Directors and at the Company's cost:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

9. AUDIT COMMITTEE REPORT

The Committee shall ensure that an audit committee report be prepared at the end of each financial year that complies with subparagraphs 9.1 and 9.2 below:

- 9.1 The audit committee report shall be clearly set out in the annual report of the Company;
- 9.2 The audit committee report shall include the following:
 - (a) the composition of the Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
 - (b) the terms of reference of the Committee;
 - (c) the number of Committee meetings held during the financial year and details of attendance of each member;
 - (d) a summary of activities of the Committee in the discharge of its functions and duties for that financial year of the Company; and
 - (e) the existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanisms that exist to enable the Committee to discharge its functions effectively.

10. REPORTING OF BREACHES TO THE KUALA LUMPUR STOCK EXCHANGE

Where the Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Kuala Lumpur Stock Exchange Listing Requirements, the Committee shall promptly report such matter to the Kuala Lumpur Stock Exchange.

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

The Audit Committee will review all internal audit reports with an emphasis on significant issues and critical risk areas affecting the overall performance of the Group. In order to ensure greater transparency and good corporate governance within the Group, the Audit Committee will discuss in detail the adequacy of each company's internal control systems in addition to organisational and operational controls. The Audit Committee will further emphasise actions to be taken to rectify and improve the effectiveness and efficiency of operations of the subsidiary concerned.

SUMMARY OF INTERNAL AUDIT ACTIVITIES

During the year, four Audit Committee meetings were held. The Audit Committee reviewed a total of four audit reports. Summary of activities of the Group Internal Audit function during the year ended 30th June 2001 were as follows:

- Regularly examining the controls over all significant Group's operations and systems to ascertain whether the system established provides reasonable assurance that the Group's objectives and goals were met efficiently and economically;
- Prepare the annual audit plan for deliberation by the Audit Committee;
- Act on suggestions made by external examiners and / or senior management on concerns over operations or controls;
- Issue audit reports, which identify weakness and problems and make recommendations for improvements; and
- Determine whether corrective action was taken in achieving the desired results.

C.I. HOLDINGS BERHAD

(Company No. 37918-A) (Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting of the Company will be held at Bilik Perdana, 3rd Floor, Wisma KFC, 17, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 28th December 2001 at 10.00 a.m. for the purpose of transacting the following business:

A G E N D A

ORDINARY BUSINESS

1.	To receive and adopt the Audited Financial Statements for the year ended 30th June 2001 together with the Directors' and Auditors' Reports thereon.	Resolution 1
2.	To approve the payment of Directors' fees for the year ended 30th June 2001.	Resolution 2
3.	To declare a First and Final Tax Exempt Dividend of 0.5% for the year ended 30th June 2001.	Resolution 3
4.	To re-elect the following Directors who are retiring in accordance with Article 93 of the Company's Articles of Association:	
	i. Puan Zaida Khalida Binte Shaari	Resolution 4
	ii. Mr. Chan Peng Chiw	Resolution 5
	iii. Encik Nor Hishammuddin Bin Dato' Mohd Nordin	Resolution 6
5.	To re-elect the following Director who is retiring in accordance with Article 102 of the Company's Articles of Association:	
	i. Dato' Seri Abdul Ghani Bin Abdul Aziz	Resolution 7
6.	To re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Directors to fix their remuneration.	Resolution 8
SP	ECIAL BUSINESS	
7.	To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution:	
	Ordinary Resolution	
	 Authority to Directors to issue shares 	
	"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time 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 issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."	Resolution 9
8.	To consider and, if thought fit, pass with or without modifications, the following Special Resolution:	
	Special Resolution	
	 Proposed adoption of new Articles of Association 	
	" THAT the Articles of Association of the Company in the form and manner contained in Appendix A of the Annual Report 2001 be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association of the Company."	Resolution 10

ANY OTHER BUSINESS

9. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Tax Exempt Dividend of 0.5% for the year ended 30th June 2001 will be payable on 26th March 2002 to Depositors registered in the Record of Depositors at the close of business on 28th February 2002.

A Depositor shall qualify for entitlement only in respect of:

- a) Shares transferred to the Depositor's Securities Account before 12.30 p.m. on 28th February 2002 in respect of ordinary transfers;
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD C.I. HOLDINGS BERHAD

LIM PHOOI KEE (MIA 2759) LEE PENG KHOON (MIA 2251) Company Secretaries

Kuala Lumpur

Date : 5th December 2001

Notes:

- 1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- 2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of some officers of the corporation duly authorised in that behalf.

3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.

4. The instrument appointing a proxy must be deposited at the Company's registered office at 10th Floor, Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereof.

Explanatory Notes on Special Business

1. Authority to Directors to issue shares

In line with the Company's plan for expansion / diversification, the Company is actively looking into prospective areas so as to broaden the operating base and earnings potential of the Company. As the expansion / diversification may involve the issue of new shares, the Directors, under present circumstances, would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is proposed that the Directors be empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

2. Proposed Adoption Of New Articles Of Association

The Special Resolution proposed under Item 8 above, if passed, will bring the Company's Articles of Association in line with the amendments made to the Companies Act, 1965, the Securities Industry (Central Depositories) Act, 1991, the Kuala Lumpur Stock Exchange Listing Requirements and the Rules of the Central Depository.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

- 1. Directors who are standing for re-election at the Twenty-Third Annual General Meeting of C.I. Holdings Berhad.
 - i. Puan Zaida Khalida Binte Shaari
 - ii. Mr. Chan Peng Chiw
 - iii. Encik Nor Hishammuddin Bin Dato' Mohd Nordin
 - iv. Dato' Seri Abdul Ghani Bin Abdul Aziz
- 2. Details of attendance of Directors at Board Meetings.

There were seven (7) Board of Directors' Meetings held during the financial year ended 30th June 2001 as follows:

Date of Board of Directors' Meeting

29th August, 2000 5th September, 2000 27th October, 2000 27th November, 2000 26th February, 2001 4th April, 2001 30th May, 2001

Attendance for each Director in the Board of Directors' Meetings held during the financial year ended 30th June 2001 is shown below :

Name of Directors	Date of Appointment	Attendance
. Dato' Seri Abdul Ghani Bin Abdul Aziz	25.11.1999	7/7
i. Dato' Paduka Hj. Ahmad Basri bin Mohd Akil	30.12.1999	6/7
ii. Puan Zaida Khalida Binte Shaari	22.01.2001	2/3
v. Mr. Chan Peng Chiw	18.05.2001	1/1
. Encik Nor Hishammuddin Bin Dato' Mohd Nordin	30.05.2001	1/1

3. Place, date and time of the Twenty-Third Annual General Meeting.

Date of Meeting	Time of Meeting	Place of Meeting
28th December 2001	10.00 a.m.	Bilik Perdana, 3rd Floor, Wisma KFC,
		17, Jalan Sultan Ismail, 50250 Kuala Lumpur

- (Resolution 6)
- (Resolution 7)

DIRECTORS' PROFILE

YBhg Dato' Seri Abdul Ghani bin Abdul Aziz (Chairman)

YBhg Dato' Seri Abdul Ghani bin Abdul Aziz, aged 57, a Malaysian was appointed to the Board on 25th November 1999 and subsequently appointed as a Non-Independent Non-Executive Chairman of the Company on 12th July 2001. He holds a Master of Arts Degree in International Relations and Strategic Studies from Lancaster University, United Kingdom. He is presently a company executive and had previously served in the Royal Malaysian Air Force ("RMAF") for 32 years and was appointed the Chief of the RMAF on March 1993 and retired in November 1996.

He is currently a Board member of Affin Holdings Berhad, Intan Utilities Berhad and KFC Holdings (Malaysia) Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

YBhg Dato' Paduka Hj. Ahmad Basri bin Mohd Akil (Executive Director)

YBhg Dato' Paduka Hj. Ahmad Basri bin Mohd Akil, aged 62, a Malaysian was appointed to the Board on 30th December 1999 as a Director and subsequently appointed as the Executive Director on 1st March 2001. He holds a Cambridge School Certificate. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He was a member of the Kedah State Civil Service since 1959 and retired in April, 1996 after serving as the Kedah State Secretary for 3 ¹/₂ years. During his service with the State Government, he received extensive in-service training in Law, Land Administration, Local Government, environmental management and throughout his career, he has wide experience in matters of administration and development. His appointments include The State Financial Officer, The State Director of Lands and Mines, The State Treasurer, District and Land Officers as well as local government appointments.

He has no directorships in other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

Puan Zaida Khalida binte Shaari

Puan Zaida Khalida binte Shaari, aged 34, a Malaysian was appointed to the Board on 22nd January 2001 as a Non-Independent Non-Executive Director. She holds an LL.B(Hons.) Degree from the University of Warwick, the United Kingdom, and was called to the English Bar in July 1990, and the Malaysian Bar in July 1991. She is presently the Head of the Legal Counsel Department and the Compliance Unit of Permodalan Nasional Bhd.

She is currently a Board member of Fraser & Neave Holdings Berhad, Petaling Garden Berhad and UH Dove Holdings Berhad. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest. She does not have any convictions for offences within the past 10 years other than traffic offences, if any.

Mr Chan Peng Chiw

Mr Chan Peng Chiw, aged 61, a Malaysian was appointed to the Board on 18th May 2001 as an Independent Non-Executive Director and subsequently appointed as the Chairman of the Audit Committee on 24th May 2001. He is also the Chairman of the Remuneration Committee and Nomination Committee. He is a fellow member of the Institute of Chartered Accountants in England and Wales. He has been practicing as a Public Accountant since 1969 and is a Board member of PCC Management Sdn Bhd.

