



C.I. Holdings Berhad

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

AUDIT COMMITTEE MEMBERS

Chan Peng Chiw
Chairman and Senior 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 Senior 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 Senior Independent Non-Executive Director
Dato' Seri Abdul Ghani Bin Abdul Aziz
Member and Non-Independent Non-Executive Chairman
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
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 03-2087 7000
Fax: 03-2095 9076/78

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
Bank Industri & Teknologi Malaysia Berhad
Malaysian Assurance Alliance 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: 03-2096 1234
Fax: 03-2096 1200

LISTING

The Kuala Lumpur Stock Exchange (Main Board)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of the Company will be held at Bilik Perdana, Level 3, Wisma KFC, 17, Jalan Sultan Ismail, 50250 Kuala Lumpur on Saturday, 14th December 2002 at 10.00 a.m. for the purpose of transacting the following business:

AGENDA

ORDINARY BUSINESS

- | | |
|--|---------------------|
| 1. To receive and adopt the Audited Financial Statements for the year ended 30th June 2002 together with the Directors' and Auditors' Reports thereon. | Resolution 1 |
| 2. To approve the payment of Directors' fees for the year ended 30th June 2002. | Resolution 2 |
| 3. To declare a First and Final Dividend of 0.7% less 28% income tax for the year ended 30th June 2002. | Resolution 3 |
| 4. To re-elect the following Directors who are retiring in accordance with Article 92 of the Company's Articles of Association: | |
| i. Dato' Seri Abdul Ghani Bin Abdul Aziz | Resolution 4 |
| ii. Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil | Resolution 5 |
| 5. To re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Directors to fix their remuneration. | Resolution 6 |

SPECIAL BUSINESS

6. 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 to be in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 7

ANY OTHER BUSINESS

7. 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 IS HEREBY GIVEN THAT a First and Final Dividend of 0.7% less 28% income tax for the year ended 30th June 2002 will be payable on 13th March 2003 to Depositors registered in the Record of Depositors at the close of business on 14th February 2003.

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 14th February 2003 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

21st November 2002

NOTES:

1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and vote in his(her) stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.
3. Where a member appoints two or more proxies, he(she) shall specify the proportion of his shareholdings 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 forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

Explanatory Notes on Special Business

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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Twenty-Fourth Annual General Meeting of C.I. Holdings Berhad.

- | | |
|--|----------------|
| i. Dato' Seri Abdul Ghani Bin Abdul Aziz | (Resolution 4) |
| ii. Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil | (Resolution 5) |

2. Details of attendance of Directors at Board Meetings.

There were thirteen (13) Board of Directors' Meetings held during the financial year ended 30th June 2002 as follows:

Date of Board of Directors' Meeting

- | | |
|-------------------------|-------------------------|
| i. 2nd July 2001 | viii. 8th February 2002 |
| ii. 5th July 2001 | ix. 28th February 2002 |
| iii. 29th August 2001 | x. 13th April 2002 |
| iv. 15th October 2001 | xi. 14th May 2002 |
| v. 23rd November 2001 | xii. 28th May 2002 |
| vi. 29th November 2001 | xiii. 31st May 2002 |
| vii. 21st December 2001 | |

Attendance for each Director in the Board of Directors' Meetings held during the financial year ended 30th June 2002 is shown below :

Name of Directors	Date of Appointment	Attendance
1. Dato' Seri Abdul Ghani Bin Abdul Aziz	25th November 1999	12/13
2. Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil	30th December 1999	13/13
3. Puan Zaida Khalida Binte Shaari	22nd January 2001	9/13
4. Mr Chan Peng Chiew	18th May 2001	13/13
5. Encik Nor Hishammuddin Bin Dato' Mohd Nordin	30th May 2001	12/13

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

Date of Meeting	Time of Meeting	Place of Meeting
14th December 2002	10.00 a.m.	Billik Perdana, Level 3, Wisma KFC, 17, Jalan Sultan Ismail, 50250 Kuala Lumpur

Dato' Seri Abdul Ghani Bin Abdul Aziz (Chairman)

Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 58, 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 a member of the Nomination Committee. 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 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.

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

Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil, aged 63, 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 and Remuneration 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 35, 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 joined Permodalan Nasional Berhad in 1997 after being in practice since 1991. She is presently the Head of the Legal Department of Permodalan Nasional Berhad.

She is currently a Board member of Fraser & Neave Holdings Berhad and Petaling Garden 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 62, a Malaysian was appointed to the Board on 18th May 2001 as an Independent Non-Executive Director and as the Chairman of the Audit Committee on 24th May 2001. He is also the Chairman of the Remuneration Committee and Nomination Committee. Subsequently, he was appointed as a Senior Independent Non-Executive Director on 7th November 2002. He is a fellow member of the Institute of Chartered Accountants in England and Wales. He has been practicing as a Chartered Accountant since 1969 and is a Board member of several private limited companies.

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 36, 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 Bachelor of Law (LLB) degree with honours and was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1994. He is the Founding Partner of the law firm of Hisham Yoong and is presently also its principal and managing partner.

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.

On behalf of the Directors, I am pleased to present the Annual Report 2002 and the Accounts of the Group and the Company for the year ended 30th June 2002.

FINANCIAL PERFORMANCE

In the year under review the operating environment remained difficult as the effects of the economic crisis which had occurred in earlier years were still being felt. The Group achieved a turnover of RM25.39 million compared to RM79.55 million in the previous financial year, a reduction of 68%. The decline in turnover was due to the exclusion of the results of the readymix division which had been disposed off in January 2001. With the disposal, Group loss has been reduced by more than RM2.0 million.

The Group suffered a pre-tax loss of RM8.28 million compared to RM10.91 million in the previous year. The loss was substantially due to the increase in interest cost incurred for the investment in an associated company; writing off of professional fees incurred on the various corporate proposals which were aborted due to the poor market sentiments (save and except for the acquisition of 100% of the equity interest of Mawar Seroja Sdn Bhd) and provision for loss arising from subsequent adjustment in the sale proceeds on the disposal of the readymix division.

At Company level, a smaller provision in the diminution in value of a subsidiary company and the write back of provisions no longer required resulted in the Company incurring a pre-tax loss of RM14.77 million compared to RM38.51 million in the previous financial year representing a reduction of 62%.

REVIEW OF OPERATIONS

Tapware Division

The increase in the implementation of construction of government schools and the construction of private sector-led residential projects stimulated by low interest rates and banking liquidity had benefited the division.

Despite very stiff competition from imports, principally from China, the division performed satisfactorily due to the implementation of certain key strategies along the value chain.

The division will continue with cost rationalization and capital expenditure programmes which will further enhance competitiveness with the advent of AFTA in January 2003.

The new financial year, whilst continuing to be a challenging one, would see the division striving to gain further market share by way of more intensified sales/marketing efforts and brand extension.

Financial Services Division

In the year under review the division continued to face difficult and challenging conditions as the effects of the earlier economic crisis were still felt. The division will continue to focus on collections for both the hire-purchase and outstanding loans given out in earlier years.

Construction Division

The division continued to be involved in development quarry and other infrastructure and construction works within the Klang Valley. In the year under review the division identified several development quarries and construction projects beyond the Klang Valley. The division will continue to be prudent in identifying new projects for implementation.

CHAIRMAN'S STATEMENT (CONT'D)

Investment Division

The division continued to generate satisfactory returns to the Group. A full year's results of the associated company was equity accounted in the year under review compared to only nine months results in the previous year. In the light of the continuing expansion of the operations of KFC Holdings (Malaysia) Berhad in which the Group holds an equity interest of approximately 30%, together with higher economies of scale and optimum utilization of resources, the recovering economy, greater promotion and consumer spending, the investment in the fast food industry is expected to continue to contribute significantly to Group results.

Quarrying Division

The economic uncertainties caused by the slowdown in the world economy had adversely affected this division. Measures taken had reduced operating and fixed costs. The quarrying operations were contracted out since June 2000 and the division now continually receives tribute under the contract arrangement without being involved in the day-to-day quarrying operations. The tribute receivable had contributed significantly to the division and the Group.

Engineering Division

This division commenced operations in the second quarter of the financial year under review and is presently involved in automotive air-conditioning. As a new division with the start-up costs, to-date the division has not been able to contribute positively to Group profit. With the onset of AFTA the number of motor vehicles is expected to increase and the division is expected to contribute positively to Group results in the years ahead.

CORPORATE DEVELOPMENTS

- (1) Due to changing market conditions and subsequent developments the Company aborted various corporate exercises details of which were announced on 15th April 2002
- (2) Pursuant to the authority given by the shareholders to the Directors under section 132D of the Companies Act, 1965, at the last Annual General Meeting of the Company held on 28th December 2001, the Company announced on 11th November 2002 that it is proposing an issue of 5,737,783 new shares of RM1.00 through a private placement exercise ("Proposed Private Placement") at an issue price to be determined later. Upon completion of the Proposed Private Placement which is subject to the approval of the authorities, the issued and paid-up share capital of the Company will be increased from RM57,377,835 consisting of 57,377,835 shares of RM1.00 each to RM63,115,618 consisting of 63,115,618 shares of RM1.00 each.