He has no directorships in other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

Encik Nor Hishammuddin bin Dato' Mohd Nordin

Encik Nor Hishammuddin bin Dato' Mohd Nordin, aged 35, a Malaysian was appointed to the Board as an Independent Non-Executive Director and a member of the Audit Committee on 30th May 2001. He is also a member of the Remuneration Committee and Nomination Committee. He holds a Degree in Law. He is the Founder and Managing Partner of a legal firm known as Hisham Yoong and a Board member of Bumivin Holding Sdn Bhd, Awin Security System Sdn Bhd, Trent Ridge Sdn Bhd and Premier Online Sdn Bhd.

He has no directorships in other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.27(a) of Chapter 15 of the Listing Requirements of Kuala Lumpur Stock Exchange to issue a statement explaining their responsibilities for preparing the annual financial statement.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cashflows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30th June 2001, the Directors have:-

- i) used appropriate accounting policies and applied them consistently;
- ii) made judgements and estimates that are reasonable and prudent;
- iii) ensured that applicable approved accounting standards in Malaysia have been followed, subject to any material departures disclosed and explained in the financial statements; and
- iv) prepared the financial statements on the going concern basis.

The Directors took steps to ensure that the Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and to prevent and to detect fraud and other irregularities.

Board Meetings and Attendance

The number of meetings attended by each director during the financial year are as follows:-

Name	Meeting*
YBhg Dato' Seri Abdul Ghani Bin Abdul Aziz	7/7
YBhg Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil	6/7
Puan Zaida Khalida Binte Shaari	2/3
Mr. Chan Peng Chiw	1/1
En. Nor Hishammuddin Bin Dato' Mohd Nordin	1/1
YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Mohd Zain (Resigned on 12th July 2001)	6/7
YBhg Dato' Ting Yew Tong (Resigned on 6th July 2001)	7/7
Puan Sharifatul Hanizah Binti Said Ali (Resigned on 22nd January 2001)	4/4

* Number of meetings attended (first figure)/number of meetings held while in office (second figure).

Directors' Remuneration

A summary of the remuneration of the directors, distinguishing between executive and non-executive directors in aggregate, with categorisation into appropriate components and the number of directors whose remuneration falls into each successive bands of RM50,000 are disclosed below:-

	Executive Director RM	Non-Executive Directors RM	Total RM
Fees	2,667	60,000	62,667
Salary	140,000	-	140,000
EPF	12,000	-	12,000
Allowance	-	7,355	7,355
Leave passage	10,000	-	10,000
Other emoluments	17,167	13,200	30,367
RM	Executive Director	Non-Executive Directors	Total
0 – 50,000	-	5	5
50,001 - 100,000	1	-	1
100,001 - 150,000	1	-	1



CHAIRMAN'S STATEMENT

On behalf of the Directors, I am pleased to present the Annual Report 2001 and Accounts of the Group and the Company for the year ended 30th June 2001.

FINANCIAL PERFORMANCE

The Group achieved a turnover of RM79.55 million compared to RM130.26 million in the previous financial year. The reduction of 39% was attributed to the divestment of the readymix division and the contracting out of quarry operations during the financial year.

The Group suffered a pre-tax loss of RM10.91 million compared to RM7.10 million in the previous year. The pre-tax loss would have been greater had the Group not divested the readymix division and contracted out the quarrying operations and sold the quarry equipment. The loss was due mainly to the interest cost for financing the investment in an associated company pending approval for issue of securities.

The Company suffered a pre-tax loss of RM38.51 million arising mainly from a provision in the diminution in value of a subsidiary company. In the previous year, there had been a waiver of inter-company advances from C.I. Building Industries Sdn Bhd, a wholly-owned subsidiary, to the Company that then resulted in a profit before tax of RM162.39 million.

REVIEW OF OPERATIONS

Tapware Division

The division continued to experience depressed trading conditions, exacerbated by stiff competition from cheaper imports. The building and construction industry remained low key. Even with the lowering of interest rates across the board, it did not uplift consumer confidence significantly.

In order to maintain its domestic market share and to meet the challenges of AFTA, the division introduced more new/differentiated products. To further improve its cost control, the division embarked on medium-term productivity programmes focused on cost savings through the use of more efficient plant and machinery and also selective emphasis on critical linkages in the value chain.

Financial Services Division

The division adopted a conservative approach. With a need to conserve liquidity due to market conditions, no new loans were granted compared to RM49.841 million extended in the previous financial year. Instead, the division continued to focus on recovery of the existing loans and managed to reduce the outstanding loans substantially subsequent to the financial year end. The amount recovered have been utilised to reduce Group borrowings and for additional working capital.

Construction Division

This division was activated in the last financial year and has started operations on a few construction projects. During the year this division diversified into project development quarries and other infrastructure works as these operations provide synergy to the construction projects undertaken by this division. To-date, the projects undertaken by the division are on small scale pending identification of bigger projects in an improved economic environment to enhance earnings.

Investment Division

The acquisition of Mawar Seroja Sdn Bhd ("Mawar") which had beneficial interest in 57,000,000 shares in KFC Holdings (Malaysia) Bhd representing 29.69% of the equity share capital ("KFC Shares") was deemed completed on 27th September 2000 and the Group commenced equity accounting of the associated company effective 1st October 2000. To-date, this division has contributed significantly to the Group's performance.

Under an internal reorganisation scheme, the KFC Shares were sold by Mawar to C.I. Enterprise Sdn Bhd, both wholly-owned subsidiaries of the Group.

CHAIRMAN'S STATEMENT (contd.)

Quarrying Division

The quarrying division was affected by the depressed conditions of the building industry. In order to mitigate losses, the operations were contracted out along with the sale of the quarry equipment. The measures taken helped to cut losses by reducing fixed operating costs and improving the cash flow. Stringent measures are continually taken to further reduce fixed costs to maintain the cash flow.

Readymix Division

This division did not recover from the severe economic slowdown in 1997 and was finally disposed off on 31st January 2001.

CORPORATE DEVELOPMENTS

On 27th September 2000 the Group had entered into the following agreements :-

- A conditional Share Sale Agreement between C.I. Building Industries Sdn Bhd ("CIBI"), a wholly-owned subsidiary of the Company, with YTL Cement Bhd for the divestment of C.I. Readymix Sdn Bhd. The sale was completed on 31st January 2001;
- A conditional Sale & Purchase Agreement between C.I. Quarries Sdn Bhd ("CIQ") and its wholly-owned subsidiaries C.I. Quarries (Nilai) Sdn Bhd and C.I. Quarrying & Marketing Sdn Bhd (collectively referred to as "CIQ Companies") with Batu Tiga Quarry Sdn Bhd ("BTQ") for the disposal of certain quarry equipment located in Semenyih in Selangor, Nilai in Negri Sembilan, Kulai in Johor and Penanti and Berapit in Penang ("the Aforementioned Locations") to BTQ which was completed on 1st June 2001;
- Contracting Agreements appointing BTQ to carry out quarry operations at the Aforementioned Locations which became
 effective 1st June 2001; and
- 4. A Supplemental Agreement between Punca Ibarat Sdn Bhd and the Company whereby the acquisition of 100% equity in Mawar was deemed completed on 27th September 2000.

On 3rd October 2000, the Company acquired all the issued and the paid up share capital of a dormant company C.I. Marketing Sdn Bhd (formerly known as C.I. Trading Sdn Bhd) for a cash consideration of RM1,700. C.I. Marketing Sdn Bhd is the marketing and distribution arm of C. I. Construction Sdn Bhd.

On 19th October 2000, under an internal reorganisation scheme, the KFC Shares were sold by Mawar to C.I. Enteprise Sdn Bhd, both wholly-owned subsidiaries of the Company.

On 3rd May 2001, the Company incorporated C.I. Auto Services Sdn Bhd to venture into automotive air-conditioning, refrigeration and logistic services.

OUTSTANDING PROPOSALS

In conjunction with the acquisition of Mawar, the Company had proposed a bonus issue, a proposed bonds with warrant issue and a proposed restricted offer for sale of warrants all of which had been approved at the Extraordinary General Meeting on 22nd July 2000. These proposals were subsequently submitted to the authorities on 30th October 2000 for approvals. To-date, the approvals are still pending.

DIVIDEND

14) CHB

The Board of Directors has recommended a first and final tax exempt dividend of 0.5% to be paid in respect of the financial year ended 30th June 2001.

CHAIRMAN'S STATEMENT (contd.)

CURRENT YEAR PROSPECTS

The slowdown in the US economy and the recent events there, together with the persistent economic weakness in Japan, had cast a shadow of great uncertainty with a threat of a recession looming over the world economy. Any improvement in the global economy is anticipated to be prolonged. To counter the impact of the imminent slowdown and to boost the domestic economy, the Malaysian Government introduced various stimulus financial packages including lowering the bank intervention rate to provide cheaper funding and to encourage spending.

The recent lowering of the interest rate would benefit the Group. The investment division is expected to continue to contribute positively to the Group while the performance of the other divisions would be carefully monitored. The Group is actively looking for suitable opportunities and continues to make every effort to improve the performance in all the divisions in the Group.

Barring any unforeseen circumstances, the Board is cautiously optimistic of the prospect in the current financial year.

APPRECIATION

On behalf of the Board, I would like to express our sincere appreciation and gratitude to the management and staff of the Group for their conscious effort, dedication and commitment.

I would also like to thank Tan Sri Dato' (Dr) Abdul Aziz Bin Mohd Zain, Dato' George Ting Yew Tong and Puan Sharifatul Hanizah Binti Said Ali who resigned from the Board during the year for their guidance and generous counsel during their tenure on the Board and welcome Puan Zaida Khalida Binte Shaari, Mr. Chan Peng Chiw and En. Nor Hishammuddin Bin Dato' Mohd Nordin who were appointed to the Board during the year.

Lastly, I would also like to thank our shareholders, business associates, bankers and the regulatory authorities for their invaluable support and assistance and look forward to their continuing support.

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ Chairman

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group and of the Company for the year ended 30 June 2001.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are set out in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities during the year under review except for those arising from the acquisition and disposal of subsidiary companies as mentioned in Note 10 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss after taxation	(16,328)	(38,510)
Minority interests	1,422	-
Loss for the year	(14,906)	(38,510)

There were no material transfers to or from reserves or provisions during the year.

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

DIVIDENDS

During the year, the Company paid a final dividend of 2% less tax at 28% amounting to RM826,241 in respect of the previous financial year.

The Directors propose a final tax exempt dividend of 0.5%, amounting to RM286,889 be paid in respect of the financial year ended 30 June 2001.

SHARE CAPITAL

During the financial year, the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 by the creation of an additional 400,000,000 new ordinary shares of RM1 each.

DIRECTORS

The Directors of the Company who held office since the date of the last report and at the date of this report are:

Dato' Seri Abdul Ghani bin Abdul Aziz	
Dato' Paduka Hj. Ahmad Basri bin Mohd Akil	
Nor Hishammuddin bin Dato' Mohd Nordin	(Appointed on 30.5.2001)
Chan Peng Chiw	(Appointed on 18.5.2001)
Zaida Khalida binte Shaari	(Appointed on 22.1.2001)
Tan Sri Dato' (Dr) Abdul Aziz bin Mohd Zain	(Resigned on 12.7.2001)
Dato' Ting Yew Tong	(Resigned on 6.7.2001)
Sharifatul Hanizah binti Said Ali	(Resigned on 22.1.2001)



DIRECTORS' INTERESTS

None of the Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965 an interest in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than those disclosed in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965.

SIGNIFICANT EVENTS

During the year under review:

- (i) C.I. Building Industries Sdn. Bhd. entered into a Share Sale Agreement with YTL Cement Berhad ("Purchaser") to dispose of the entire 6,306,306 ordinary shares of RM1.00 each held by the Group representing 90.09% of the equity interest in C.I. Readymix Sdn. Bhd. for a total cash consideration of RM11,743,163. A due diligence review by the Purchaser is in progress but the Directors have deemed the disposal to be completed on 31 January 2001. The Directors are of the opinion that any adjustment to the financial statements which may arise from the findings of the review by the Purchaser will not be material.
- (ii) C.I. Quarries Sdn. Bhd., C.I. Quarries (Nilai) Sdn. Bhd. and C.I. Quarrying & Marketing Sdn. Bhd. (subsidiaries of the Company and collectively known herein as the 'Quarry Companies') entered into a Sale and Purchase Agreement with Batu Tiga Quarry Sdn. Bhd. ('BTQ') for the disposal of certain quarry equipment located in Semenyih in Selangor, Nilai in Negeri Sembilan, Kulai in Johor and Penanti and Berapit in Penang (hereinafter referred to as the "Aforementioned Locations"); for a total cash consideration of RM4 million. By separate agreements, the Quarry Companies have appointed BTQ to carry out quarry operations at the Aforementioned Locations.
- (iii) the Company acquired from Punca Ibarat Sdn. Bhd. 100% of the equity interest in Mawar Seroja Sdn. Bhd. for an aggregate sum of RM450.0 million comprising a cash consideration of RM67.5 million and a total indebtedness of Mawar of RM382.5 million (hereinafter referred to as the "Mawar Acquisition"). Mawar Seroja Sdn. Bhd. is the beneficial owner of 57 million ordinary shares of RM1 each in KFC Holdings (Malaysia) Bhd ('KFC') representing 29.69% of the total issued and paid-up capital of KFC. Following the completion of the acquisition, KFC became an associated company of the Company. In conjunction with this proposed acquisition, the Company announced the following:-
 - (a) a proposed bonus issue of 114,755,670 new ordinary shares of RM1.00 each in the Company on the basis of two
 (2) new ordinary shares of RM1.00 each for each existing share held in the Company to be wholly capitalised out of retained profits,
 - (b) a proposed issue by the Company of RM200,000 nominal value of 5-year 1% redeemable bank guaranteed unsecured bonds with 100,179,753 detachable warrants at 100% of the nominal value of the bonds on a "bought deal" basis, and
 - (c) a proposed issue for cash by the Company of 28.226 million new ordinary shares of RM1.00 each at an issue price of RM2.48 per share.

(hereinafter collectively known as the "Proposals")

The Mawar Acquisition and the Proposals are subject to ratification and approvals respectively by the relevant authorities.

(iv) Mawar Seroja Sdn. Bhd., a wholly owned subsidiary disposed of its entire interest comprising 57,000,000 ordinary shares of RM1 each of the issued and paid up capital of KFC Holdings (Malaysia) Berhad to C.I. Enterprise Sdn. Bhd., another wholly-owned subsidiary, pursuant to an internal restructuring scheme implemented by the Group.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (d) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person;
 - (ii) any contingent liabilities in respect of the Group and of the Company which have arisen since the end of the financial year.
- (e) In the opinion of the Directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

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

On behalf of the Board,

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ Director

DATO' PADUKA HJ AHMAD BASRI BIN MOHD AKIL Director

Kuala Lumpur, Malaysia 15 October 2001



INCOME STATEMENTS For The Year Ended 30 June 2001

		Gr 2001	oup 2000	Com 2001	npany 2000
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	79,546	130,260	4,157	5,401
Cost of sales		(67,015)	(114,005)	-	
Gross profit		12,531	16,255	4,157	5,401
Other operating income		2,504	1,395	-	
Distribution costs		(334)	(660)	-	-
Administration expenses		(21,479)	(13,193)	(2,726)	(2,262)
Other operating expenses		(1,382)	(2,150)	-	-
Operating (loss)/profit before exceptional items	5	(8,160)	1,647	1,431	3,139
Exceptional items	6	455	(5,933)	(39,012)	160,516
Operating (loss)/profit after exceptional items		(7,705)	(4,286)	(37,581)	163,655
Finance costs		(20,837)	(2,811)	(929)	(1,263)
Share of results of associated company		17,632	-	-	-
(Loss)/profit before taxation		(10,910)	(7,097)	(38,510)	162,392
Taxation	7	(5,418)	(1,279)	-	(442)
(Loss)/profit after taxation		(16,328)	(8,376)	(38,510)	161,950
Minority interests		1,422	(378)	-	-
(Loss)/profit attributable to shareholders		(14,906)	(8,754)	(38,510)	161,950
Basic (loss)/earnings per share (sen)	8	(26.0)	(15.3)	(67.1)	282.3

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As At 30 June 2001

	Note	Gra 2001 RM'000	2000 2000 RM'000	Com 2001 RM'000	pany 2000 RM'000
PROPERTY, PLANT AND EQUIPMENT	9	35,841	48,011	797	1,026
SUBSIDIARY COMPANIES	10	-	-	117,750	89,062
ASSOCIATED COMPANY	11	462,846	-	-	
GOODWILL ON CONSOLIDATION	12	20,777	21,443	-	
CURRENT ASSETS					
Inventories	13	7,620	6,304	-	
Debtors	14	61,606	269,517	1,608	175,979
Amount due from subsidiary companies	15	-	-	163,090	54,702
Deposits with licensed banks	16	100	620	-	-
Cash and bank balances		811	2,692	17	353
		70,137	279,133	164,715	231,034
CURRENT LIABILITIES					_
Creditors	17	94,838	32,363	3,225	2,394
Amount due to subsidiary companies	15	-	-	19,310	14,982
Hire purchase and lease creditors	18	309	113	108	108
Bank borrowings	19	215,410	16,492	2,005	5,000
Provision for taxation		1,381	3,398	514	1,094
Proposed dividend		287	826	287	826
		312,225	53,192	25,449	24,404
NET CURRENT (LIABILITIES)/ASSETS		(242,088)	225,941	139,266	206,630
		277,376	295,395	257,813	296,718
CAPITAL AND RESERVES					
Share capital	20	57,378	57,378	57,378	57,378
Share premium		1,007	1,007	1,007	1,007
Capital reserves		56,781	56,613	-	-
Special reserves		11,520	11,520	10,622	10,622
Retained earnings	21	145,381	160,574	188,603	227,400
Shareholders' equity		272,067	287,092	257,610	296,407
MINORITY INTERESTS		3,240	6,235	-	
LONG TERM LIABILITIES					
Deferred taxation	22	652	1,118	-	· ·
Hire purchase and lease creditors	18	944	311	203	311
Provision for retirement benefits		473	639	-	-
		277,376	295,395	257,813	296,718



The annexed notes form an integral part of these financial statements.