OUTSTANDING PROPOSALS

- (1) The Company is still in negotiations with Kentucky Fried Chicken International Holdings, Inc ("KFCI") to resolve the issues pertaining to the compliance with the terms of the Master Franchise Outlet Agreement, which amongst others, included the consent from KFCI that it has no objection to the Company being a substantial shareholder of KFC Holdings (Malaysia) Berhad. This is required by the Securities Commission for the acquisition of 100% of the equity interest of Mawar Seroja Sdn Bhd.
- (2) In the meantime the Company has submitted the Proposed Private Placement to the various authorities for their approvals.

DIVIDEND

The Board of Directors has recommended a first and final dividend of 0.7% less 28% income tax to be paid in respect of the financial year ended 30th June 2002.

CURRENT YEAR PROSPECTS

The current unresolved external political situation and recent events has created uncertainties. Any adverse outcome in the coming months will have an impact on the activities of the Group in the ensuing year ahead.

Meanwhile the Group is actively identifying, studying and considering ways of improving the financial position and profitability of the Group.

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 loyalty, hard work and contribution to the Group in facing the challenges and to our shareholders, business associates, bankers and the regulatory authorities for their invaluable support, confidence and assistance given to us and look forward to their continuing support.

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ

Chairman

CORPORATE GOVERNANCE STATEMENT

THE CODE

The Malaysian Code on Corporate Governance ("Code") sets out principles and best practices on structures and processes that companies may use in achieving the optimal governance framework.

The Board of Directors recognises the importance of practicing the highest standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

To this end, the Board fully supports the recommendations of the Code and has taken steps to comply with the best practices set out in the Code.

BOARD OF DIRECTORS**The Board**

The Board meets at least four (4) times a year with additional meetings convened as and when necessary. All Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct. All Non-Executive Directors are independent, save for Dato' Seri Abdul Ghani bin Abdul Aziz and Puan Zaida Khalida binte Shaari.

During the financial year ended 30th June 2002, thirteen (13) Board meetings were held. A majority of the Directors attended all the Board meetings during their tenure.

The Board has delegated specific responsibilities to three (3) subcommittees (Audit, Nomination and Remuneration Committees). The Committees have the authority to examine particular issues and report to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Board Balance

The Board currently has five (5) members, comprising four (4) Non-Executive Directors (of whom two (2) are independent) and one (1) Executive Director. Together, the Directors bring a wide range of business and financial experience relevant to the direction of a large expanding company. A brief description of the background of each Director is presented on pages 5 to 6.

There is a clear division of responsibility between the Chairman and the Executive Director to ensure that there is a balance of power and authority. The Chairman heads the Board and leads the planning discussion at the Board level, while the Executive Director is responsible for the implementation of the policies and the day-to-day running of the business, as well as reporting, clarifying and communicating matters to the Board.

Board Meetings And Attendance

The number of meetings attended by each Director during the financial year is as follows:-

Name	Meeting *
Dato' Seri Abdul Ghani Bin Abdul Aziz	12/13
Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil	13/13
Puan Zaida Khalida Binte Shaari	9/13
Mr Chan Peng Chiw	13/13
Encik Nor Hishammuddin Bin Dato' Mohd Nordin	12/13
Tan Sri Dato' (Dr) Abdul Aziz bin Mohd Zain (Resigned on 12th July 2001)	1/2
Dato' Ting Yew Tong (Resigned on 6th July 2001)	1/2

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

Supply Of Information

Prior to the Board meeting, all Directors receive a Board report containing information relevant to the business of the meeting, including management information on the financial and trading position of the Group. This is issued in sufficient time to enable the Directors to obtain further explanations, where and when necessary, in order to be properly briefed before the meeting.

In addition, there is a schedule of matters reserved specifically for the Board's decision.

All Directors have access to the advice and services of the Company Secretaries.

Appointments To The Board

The Nomination Committee was established on 30th May 2001. The composition of the Committee is set out on page 2. The Committee will be involved in the process of assessing existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. The Committee has held one (1) meeting during the financial year ended 30th June 2002.

Re-Election

In accordance with the Company's Articles of Association, one-third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and an election of Directors shall take place. Provided Always that each Director shall retire at least once in every three (3) years but shall be eligible for re-election. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the next annual general meeting and shall then be eligible for re-election.

DIRECTORS' REMUNERATION

The Remuneration Committee was established on 30th May 2001. The composition of the Committee is set out on page 2. The Committee will be responsible for setting the policy framework and making recommendations to the Board on all elements of the remuneration and other terms of employment of Executive Director(s). Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration. The Committee has held one (1) meeting during the financial year ended 30th June 2002.

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	-	35,000	35,000
Salary	126,000	-	126,000
Bonus & Allowance	35,667	-	35,667
Benefits-in-kind	60,117	15,000	75,117
Leave passage	15,000	-	15,000
Other emoluments	-	84,170	84,170
RM	Executive Director	Non-Executive Directors	Total
50,000 and below	-	6	6
50,001 - 100,000	-	-	-
100,001 - 150,000	1	-	1

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SHAREHOLDERS

Dialogue Between The Company And Investors

The Annual General Meeting ("AGM") is the principal forum for dialogue with individual shareholders. At each AGM, the Board is available to respond to shareholders' questions during the meeting.

ACCOUNTABILITY AND AUDIT**Audit Committee**

The Audit Committee of the Board comprises two (2) Independent Non-Executive Directors and one (1) Executive Director with Mr Chan Peng Chiw as Chairman. The composition of the Committee is set out on page 2.

The Audit Committee met five (5) times during the financial year ended 30th June 2002. During these meetings, the Committee carried out the duties as set out on pages 15 to 16.

Financial Reporting

In presenting the annual financial statements and the quarterly results to the shareholders, the Directors aim to present a balanced and clear assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators.

Internal Control

The Group's Statement on Internal Control is set out on pages 18 to 19.

Relationship With The Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report. The Group has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards.

Statement Of Compliance With The Best Practices Of The Code

The Board fully appreciates the importance of adopting the code of corporate governance within the Group. As such the Board continually strives to adopt the substance and form behind the corporate governance prescriptions. Save as disclosed below, the Group has substantially complied with the Best Practices of the Code throughout the financial year:

- a) Appointment of a senior Independent Non-Executive Director to whom concerns may be conveyed was made after the financial year ended 30th June 2002. Mr Chan Peng Chiw was appointed on 7th November 2002 as the Senior Independent Non-Executive Director to whom all concerns may be conveyed.
- b) The Board is aware of the importance of developing position descriptions for the Board and the Group Executive Director. The Board is in the process of adopting a Board Charter which delineates the role and function of the Board as well as the differing roles of the Executive and Non-Executive Directors.

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	24th May 2001	5/5
Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil Member Executive Director	30th December 1999	5/5
Encik Nor Hishammuddin Bin Dato' Mohd Nordin Member Independent Non-Executive Director	30th May 2001	5/5

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

AUDIT COMMITTEE REPORT (CONT'D)

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 Executive 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 control 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 ("Board"), 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.

- (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 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 external auditors and their remuneration to the Board; and
- (i) such other functions as may be agreed to by the Committee and the Board.

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;

AUDIT COMMITTEE REPORT (CONT'D)

- (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 carried out its duties in accordance with its Terms of Reference.

During the financial year, five (5) Audit Committee meetings were held. The Audit Committee reviewed a total of twenty-two (22) audit reports. The Audit Committee reviews 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 discusses in detail the adequacy of each company's internal control systems in addition to organisational and operational controls. The Audit Committee further emphasises actions to be taken to rectify and improve the effectiveness and efficiency of operations of the subsidiary concerned.

SUMMARY OF INTERNAL AUDIT ACTIVITIES

Summary of activities of the Group Internal Audit function during the financial year ended 30th June 2002 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 weaknesses and problems and make recommendations for improvements; and
- Determine whether corrective action was taken in achieving the desired results.

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Kuala Lumpur Stock Exchange's ("KLSE") Revamped Listing Requirements require Directors of listed companies to include a statement in annual reports on the state of their internal controls. The KLSE's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Guidance.

THE BOARD'S RESPONSIBILITY

The Board recognises that they are responsible for the creation and monitoring of sound internal controls and risk management practices to good corporate governance. These systems of internal control are utilised to mitigate as much of the principal risks as possible in achieving the corporate objectives or goals of the Group. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

RISK MANAGEMENT

The Board has put in place a Risk Management framework and has an intention to set up a formal Risk Management policy.

The Group had in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. During the financial year, each operating unit (excluding an associate company) prepares a 'risk map' which summarises the company's objectives, risks, the controls and processes for managing them and the means for assuring management that the processes are effective. A full review of significant risks was done during the financial year and this risk review is to be reviewed on a quarterly basis or earlier, if there is a need.

The Internal Audit Department ("IAD") acts as risk management facilitator by enabling various operating units to evaluate their risk and adjust their controls effectively in response to changes in the business objectives and risk. IAD also conducts audit reviews on high risks operational areas on an annual basis to ensure that appropriate action is taken in response to changes in risk and control assessment.