		Share	Share	Canital Speci	ibutable Snerial	Other	Distributable Retained	
	Note	capital RM'000	premium RM'000	reserves RM'000	reserves RM'000	reserves RM'000	earnings RM'000	Total RM'000
GROUP								
At 1 July 1999		57,378	1,007	50,979	7,248	6,176	1 63,978	286,766
Transfer (from)/to reserve						(6,176)	6,176	
Change in group structure				2,560				2,560
Reinstatement of special reserves on disposal of investment in subsidiaries					4,272			4,272
Arising from acquisition of subsidiary companies				3,074		,		3,074
Loss for the year			·		·		(8,754)	(8,754)
Dividend	23						(826)	(826)
At 30 June 2000		57,378	1,007	56,613	11,520		160,574	287,092
Change in group structure				(1,782)		•		(1,782)
Arising from acquisition of subsidiary company				1,950				1,950
Loss for the year						ı	(14,906)	(14,906)
Dividend	23						(287)	(287)
At 30 June 2001		57,378	1,007	56,781	11,520		145,381	272,067

STATEMENTS OF CHANGES IN EQUITY For The Year Ended 30 June 2001

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (contd.)

	Note	Share capital RM'000	Non-distr Share premium RM'000	ibutable Special reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
COMPANY						
At 1 July 1999		57,378	1,007	10,622	66,276	135,283
Profit for the year		-	-	-	161,950	161,950
Dividend	23	-	-	-	(826)	(826)
At 30 June 2000		57,378	1,007	10,622	227,400	296,407
Loss for the year		-	-	-	(38 <i>,</i> 510)	(38,510)
Dividend	23	-	-	-	(287)	(287)
At 30 June 2001		57,378	1,007	10,622	188,603	257,610



CASH FLOW STATEMENTS For The Year Ended 30 June 2001

		Group		Company	
	2001 RM′000	2000 RM'000	2001 RM'000	2000 RM'000	
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before taxation	(10,910)	(7,097)	(38,510)	162,392	
Adjustments for:					
Depreciation of property, plant and equipment	5,843	7,751	227	122	
Gain on disposal of property, plant and equipment	(613)	(105)	-	-	
Loss/(gain) on disposal of subsidiary companies	666	(13,415)	-	-	
Goodwill written off	-	13,988	-	-	
Provision for diminution in value of investments	-	-	39,012	19,348	
Provision for doubtful debts	2,330	997	-	-	
Loss on transfer of investment to a subsidiary company	-	-	-	360	
Interest expense	20,737	789	930	1,249	
Interest income	(153)	(1,394)	(2,557)	(4,153)	
Property, plant and equipment written off	287	100	101	-	
Provision for slow moving stocks	142	601	-	-	
Retirement benefits paid	(244)	-	-	-	
Provision for retirement benefits	78	116	-	-	
Charge for impairment in value of property, plant and equipment	-	5,360	-	-	
Share of results of associated company	(17,632)	-	-	-	
Operating (loss)/profit before working capital changes	531	7,691	(797)	179,318	
Inventories	(1,879)	(185)	-	-	
Debtors	171,524	(50,592)	174,371	(120,039)	
Creditors	(305,805)	4,115	723	(51,395)	
Intercompany balances	-	-	(104,060)	(4,818)	
Cash (absorbed by)/ generated from operations	(135,629)	(38,971)	70,237	3,066	
Interest paid	(20,737)	(789)	(930)	(1,249)	
Interest received	153	1,394	2,557	4,153	
Taxation (paid)/refund	(1,964)	(2,374)	(580)	252	
Net cash (used in)/generated from operating activities	(158,177)	(40,740)	71,284	6,222	

CASH FLOW STATEMENTS (contd.)

	Grc 2001 RM'000	2000 RM'000	Comp 2001 RM′000	2000 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment	(1,083)	-	-	-
Acquisition of subsidiary companies, net of cash and cash equivalents (Note a)	(67,500)	(24,097)	(67,700)	(4,896)
Disposal of subsidiary companies, net of cash and cash equivalents (Note b)	11,726	42,460	-	-
Proceeds from disposal of property, plant and equipment	4,036	472	-	-
Purchase of property, plant and equipment	(2,885)	(5,670)	(99)	(1,148)
Net cash (used in)/generated from investing activities	(55,706)	13,165	(67,799)	(6,044)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(826)	(2,066)	(826)	(2,066)
Short term borrowings	212,025	1,429	(2,995)	-
Deposit with licensed bank pledged as security	(100)	-	-	-
Net cash generated from/(used in) financing activities	211,099	(637)	(3,821)	(2,066)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,784)	(28,212)	(336)	(1,888)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,399	29,611	353	2,241
CASH AND CASH EQUIVALENTS AT END OF YEAR	(1,385)	1,399	17	353
Cash and cash equivalents at 30 June comprise the following:-				
Cash and bank balances	811	2,692	17	353
Deposits with licensed banks	100	620	-	-
Bank overdrafts	(2,196)	(1,913)	-	-
	(1,285)	1,399	17	353
Less: Deposit with licensed bank pledged as security	(100)	-	-	-
	(1,385)	1,399	17	353

CASH FLOW STATEMENTS (contd.)

(a) Acquisition of subsidiary companies

	G 2001 RM′000	roup 2000 RM'000
Analysis of subsidiary companies acquired are as follows:-		
Property, plant and equipment	-	5,859
Investment in associated company	450,000	-
Inventories	-	283
Debtors	-	4,221
Cash and bank balances & deposits	-	5,703
Creditors	(380,550)	(3,611)
Provision for taxation	-	(163)
Deferred taxation	-	(83)
Minority interest	-	(3,112)
Share of net assets acquired	69,450	9,097
(Reserve)/Goodwill on consolidation	(1,950)	20,703
Total purchase consideration	67,500	29,800
Less: Cash and cash equivalents of subsidiary companies acquired	-	(5,703)
Cash flow on acquisition, net of cash and cash equivalents acquired	67,500	24,097
(b) Disposal of subsidiary companies		
Analysis of subsidiary companies disposed are as follows:-		
Property, plant and equipment	6,331	14,939
Inventories	563	783
Debtors	33,915	27,538
Cash and bank balances	17	19,016
Creditors	(14,333)	(14,215)
Short term borrowings	(13,390)	
Provision for taxation	(68)	-
Minority interests	(1,292)	-
Share of net assets disposed	11,743	48,061
Goodwill on consolidation	666	-
(Loss)/profit on disposal	(666)	13,415
Total sale consideration	11,743	61,476
Less: Cash and cash equivalents of subsidiary companies disposed	(17)	(19,016)
Cash flow on disposal, net of cash and cash equivalents disposed	11,726	42,460

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2001

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are described in Note 10 to the financial statements.

The number of employees in the Group and in the Company as at 30 June 2001 was 166 (2000: 140 employees) and 14 employees (2000: 5 employees) respectively.

The Company is a limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Kuala Lumpur Stock Exchange.

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

No. 16, Lorong Yap Kwan Seng 50450 Kuala Lumpur

2. FUNDAMENTAL ACCOUNTING CONCEPT

The Group recorded a loss for the year of RM14.9 million and has net current liabilities of RM241.8 million as at 30 June 2001. In addition, the Group intends to repay bank and other borrowings out of proceeds to be received from the Proposals referred to in the Directors' Report under Significant Events, Note (iii). In view of the foregoing, the financial statements of the Group and of the Company have been prepared on the going concern basis which is dependent on the continued financial support of the creditors, lenders and shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain land and buildings and comply with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

(b) Subsidiary Companies

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies for the financial year to 30 June. The results of subsidiary companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

Goodwill or reserve on consolidation represents the difference between the consideration paid for the shares in the subsidiary companies and the value of attributable net assets acquired, and is included in the group financial statements as goodwill or capital reserve arising on consolidation, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(c) Associated Companies

Associated companies are those companies in which the Group has a long term interest of not less than 20% and not more than 50% of the equity capital and in which it exercises significant influence over the financial and operating policies through Board representation.

The Group's investment in associated companies is accounted for under the equity method of accounting. The Group's share of results and reserves of associated companies acquired or disposed of is included in the consolidated financial statements from the date of acquisition or up to the date of disposal. The results of the quoted associated company, KFC Holdings (Malaysia) Berhad are accounted for under the equity method based on the unaudited results for the period to 30 June announced to the Kuala Lumpur Stock Exchange.

The premium on acquisition represents the difference between the consideration paid for the shares in the associated companies and the value of attributable net assets acquired, as applicable. Premium on acquisition is not amortised but write-offs are made where in the opinion of the Directors, a permanent diminution in value has occurred.

(d) Property, Plant and Equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation. Cost comprises purchase cost and any incidental costs of acquisition.

The Directors have applied the transitional provisions of International Accounting Standards No.16 (Revised) Property, Plant and Equipment as adopted by Malaysian Accounting Standards Board which allow the long term leasehold land and buildings to be stated at their valuations mentioned in Note 9 to the financial statements less depreciation. Accordingly, these valuations have not been updated.

Freehold land and construction in progress are not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases ranging from 60 to 99 years. Quarry improvements are written off over a period of two years. Depreciation on property, plant and equipment is calculated so as to write off the cost of each property, plant and equipment on a straight line basis over its estimated useful lives.

The annual rates used for this purpose are as follows:

Buildings	2% - 20%
Plant, equipment and vehicles	5% - 25%
Access road	10% to 20%
Plant mobilisation	50%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(e) Investments

Investments in subsidiary and associated companies are stated at cost unless in the opinion of the Directors, there has been a permanent diminution in value in which case, provision is made for the diminution in value. Permanent diminution in value of an investment is recognised as an expense in the period in which the diminution is identified.

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

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(f) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on a weighted average basis. In the case of finished goods and work-in-progress, cost represents raw materials, direct labour and an appropriate proportion of production overheads.

In arriving at net realisable value, due allowance is made for all obsolete and slow moving inventories.

(g) Trade Debtors

Trade debtors are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the period end.

(h) Finance Leases

Leases where substantially all risks and rewards of ownership of assets are transferred to the Group are accounted for as finance leases.

Property, plant and equipment acquired under finance leases are included in tangible property, plant and equipment and are depreciated in accordance with Note 3(c). Obligations under such agreements are treated as liabilities. Finance charges are allocated to the income statement over the period of the lease agreements.

(i) Retirement Benefits

Provision for retirement benefits, under a defined benefit plan which is unfunded, is made in accordance with the provisions stipulated in the Collective Agreements for all eligible employees. This provision is calculated based on a percentage of the employees emoluments and the length of their service with the Group. The plan since inception, has not been subject to review by actuaries.

(j) Deferred Taxation

Provision is made based on the liability method in the financial statements for taxation which is deferred due to timing differences except to the extent that it can be demonstrated, with reasonable probability, that the differences will continue in the foreseeable future.

No account is taken of any net debit balance in the deferred taxation account.

(k) Foreign Currency Transactions

Foreign currency transactions are converted into Ringgit Malaysia at rates ruling at transaction dates.

Realised gains or losses on exchange are included in the income statement. Foreign currency assets and liabilities at the year end are translated into Ringgit Malaysia at the rates of exchange ruling at that date and differences are taken to the income statement.

The assets and liabilities and trading results of foreign subsidiary companies are translated into Ringgit Malaysia, at the rates of exchange ruling at the balance sheet date. Exchange differences arising from restatement of the opening net investments in foreign subsidiary companies at rates ruling at the balance sheet date are dealt with through reserves.

The principal closing rates used in translation of foreign currency amounts were as follows:

Foreign Currency	30.6.2001 RM	30.6.2000 RM
1 United States Dollar	3.80	3.80
1 Deutsche Mark	1.64	1.85
1 Singapore Dollar	2.09	-
1 Euro Dollar	3.21	-
100 Italian Lira	0.17	-
100 Spanish Peso	1.93	-

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(I) Revenue Recognition

Sales are recognised upon delivery of products and constomer acceptances, net of sales taxes and discounts, and after eliminating sales within the Group.

Revenue from loans and hire purchase transactions are recognised on the following basis:

Loans	Yearly rest basis over the period of the loan
Hire purchase	Rule of 78 method

Interest income from the above transactions is recognised as it accrues unless collectibility is in doubt.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. **REVENUE**

Revenue of the Company represents gross dividends, interest income and management and other fees receivable from subsidiary companies.

Revenue of the Group represents the invoiced value of goods sold to third parties, net of discounts and returns and interest income from finance related activities.

	Gro		Company	
	2001 RM′000	2000 RM′000	2001 RM′000	2000 RM'000
Analysis of revenue:				
Interest income:-				
- finance related activities	1,346	4,731	-	-
- subsidiaries	-	-	2,478	3,012
- others	787	1,141	-	1,141
Rental of equipment from subsidiary company	-	-	79	-
Progress billings on contract works	1,448	-	-	-
Sale of goods	75,965	124,388	-	-
Management and other fees from subsidiary companies	-	-	1,600	800
Dividend income from subsidiary companies	-	-	-	448
	79,546	130,260	4,157	5,401

5. (LOSS)/PROFIT FROM OPERATIONS

	Gra 2001 RM'000	2000 RM'000	Comp 2001 RM′000	oany 2000 RM′000
This is arrived at after charging/(crediting) the following:				
Auditors' remuneration	102	105	15	12
Bad debts written off	234	-	-	-
Depreciation of property, plant and equipment	5,843	7,751	227	122
Directors' remuneration (Note a)	333	393	262	100
Interest expense				
- short term loans	13,912	-	292	-
- subsidiary companies	-	-	600	785
- others	6,825	789	38	464
Interest income	(153)	(1,394)	-	-
Gain on disposal of property, plant and equipment	(613)	(105)	-	-
Property, plant and equipment written off	287	100	101	-
Provision for doubtful debts	2,330	997	-	
Provision for retirement benefits	78	116	-	
Provision for slow moving stocks	142	601	-	
Rental of land	77	105	-	-
Rental of plant and machinery	(93)	184	-	-
Rental of premises	222	1,010	76	65
Share of results of associated company	(17,632)	-	-	-
Staff costs	5,789	11,977	583	239
(a) Directors' remuneration				
Directors of the Company				
Executive Directors				
- salaries and allowances	192	165	162	60
- bonuses	-	-	-	-
- fees	3	7	3	7
- benefits-in-kind	17	-	17	-
Non-Executive Directors	212	172	182	67
- salaries and allowances	13	13	20	
- bonuses	-	-	-	
- fees	60	33	60	33
- benefits-in-kind	-		-	-
	73	46	80	33
	285	218	262	100

5. (LOSS)/PROFIT FROM OPERATIONS (contd.)

(a) Directors' remuneration (contd.)

		Group		any
	2001 RM′000	2000 RM'000	2001 RM'000	2000 RM'000
Other Directors				
Executive Directors				
- salaries and allowances	48	175	-	-
- bonuses	-	-	-	-
- fees	-	-	-	-
- benefits-in-kind	-	-	-	-
	-	-	-	-
	48	175	-	-
Non-Executive Directors				
- salaries and allowances	-	-	-	-
- bonuses	-	-	-	-
- fees	-	-	-	-
- benefits-in-kind	-	-	-	-
	-	-	-	-
	48	175	-	-
Total	333	393	262	100

	20	Number of Directors 2001 2000			
	Executive Directors	Non- Executive Directors	Executive Directors	Non- Executive Directors	
Directors of the Company					
. ,					
Below RM50,000	-	5	-	4	
RM50,001 - RM100,000	1	-	3	-	
RM100,001 - RM150,000	1	-	-	-	
Other Directors					
Below RM50,000	2	-	4	-	
RM50,001 - RM100,000	-	-	2	-	

6. EXCEPTIONAL ITEMS

	Gr 2001 RM′000			Company 2001 2000 RM′000 RM′000	
Waiver of loans from a subsidiary company	-	-	-	(179,864	
Loss/(gain) on disposal of shares in subsidiary companies	666	(13,415)	-		
Gain on legal settlement	(1,121)	-	-		
Charge for impairment in value of property, plant and equipment		5,360	-		
Diminution in value of subsidiary companies					
- provision	-	-	50,000	19,348	
- writeback	-	-	(10,988)		
Goodwill on consolidation written off	-	13,988	-		
	(455)	5,933	39,012	(160,516	
TAXATION					
Malaysian taxation based on results for the year:					
Current year charge	15	1,992	-	1,20	
Over provision in prior years	-	(713)	-	(759	
	15	1,279	-	442	
Write back of deferred taxation (Note 22)	(466)	-	-		
Share of taxation in associated company	5,869	-	-		
	5,418	1,279	-	442	

8. BASIC (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is calculated based on the (loss)/profit attributable to shareholders and on the number of ordinary shares of RM1 each of 57,377,835 (2000: 57,377,835) in issue during the year.

9. PROPERTY, PLANT AND EQUIPMENT

GROUP 2001	A t 1.7.2000 RM'000	Disposal of subsidiary company RM'000	Additions RM'000	Disposals/ Write offs RM'000	A t 30.6.2001 RM'000
At valuation:					
Long term leasehold land	457	-	-	-	457
Building	570	-	9	-	579
	1,027	-	9	-	1,036
At cost:					
Freehold land	27,955	-	-	-	27,955
Long term leasehold land	450	-	-	-	450
Buildings	4,828	-	189	(522)	4,495
Plant, equipment and vehicles	87,833	(39,285)	3,448	(37,607)	14,389
Access road	1,783	-	-	(308)	1,475
Plant mobilisation	3,535	(3,535)	-	-	-
Quarry improvements	4,340	-	68	(200)	4,208
Construction in progress	29	(29)	-	-	-
	130,753	(42,849)	3,705	(38,637)	52,972
Total	131,780	(42,849)	3,714	(38,637)	54,008

GROUP 2001	At 1.7.2000 RM'000	Disposal of subsidiary company RM'000	Charge for the year RM'000	Disposals/ Write offs RM'000	At 30.6.2001 RM'000
Accumulated Depreciation					
At valuation:					
Long term leasehold land	101	-	5	-	106
Building	231	-	11	-	242
	332	-	16	-	348
At cost:					
Long term leasehold land	35	-	6	-	41
Buildings	2,572	-	159	(522)	2,209
Plant, equipment and vehicles	72,608	(33,656)	4,831	(33,897)	9,886
Access road	1,535	-	248	(308)	1,475
Plant mobilisation	2,648	(2,862)	214	-	-
Quarry improvements	4,039	-	369	(200)	4,208
	83,437	(36,518)	5,827	(34,927)	17,819
Total	83,769	(36,518)	5,843	(34,927)	18,167

GROUP 2000	At 1.7.1999 RM'000	Acquisition of subsidiary companies RM'000	Disposal of subsidiary companies RM'000	Additions RM'000	Reclassification RM ¹ 000	Disposals/ Write offs RM'000	At 30.6.2000 RM'000
At valuation:							
Long term leasehold land	457	•			,		457
Building	972		(402)		ı		570
	1,429		(402)				1,027
At cost:							
Freehold land	26,307	1,648	ı	ı	·	ı	27,955
Long term leasehold land		450			,		450
Buildings	5,302	843	(1,335)	27	,	(6)	4,828
Plant, equipment and vehicles	109,035	7,400	(30,973)	3,240	761	(1,630)	87,833
Access road	1,621	162			ı		1,783
Plant mobilisation	2,790			745	ı		3,535
Quarry improvements	3,991			349	ı		4,340
Construction in progress	5,600		(6,305)	1,721	(192)	(226)	29
	154,646	10,503	(38,613)	6,082	1	(1,865)	130,753
Total	156,075	10,503	(39,015)	6,082	ı	(1,865)	131,780

NOTES TO THE FINANCIAL STATEMENTS (contd.)