The IAD carries out the ongoing process of monitoring the effective application of policies, processes and activities related to internal control, risk management and governance processes.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of internal control are described as follows:

- i. There are clear lines of authority, responsibility and accountability within the Group. In ensuring this, adequate procedure manuals are provided to communicate to all management and staff what is expected of them and the level of discretion that they can exercise in the course of their work.
- ii. The Board has provided all staff with necessary resources to enable the achievement of corporate objectives by ensuring the existence of adequate internal control systems and carrying out risk management activities.
- iii. The Board has a formalised recruitment and promotion policy that ensures suitable people of caliber are selected to fill positions. The Group's performance is monitored through a budget system that requires all material variances to be identified and explained on a monthly basis. The Board reviews the quarterly performance report to monitor the Group's progress towards achieving its objectives.

STATEMENT ON INTERNAL CONTROL (CONT'D)

- iv. From an accounting point of view, monthly management accounts are prepared and all control accounts are reconciled to their subsidiary records. All access to assets and records of the Group are controlled to safeguard them, and also to reduce unauthorised access. To this effect, assets counts are done periodically and reconciled to their underlying records.
- v. The Group's internal control systems ensure that timely, relevant and reliable reports for decision making and review purposes. These reports cover both quantitative and qualitative areas. These reports also enable the Board and management to monitor the progress against the business objectives.
- vi. The Audit Committee, on quarterly basis, reports to the Board on risk and control matters of significance.
- vii. It is our opinion that the quarterly and annual reports are effective in communicating a balanced and understandable account of the Company and of the Group's position.

Based on the above, the Board is satisfied that the Group's systems of internal control and risk management practices are effective and efficient.

STATEMENT ON INTERNAL CONTROL

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 statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and 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 cash flows 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 2002, 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 all applicable approved accounting standards in Malaysia have been followed; and
- iv) prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

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.

FINANCIAL STATEMENTS

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The Directors present their report together with the audited financial statements of the Group and of the Company for the year ended 30 June 2002.

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.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Loss after taxation	(17,512)	(15,043)
Minority interests	367	-
Loss for the year	(17,145)	(15,043)

There were no material transfers to or from reserves or provisions during the year other than those disclosed in the financial statements.

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 tax exempt dividend of 0.5% amounting to RM286,889 in respect of the previous financial year.

The Directors propose a first and final dividend of 0.7% less income tax at 28%, amounting to RM289,184 be paid in respect of the financial year ended 30 June 2002. This amount has not been recognised as a liability at the balance sheet date pursuant to the adoption of MASB 19 - Events After the Balance Sheet Date, the details of which are disclosed in Note 29 to the financial statements.

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
Chan Peng Chiw
Zaida Khalida binte Shaari

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:

- (a) The Company on 24 December 2001 acquired the entire issued and paid up capital of a shelf company known as Jalinan Segar Sdn. Bhd. ("JS"), comprising of 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00. On 8 January 2002, JS changed its name to C.I. Engineering Sdn. Bhd. ("CIE").

Simultaneously with the above acquisition, the Company disposed of its entire interest comprising 2 ordinary shares of RM1.00 each of the issued and paid up capital of C.I. Auto Services Sdn. Bhd., another wholly owned subsidiary, to CIE, for a total cash consideration of RM2.00.

- (b) On 27 September 2000, the Company had completed the acquisition of Mawar Seroja Sdn. Bhd. which had beneficial ownership of 57 million ordinary shares of RM1.00 each in KFC Holdings (Malaysia) Bhd for an aggregate amount of RM450 million (hereinafter refer to as the "Mawar Acquisition"). In conjunction with the Mawar Acquisition, the Company had announced the following corporate exercise:

- (i) 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 earnings;
- (ii) proposed issue by the Company of RM200 million 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;
- (iii) 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; and
- (iv) proposed restricted offer for sale by the primary subscriber(s) to the Bonds of the rights to the provisional allotment of 100,179,753 Warrants on a non-renounceable basis to entitled shareholders of the Company on the basis of one (1) Warrant for every two (2) ordinary shares held.

(hereinafter collectively known as the "Proposals")

On 13 April 2002, the Company aborted the above Proposals. The Board is contemplating a new proposal which will include a refinancing of the Mawar Acquisition, the details of which will be announced upon finalisation.

- (c) On 1 June 2002, the Company and C.I. Enterprise Sdn. Bhd., a wholly-owned subsidiary of the Company were induced to enter into the Shareholder's Agreements and a Letter of Undertaking issued by the Company both dated 1 June 2002 in relation to the Franchise Agreements between:

- (i) Kentucky Fried Chicken International Holdings, Inc. and Kentucky Fried Chicken Management Pte Ltd;
- (ii) Pizza Hut International, LLC and Pizza Hut Singapore Pte Ltd; and
- (iii) Pizza Hut International, LLC, Kentucky Fried Chicken International Holdings, Inc., Taco Bell Corp and Pizza Hut Singapore Pte Ltd.

SIGNIFICANT EVENTS (CONT'D)

- (d) The Board of Directors is deliberating on the appropriate option to meet the Kuala Lumpur Stock Exchange Listing Requirement to have a minimum issued and paid-up capital of RM60 million comprising ordinary shares of RM1.00 each.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

- (a) Based on a letter from the Securities Commission ("SC") dated 18 July 2002, the Company announced on 24 July 2002 that the SC was unable to consider the Mawar Acquisition as the Company has yet to resolve the issues pertaining to compliance with the terms of the Master Franchise Outlet Agreement, which amongst others, included the consent from Kentucky Fried Chicken International Holdings, Inc. ("KFCI") that it has no objection to the Company being a substantial shareholder of KFC Holdings (Malaysia) Berhad ("KFC"). In this regard, the SC returned the application.

The SC has taken note of the Company's opinion that KFCI has indirectly recognised the Company as the substantial shareholder of KFC as KFCI has requested the Company to agree to certain franchising terms which were stipulated in the agreement with Kentucky Fried Chicken Management Pte Ltd and Pizza Hut Singapore Pte Ltd. These agreements relate to KFC's Singapore operations, the details of which were announced by the Company on 3 June 2002.

Notwithstanding the above, the SC is of the opinion that the said indirect confirmation without direct valid documentation is not acceptable for the purpose.

In this regard, the Company is taking continuing steps to obtain the appropriate documentation as required by the SC for resubmission.

Other than the above, the Group has not announced any corporate proposals which have not been completed as at the date of this report.

- (b) On 25 July 2002 the paid-up share capital of C. I. Auto Services Sdn. Bhd. ("CIAS") was increased to 200,000 ordinary shares of RM1.00 each from 2 ordinary shares of RM1.00 each.
- (c) Pursuant to (b) and on the same date, C.I. Engineering Sdn. Bhd. ("CIE") entered into a Shareholders Agreement ("the Agreement") with Venture Features Sdn. Bhd. ("VFSB") to regulate their relationship inter-se and generally in the conduct and affairs of CIAS, another wholly-owned subsidiary of the Company. The Agreement provided that CIE and VFSB will hold 51% and 49% respectively of the issued and paid up share capital of CIAS. CIE is required to subscribe an additional 101,998 ordinary shares of RM1.00 each representing 51% of the issued and paid up capital in CIAS for a cash consideration of RM101,998.

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:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (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;

OTHER STATUTORY INFORMATION (CONT'D)

- (ii) which would render the values attributed to current assets in financial statements of the Group and 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; or
 - (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
17 October 2002

	Note	GROUP		COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue	4	25,389	79,546	1,894	4,157
Cost of sales		(19,235)	(67,015)	-	-
Gross profit		6,154	12,531	1,894	4,157
Other operating income		2,102	3,625	713	-
Distribution costs		(393)	(334)	-	-
Administration expenses		(8,686)	(21,479)	(3,345)	(2,726)
Other operating expenses		(3,065)	(2,048)	(13,600)	(39,012)
Operating loss from operations	5	(3,888)	(7,705)	(14,338)	(37,581)
Finance costs		(30,038)	(20,837)	(431)	(929)
Share of results of associated company		25,645	17,632	-	-
Loss before taxation		(8,281)	(10,910)	(14,769)	(38,510)
Taxation	6	(9,231)	(5,418)	(274)	-
Loss after taxation		(17,512)	(16,328)	(15,043)	(38,510)
Minority interests		367	1,422	-	-
Loss attributable to shareholders		(17,145)	(14,906)	(15,043)	(38,510)
Basic loss per share (sen)	7	(29.9)	(26.0)	(26.2)	(67.1)
Dividend per share (sen)	8	0.50	1.44	0.50	1.44