9. PROPERTY, PLANT AND EQUIPMENT (contd.)

GROUP 2000	At 1.7.1999 RM'000	Acquisition of subsidiary companies RM'000	Disposal of subsidiary companies RM'000	Charge for the year RM'000	Disposals/ Write offs RM'000	Impairment charge RM '000	At 30.6.2000 RM'000
Accumulated Depreciation At valuation:							
Long term leasehold land	96	ı	ı	5	ı	ı	101
Building	627		(407)	11			231
	723		(407)	16			332
At cost:							
Long term leasehold land		35					35
Buildings	3,356	26	(673)	172	(6)		2,572
Plant, equipment and vehicles	80,229	4,483	(22,696)	6,621	(1,389)	5,360	72,608
Access road	1,315	100		120			1,535
Plant mobilisation	2,056			592			2,648
Quarry improvements	3,809			230	·		4,039
	90,765	4,644	(23,669)	7,735	(1,398)	5,360	83,437
Total	91,488	4,644	(24,076)	7,751	(1,398)	5,360	83,769

9. PROPERTY, PLANT AND EQUIPMENT (contd.)

NOTES TO THE FINANCIAL STATEMENTS (contd.)
9. PROPERTY, PLANT AND EQUIPMENT (contd.)

GROUP		
	2001 RM′000	2000 RM'000
Net Book Value		
At valuation:		
Long term leasehold land	351	356
Building	337	339
	688	695
At cost:		
Freehold land	27,955	27,955
Long term leasehold land	409	415
Buildings	2,286	2,256
Plant, equipment and vehicles	4,503	15,225
Access road	-	248
Plant mobilisation	-	887
Quarry improvements	-	301
Construction in progress	-	29
	35,153	47,316
Total	35,841	48,011

The long term leasehold land and building, stated at valuation, was revalued in 1980 by the Directors based on a valuation carried out by an independent professional valuer on an open market value basis. As allowed by the transitional provisions of the International Accounting Standard 16 (Revised), Property, Plant and Equipment, adopted by the Malaysian Accounting Standards Board, these assets have continued to be stated on the basis of their 1980 valuation.

Had the long term leasehold land and building been carried at historical cost less depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year are as follows:

	2001 RM'000	2000 RM'000
Long term leasehold land	50	51
Building	147	152
	197	203

9. PROPERTY, PLANT AND EQUIPMENT (contd.)

COMPANY		Equipment and vehicles 2001 2000	
	RM'000	RM'000	
Cost			
At 1 July	1,148	-	
Additions	99	1,148	
Write offs	(148)	-	
	1,099	1,148	
Accumulated Depreciation			
At 1 July	122		
Charge for the year	227	122	
Write offs	(47)		
At 30 June	302	122	
Net Book Value			
At 30 June	797	1,026	

Included in the net book value of property, plant and equipment of the Group and Company is an amount of RM1,602,757 (2000: RM325,044) and RM325,044 (2000: RM325,044) respectively in respect of assets acquired under hire purchase and lease agreements.

10.SUBSIDIARY COMPANIES

	Com	pany
	2001 RM′000	2000 RM'000
Unquoted investments, at cost	176,110	108,410
Provision for diminution in value	(58,360)	(19,348)
	117,750	89,062

10.SUBSIDIARY COMPANIES (contd.)

- (a) The unquoted shares in certain subsidiary companies are pledged to a licensed credit company as security for a term loan referred to in Note 19.
- (b) Details of the subsidiary companies, which are incorporated in Malaysia, are as follows:

Principal Company activity			
Doe Industries Sdn. Bhd.	Manufacture and trading of water taps and other plumbing accessories	100.0	100.0
C.I. Building Industries Sdn. Bhd.	Investment holding	100.0	100.0
C.I. Construction Sdn. Bhd.	Building, civil and infrastructure contractor and a quarry operator	100.0	100.0
C.I. Development Sdn. Bhd.	Dormant	100.0	100.0
C.I. Enterprise Sdn. Bhd.	Investment holding	100.0	100.0
C.I. Management Sdn. Bhd.	Management services	100.0	100.0
C.I. Properties Sdn. Bhd.	Dormant	100.0	100.0
C.I. Quarries (Nilai) Sdn. Bhd.	Granite quarrying	100.0	100.0
C.I. Quarries Sdn. Bhd.	I. Quarries Sdn. Bhd. Granite quarrying and manufacture of bitumen hot premix for road surfacing		100.0
C.I. Quarrying & Marketing Sdn. Bhd.	Granite quarrying	100.0	100.0
Capital Aim Sdn. Bhd.	Investment holding	100.0	100.0
Mutual Prospect Sdn. Bhd.	Quarry proprietors and operators	100.0	100.0
C.I. Damansara Quarry Sdn. Bhd. Granite quarrying and manufacture of bitumen hot premix for road surfacing		65.0	65.0
Hwee Ann Credit & Leasing Sdn. Bhd.	Hire purchase finance, leasing and money lending	59.9	59.9
Hwee Ann Enterprises Sdn. Bhd.	Insurance agent	59.9	59.9
Hwee Ann Development Sdn. Bhd.	Property rental	55.9	55.9
C.I. Auto Services Sdn. Bhd. Automotive air conditioning, refrigeration and logistic services		100.0	-
C.I. Marketing Sdn. Bhd.	Marketing and selling of granite quarry products	100.0	-
Mawar Seroja Sdn. Bhd.	Investment holding	100.0	-
C.I. Readymix Sdn. Bhd.	Production and sale of readymix concrete	-	90.1

11.ASSOCIATED COMPANY

	Gro	Group	
	2001 RM′000	2000 RM'000	
Quoted shares in Malaysia, at cost	451,083	-	
Share of post-acquisition results	11,763	-	
	462,846	-	
Market value of quoted shares	234,028*	-	

* Based on the market price quotation on the Kuala Lumpur Stock Exchange as at 29 June 2001.

(a) The Group's interest in the associated company is analysed as follows:-

	Gro	oup
	2001 RM′000	2000 RM'000
Share of net assets	117,823	-
Premium on acquisition	345,023	-
	462,846	-

(b) The quoted shares in associated company have been pledged to a licensed bank as security for a term loan referred to in Note 19.

(c) Details of the associated company, which is incorporated in Malaysia, are as follows:

Company	Principal ny activity		uity interest 2000 %
KFC Holdings (Malaysia) Berhad	Quick service restaurants operator	29.62	-

(d) No provision for diminution in value has been made in the financial statements as the Directors are of the opinion that the investment is held for the long term and that the shortfall between the market value and carrying value of the investment is not permanent.

12.GOODWILL ON CONSOLIDATION

	Gr	oup
	2001 RM'000	2000 RM'000
	01.442	11/5/
At 1 July	21,443	11,654
Arising from (disposal)/acquisition of subsidiary companies	(666)	23,777
Goodwill written off	-	(13,988)
At 30 June	20,777	21,443

13.INVENTORIES

	Gro	oup
	2001 RM′000	2000 RM'000
At cost:		
Finished goods/trading inventories	3,100	2,336
Work-in-progress	2,409	1,148
Raw materials and consumable stores	2,854	2,820
	8,363	6,304
Provision for inventory obsolescence	(471)	-
Provision for slow moving inventories	(272)	-
	7,620	6,304

14.DEBTORS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade debtors	11,589	43,060	-	
Hire purchase debtors	1,961	2,709	-	-
Loan debtors	53,049	48,353	-	· ·
Other debtors and prepayments	3,737	182,212	1,608	175,979
	70,336	276,334	1,608	175,979
Deferred finance income	(293)	(413)	-	-
Interest in suspense	(3,534)	-	-	-
Provision for doubtful debts	(4,903)	(6,404)	-	-
	61,606	269,517	1,608	175,979

Included in other debtors and prepayments of the previous year is an amount of RM175,000,000 paid to third parties being part payment towards the aggregate amount payable for the acquisition of Mawar Seroja Sdn. Bhd., a subsidiary company.

15.AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES

The amounts due from subsidiaries are unsecured, has no fixed term of repayment and are either interest free or interest bearing at rates ranging from 5.08% to 6.00% (2000: 4.85% to 8.25%) per annum.

The amounts due to subsidiaries are unsecured, has no fixed term of repayment and are either interest free or interest bearing at rates ranging from 4.25% to 9.20% (2000: 4.20% to 9.75%) per annum.

16.DEPOSITS WITH LICENSED BANKS

Included in the above is a deposit with licensed bank amounting to RM100,000 (2000: NIL) which is pledged as security for a bank overdraft facility granted to a subsidiary company.

17.CREDITORS

	Gro	Group		bany
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade creditors	7,969	24,568	-	-
Other creditors and accruals	86,869	8,006	3,225	2,394
	94,838	32,574	3,225	2,394

Included in other creditors and accruals is an amount of RM80.8 million (2000: NIL) owing to Punca Ibarat Sdn. Bhd., a former holding company of a subsidiary, which has no fixed term of repayment and interest is charged at a rate of 12% per annum. The Company intends to repay this amount by way of proceeds to be received from the proposed issue of new shares in the Company as referred to in the Directors' Report under Significant Events, Note (iii) (c).

18.HIRE PURCHASE AND LEASE CREDITORS

	Gro 2001	Group 2001 2000		any 2000
	RM'000	RM'000	RM'000	RM'000
Future minimum hire purchase and lease payments:				
Within 1 year	486	140	133	133
After 1 and up to 5 years	1,065	394	261	394
	1,551	534	394	527
Deferred finance charges	(298)	(110)	(83)	(108)
	1,253	424	311	419
Present value of hire purchase and lease liabilities:				
Current	309	113	108	108
Non-current	944	311	203	311
	1,253	424	311	419

19.BANK BORROWINGS

	Gro	Group		Company	
	2001 RM′000	2000 RM'000	2001 RM'000	2000 RM'000	
Secured					
Bank overdraft	1,068	-	-	-	
Short term loan from a licensed bank (Note b)	200,221	-	-		
Short term loan from a licensed credit company (Note c)	8,331	-	-		
	209,620	-	-	-	
Unsecured					
Bank overdraft	1,128	1,913	-	-	
Bankers acceptances	2,657	7,561	-	-	
Revolving credit facility	2,005	7,018	2,005	5,000	
	215,410	16,492	2,005	5,000	

(a) The bank borrowings are secured by way of the following:

- (i) a charge on the quoted shares in the associated company referred to in Note 11 (b) held by the subsidiary, C.I. Enterprise Sdn. Bhd., and a charge on the unquoted shares of certain subsidiary companies;
- (ii) Memorandum of Deposit of Fixed Deposit Receipts of a minimum amount RM10 million in C.I. Enterprise Sdn. Bhd., for the purpose of servicing loan interest;
- (iii) third party legal charge over a piece of land owned by a subsidiary, Mutual Prospect Sdn. Bhd.; and
- (iv) corporate guarantee and indemnity from C.I. Holdings Berhad, the holding company.
- (b) The licensed bank has agreed to extend the loan tenure from October 2001 to January 2002 subject to certain conditions which the subsidiary is currently in the process of fulfilment.
- (c) The subsidiary company is in the process of formalising the option to extend the loan tenure from September 2001 to March 2002.
- (d) Interest on bank borrowings is charged at rates ranging from 3.5% to 12.5% (2000: 6.4% to 8.05%) per annum.

20.SHARE CAPITAL

	Group/ 2001 RM′000	Company 2000 RM'000
Authorised:		
Ordinary shares of RM1 each At beginning of year	100,000	100,000
Created during the year	400,000	-
At end of year	500,000	100,000
Issued and fully paid:		
Ordinary shares of RM1 each	57,378	57,378

21.RETAINED PROFITS

Based on the estimated tax credits available, the Company may distribute its retained profits as dividends up to a maximum of RM19.9 million (2000: RM19.9 million) without incurring additional tax liability. In addition, the Company has a tax exempt account balance of RM12.4 million (2000: RM12.7 million) available for distribution as tax exempt dividends subject to agreement of the tax authorities.

22.DEFERRED TAXATION

	Group	
	2001 RM'000	2000 RM'000
(a) At 1 July	1,118	1,035
Write back for the year (Note 7)	(466)	-
Acquisition of subsidiary companies	-	83
At 30 June	652	1,118
Deferred taxation provided for in the financial statements comprise the tax effects of:		
Excess of capital allowances over book depreciation	617	1,117
Revaluation of long term leasehold land	34	-
Other short-term timing differences	1	1
	652	1,118

(b) All material timing differences have been accounted for.

23.DIVIDEND

	Group/C 2001 RM'000	Company 2000 RM′000
Proposed final dividend of 0.5% or 0.5 sen per share, tax exempt		
(2000: 2% or 2 sen per share, less tax at 28%)	287	826

24.CONTINGENT LIABILITIES

	Com	Company	
	2001 RM′000	2000 RM'000	
(a) Guarantees given to financial institutions in respect of			
banking facilities granted to subsidiary companies	230,491	240,500	

24.CONTINGENT LIABILITIES (contd.)

- (b) A former employee of the Company had obtained a High Court Judgement in September 1998 against the Company for the issue of 250,000 new shares of the Company under an Employee Share Option Scheme ("ESOS") to be allotted at an issue price of RM1.38 per share. The Company has appealed against the judgement. The former employee has cross-appealed to the Appellate Court for damages in excess of RM2.5 million to be paid in cash in lieu of the 250,000 new shares. In addition, the former employee is also claiming reimbursement of legal fees of RM60,000. The appeals are currently pending.
- (c) A financial institution had taken legal action against a subsidiary of the Group for a sum of RM1.24 million assigned by a contractor ("Assigned Sum") of the subsidiary to the financial institution. In addition, the financial institution is also claiming against the subsidiary interest calculated at 8% per annum on the Assigned Sum chargeable from 10 October 2000 to the date of full settlement. The subsidiary has applied to strike off the case.

In respect of (b) and (c) above, no provision for the claims has been made in the financial statements.

25.CAPITAL COMMITMENTS

	G	roup
	2001 RM′000	2000 RM′000
Authorised and contracted for	1,710	891
Authorised but not contracted for	-	961

26.SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2001 RM'000	2000 RM′000	2001 RM'000	2000 RM′000
Management fees received from subsidiary companies	-	-	1,600	800
Interest received from				
- subsidiary companies	-	-	2,478	3,012
- related company	-	-	-	277
Rental and other charges received from subsidiary company	-	-	79	
Interest paid to subsidiary companies	-	-	600	785

The transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms.

27.SEGMENT INFORMATION

The analysis of results and assets employed by activity are as follows:

	Revenue 2001 2000 RM'000 RM'000			Profit/(loss) before taxation		assets loyed
			2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Manufacture and sale of building and construction related products	78,200	125,529	(24,906)	(8,032)	78,361	298,372
Financing activities	1,346	4,731	(3,636)	935	48,394	50,215
	79,546	130,260	(28,542)	(7,097)	126,755	348,587
Associated company	-	-	17,632	-	462,846	-
	79,546	130,260	(10,910)	(7,097)	589,601	348,587

No segment information by geographical area has been presented as the Group operates predominantly in Malaysia.

28.SIGNIFICANT EVENTS

These are as disclosed in the Directors' Report.

29.COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

STATEMENT BY DIRECTORS

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

We, DATO' SERI ABDUL GHANI BIN ABDUL AZIZ and DATO' PADUKA HJ AHMAD BASRI BIN MOHD AKIL, being two of the Directors of C.I. HOLDINGS BERHAD, state that in the opinion of the Directors, the financial statements set out on pages 16 to 45 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the state of affairs of the Group and of the Company as at 30 June 2001 and of the results of the Group and of the Company for the year ended on that date; and
- (ii) the cash flows of the Group and of the Company for the year ended 30 June 2001.

On behalf of the Board,

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ Director

DATO' PADUKA HJ AHMAD BASRI BIN MOHD AKIL Director

Kuala Lumpur 15 October 2001

STATUTORY DECLARATION

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

)

I, LEE PENG KHOON, the Officer primarily responsible for the financial management of C.I. HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 16 to 45 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the) abovenamed LEE PENG KHOON) at Kuala Lumpur in the Federal Territory on 15 October 2001)

LEE PENG KHOON

Before me -

TEONG KIAN MENG (W 147) Commissioner for Oaths



REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements set out on pages 16 to 45. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as at 30 June 2001 and of the results and cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.
- b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

In forming our opinion, we have considered the adequacy of the disclosure made in Note 2 to the financial statements. Given the significance that preparation of the financial statements of the Group and of the Company on the going concern basis is dependent on the continued financial support of creditors, lenders and shareholders, we consider that this disclosure should be brought to your attention. Our opinion is not qualified in this respect.