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

	Note	GROUP		COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
PROPERTY, PLANT AND EQUIPMENT	9	37,135	35,841	444	797
SUBSIDIARY COMPANIES	10	-	-	104,949	117,750
ASSOCIATED COMPANY	11	474,934	462,846	-	-
OTHER INVESTMENTS		21	-	21	-
GOODWILL ON CONSOLIDATION	12	20,777	20,777	-	-
CURRENT ASSETS					
Inventories	13	8,736	7,620	-	-
Receivables	14	49,292	61,606	223	1,608
Amount due from subsidiary companies	15	-	-	167,172	163,090
Deposits with licensed banks	16	5,102	100	-	-
Cash and bank balances		903	811	7	17
		64,033	70,137	167,402	164,715
CURRENT LIABILITIES					
Payables	17	103,432	94,838	1,958	3,225
Amount due to subsidiary companies	15	-	-	25,470	19,310
Hire purchase and lease creditors	18	602	309	63	108
Bank borrowings	19	31,873	15,189	2,010	2,005
Provision for taxation		2,105	1,381	606	514
		138,012	111,717	30,107	25,162
NET CURRENT (LIABILITIES)/ ASSETS		(73,979)	(41,580)	137,295	139,553
		458,888	477,884	242,709	258,100
CAPITAL AND RESERVES					
Share capital	20	57,378	57,378	57,378	57,378
Share premium		1,007	1,007	1,007	1,007
Reserves on consolidation		56,781	56,781	-	-
Special reserves	21	11,520	11,520	10,622	10,622
Retained earnings	22	128,236	145,668	173,560	188,890
Shareholders' equity		254,922	272,354	242,567	257,897
MINORITY INTERESTS		2,873	3,240	-	-
LONG TERM LIABILITIES					
Deferred taxation	23	295	652	-	-
Hire purchase and lease creditors	18	1,007	944	142	203
Long term loans	24	199,234	200,221	-	-
Provision for retirement benefits		557	473	-	-
		458,888	477,884	242,709	258,100

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

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - FOR THE YEAR ENDED 30 JUNE 2002

GROUP	Note	Share capital RM'000	Share premium RM'000	Non-distributable Reserves on consolidation RM'000	Special reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
Balance at 1 July 2000							
- as previously reported		57,378	1,007	56,613	11,520	160,574	287,092
- prior year adjustment	29	-	-	-	-	826	826
- as restated		57,378	1,007	56,613	11,520	161,400	287,918
Change in group structure		-	-	(1,782)	-	-	(1,782)
Arising from acquisition of subsidiary company		-	-	1,950	-	-	1,950
Loss for the year		-	-	-	-	(14,906)	(14,906)
Dividends for the year ended:							
- 30 June 2000	8	-	-	-	-	(826)	(826)
Balance at 30 June 2001		57,378	1,007	56,781	11,520	145,668	272,354
Balance at 1 July 2001							
- as previously reported		57,378	1,007	56,781	11,520	145,381	272,067
- prior year adjustment	29	-	-	-	-	287	287
- as restated		57,378	1,007	56,781	11,520	145,668	272,354
Loss for the year		-	-	-	-	(17,145)	(17,145)
Dividends for the year ended:							
- 30 June 2001	8	-	-	-	-	(287)	(287)
Balance at 30 June 2002		57,378	1,007	56,781	11,520	128,236	254,922

COMPANY	Note	Share capital RM'000	Share premium RM'000	Non-distributable Share premium RM'000	Special reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
Balance at 1 July 2000							
- as previously reported		57,378	1,007	10,622	227,400	296,407	296,407
- prior year adjustment	29	-	-	-	826	826	826
- as restated		57,378	1,007	10,622	228,226	297,233	297,233
Loss for the year		-	-	-	-	(38,510)	(38,510)
Dividends for the year ended:							
- 30 June 2000	8	-	-	-	-	(826)	(826)
Balance at 30 June 2001		57,378	1,007	10,622	188,890	257,897	257,897
Balance at 1 July 2001							
- as previously reported		57,378	1,007	10,622	188,603	257,610	257,610
- prior year adjustment	29	-	-	-	287	287	287
- as restated		57,378	1,007	10,622	188,890	257,897	257,897
Loss for the year		-	-	-	-	(15,043)	(15,043)
Dividends for the year ended:							
- 30 June 2001	8	-	-	-	-	(287)	(287)
Balance at 30 June 2002		57,378	1,007	10,622	173,560	242,567	242,567

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

CASH FLOW STATEMENTS - FOR THE YEAR ENDED 30 JUNE 2002

CASH FLOW STATEMENTS

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(8,281)	(10,910)	(14,769)	(38,510)
Adjustments for:				
Bad debts (recovered)/written-off	(108)	234	-	-
Depreciation of property, plant and equipment	1,308	5,843	197	227
Gain on disposal of property, plant and equipment	(273)	(613)	(32)	-
Loss arising from a subsequent change in the sale proceeds on the disposal of C.I. Readymix Sdn. Bhd., a former subsidiary company	1,454	-	-	-
Loss on disposal of subsidiary companies	-	666	-	-
Allowance for diminution in value of subsidiaries	-	-	13,600	39,012
(Write back)/allowance for doubtful debts	(1,923)	2,330	-	-
Interest expense	28,420	20,737	431	930
Interest income	(144)	(153)	(415)	(2,557)
Property plant and equipment written off	-	287	-	101
Allowance for inventory obsolescence	191	-	-	-
(Write back)/allowance for slow moving inventories	(272)	142	-	-
Allowance for retirement benefits	106	78	-	-
Share of results of associated company	(25,645)	(17,632)	-	-
Operating (loss)/profit before working capital changes	(5,167)	1,009	(988)	(797)
Inventories	(1,035)	(1,879)	-	-
Receivables	12,891	171,290	1,385	174,371
Payables	8,950	(305,805)	(1,373)	723
Cash generated from/ (absorbed by) operations	15,639	(135,385)	(976)	174,297
Interest paid	(28,420)	(20,737)	(431)	(930)
Interest received	144	153	415	2,557
Retirement benefits paid	(22)	(244)	-	-
Taxation refund/(paid)	127	(1,964)	(182)	(580)
Net cash (used in)/generated from operating activities	(12,532)	(158,177)	(1,174)	175,344

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional investment in subsidiary companies	-	-	(799)	-
Purchase of other investments	(21)	(1,083)	(21)	-
Acquisition of subsidiary companies, net of cash and cash equivalents (Note a)	-	(67,500)	-	(67,700)
Disposal of a subsidiary company, net of cash and cash equivalents (Note b)	-	11,726	-	-
Advances to subsidiaries	-	-	(4,082)	(108,388)
Repayment from subsidiaries	-	-	6,160	4,328
Dividends received from associated company	4,566	-	-	-
Proceeds from transfer of property, plant and equipment to a subsidiary	-	-	216	-
Proceeds from disposal of property, plant and equipment	385	4,036	89	-
Purchase of property, plant and equipment	(2,714)	(2,885)	(117)	(99)
Net cash generated from/(used in) investing activities	2,216	(55,706)	1,446	(171,859)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(287)	(826)	(287)	(826)
Long term borrowings	(987)	-	-	-
Short term borrowings	15,211	212,025	5	(2,995)
Deposits with licensed banks pledged as security	(5,000)	(100)	-	-
Net cash generated from/(used in) financing activities	8,937	211,099	(282)	(3,821)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,379)	(2,784)	(10)	(336)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(1,385)	1,399	17	353
CASH AND CASH EQUIVALENTS AT END OF YEAR	(2,764)	(1,385)	7	17

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

CASH FLOW STATEMENTS - FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

CASH FLOW STATEMENTS

	GROUP		COMPANY	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents at 30 June comprise the following:				
Cash and bank balances	903	811	7	17
Deposits with licensed banks	5,102	100	-	-
Bank overdrafts (Note 19)	(3,669)	(2,196)	-	-
	2,336	(1,285)	7	17
Less: Deposits with licensed banks pledged as security	(5,100)	(100)	-	-
	(2,764)	(1,385)	7	17

(a) Acquisition of subsidiary companies

Analysis of subsidiary companies acquired are as follows:

	<u>GROUP</u> <u>2001</u> RM'000
Investment in associated company	450,000
Cash and bank balances	-
Payables	(380,550)
Share of net assets acquired	69,450
Reserve on consolidation	(1,950)
Total purchase consideration	67,500
Less: Cash and cash equivalents of subsidiary companies acquired	-
Cash flow on acquisition, net of cash and cash equivalents acquired	67,500

(b) Disposal of a subsidiary company

Analysis of a subsidiary company been disposed is as follows:

Property, plant and equipment	6,331
Inventories	563
Receivables	33,915
Cash and bank balances	17
Payables	(14,333)
Short term borrowings	(13,390)
Provision for taxation	(68)
Minority interests	(1,292)
Share of net assets disposed	11,743
Goodwill on consolidation	666
Loss on disposal	(666)
Total sale consideration	11,743
Less: Cash and cash equivalents of subsidiary companies disposed	(17)
Cash flow on disposal, net of cash and cash equivalents disposed	11,726

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 2002 was 175 (2001: 166 employees) and 12 employees (2001: 14 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 RM17.1 million and has net current liabilities of RM74.0 million as at 30 June 2002. The financial statements of the Group 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. The new applicable approved accounting standard adopted in these financial statements is as follows:

Retrospective application

Comparative figures have been adjusted or extended to conform with changes in presentation due to the requirements of the following new MASB Standard that has been applied retrospectively:

* MASB Standard 19 "Events After Balance Sheet Date"

The adoption of MASB Standard 19 has no effect on the income statements of current and previous financial years.

(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. Subsidiaries are companies in which the Group owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from their activities. The results of a subsidiary company acquired or disposed off are included in the consolidated financial statements from the date of acquisition or up to the date of disposal using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net identifiable assets are determined and these values are reflected in the Group financial statements.

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 (CONT'D)

(b) Subsidiary Companies (CONT'D)

Minority interests is measured based on the minorities' share of post acquisition fair values of the identifiable assets and liabilities of the acquiree.

Investment in subsidiary companies is 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.

(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 off 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% - 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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) Receivables

Receivables 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 year end.

(h) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed or unbilled.

(i) 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(d). Obligations under such agreements are treated as liabilities. Finance charges are allocated to the income statement over the period of the lease agreements.

(j) 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.

(k) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(l) 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 are as follows:

Foreign Currency	30.6.2002 RM	30.6.2001 RM
1 United States Dollar	3.80	3.80
1 Deutsche Mark	-	1.64
1 Singapore Dollar	2.15	2.09
1 Euro Dollar	3.75	3.21
100 Italian Lira	-	0.17
100 Spanish Peso	-	1.93

(m) Revenue Recognition

Sales are recognised upon delivery of products and customer acceptance, 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.

(n) 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.

	GROUP		COMPANY	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Analysis of revenue:				
Interest income:				
- finance related activities	134	1,346	-	-
- subsidiaries	-	-	414	2,478
- others	-	787	-	-
Rental of equipment from subsidiary company	-	-	70	79
Progress billings on contract works	2,129	1,448	-	-
Sale of goods	22,550	75,965	-	-
Management and other fees from subsidiary companies	-	-	1,410	1,600
Tributes received and receivable	576	-	-	-
	25,389	79,546	1,894	4,157

5. OPERATING LOSS FROM OPERATIONS

	GROUP		COMPANY	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
This is arrived at after charging/ (crediting) the following:				
Auditors' remuneration	107	102	15	15
Bad debts (recovered)/written-off	(108)	234	-	-
Depreciation of property, plant and equipment	1,308	5,843	197	227
Directors' remuneration (Note a)	421	333	334	262
Gain on disposal of property, plant and equipment	(273)	(613)	(32)	-
Interest expense				
- short term loans	27,873	13,912	-	292
- subsidiary companies	-	-	286	600
- others	547	6,825	145	38
Interest income	(144)	(153)	(415)	(2,557)
Property, plant and equipment written-off	-	287	-	101
(Writeback)/Allowance for doubtful debts	(1,923)	2,330	-	-
Allowance for retirement benefits	106	78	-	-
Allowance for inventory obsolescence	191	-	-	-
(Writeback)/Allowance for slow moving inventories	(272)	142	-	-
Rental of land	-	77	-	-
Rental of plant and machinery	-	(93)	-	-
Rental of premises	224	222	107	76
Share of results of associated company	(25,645)	(17,632)	-	-

5. OPERATING LOSS FROM OPERATIONS (CONT'D)

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Included in:-				
(i) Other Operating Income is:				
- Gain on legal settlement	-	(1,121)	-	-
(ii) Administration expenses is:				
- Professional fees incurred for the corporate exercise of the company which was aborted on 13 April 2002 save and except for the Mawar Acquisition	1,654	-	1,654	-
(iii) Other Operating Expenses are:				
- Loss arising from a subsequent change in the sale proceeds on the disposal of C.I. Readymix Sdn. Bhd., a former subsidiary company	1,454	-	-	-
- Loss on disposal of subsidiary company	-	666	-	-
- Allowance for diminution in value of subsidiaries	-	-	13,600	39,012
Staff costs	5,530	5,789	487	583
(a) Directors' remuneration				
Directors of the Company				
Executive Directors				
- salaries and emoluments	177	192	145	162
- fees	-	3	-	3
- benefits-in-kind*	60	17	55	17
	237	212	200	182
Non-Executive Directors				
- other emoluments	84	13	84	20
- fees	35	60	35	60
- benefits-in-kind*	15	-	15	-
	134	73	134	80
	371	285	334	262
Directors of subsidiary				
Executive Directors				
- other emoluments	50	48	-	-
Total	421	333	334	262

* Estimated monetary value of benefits-in-kind received and receivable by directors otherwise than in cash.

5. OPERATING LOSS FROM OPERATIONS (CONT'D)

	Number of Directors			
	2002	Non-Executive Directors	2001	Non-Executive Directors
	Executive Directors	Executive Directors	Executive Directors	Executive Directors
<u>Directors of the Company</u>				
Below RM50,000	-	4	-	5
RM50,001 - RM100,000	-	-	1	-
RM100,001 - RM150,000	-	-	1	-
RM150,001 - RM200,000	-	-	-	-
RM200,001 - RM250,000	1	-	-	-
<u>Directors of subsidiary</u>				
Below RM50,000	2	-	2	-

6. TAXATION

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Malaysian taxation based on results for the year:				
Current year charge	568	15	245	-
Under provision in prior years	29	-	29	-
	597	15	274	-
Write back of deferred taxation (Note 23)	(357)	(466)	-	-
Share of taxation in associated company	8,991	5,869	-	-
	9,231	5,418	274	-

7. BASIC LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to shareholders and on the number of ordinary shares of RM1.00 each of 57,377,835 (2001: 57,377,835) in issue during the year.

8. DIVIDENDS

	GROUP/COMPANY	
	2002 RM'000	2001 RM'000
Final dividend paid during the year - 0.5% tax exempt (2001: 2% less tax at 28%)	287	826

At the forthcoming Annual General Meeting, a first and final dividend of 0.7% less income tax at 28% (2001: 0.5% tax exempt) in respect of the year ended 30 June 2002 amounting to RM289,184 (2001: RM286,889) will be proposed for shareholders' approval. These financial statements do not reflect this dividend which will be accrued as a liability in the year ending 30 June 2003 when approved by shareholders. This represents a change in accounting treatment from that of prior years as explained in Note 29.

9. PROPERTY, PLANT AND EQUIPMENT

GROUP

2002

	At 1.7.2001 RM'000	Additions RM'000	Disposals/ Write offs RM'000	At 30.6.2002 RM'000
At valuation:				
Long term leasehold land	457	-	-	457
Building	579	-	-	579
	1,036	-	-	1,036
At cost:				
Freehold land	27,955	1,305	-	29,260
Long term leasehold land	450	-	-	450
Buildings	4,495	676	-	5,171
Plant, equipment and vehicles	14,389	733	(3,362)	11,760
Access road	1,475	-	-	1,475
Quarry improvements	4,208	-	-	4,208
	52,972	2,714	(3,362)	52,324
Total	54,008	2,714	(3,362)	53,360

	At 1.7.2001 RM'000	Charge for the year RM'000	Disposals/ Write offs RM'000	At 30.6.2002 RM'000
<u>Accumulated Depreciation</u>				
At valuation:				
Long term leasehold land	106	5	-	111
Building	242	11	-	253
	348	16	-	364
At cost:				
Long term leasehold land	41	5	-	46
Buildings	2,209	150	-	2,359
Plant, equipment and vehicles	9,886	1,137	(3,250)	7,773
Access road	1,475	-	-	1,475
Quarry improvements	4,208	-	-	4,208
	17,819	1,292	(3,250)	15,861
Total	18,167	1,308	(3,250)	16,225

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP (CONT'D)

2001

	At 1.7.2000 RM'000	Disposal of Subsidiary company RM'000	Additions RM'000	Disposals/ Write offs RM'000	At 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

	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
<u>Accumulated Depreciation</u>					
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

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP (CONT'D)

	<u>2002</u> RM'000	<u>2001</u> RM'000
<u>Net Book Value</u>		
At valuation:		
Long term leasehold land	346	351
Building	326	337
	<u>672</u>	<u>688</u>
At cost:		
Freehold land	29,260	27,955
Long term leasehold land	404	409
Buildings	2,812	2,286
Plant, equipment and vehicles	3,987	4,503
Access road	-	-
Quarry improvements	-	-
	<u>36,463</u>	<u>35,153</u>
Total	<u>37,135</u>	<u>35,841</u>

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:

	<u>2002</u> RM'000	<u>2001</u> RM'000
Long term leasehold land	49	50
Building	142	147
	<u>191</u>	<u>197</u>

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land and building of the Group at net book value of RM27,936,000 (2001: RM27,955,000) has been charged to bank and a credit company for credit facilities granted to the Group (Note 19 and 24).

<u>COMPANY</u>	<u>Equipment and vehicles</u>	
	<u>2002</u> RM'000	<u>2001</u> RM'000
<u>Cost</u>		
At 1 July	1,099	1,148
Additions	117	99
Disposals/write offs	(100)	(148)
Intercompany transfer	(347)	-
	<u>769</u>	<u>1,099</u>
<u>Accumulated Depreciation</u>		
At 1 July	302	122
Charge for the year	197	227
Disposals/write offs	(43)	(47)
Intercompany transfer	(131)	-
	<u>325</u>	<u>302</u>
<u>Net Book Value</u>		
At 30 June	<u>444</u>	<u>797</u>

Included in the net book value of plant, equipment and vehicles of the Group and Company is an amount of RM2,274,891 (2001: RM1,602,757) and RM230,902 (2001: RM325,044) respectively in respect of assets acquired under hire purchase and lease agreements.

10. SUBSIDIARY COMPANIES

	COMPANY	
	2002 RM'000	2001 RM'000
Unquoted investments, at cost	176,909	176,110
Allowance for diminution in value	(71,960)	(58,360)
	104,949	117,750

- (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:

<u>Company</u>	<u>Principal activities</u>	Effective equity interest	
		<u>2002</u> %	<u>2001</u> %
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.	Granite quarrying and manufacture of bitumen hot premix for road surfacing	100.0	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

10. SUBSIDIARY COMPANIES (CONT'D)

<u>Company</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
		<u>2002</u> %	<u>2001</u> %
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	100.0
C.I. Marketing Sdn. Bhd.	Marketing and selling of granite quarry products	100.0	100.0
Mawar Seroja Sdn. Bhd.	Investment holding	100.0	100.0
C.I. Engineering Sdn. Bhd.	Investment holding	100.0	-

(a) Acquisition of Subsidiary company

During the previous year, the Company acquired 100% equity interest in Mawar Seroja Sdn. Bhd.

The effect of this acquisition on the financial results of the Group for the previous year was as follows:

	<u>2002</u> RM'000	<u>2001</u> RM'000
Income statement		
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	-	(5,165)
Loss from operations	-	(5,165)
Finance costs	-	(6,651)
Profit before taxation	-	(11,816)
Taxation	-	-
Increase in Group loss attributable to shareholders	-	(11,816)

The effect of this acquisition on the financial position of the Group as at 30 June 2001 was as follows:

	<u>2002</u> RM'000	<u>2001</u> RM'000
Balance Sheet		
Investment in Associate company	-	450,000
Current Liabilities		
Payables	-	(380,550)
Share of net assets acquired	-	69,450
Reserve on consolidation	-	(1,950)
Total purchase consideration	-	67,500
Less: Cash and cash equivalents	-	-
Cash flow on acquisition, net of cash required	-	67,500

10. SUBSIDIARY COMPANIES (CONT'D)

(b) Disposal of Subsidiary company

During the previous year, the Company disposed off 90.1% equity interest in C.I. Readymix Sdn. Bhd.

The effect of this disposal on the financial results of the Group for the previous year to the date of disposal was as follows:

	<u>2002</u> RM'000	<u>2001</u> RM'000
Income statement		
Revenue	-	47,670
Cost of sales	-	(40,562)
Gross profit	-	7,108
Other operating income	-	463
Administrative expenses	-	(9,052)
Loss from operations	-	(1,481)
Finance costs	-	(277)
Profit before taxation	-	(1,758)
Exceptional items	-	(2,036)
	-	(3,794)
Taxation	-	277
	-	(3,517)
Increase in Group loss attributable to shareholders	-	(3,517)

The effect of the above disposal on the financial position of the Group as at 30 June 2001 was as follows:

	<u>2002</u> RM'000	<u>2001</u> RM'000
Balance Sheet		
Property, plant and equipment	-	6,331
Current Assets		
Inventories	-	563
Receivables	-	33,915
Cash and bank balances	-	17
Current Liabilities		
Payables	-	(14,333)
Short term borrowings	-	(13,390)
Provision for taxation	-	(68)
Minority interest	-	(1,292)
Share of net assets disposal	-	11,743
Goodwill on consolidation	-	666
Loss on disposal	-	(666)
Total sale consideration	-	11,743
Less: Cash and cash equivalents	-	(17)
Cash flow on disposal, net of cash disposed	-	11,726

11. ASSOCIATED COMPANY

	GROUP	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Quoted shares in Malaysia, at cost	451,083	451,083
Share of post-acquisition results less dividend received	23,851	11,763
	<u>474,934</u>	<u>462,846</u>
Market value of quoted shares	255,718*	234,028

* Based on the market price quotation on the Kuala Lumpur Stock Exchange as at 29 June 2002.

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

	GROUP	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Share of net assets	129,911	117,823
Premium on acquisition	345,023	345,023
	<u>474,934</u>	<u>462,846</u>

(b) The quoted shares in associated company have been pledged to a licensed bank as security for a long term loan referred to in Note 24.

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

<u>Company</u>	<u>Principal activities</u>	Effective equity interest	
		<u>2002</u>	<u>2001</u>
		%	%
KFC Holdings (Malaysia) Berhad	Quick service restaurants operator	29.37	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.

With respect to the above, the Directors will continuously review the reasonableness of the carrying value of the investment with a view to make the necessary provision to the extent appropriate.

12. GOODWILL ON CONSOLIDATION

	GROUP	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
At 1 July	20,777	21,443
Arising from disposal of a subsidiary company	-	(666)
At 30 June	<u>20,777</u>	<u>20,777</u>

13. INVENTORIES

	GROUP	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
At cost:		
Finished goods/trading inventories	5,014	3,100
Work-in-progress	2,612	2,409
Raw materials and consumable stores	1,772	2,854
	9,398	8,363
Allowance for inventory obsolescence	(662)	(471)
Allowance for slow moving inventories	-	(272)
	8,736	7,620

There were no inventories carried at net realisable value as at 30 June 2002.

14. RECEIVABLES

	GROUP		COMPANY	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Trade receivables	11,748	11,589	-	-
Hire purchase receivables	1,452	1,961	-	-
Loan receivables	36,880	53,049	-	-
Other receivables and prepayments	2,973	3,737	223	1,608
	53,053	70,336	223	1,608
Deferred finance income	(216)	(293)	-	-
Interest in suspense	(565)	(3,534)	-	-
Provision for doubtful debts	(2,980)	(4,903)	-	-
	49,292	61,606	223	1,608

15. AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES

The amounts due from subsidiaries arose mainly from advances and payments made on behalf of the subsidiaries. The said amount is unsecured, has no fixed terms of repayment and are either interest free or interest bearing at rates ranging from 4.80% to 6.00% (2001: 5.08% to 6.00%) per annum.

The amounts due to subsidiaries arose mainly from advances and payments made on behalf of the Company. The said amount is unsecured, has no fixed terms of repayment and are either interest free or interest bearing at rates ranging from 4.80% to 7.05% (2001: 4.25% to 9.20%) per annum.

16. DEPOSITS WITH LICENSED BANKS

Included in the above is a deposit with a licensed bank amounting to RM5,000,000 (2001: RMNil) which is pledged as security for a term loan granted to a subsidiary company, as referred to in Note 24.

In addition a deposit with a licensed bank amounting to RM100,000 (2001: RM100,000) is pledged as security for a bank overdraft facility granted to a subsidiary company, as referred to in Note 19.

17. PAYABLES

	GROUP		COMPANY	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Trade payables	4,284	7,969	-	-
Other payables and accruals	99,148	86,869	1,958	3,225
	103,432	94,838	1,958	3,225

Included in other payables and accruals of the Group is an amount of RM89.7 million (2001: RM80.8 million) 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.

18. HIRE PURCHASE AND LEASE CREDITORS

	GROUP		COMPANY	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Future minimum hire purchase and lease payments:				
Within 1 year	560	486	62	133
After 1 and up to 5 years	1,345	1,065	198	261
	1,905	1,551	260	394
Deferred finance charges	(296)	(298)	(55)	(83)
	1,609	1,253	205	311
Present value of hire purchase and lease liabilities:				
Current	602	309	63	108
Non-current	1,007	944	142	203
	1,609	1,253	205	311

19. BANK BORROWINGS

	GROUP		COMPANY	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
<u>Secured</u>				
Bank overdrafts (Note b)	2,801	1,068	-	-
Progressive drawdown facility from a licensed financial institution (Note c)	5,000	-	-	-
Term loan from a licensed credit company (Note d)	14,596	8,331	-	-
Term loan from a licensed bank (Note 24)	112	-	-	-
	22,509	9,399	-	-
<u>Unsecured</u>				
Bank overdraft	868	1,128	-	-
Factoring facility	42	-	-	-
Bankers acceptances	6,444	2,657	-	-
Revolving credit facility	2,010	2,005	2,010	2,005
	31,873	15,189	2,010	2,005

- (a) All the bank borrowings are generally secured by way of a corporate guarantee and indemnity from C. I. Holdings Berhad, the holding company.
- (b) The bank overdrafts are secured by way of the following:
- (i) a third party legal charge over a piece of land owned by a subsidiary, Mutual Prospect Sdn. Bhd.; and
 - (ii) a fixed deposit pledged.
- (c) The facility is also secured by a third party legal charge over certain pieces of land owned by a subsidiary, C.I. Quarries Sdn. Bhd.
- (d) The facility is secured by a charge on the unquoted shares of certain subsidiary companies and the tenure of the loan has been extended from March 2002 to November 2002 and is renewable every 3 months subject to certain terms and conditions of the Agreement.
- (e) Interest on bank borrowings is charged at rates ranging from 3.02% to 13.50% (2001: 3.5% to 12.5%) per annum.

20. SHARE CAPITAL

	GROUP/COMPANY			
	<u>2002</u>		<u>2001</u>	
	No. of Shares '000	RM'000	No. of Shares '000	RM'000
Authorised:				
Ordinary shares of RM1.00 each				
At beginning of year	500,000	500,000	100,000	100,000
Created during the year	-	-	400,000	400,000
At end of year	500,000	500,000	500,000	500,000
Issued and fully paid:				
Ordinary shares of RM1.00 each	57,378	57,378	57,378	57,378

21. SPECIAL RESERVES

During the financial year ended 30 June 1996, the Company received approval from the High Court of Malaya to reduce the share premium account of the Company by RM43,385,000 and for such amount to be transferred to a Special Reserve Account and thereon to set off a purchased goodwill.

22. RETAINED EARNINGS

Based on the estimated tax credits available, the Company may distribute its retained earnings as dividends up to a maximum of RM20.0 million (2001: RM20.0 million) without incurring additional tax liability. In addition, the Company has a tax exempt account balance of RM 12.5 million (2001: RM12.7 million) available for distribution as tax exempt dividends subject to agreement of the tax authorities.

23. DEFERRED TAXATION

	GROUP	
	2002 RM'000	2001 RM'000
(a) At 1 July	652	1,118
Write back for the year (Note 6)	(357)	(466)
At 30 June	295	652
Deferred taxation provided for in the financial statements comprise the tax effects of:		
Excess of capital allowances over book depreciation	261	617
Revaluation of long term leasehold land	34	34
Other short-term timing differences	-	1
	295	652

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

24. LONG TERM LOANS

Term loans from licensed banks	199,346	200,221
Repayable within one year (Note 19)	(112)	-
Repayable after one year	199,234	200,221

(a) The term loans other than the amount repayable within a year is 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.;
- (ii) Memorandum of Deposit of Fixed Deposit Receipts of a minimum amount of RM5 million in C.I. Enterprise Sdn. Bhd., for the purpose of security;
- (iii) a first party legal charge over a property belonging to a subsidiary company, Doe Industries Sdn. Bhd.; and
- (iv) a corporate guarantee and indemnity from C.I. Holdings Berhad, the holding company.

(b) The tenure of a loan has been extended from January 2002 to January 2004.

25. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
(a) Guarantees given to financial institutions in respect of banking facilities granted to subsidiary companies	227,249	230,491
(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. No provision has been made in the financial statements for the damages and legal fees while the appeals are currently pending as the Directors of the Company are of the opinion that the Company has a valid defence against the case.		
(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's application to strike off the case is still pending.		
(d) On 1 June 2002, the Company and C.I. Enterprise Sdn. Bhd., a wholly-owned subsidiary of the Company were induced to enter into the Shareholder's Agreements and a Letter of Undertaking issued by the Company both dated 1 June 2002 in relation to the Franchise Agreements between:		
(i) Kentucky Fried Chicken International Holdings, Inc. and Kentucky Fried Chicken Management Pte Ltd;		
(ii) Pizza Hut International, LLC and Pizza Hut Singapore Pte Ltd; and		
(iii) Pizza Hut International, LLC, Kentucky Fried Chicken International Holdings, Inc., Taco Bell Corp and Pizza Hut Singapore Pte Ltd.		
Due to the nature of the terms and conditions of the Shareholder's Agreements and the Letter of Undertaking there is a contingent liability, which cannot be quantified presently, on the Group unless and until there is a breach of the Franchise Agreement(s) and/or the Shareholder's Agreement(s) and/or the Letter of Undertaking or in the event the Franchisor(s) exercise any of its rights pursuant to the Franchise Agreement(s) or take action to enforce any of its rights and remedies under the Shareholder's Agreement(s).		

26. CAPITAL COMMITMENTS

	GROUP	
	<u>2002</u>	<u>2001</u>
	RM'000	RM'000
Authorised and contracted for	-	1,710
Authorised but not contracted for	2,154	-

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

	GROUP		COMPANY	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	RM'000	RM'000	RM'000	RM'000
Management fees received from subsidiary companies:				
- C.I. Construction Sdn. Bhd.	-	-	353	320
- C.I. Quarries Sdn. Bhd.	-	-	353	320
- Hwee Ann Credit & Leasing Sdn. Bhd.	-	-	353	320
- Doe Industries Sdn. Bhd.	-	-	353	320
- C.I. Readymix Sdn. Bhd.	-	-	-	320
Interest received from subsidiary companies:				
- Hwee Ann Credit & Leasing Sdn. Bhd.	-	-	174	2,045
- C.I. Quarries Sdn. Bhd.	-	-	240	433
Rental and other charges received from a subsidiary:				
- Doe Industries Sdn. Bhd.	-	-	70	79
Interest paid to subsidiary companies:				
- Doe Industries Sdn. Bhd.	-	-	286	292
- C.I. Readymix Sdn. Bhd.	-	-	-	308
Advance received from subsidiary companies:				
- C.I. Quarries Sdn. Bhd.	-	-	1,014	9,588
- Hwee Ann Credit & Leasing Sdn. Bhd.	-	-	11,020	202
- C.I. Building Industries Sdn. Bhd.	-	-	30	11,297
- C.I. Auto Services Sdn. Bhd.	-	-	2,898	-
- Doe Industries Sdn. Bhd.	-	-	4,763	-
- C.I. Management Sdn. Bhd.	-	-	-	2,548
Advance made to subsidiary companies:				
- C.I. Enterprise Sdn. Bhd.	-	-	14,527	7,804
- Mawar Seroja Sdn. Bhd.	-	-	6	108,350
- C.I. Management Sdn. Bhd.	-	-	2,799	-
- Doe Industries Sdn. Bhd.	-	-	-	319
- C.I. Construction Sdn. Bhd.	-	-	177	261
- C.I. Readymix Sdn. Bhd.	-	-	-	8,759

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

28. SEGMENT INFORMATION

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

	<u>Revenue</u>		<u>Loss before taxation</u>		<u>Total assets employed</u>	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Manufacture and sale of building and construction related products	25,255	78,200	(33,090)	(24,906)	85,344	78,361
Financing activities	134	1,346	(836)	(3,636)	36,622	48,394
	25,389	79,546	(33,926)	(28,542)	121,966	126,755
Associated company	-	-	25,645	17,632	474,934	462,846
	25,389	79,546	(8,281)	(10,910)	596,900	589,601

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

29. PRIOR YEAR ADJUSTMENT

During the financial year, the Group and the Company changed their accounting policy with respect to the recognition of liabilities in compliance with the new MASB Standard 19 "Events After Balance Sheet Date". This change in accounting policy has effect on the accounting treatment for dividends as follows:

Dividends (Note 8)

In previous years, dividends were accrued as a liability when proposed by Directors. The Group and the Company have now changed this accounting policy to recognise dividends in shareholders' equity in the period in which the obligation to pay is established in accordance with MASB Standard 19. Therefore, final dividends are now accrued as a liability upon approval by shareholders at the Annual General Meeting.

This change in accounting policy has been accounted for retrospectively.

The effects of the change in accounting policy are as follows:

	<u>As previously reported</u> RM'000	<u>Effect of change in policy</u> RM'000	<u>As restated</u> RM'000
Group			
At 30 June 2000			
Retained profits	160,574	826	161,400
Proposed dividend	826	(826)	-
At 30 June 2001			
Retained profits	145,381	287	145,668
Proposed dividend	287	(287)	-
Company			
At 30 June 2000			
Retained profits	227,400	826	228,226
Proposed dividend	826	(826)	-
At 30 June 2001			
Retained profits	188,603	287	188,890
Proposed dividend	287	(287)	-

30. SIGNIFICANT EVENTS

These are as disclosed in the Directors' Report.

31. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

These are as disclosed in the Directors' Report.

32. COMPARATIVE FIGURES

The following comparative figures of the Group and the Company's financial statements thereto have been restated to conform with current year presentation:

	GROUP		COMPANY	
	As previously reported RM'000	As restated RM'000	As previously reported RM'000	As restated RM'000
INCOME STATEMENTS				
Other operating income	2,504	3,625	-	-
Other operating expenses	(1,382)	(2,048)	-	(39,012)
Exceptional items	455	-	(39,012)	-
BALANCE SHEETS				
Current Liabilities				
Bank borrowings	215,410	15,189	-	-
Long Term Liabilities				
Long term loans	-	200,221	-	-
CASH FLOW STATEMENTS				
Bad debts written off	-	234	-	-
Receivables	171,524	171,290	-	-
Advances to subsidiaries	-	-	-	(108,388)
Repayment from subsidiaries	-	-	-	4,328
Intercompany balances	-	-	(104,060)	-

33. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2002, were authorised for issue in accordance with a resolution of the Board of Directors on 17 October 2002.

**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 7 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 financial position of the Group and of the Company as at 30 June 2002 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 2002.

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
17 October 2002

**STATUTORY DECLARATION
(PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965)**

I, LEE PENG KHOON, being 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 7 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 17 October 2002) **LEE PENG KHOON**

Before me,

MAISHARAH BINTI ABU HASAN (W181)
Commissioner for Oaths

We have audited the financial statements set out on pages 7 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 applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 30 June 2002 and of the results and cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by 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 financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

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

In forming our opinion, we have considered the adequacy of the disclosures made in the following notes:

- (i) Note 2 to the financial statements, which outlines the net current financial position of the Group given that the significance of the preparation of the financial statements on the going concern basis is dependent on the continued support of creditors, lenders and shareholders; and
- (ii) Note 11(d) to the financial statements, which outlines the Directors' contention that no provision for diminution in value is required to be made for the shortfall between the market value and the carrying value of the investment in the associated company as the shortfall is not permanent and the investment is held for the long term.

In view of the significance of these matters, we consider that these disclosures should be brought to your attention. Our opinion is not qualified in these respects.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Mohd Sukarno bin Tun Sardon
1697/03/03(J)
Partner

Kuala Lumpur, Malaysia
17 October 2002

LIST OF PROPERTIES AS AT 30TH JUNE 2002

LIST OF PROPERTIES

Tenure	Location	Approximately Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
WILAYAH PERSEKUTUAN						
Freehold	Industrial Land in Daerah Hulu Langat Mukim of Semenyih at Lot 1178 1313 - 1316 1318 - 1319 1119 - 1120	3,789,023	-	Land for Quarrying	12/1994 17/06/1993 17/06/1994 30/12/1992	26,250
Leasehold 99 years expiring 2085	Land with building at HS(D) 50259 PT 1815 Mukim Ampang	1,650 (Built-up Area)	16	Office lot for rental	08/05/1998	118
Freehold	Land with building at Lot 1.87, Ground Floor Wisma Central, Jalan Ampang 50450 Kuala Lumpur	204 (Built-up Area)	30	Shoplot for rental	17/09/1997	29
Leasehold 99 years expiring 2085	Land with building at HS(D) 50053 PT 850 Mukim Petaling	956 (Built-up Area)	3	Medium cost apartment for rental	06/05/1999	134
SELANGOR DARUL EHSAN						
Leasehold 99 years expiring 2094	Land with building at HS(D) 4283 PT 9560 Mukim Dengkil, Sepang	10,499 (Built-up Area)	4	1 1/2 Storey Terrace Factory for rental	09/08/1999	454
Freehold	Land with building at HS(D) 116939 PT 6075 Mukim Sungai Buloh Daerah Petaling, Negeri Selangor	7,178 (Built-up Area)	10	3 1/2 Storey Office Building	13/07/2001	1,780
NEGERI SEMBILAN DARUL KHUSUS						
Leasehold 99 years expiring 2077	Land with building at HS(D) 658 PT 1342 Senawang Industrial Estate Seremban, Negeri Sembilan	130,680 (Built-up Area)	23	Factory for manufacturing Tap wares	10/06/1978	1932
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 Dickson	181,994	-	Bungalow Land for future development of orchard and building	03/11/1999	1,648
Leasehold 60 years expiring 2053	Quarry Land at HS(D)74836 PT 6050 Mukim Labu Daerah Negeri Sembilan	2,172,599	-	Quarry - Rock Reserve	24/08/1999	72
Leasehold 99 years expiring 2095	Industrial Land at HS(D)104239 PT 13271 Mukim Labu Daerah Negeri Sembilan	576,299	-	Quarry - Plant Site	24/08/1999	331
JOHOR DARUL 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 OF SHAREHOLDINGS AS AT 31 OCTOBER 2002

Authorised Share Capital	:	RM500,000,000.00
Issued and fully paid-up share capital	:	RM57,377,835.00
Class of shares	:	Ordinary Shares of RM1.00 each
Voting Rights by show of hand	:	One vote for every member
Voting Rights by poll	:	One vote for every share held

Size of Shareholdings	No. of Shareholders	No. of Shareholdings	Percentage (%)
Less than 1,000	105	47,441	0.08
1,000 - 10,000	5,697	13,639,957	23.77
10,001 - 100,000	299	7,018,937	12.23
100,001 - 2,868,890(*)	38	24,699,500	43.05
2,868,891 and above (**)	1	11,972,000	20.87
Total	6,140	57,377,835	100.00

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

SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2002

No. Name	Direct No. of Shares	Percentage (%)	Indirect No. of Shares	Percentage (%)
1. Syed Khalil Syed Ibrahim			⁽¹⁾ 11,094,000	19.33
2. Datin Mariam Prudence Binti Yusof			⁽¹⁾ 11,094,000	19.33
3. Amanah Raya Berhad - Skim Amanah Saham Bumiputera	11,972,000	20.87		

Note:

- 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

LIST OF 30 LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2002

No.	Name	No. of Shares of RM1.00 each	Percentage (%)
1.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	11,972,000	20.87
2.	Sisma Water Technology Sdn Bhd	2,716,000	4.73
3.	Duclos Sdn Bhd	2,677,000	4.67
4.	Permodalan Nasional Berhad	2,663,000	4.64
5.	Syed Ibrahim Sdn Bhd	2,270,000	3.96
6.	Du Ain Sdn Bhd	1,652,000	2.88
7.	A.A. Assets Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pyramid Tulin Sdn Bhd	1,120,000	1.95
8.	Yates Ventures Limited	1,064,000	1.85
9.	Assets Nominees (Tempatan) Sdn Bhd Hume Industries (Malaysia) Berhad	1,000,500	1.74
10.	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sisma Vest Sdn Bhd (MIMB)	1,000,000	1.74
11.	Thong & Kay Hian Nominees (Asing) Sdn Bhd Trans-Pacific Credit Pte Ltd for Yates Ventures Limited	1,000,000	1.74
12.	Leasing Corporation Sdn Bhd	771,000	1.34
13.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Private Limited for Naunton International Limited	637,000	1.11
14.	Mohammad Allaudin Bin Md. Ali	614,000	1.07
15.	Nazmin Binti Razak	612,000	1.07
16.	Thong & Kay Hian Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Naunton International Limited	421,000	0.73
17.	Tahan Insurance Malaysia Berhad	370,000	0.64
18.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang	310,000	0.54
19.	M & A Nominee (Asing) Sdn Bhd UOB Kay Hian Private Limited for Naunton International Limited	284,000	0.49
20.	Ke-Zan Nominees (Tempatan) Sdn Bhd Kim Eng Ong Asia Securities Pte Ltd for Ahmad Fuad Bin Md Ali	273,000	0.48
21.	Lembaga Tabung Haji	217,000	0.38
22.	Amanah Raya Berhad Kumpulan Wang Am	206,000	0.36
23.	Hong Chin Chai	205,000	0.36
24.	Subrayan A/L Sellappan	204,000	0.36
25.	Tay Boon Teck	201,000	0.35
26.	Lee Sui Hee	200,000	0.35
27.	Malaysian Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for M & S Food Industries Sdn Bhd	200,000	0.35
28.	Nagadevi Thambapillay A/P Sivasupramaniam	191,000	0.33
29.	Bam Nominees (Tempatan) Sdn Bhd Kumpulan Wang Simpanan Pekerja for Izhar Bin Sulaiman	173,000	0.30
30.	Usahatek Sdn Bhd	164,000	0.29

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 Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

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

Sanctions and/or Penalties Imposed

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

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 2002 and the Statutory Financial Statements for the year ended 30th June 2002.

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 which involve directors' and substantial shareholders' interests entered into since the previous financial year ended 30th June 2001 and in the financial year ended 30th June 2002.

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.

I/We _____
of _____
being a member of **C.I. HOLDINGS BERHAD** hereby appoint _____
of _____
or failing him/her, _____
of _____
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-Fourth Annual General Meeting of the Company, to be held at Bilik Perdana, Level 3, Wisma KFC, 17, Jalan Sultan Ismail, 50250 Kuala Lumpur on Saturday, 14th December, 2002 at 10.00 a.m. and at any adjournment thereof.

No.	Resolution	For	Against
1.	To receive and adopt the Audited Financial Statements for the year ended 30th June 2002 together with the Directors' and Auditors' Reports thereon. Resolution 1		
2.	To approve the payment of Directors' fees for the year ended 30th June 2002. Resolution 2		
3.	To declare a First and Final Dividend of 0.7% less 28% income tax for the year ended 30th June 2002. Resolution 3		
4.	To re-elect the following Directors who are retiring in accordance with Article 92 of the Company's Articles of Association: i. Dato' Seri Abdul Ghani Bin Abdul Aziz ii. Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil Resolution 4 Resolution 5		
5.	To re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Directors to fix their remuneration. Resolution 6		
6.	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. Resolution 7		

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

Dated this _____ day of _____ 2002.

Number of Ordinary Shares Held

Signature/ Common Seal of Member

NOTES:

1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and vote in his(her) stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company
2. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.
3. Where a member appoints two or more proxies, he(she) shall specify the proportion of his shareholdings 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 forty-eight (48) hours before the time for holding the meeting or adjourned meeting.