ERNST & YOUNG AF: 0039 Public Accountants

Yeo Eng Seng 1212/12/02(J) Partner

Kuala Lumpur, Malaysia 15 October 2001

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OTHER INFORMATION

Properties Held By The Group As At 30th June 2001

Tenure	Location	Approximate Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
WILAYAH P	ERSEKUTUAN					
Freehold	Industrial land in Daerah Hulu Langat, Mukim of Semenyih at Lot 1178 Lot 1313-1316 Lot 1318-1319 Lot 1119-1120	3,789,023	-	Land for Quarrying	12/1994 17/6/1993 17/6/1994 30/12/1992	1,990
Leasehold 99 years expiring 2085	Land with building at HS(D) 50259 PT 1815 Mukim Ampang	1,650	15	Office lot for Rental	8/5/1998	126
Freehold	Land with building at Lot 1.87, Ground Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur	204	29	Shoplot for Rental	17/9/1997	32
Leasehold 99 years expiring 2085	Land with building at HS(D) 50053 PT 850 Mukim Petaling	956	2	Medium Cost Apartment for Rental	6/5/1999	134
SELANGOR	DARUL EHSAN					
Leasehold 99 years expiring 2094	Land with building at HS(D) 4283 PT 9560 Mukim Dengkil, Sepang	10,499	3	1 ½ Storey Terrace Factory for Rental	9/8/1999	454
NEGERI SE/	MBILAN DARUL KHUSUS					
Leasehold 99 years expiring 2077	Land with building at HS(D) 658 PT 1342 Senawang Industrial Estate, Seremban	130,680	22	Factory for Manufacturing of Tap Wares	10/6/1978	2,004
Freehold (4 Individual Lots)	Land at HS(D) 14031 PT 3272, HS(D) 14032 PT 3273, HS(D) 14035 PT 3276, HS(D) 14036 PT 3277 Mukim Si Rusa, Daerah Port Dicl	181,994 «son	-	Bungalow Land for Future Development of Orchard and Building	3/11/1999	1,648
Leasehold 60 years expiring 2053	Quarry Land at HS(D) 74836 PT 6050 Mukim Labu, Daerah Negeri Sembilan	2,172,599	-	Quarry – Rocks Reserve	24/8/1999	74



OTHER INFORMATION (CONTD.)

Tenure	Location	Approximate Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
NEGERI SEM	ABILAN DARUL KHUSUS					
Leasehold 99 years expiring 2095	Industrial Land at HS(D) 104239 PT 13271 Mukim Labu, Daerah Negeri Sembilan	576,299	-	Quarry – Plant Site	24/8/1999	334
JOHOR DA	RUL TAKZIM					
Freehold	Agriculture land at Lot 2799 Mukim of Senai, Daerah Johor Bahru	214,533	-	Agricultural Land – Plant and Stockpile	17/11/1990	57

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31ST OCTOBER 2001

Size of Shareholdings	No. of Shareholders	No. of Shareholdings	Percentage (%) of Shareholdings
1 - 999	105	48,598	0.08
1,000 - 10,000	6,532	15,757,717	27.46
10,001 - 100,000	334	7,826,447	13.64
100,001 -2,868,890 *	33	21,773,073	37.95
2,868,891 and above **	1	11,972,000	20.87
Total	7,005	57,377,835	100.00

* 5% of the issued and paid-up share capital

** 5% and above of the issued and paid-up share capital

Class of Shares Voting Rights by show of hand Voting Rights by poll : Ordinary Shares of RM1.00 each

: One vote for every member

: One vote for every share held

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31ST OCTOBER 2001

No.	Name	Direct No. of Shares	Percentage (%)	Indirect No. of Shares	Percentage (%)
1.	Dato' Syed Ibrahim Bin Syed Mohamed	-	-	9,939,000 (1)	17.29
2.	Datin Mariam Prudence Binti Yusof	-	-	9,939,000 (1)	17.29
3.	Amanah Raya Berhad -Skim Amanah Saham Bumiputera	11,972,000	20.87	-	-

Note

1. Indirect interest through Du Ain Sdn. Bhd., Duclos Sdn. Bhd., Syed Ibrahim Sdn. Bhd., Leasing Corporation Sdn. Bhd., Sisma Vest Sdn. Bhd., MIMB Nominees (Tempatan) Sdn. Bhd. and Sisma Water Technology Sdn. Bhd.

THIRTY (30) LARGEST SHAREHOLDERS AS AT 31ST OCTOBER, 2001

Name	No. of shares of RM1.00 each	Percentage (%)
Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	11,972,000	20.87
Permodalan Nasional Berhad	2,663,000	4.64
Sisma Water Technology Sdn Bhd	2,363,000	4.12
Syed Ibrahim Sdn Bhd	2,270,000	3.96
Duclos Sdn Bhd	2,268,000	3.95
Du Ain Sdn Bhd	1,473,000	2.57
Mohammad Allaudin Bin Md. Ali	1,127,000	1.96
Distinct Master Sdn Bhd	1,120,000	1.95
Assets Nominees (Tempatan) Sdn Bhd Hume Industries (Malaysia) Berhad	1,000,500	1.74
EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Sisma Vest Sdn Bhd	1,000,000	1.74
Yates Ventures Limited	874,000	1.52
Thong & Kay Hian Nominees (Asing) Sdn. Bhd. Trans-Pacific Credit Pte Ltd for Yates Ventures Limited	728,000	1.27
Nazmin Binti Razak	613,000	1.07
Leasing Corporation Sdn Bhd	541,000	0.94
Talasco Insurance Berhad	370,000	0.64

THIRTY (30) LARGEST SHAREHOLDERS AS AT 31ST OCTOBER, 2001 (contd.)

Name	No. of shares of RM1.00 each	Percentage (%)
Ke-Zan Nominees (Tempatan) Sdn Bhd Kim Eng Securities (Private) Limited for Ahmad Fuad bin Md Ali	273,000	0.48
Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang	220,000	0.38
Lembaga Tabung Haji	217,000	0.38
MIDF Sisma Nominees (Tempatan) Sdn Bhd MIDF Sisma Holdings Sdn Bhd for Dato' Ong Joo Theam	215,000	0.37
Amanah Raya Berhad Kumpulan Wang Am	206,000	0.36
Hong Chin Chai	205,000	0.36
M & S Food Industries Sdn Bhd	200,000	0.35
Nagadevi Thambapillay A/P Sivasupramaniam	190,573	0.33
Tay Boon Teck	180,000	0.31
Lee Sui Hee	172,000	0.30
Kok Boon Lim	156,000	0.27
Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for AA Anthony & Co Sdn Bhd	1 <i>55,</i> 000	0.27
Tan Chong Siang	150,000	0.26
Ng Yee	145,000	0.25
Tay Ong Ngo @ Tay Boon Fang	141,000	0.25
	33,208,073	57.86

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate exercise during the financial year.

Share Buy-backs

The Company did not carry out any share buy-backs during the financial year.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

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

Sanctions and/or Penalties Imposed

The penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies are as follows:-

In breach of

	Penalty imposed/ Person affected
Section 341 of the Main Board Listing Requirements of the Kuala Lumpur Stock Exchange ("KLSE") for failing to make a factual, clear and succinct announcement in respect of the Company's announcements on 27th September 2000 and 20th October 2000 in relation to the acquisition of Mawar Seroja Sdn. Bhd.	KLSE imposed a public reprimand on the Company on 9th June 2001.

Section 32(4) of the Securities Commission Act 1993 (Act 498) for failing to obtain Securities Commission's ("SC") prior approvals to acquire Mawar Seroja Sdn. Bhd. and to enter into a Supplemental Agreement on 27th September 2000.

SC imposed a fine of RM500,000 on the Company on 11th July 2001.

Date/Regulatory body/

Non-Audit Fees

There were no non-audit fees paid to the external auditors during the financial year.

Variation In Results

There is no material variance between the results for the announced unaudited Fourth Quarter Report on consolidated results for the financial quarter ended 30th June 2001 and the audited accounts for the year ended 30th June 2001.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries since the previous financial year ended 30th June 2000 and in the financial year ended 30th June 2001 which involve directors' and substantial shareholders' interests.

Contracts Relating to Loans

There were no contracts relating to a loan entered into by the Company and its subsidiaries during the financial year.

Revaluation Policy

The Company does not adopt any revaluation policy on landed properties during the financial year.



FORM OF PROXY

I/We	 	beina	a meml	per

of C.I. HOLDINGS BERHAD hereby appoint of

or failing him/her, or failing him/her, the Chairman of the meeting as my/our proxy to attend and to vote for me/us and on my/our behalf at the Twenty-Third Annual General Meeting of the Company, to be held at Bilik Perdana, 3rd Floor, Wisma KFC, 17, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 28th December, 2001 at 10.00 a.m. and at any adjournment thereof.

No.	Ordinary Resolution	For	Against
1.	To receive and adopt the Audited Financial Statements for the year ended 30th June 2001 together with the Directors' and Auditors' Reports thereon. <i>Resolution 1</i>		
2.	To approve the payment of Directors' fees for the year ended 30th June 2001. <i>Resolution 2</i>		
3.	To declare a First and Final Tax Exempt Dividend of 0.5% for the year ended 30th June 2001. <i>Resolution 3</i>		
4.	To re-elect the following Directors who are retiring in accordance with Article 93 of the Company's Articles of Association: i. Puan Zaida Khalida Binte Shaari ii. Mr. Chan Peng Chiw iii. Encik Nor Hishammuddin Bin Dato' Mohd Nordin Resolution 6		
5.	To re-elect the following Director who is retiring in accordance with Article 102 of the Company's Articles of Association: i. Dato' Seri Abdul Ghani Bin Abdul Aziz <i>Resolution 7</i>		
6.	To re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Directors to fix their remuneration. <i>Resolution 8</i>		
7.	To consider and if thought fit, pass the Ordinary Resolution to give authority to the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965. <i>Resolution 9</i>		
8.	To consider and if thought fit, pass the Special Resolution to adopt the new Articles of Association. <i>Resolution 10</i>		
9.	To transact any other business.		

Please indicate with an [X] how you wish your vote to be casted.

Dated this......day of.....2001.

Number of Ordinary Shares Held

Signature / Common Seal of Member(s)

Notes:

- 1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- 2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of some officers of the corporation duly authorised in that behalf.
- 3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
- 4. The instrument appointing a proxy must be deposited at the Company's registered office at 10th Floor, Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereof.