C. I. Holdings Berhad
37918-A

Laporan Tahunan **2004** Annual Report

C.I. Holdings Berhad (37918-A)

Laporan Tahunan 2004 Annual Report

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ANNUAL REPORT
2004

annual report 2004

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Johari Bin Abdul Ghani
(Managing Director)

Maj Gen (R) Dato' Mohamed Isa Bin Che Kak
(Independent Non-Executive Director)

Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee
(Independent Non-Executive Director)

Dato' Azmeer Bin Rashid
(Independent Non-Executive Director)

Chan Peng Chiw
(Senior Independent Non-Executive Director)

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

Erwin Selvarajah A/L Peter Selvarajah
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Chan Peng Chiw
(Chairman, Senior Independent
Non-Executive Director)

Dato' Johari Bin Abdul Ghani
(Managing Director)

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

REMUNERATION COMMITTEE

Chan Peng Chiw
(Chairman, Senior Independent
Non-Executive Director)

Dato' Johari Bin Abdul Ghani
(Managing Director)

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

NOMINATION COMMITTEE

Chan Peng Chiw
(Chairman, Senior Independent
Non-Executive Director)

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

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

COMPANY SECRETARIES

Lim Phooi Kee (MIA 2759)

Lee Peng Khoon (MIA 2251)

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose, Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222 Fax: 03-2721 2530

REGISTERED OFFICE

Symphony Incorporations Sdn. Bhd.
Level 17, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 03-2718 1551 Fax: 03-2715 7655

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

Bank Industri & Teknologi Malaysia Berhad
Bank Islam Malaysia Berhad
Bank Muamalat Malaysia Berhad
Bank Pembangunan & Infrastruktur Malaysia Berhad
Bumiputra-Commerce Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

LISTING

Bursa Malaysia Securities Berhad (Main Board)

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting of the Company will be held at Bilik Perdana, Level 3, Wisma KFC, No. 17, Jalan Sultan Ismail, 50250 Kuala Lumpur on 30th November 2004 at 10.00 a.m. for the purpose of transacting the following business:

AGENDA

1. To receive the Audited Financial Statements for the year ended 30th June 2004 together with the Directors' and Auditors' Reports thereon. — Resolution 1

2. 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 2

   ii. Dato' Johari Bin Abdul Ghani — Resolution 3

   iii. Nor Hishammuddin Bin Dato' Mohd Nordin — Resolution 4

3. To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution:

   • Change of Company's Auditors

   "THAT subject to their consent to act, Messrs BDO Binder of 12th Floor, Menara Uni.Asia, 1008, Jalan Sultan Ismail, 50250 Kuala Lumpur be and is hereby appointed as Auditors of the Company, in place of the retiring auditors, Messrs Ernst & Young and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors." — Resolution 5

SPECIAL BUSINESS

4. To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolutions:

   Ordinary Resolution 1

   • 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 Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." — Resolution 6

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING
(cont'd)

Ordinary Resolution 2

- Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT subject to the Companies Act, 1965 (the "Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("Group") to enter into recurrent related party transactions of a revenue or trading nature ("Recurrent RPT") as set out in Section 2.4 of the Circular to shareholders of the Company dated 8th November 2004 ("Circular") which are necessary for the Group's day-to-day operations subject further to the following : **Resolution 7**

(i) the Recurrent RPT is in the ordinary course of business and is on normal commercial terms which are not more favourable to the related parties than those available to the public and is on terms not to the detriment of the minority shareholders of CIH; and

(ii) disclosure is made in the annual report of the aggregate value of Recurrent RPT conducted during the financial year pursuant to the approval hereby given providing a breakdown of the aggregate value of the Recurrent RPT made during the financial year, amongst others, based on the type of the Recurrent RPT made and the names of the related parties involved in each type of the Recurrent RPT made and their relationship with the Company;

AND THAT such approval shall continue to be in force until :

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the approval hereby given will lapse, unless a resolution for renewal is passed at the said AGM; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

ANY OTHER BUSINESS

5. 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.

BY ORDER OF THE BOARD
C.I. HOLDINGS BERHAD

....

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

Kuala Lumpur
Date: 8th November 2004

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 Level 17, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(a) 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.

(b) Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate

For further information on Resolution 7 under item 4 on the Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate, please refer to the Circular to shareholders of the Company dated 8th November 2004 accompanying the Annual Report 2004.

ANNUAL REPORT 2004

STATEMENT ACCOMPANYING NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

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

    i. Dato' Seri Abdul Ghani Bin Abdul Aziz (Resolution 2)
    ii. Dato' Johari Bin Abdul Ghani (Resolution 3)
    iii. Nor Hishammuddin Bin Dato' Mohd Nordin (Resolution 4)

2. Details of attendance of Directors at Board Meetings.

    The details of attendance of each Director at board meetings are set out on page 15 of this Annual Report.

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

Date of Meeting	Time of Meeting	Place of Meeting
30th November 2004	10.00 a.m.	Bilik Perdana, Level 3, Wisma KFC No. 17, Jalan Sultan Ismail 50250 Kuala Lumpur

4. The details of Directors who are standing for re-election are disclosed in Directors' profile on pages 07 to 09. In addition, details of their securities holdings in the Company are disclosed in the Statement on Directors' Interests on pages 87 and 90 of this Annual Report.

DIRECTORS' PROFILE

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

YBhg Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 60, a Malaysian was appointed to the Board on 25th November 1999 as Executive Director. On 12th July 2001, he became a Non-Independent Non-Executive Chairman of the Company. On 1st November 2003, he qualified as an Independent Non-Executive Chairman. 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 business executive and had previously served in the Royal Malaysian Air Force ("RMAF") for 32 years where he 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.

YBhg Dato' Johari Bin Abdul Ghani (Managing Director)

YBhg Dato' Johari Bin Abdul Ghani, aged 40, a Malaysian was appointed to the Board on 29th November 2002 as Managing Director. He obtained a Diploma in Accountancy from Institute Teknologi MARA in 1982 and is a Fellow member of the Chartered Association of Certified Accountants in England. He started his career as an Auditor with Peat Marwick & Co, an international accounting firm and has held senior positions in various listed and unlisted companies including that of Chief Executive Officer for an Insurance company. He is also currently the Group Managing Director of KFC Holdings (Malaysia) Berhad and QSR Brands Berhad.

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

YBhg Maj Gen (R) Dato' Mohamed Isa Bin Che Kak

YBhg Maj Gen (R) Dato' Mohamed Isa Bin Che Kak, aged 69, a Malaysian was appointed to the Board on 28th April 2003 as an Independent Non-Executive Director. He graduated from the Malaysian Royal Military College and was commissioned into the Royal Malay Regiment in 1958. During his military career, he attended various military training courses such as The Joint Services Command, the Staff College in Willington, India where he qualified with Pass Staff College (psc) and The Senior Officers Management Course in Naval Staff College in Monteray, California, United States of America.

In his more than 32 years of service in the Malaysian Army, he had served in various capacities both Regimental and Staff. Among his early appointments was the Regimental Intelligence Officer serving with the United Nation forces in the Congo. He was also appointed as the Aide De Camp (ADC) to his Majesty Yang Di-Pertuan Agong of Malaysia from 1971-1975. In recognition of his services, he was awarded with the military honour of Pahlawan Angkatan Tentera.

He is currently a Board member of Affin Holdings Berhad, Gadek (Malaysia) Berhad, LBS Bina Group Berhad and Tahan Insurance 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.

DIRECTORS' PROFILE
(cont'd)

Yang Berhormat Senator Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee

Yang Berhormat Senator Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee, aged 42, a Malaysian was appointed to the Board on 27th August 2003 as an Independent Non-Executive Director. He obtained Professional Diploma in Leadership and Management, New Zealand Institute of Management Inc and Post Graduate Diploma in Business Administration, Society of Business Practitioners, Cheshire-England. He started his business career since 1980 and has vast experience in the oil and gas industry. He is a member of the Instrument Society of America. Presently, he is the Managing Director of Interbrand Sdn. Bhd., Executive Director of Rimaco (M) Sdn. Bhd and Executive Director of Bumi Wangsa (M) Berhad. He also sits on the Board of other private limited companies. He is also both Secretary to Badan Perhubungan UMNO Wilayah Persekutuan and Barisan Nasional Wilayah Persekutuan since 2001.

He is currently a Board member of T.H. Hin Corporation Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

YBhg Dato' Azmeer Bin Rashid

YBhg Dato' Azmeer Bin Rashid, aged 65, a Malaysian was appointed to the Board on 27th August 2003 as an Independent Non-Executive Director. He holds a Bachelor of Arts and Post Graduate Diploma in Public Administration from University Malaya and Master of Business Administration from University of Santa Clara, California, United States of America. He was the Deputy Chairman of Cement Industries of Malaysia Bhd. (CIMA) and a member of Muda Agricultural Development Authority. Since 1964, he had held various positions in government departments including the Secretary General of the Ministry of Lands and Cooperative Development, the State Secretary of Perlis and the President of the Municipal Council of Seberang Perai, Penang. He was the Deputy Chairman of the Education Service Commission from 1997 to 2000.

He is currently a Board member of Polymate Holdings Berhad and Consolidated Plantation 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.

Chan Peng Chiw

Chan Peng Chiw, aged 64, 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. Subsequently, he was appointed as a Senior Independent Non-Executive Director on 7th November 2002. He is also the Chairman of the Remuneration Committee and Nomination Committee. He is a Fellow member of the Institute of Chartered Accountants in England and Wales. He has been practicing as a 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.

Nor Hishammuddin Bin Dato' Mohd Nordin

Nor Hishammuddin Bin Dato' Mohd Nordin, aged 38, 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 presently the managing partner of the law firm of Hisham Yoong – K.C. Lim.

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.

Erwin Selvarajah a/l Peter Selvarajah

Erwin Selvarajah a/l Peter Selvarajah, aged 35, a Malaysian was appointed to the Board on 27th August 2003 as an Independent Non-Executive Director. On 1st April 2004, he became a Non-Independent Non-Executive Director of the Company. He holds a Bachelor of Arts in Economics and Accounting from University of Reading, United Kingdom. Having started his career briefly in London, he returned to Malaysia and joined the auditing firm of KPMG Peat Marwick in 1992. Shortly after, he was transferred to Vietnam to help start up the KPMG office there.

In 1995, he left KPMG and joined PepsiCo Beverages International's regional office in Thailand, gaining extensive experience in the consumer goods industry across Asia Pacific. His last position was Finance Director of South East Asia and Micronesia based in Singapore. In 1999, he returned to Malaysia and joined Permanis Sdn. Bhd. as President and Chief Executive Officer and continues to hold this position until today.

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.

CHAIRMAN'S STATEMENT

On behalf of the Directors, I am pleased to present the Annual Report 2004 and the Accounts of the Group and the Company for the year ended 30th June 2004.

FINANCIAL PERFORMANCE

The year under review marked a turning point for the Group with the completion of the Reorganization Scheme and the Debt Settlement announced on 20th December 2002 and 14th March 2003 respectively on 30th June 2004.

The Group registered a higher consolidated turnover of RM76.53 million, up by RM49.48 million or 182.9% over the previous financial year. The increased turnover was mainly due to the newly-acquired Beverages Division.

The Group, however, still suffered a pre-tax loss of RM57.10 million inspite of the profit contributions from the newly-acquired Beverages Division and the Tapware and Quarrying Divisions. The reduction of RM112.17 million or 66.3% over the preceding year's pre-tax loss of RM169.27 million included the impairment loss of RM160.08 million on the disposal of C.I. Enterprise Sdn Bhd ("CIE"). The pre-tax loss for the year under review was attributable to the operational loss in the investment division, the impairment loss of goodwill of the Quarries Division, further loss on completion of the CIE Disposal (see below) and provision for retirement benefits in accordance with the requirements of Malaysian Accounting Standards Board Standard 29.

At Company level, the Company incurred a pre-tax loss of RM101.61 million, an increase of RM89.42 million or 733.6% over the previous financial year. The current financial year's pre-tax loss was mainly due to the provision in diminution of Mawar Seroja Sdn Bhd, a wholly-owned subsidiary of the Company and to the waiver of advances owing by CIE on the completion of the CIE Disposal whilst the receipt of a dividend from Doe Industries Sdn Bhd ("Doe"), another wholly-owned subsidiary, reduced the pre-tax loss.

REVIEW OF OPERATIONS

Beverages Division

The Beverages Division became a new division of the Group in the last quarter of the financial year when Permanis Sdn Bhd ("Permanis") became a wholly-owned subsidiary of the Company on 1st April 2004. The Division's business became the core business of the Group from that date.

The Division had launched six new drinks in the year under review. Prior to joining the Group, the

Division launched Pepsi X in August 2003, Mirinda Red Apple in October 2003, Pepsi Twist in December 2003, 7-Up Ice in March 2004 and after joining the Group it launched Mirinda Lemon in April 2004 and Excel BerryBlast in June 2004. All these new drinks had received tremendous response from customers.

On an annualized basis, its turnover recorded a new high and its profitability had also improved.

Tapware Division

The Division's market share had continued to improve in the year under review and the Division achieved another record turnover. However due to the increase in the Euro exchange rate and the prices of brass, a basic raw material, the Division's results was not in line with expectations. Appropriate measures put in place should see an improvement in the Division's results in the next financial year.

Quarrying Division

This Division has five (5) quarries under contract arrangement since June 2000. In the year under review although the total tonnage extracted from the five (5) quarries increased by 11.4%, tributes received were lower by 5.7% compared to the previous financial year due to lower aggregate prices in the quarries in the northern region. The Division's performance was also affected by a newly imposed assessment on one of the quarries by the local authority.

Investment Division

This Division was divested on 1st April 2004 on completion of the CIE Disposal. Thus, only nine months results of the Investment Division were equity accounted in this financial year under review compared to a full year's results in the previous financial year.

Engineering and Construction Divisions

In July 2003, in order to reduce losses and keep expenses to a minimum, all the staff in these Divisions were retrenched and operations were scaled down to enable the Group to focus on the profitable divisions.

CORPORATE DEVELOPMENTS

The Group completed its entire corporate exercise on 30th June 2004 comprising the Reorganization Scheme and the Debt Settlement Agreement as follows :-

(1) the disposal by the Company of 300,000 ordinary shares of RM1.00 each, representing the entire equity interest in CIE, ("CIE Disposal") the beneficial owner of 57,080,000 shares of RM1.00 each in KFC Holdings (Malaysia) Bhd ("KFCH") was completed on 1st April 2004;

CHAIRMAN'S STATEMENT
(cont'd)

(2) the acquisition by the Company of 20,400,000 ordinary shares of RM1.00 each, representing 51% equity interest in Permanis ("51% Permanis Acquisition") was completed on 1st April 2004;

(3) the acquisition by the Company of 300,000 ordinary shares of RM1.00 each, representing the entire equity interest in Pep Bottlers Sdn Bhd ("Pep Bottlers Acquisition") which holds the remaining 49% equity interest in Permanis was completed on 1st April 2004;

(4) a renounceable Rights Issue of 57,377,835 new ordinary shares of RM1.00 each together with 57,377,835 free detachable warrants on the basis of one Rights Share held and one Warrant for every one existing ordinary share of RM1.00 each at an issue price of RM1.00 per Rights Share ("Rights Issue") was completed on 30th June 2004; and

(5) the Debt Settlement Agreement with Malaysian Assurance Alliance Bhd for the settlement of the principal amount owing by Doe, a wholly-owned subsidiary, amounting to RM15.0 million as at 28th February 2003 via the issuance of 14,851,485 new ordinary shares of RM1.00 each in the Company ("Debt Settlement") was completed on 30th June 2004.

With the completion of the CIE Disposal the Group ceased to equity account its interest in KFCH and on the same day Permanis became a wholly-owned subsidiary of the Group.

With the completion of the Rights Issue and the Debt Settlement on 24th June 2004 the issued and paid-up share capital of the Company was increased from 57,377,835 shares of RM1.00 each to 129,607,155 shares of RM1.00 each. On 30th June 2004 the new shares issued under the Rights Issue and the Debt Settlement together with the 57,377,835 detachable warrants were granted listing on the Main Board of Bursa Malaysia Securities Berhad.

The issued and paid-up share capital will be increased further as and when the 57,377,385 warrants are exercised and converted into ordinary shares.

DIVIDEND

Your Board does not propose a dividend for the financial year under review in order to conserve the Group's liquidity position for the Group's developments and operations.

CURRENT YEAR PROSPECTS

The Malaysian economy has been sustaining a growth momentum in the year 2004. The growth in the Gross Domestic Product ("GDP") in the first half of year 2004 have been the best in almost four years, notching up a much higher than expected growth rate and the GDP is forecasted to surpass the earlier estimate of 6% to 6.5% for the year 2004. However the cooling of demand in the major economies such as the United States and China is expected to ease the pace of economic growth.

The Group has made a turnaround with the completion of the corporate exercise described above and the Group's core business has been transformed to that of selling, bottling and distribution of beverages, a resilient and well established business. Permanis is the licensed bottler with sole rights to bottle, market and distribute well-known brands such as "Pepsi", "Mirinda", "7-Up" and "Gatorade" amongst others, within Peninsular Malaysia and in Sabah and Sarawak from 1st July 2004.

Much hard work now lies ahead to rebuild value for the shareholders. The Group will continue its efforts to rationalize and improve the financial position and profitability by focusing on its new core business and looking at disposing the non-core assets in the Group.

The Group's financial position has been strengthened and barring unforeseen circumstances, would have a favourable impact on future profitability and cashflow. This augurs well for the Group.

APPRECIATION

On behalf of the Board I would like to take this opportunity to express our gratitude and thanks to the management and staff of the Group for their continued commitment and dedication in facing the challenging times and to our loyal shareholders, business associates, bankers and the regulatory authorities for their continued support, confidence and assistance given to us.

Finally I would like to thank my fellow colleagues on the Board for their counsel, contribution and support throughout the year.

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ
Chairman



CORPORATE GOVERNANCE STATEMENT

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.

The following set out how the Board applied the Principles of the Malaysian Code of Corporate Governance ("the Code") and the extent of compliance with the Best Practices of the Code during the financial year ended 30th June 2004.

BOARD OF DIRECTORS

The Board

An effective Board leads and controls the Group. The Board meet 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. Save for Erwin Selvarajah A/L Peter Selvarajah, all Non-Executive Directors are independent.

During the financial year ended 30th June 2004, five (5) Board meetings were held. The number of Board meetings attended by each Director during the financial year is set out on page 15.

The Board has delegated specific responsibilities to four (4) subcommittees (Audit, Nomination, Remuneration and Risk Management 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 eight (8) members, comprising seven (7) Non-Executive Directors, six (6) of whom are independent and one (1) Managing 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 07 to 09.

There is a clear division of responsibility between the Chairman and the Managing 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 Managing 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.

In accordance with the requirements of the Code, Chan Peng Chiw is currently the senior Independent Non-Executive Director who is available to deal with concerns regarding the Group.

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	5/5
Dato' Johari Bin Abdul Ghani	5/5
Maj. Gen. (R) Dato' Mohamed Isa Bin Che Kak	4/5
Chan Peng Chiw	4/5
Nor Hishammuddin Bin Dato' Mohd Nordin	5/5
Dato' Azmeer Bin Rashid (Appointed on 27th August 2003)	4/4
Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee (Appointed on 27th August 2003)	3/4
Erwin Selvarajah A/L Peter Selvarajah (Appointed on 27th August 2003)	4/4

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

Supply of Information

All Directors are provided with an agenda and a set of Board papers prior to Board meetings for consideration and where appropriate, for decision. 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. The Board papers containing information relevant to the business of the meeting, including management information on the financial and trading position of the Group. Senior management staff may be invited to attend Board meetings to provide the Board with detailed explanations and clarification on certain matters that are tabled to the Board.

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

Directors have access to all information within the Company, whether as full Board members or in their individual capacity, in furtherance of their duties.

All Directors have access to the advice and services of the Company Secretaries and may seek independent advice should the need arise.

Appointments to the Board

The composition of the Nomination Committee is set out on page 02. 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 three (3) meetings during the financial year ended 30th June 2004.

The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies, which non-executive Directors should bring to the Board.

CORPORATE GOVERNANCE STATEMENT

(cont'd)

Directors' Training

All members of the Board have completed the Mandatory Accreditation Programme and Continuous Education Programme, prescribed by Bursa Malaysia Securities Berhad. Directors are encouraged to attend seminars and/or conferences organized by relevant regulatory authorities and professional bodies to keep abreast with development in the market place.

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 their office and be eligible for re-election provided always that all the Directors shall retire from their office once at least in each 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 composition of the Remuneration Committee is set out on page 02. 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 deliberation and voting on decisions in respect of his individual remuneration.

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
Salary	360,000	120,000	480,000
Bonus & Allowance	150,400	94,400	244,800
Benefits-in-kind	5,842	7,983	13,825
Other emoluments	-	194,400	194,400

RM	Executive Director	Non-Executive Directors	Total
50,000 and below	-	6	6
50,001 – 100,000	-	-	-
100,001 – 150,000	-	-	-
150,001 – 200,000	-	-	-
200,001 – 250,000	-	1	1
250,001 – 300,000	-	-	-
300,001 – 350,000	-	-	-
350,001 – 400,000	-	-	-
400,001 – 450,000	-	-	-
450,001 – 500,000	-	-	-
500,001 – 550,000	1	-	1

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) Managing Director with Chan Peng Chiw as Chairman. The composition of the Committee is set out on page 18.

The Audit Committee met five (5) times during the financial year ended 30th June 2004. During these meetings, the Committee carried out the duties as set out on pages 18 to 21.

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 Controls

The Directors acknowledge their responsibility for the Group's Internal Control to safeguard shareholders' investment and Company's assets. The Company has already put in place several systems of internal control covering financial control, operational and compliance control and risk management. The Internal Audit Department reviews, appraises and monitors the effectiveness of systems of internal control within the Group. The Statement on Internal Control furnished on pages 22 to 23 of the Annual Report provides an overview of the state of the internal control within the Group.

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.

AUDIT COMMITTEE REPORT

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

Composition

The Audit Committee, which was established by the Board, comprises three (3) Directors, the majority of whom are independent.

Members	Designation	No. of Meetings Attended
Chan Peng Chiw (MIA 451) Senior Independent Non-Executive Director	Chairman	5/5
Nor Hishammuddin Bin Dato' Mohd Nordin Independent Non-Executive Director	Member	5/5
Dato' Johari Bin Abdul Ghani Managing Director	Member	5/5

The members are appointed by the Board from amongst its number and shall not be less than three (3) majority of whom are independent and at least one member of the Committee must be member of the Malaysian Institute of Accountants, 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.

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

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

The Board 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 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.

Secretary

The Company Secretaries shall be the Secretary of the Committee.

Terms of Reference

1. Authority

The Committee is authorized by the Board to investigate any matter within its terms of reference. It shall have the authority to request any information it seeks as relevant to its activities from any employee of the Company or the Group and all employees are directed to cooperate with any request made by the 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 and at the Company's cost:

(a) have the resources which are required to perform its duties;

(b) have full and unrestricted access to any information pertaining to the Company;

(c) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

(d) is authorized to take such independent professional advice, as it consider necessary; and

(e) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

2. 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 controls and their audit report;
- the assistance given by employees of the Company's to them;

(b) to make recommendations concerning the appointment of external auditors and their remuneration to the Board;

(c) to review and consider 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, focusing particularly on:

- changes in or implementation of major accounting policy;
- significant and unusual events; and
- 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; and

(h) 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.

3. Meetings

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

(b) The Committee shall meet at least four (4) times a year, although additional meetings may be called at any time at the Chairman's discretion. In addition, the Chairman may call a meeting of the Committee if a request is made by any Committee member, the Company's Managing Director, or the internal or external auditors.

(c) The Committee may invite any Board member or any member of the senior management or any relevant employees within the Company or the Group who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matter raised in audit report.

(f) The Internal Auditor shall be in attendance at meetings of the Committee to present and discuss the audit report of findings and the recommendations relating thereto and follow up on decision made at these meetings.

(g) The External Auditors were invited to attend the meeting to discuss the annual financial statement and their audit findings.

4. Minutes

(a) The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the Meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

(b) Minutes of the Committee's meetings will be made available to all Board members. A summary of significant matters and resolutions will be reported to the Board by the Chairman of the Committee.

(c) The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office of the Company, and shall be opened to the inspection of any member of the Committee and the Board.

Summary of Audit Committee Activities

During the financial year, five (5) Audit Committee meetings were held.

The Audit Committee has reviewed the Group's quarterly financial results and year end financial statement before presenting to the Board for approval. At the Board meetings, the Chairman of the Audit Committee briefed the Board on the significant accounting issues raised in respect of the financial statements and recommendations of the Audit Committee thereon.

Prior to the commencement of the audit of the Group Financial Statement, the Audit Committee reviewed the audit plan prepared by the External Auditors. The External Auditors also updated the Audit Committee on new developments of accounting standards issued by the Malaysian Accounting Standards Board that are applicable to the Company's financial statement for the financial year ended 30th June 2004.

During the review of the Group's financial statement for the financial year ended 30th June 2004, the representatives of the External Auditors were present to brief the Audit Committee on their findings and accounting issues arising from their audit together with recommendations in respect of the findings.

The Audit Committee also reviewed and discussed the internal audit reports incorporating the audit findings of the Strategic Business Units, the internal audit recommendations and Management's response.

During the financial year, the Audit Committee also reviewed and monitored recurrent related party transactions of a revenue nature under the mandate obtained from the shareholders.

Internal Audit Activities

The Company has an Internal Audit Department. The Internal Audit Department undertakes internal audit function based on the internal audit plan and timetable that is reviewed and approved by the Audit Committee. During the financial year, the Internal Audit Department conducted compliance audits and internal control procedures review on all the Strategic Business Units of the Group. Audit reports which incorporated the audit findings, recommendations and Management's response were issued to and reviewed by the Audit Committee. The Head of Internal Audit Department attended the Audit Committee Meetings to table and discuss the audit reports and follow up on matters raised.

During the Internal Audit process, there were no material internal control failures or significant issues discovered during the financial year.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad ("Bursa Securities") Revamped Listing Requirements require Directors of listed companies to include a statement in annual reports on the state of their internal controls. The Bursa Securities 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 acknowledges its overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity on a regular basis. The Board is responsible for determining the policies for risk and control whilst Management is responsible for implementing the Board's policies on risk and control.

The Board recognized that risk cannot be eliminated completely, and as such, the Group's systems of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and that it can only provide reasonable, and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

As the Board fully supports the contents of the Internal Control Guidance, it undertook to review the existing risk management processes in place within the Company, with the aim of formalizing the risk management functions across the Group. In order to sensitize all employees within the Group more strongly to risk identification, evaluation, control and ongoing monitoring, the Board appointed a professional firm of consultants in April 2004 to formalize an Enterprise Risk Management framework for the Group. In August 2004, the Board had established a formal risk management system in identifying, evaluating and managing significant risk faced by the Group. During the year, the following initiatives were undertaken in formalizing the Enterprise Risk Management framework:

- Risk Management Awareness workshop, attended by senior and middle management, was conducted by an external consultant to enhance risk consciousness amongst employees;
- Workshop and interviews were conducted with Directors and operational managers of the company to identify, prioritize and evaluate risks and controls affecting the business as well as to develop management action plan to mitigate these risks;
- A database of all principal risks and control has been created, and information filtered to produce a detailed risk register and risk profile for the Group. This risk profile and corresponding action plans were reported to the Board in August 2004;
- A risk reporting structure which outlines the reporting and responsibilities of the Board, Audit Committee and the Risk Management Committee has been established and approved;
- The risk assessment process includes identifying the key risks, potential impact and likelihood of those risks, the control effectiveness and adopting the appropriate action plans to mitigate those risks to the desired level;
- The Risk Management Committee provides report on the risk profile of the Group to the Audit Committee on half yearly basis for review and the Audit Committee reports on

the significant risks and controls available to mitigate those risks to the Board for its consideration;

- The appointment of Risk Manager/Co-Ordinator at holding company and risk officers at the subsidiaries to ensure leadership, direction and coordination of group-wide application of risk management; and
- On-going risk management education and training is provided at management and staff levels.

The Board believes that formalizing the risk management framework has allowed for a more structured and focused approach in managing the Group's significant business risks and has enabled the Group to effectively adopt a risk-based internal control system that is embedded within the Group.

INTERNAL AUDIT FUNCTION

During the financial year, the Internal Auditor reporting to the Audit Committee carried out audit activities in accordance with its annual audit plan covering management, operation and system audit of the Group.

After each audit, the findings and recommendations are submitted to the Head of each Strategic Business Unit in which the audit was carried out. The local management of the audited business unit shall response to the findings and recommendations of the Internal Auditors. A follow up was subsequently carried out to ensure that the management's agreed action plans are implemented on a timely basis.

The Audit Committee, on behalf of the Board, review and hold discussion with Management to deliberate on action plans addressing the internal control issues identified by the Internal Auditor, the External Auditors and Management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The Board provides the following guidelines to ensure success of business objectives:

- The Group has in place an organization structure with key responsibilities clearly defined for the Board, committees of the board and the executive management of the Group's operating units.
- Each operation unit is to provide to the Board for approval a comprehensive annual budget.
- The results of the each operation business units are reported monthly and variances are analyzed against budget and acted on in a timely manner. Budgets are revised on a semi-annual basis, if necessary, after taking into account any significant changes to business risks.
- To identify shortfalls and implement necessary remedial action.
- The majority of Audit Committee members are independent non-executive directors, and has full access to both the internal and external auditors.
- The Board receives and reviews quarterly reports on the Group's business operations. The Board approves appropriate responses or amendments to the Group's policies.
- Policies and procedures regulating financial and operating activities are clearly documented in a manual. The manual is subject to regular reviews and updates to reflect the changing business risks and to resolve operational deficiencies, if any.
- Ensuring compliance with regulatory requirements.

CONCLUSION

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to the date of approval of the annual report and financial statements. Thus, the Board is of the opinion that the existing system of internal control is adequate to achieve the objectives identified above.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.27(a) of Chapter 15 of the Listing Requirements of Bursa Malaysia Securities Berhad 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 2004, 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

ANNUAL REPORT 2004

annual report 2004

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2004.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

There were no significant changes in the nature of these activities during the financial year under review, other than as a result of the Reorganisation Scheme on the acquisition and disposal of subsidiaries as disclosed in Note 13 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss after taxation	(64,599)	(101,608)
Minority interests	3	-
Loss for the year	(64,596)	(101,608)

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

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

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend for the current financial year.

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' Johari bin Abdul Ghani
Nor Hishammuddin bin Dato' Mohd Nordin
Chan Peng Chiw
Maj Gen (R) Dato' Mohamed Isa bin Che Kak
Datuk Syed Ali bin Tan Sri Syed Abbas Alhabshee
Dato' Azmeer bin Rashid
Erwin Selvarajah A/L Peter Selvarajah

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 was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the warrants issued in conjunction with the Renounceable Rights Issue.

DIRECTORS' BENEFITS (cont'd)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 5 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1.00 Each			
	1.7.2003	Acquired	Sold	30.6.2004
The Company				
Direct interest:				
Dato' Johari bin Abdul Ghani	-	5,157,400	-	5,157,400

	Warrants issued pursuant to a Deed Poll dated 18 March 2004 exercisable at any time from 24 June 2004 to 23 June 2009			
	1.7.2003	Acquired	Sold	30.6.2004
The Company				
Direct Interest:				
Dato' Johari bin Abdul Ghani	-	5,157,400	-	5,157,400

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

SIGNIFICANT EVENTS

Significant events during the year are disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Significant events after balance sheet date are disclosed in Note 37 to the financial statements.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM57,377,835 to RM129,607,155 by way of:

(i) the issuance of 57,377,835 new ordinary shares of RM1.00 each in the Company through a Renounceable Rights Issue together with 57,377,835 free new detachable warrants at an issue price of RM1.00 per rights share, payable in full upon acceptance on the basis of one Rights Share and one free Warrant for every one existing ordinary share of RM1.00 each held in the Company; and

(ii) the issuance of 14,851,485 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.01 per share as settlement of the principal amount owing by a wholly-owned subsidiary, Doe Industries Sdn. Bhd. to Malaysian Assurance Alliance Berhad amounting to RM15 million.

The new ordinary shares issued during the financial year rank pari passu in all respects with existing ordinary shares of the company.

WARRANTS

The main features of warrants are disclosed in Note 27 to the financial statements.

DIRECTORS' REPORT
(cont'd)

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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent 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 or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, are retiring at the forthcoming Annual General Meeting and do not wish to seek re-appointment.

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

Dato' Seri Abdul Ghani bin Abdul Aziz
Kuala Lumpur, Malaysia
26 October 2004

Dato' Johari bin Abdul Ghani

INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

		Group		Company	
		2004	2003	2004	2003
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	76,533	27,047	16,346	983
Cost of sales	4	(54,488)	(20,670)	-	-
Gross profit		22,045	6,377	16,346	983
Other operating income		4,677	1,819	361	441
Distribution costs		(3,985)	(140)	-	-
Administration expenses		(16,659)	(8,137)	(5,403)	(2,752)
Other operating expenses		(60,329)	(166,599)	(111,517)	(10,534)
Loss from operations	5	(54,251)	(166,680)	(100,213)	(11,862)
Finance costs	6	(17,618)	(23,527)	(1,395)	(325)
Share of results of associate		14,769	20,936	-	-
Loss before taxation		(57,100)	(169,271)	(101,608)	(12,187)
Taxation	7	(7,499)	(6,694)	-	867
Loss after taxation		(64,599)	(175,965)	(101,608)	(11,320)
Minority interests		3	221	-	-
Net loss for the year		(64,596)	(175,744)	(101,608)	(11,320)
Basic loss per share (sen)	8	(118.0)	(344.6)	(185.6)	(22.2)
Net dividend per share (sen)	9	-	0.50	-	0.50

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

BALANCE SHEETS
AS AT 30 JUNE 2004

		Group		Company	
		2004	2003	2004	2003
	Note	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	10	97,931	34,516	102	216
Trademark and intellectual property	11	5,840	-	-	-
Bottles and cases	12	6,861	-	-	-
Investments in subsidiaries	13	-	-	82,478	96,353
Investment in associate	14	186	322,767	-	-
Other investments		21	21	21	21
Goodwill on consolidation	15	47,548	20,464	-	-
		158,387	377,768	82,601	96,590
CURRENT ASSETS					
Inventories	16	24,847	7,594	-	-
Trade receivables	17	58,751	9,366	-	-
Other receivables	18	3,512	29,267	72	28,103
Amounts due from subsidiaries	19	-	-	140,005	148,932
Amount due from an associate	19	985	-	-	-
Tax recoverable		513	506	4,303	78
Deposits with licensed banks	20	929	1,918	374	1,400
Cash and bank balances	21	6,706	1,475	4,950	116
		96,243	50,126	149,704	178,629
CURRENT LIABILITIES					
Trade payables	22	26,985	6,976	-	-
Other payables	23	35,672	101,396	6,675	2,676
Provision for warehouse and marketing expenses	24	3,155	-	-	-
Amounts due to subsidiaries	19	-	-	19,250	39,407
Bank borrowings	25	90,442	236,603	4,611	2,084
Tax payable		1,823	771	-	-
Dividends payable		7	15	7	15
		158,084	345,761	30,543	44,182
NET CURRENT (LIABILITIES)/ASSETS		(61,841)	(295,635)	119,161	134,447
		96,546	82,133	201,762	231,037

BALANCE SHEETS
AS AT 30 JUNE 2004
(cont'd)

		Group		Company	
		2004	2003	2004	2003
	Note	RM'000	RM'000	RM'000	RM'000
FINANCED BY:					
Share capital	27	129,607	57,378	129,607	57,378
Share premium		1,156	1,007	1,156	1,007
Reserves on consolidation		55,458	55,458	-	-
Special reserve	28	10,622	10,622	10,622	10,622
(Accumulated losses)/Retained profits	29	(112,393)	(47,797)	60,343	161,951
Shareholders' equity		84,450	76,668	201,728	230,958
Minority interests		1,030	1,033	-	-
		85,480	77,701	201,728	230,958
Retirement benefit obligations	30	2,035	622	-	-
Bank borrowings	25	3,259	2,386	34	79
Deferred tax	31	5,772	1,424	-	-
Non-current liabilities		11,066	4,432	34	79
		96,546	82,133	201,762	231,037

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2004

	Note	Share capital RM'000	Share premium RM'000	Reserves on consolidation RM'000	Special reserve RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000
		<------------Non-distributable-----------			----------->	Distributable	
Group							
At 1 July 2002							
- as previously reported		57,378	1,007	56,781	11,520	128,236	254,922
- prior year adjustments		-	-	(1,213)	-	-	(1,213)
- as restated		57,378	1,007	55,568	11,520	128,236	253,709
Reversal of overstatement in prior years		-	-	-	(898)	-	(898)
Arising from disposal of subsidiaries		-	-	(110)	-	-	(110)
Net loss for the year		-	-	-	-	(175,744)	(175,744)
Dividend for the year ended 30 June 2003	9	-	-	-	-	(289)	(289)
At 30 June 2003		57,378	1,007	55,458	10,622	(47,797)	76,668
At 1 July 2003		57,378	1,007	55,458	10,622	(47,797)	76,668
Rights Issue	27(i)	57,378	-	-	-	-	57,378
Debt Settlement	27(ii)	14,851	149	-	-	-	15,000
Net loss for the year		-	-	-	-	(64,596)	(64,596)
At 30 June 2004		129,607	1,156	55,458	10,622	(112,393)	84,450

	Note	Share capital RM'000	Share premium RM'000	Special reserve RM'000	Retained profits/ RM'000	Total RM'000
		<--------Non-distributable		------->	Distributable	
Company						
At 1 July 2002		57,378	1,007	10,622	173,560	242,567
Net loss for the year		-	-	-	(11,320)	(11,320)
Dividend for the year ended 30 June 2002	9	-	-	-	(289)	(289)
At 30 June 2003		57,378	1,007	10,622	161,951	230,958
At 1 July 2003		57,378	1,007	10,622	161,951	230,958
Rights Issue	27(i)	57,378	-	-	-	57,378
Debt settlement	27(ii)	14,851	149	-	-	15,000
Net loss for the year		-	-	-	(101,608)	(101,608)
At 30 June 2004		129,607	1,156	10,622	60,343	201,728

The accompanying notes form an integral part of the financial statements

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

	Note	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(57,100)	(169,271)	(101,608)	(12,187)
Adjustments for:					
Bad debts written off		23	50	-	-
Depreciation of property, plant and equipment		3,473	1,157	73	127
Loss/(gain) on disposal of property, plant, and equipment		(216)	635	(10)	12
Loss on disposal of subsidiaries		35,509	3,765	-	1,529
Loss/(profit) arising from a subsequent change in the sale proceeds on the disposal of C.I. Readymix Sdn. Bhd., a former subsidiary		(1,172)	545	-	-
Allowance for doubtful debts		411	127	-	-
Reversal of overstatement of special reserve on the disposal of investments in former subsidiaries in prior years		-	(898)	-	-
Impairment loss on subsidiaries		-	-	50,884	4,517
Write back of allowance for doubtful debts		(706)	(228)	-	-
Impairment loss of property, plant and equipment		-	718	-	-
Impairment loss on associate		-	160,083	-	-
Interest expense		17,618	23,428	1,395	321
Interest income		(80)	(224)	(51)	(11)
Provision for warehouse and marketing expenses		539	-	-	-
Property, plant and equipment written off		164	78	-	72
Allowance for inventory obsolescence		1,351	320	-	-
Inventories written off		7,695	101	-	-
Allowance for retirement benefits		1,596	100	-	-
Write back of allowance for retirement benefits		(400)	-	-	-
Writeback of provision for breakages of bottles and cases		(648)	-	-	-
Amortisation of intellectual property		80	-	-	-
Deferred expenditure written off		-	51	-	-
Unrealised foreign exchange loss		-	8	-	-
Impairment loss on goodwill on consolidation		20,464	-	-	-
Waiver of loan payable to former subsidiaries		-	-	-	(431)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

(cont'd)

	Note	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Adjustments for: (contd.)					
Waiver of amount owed by a former subsidiaries		-	-	60,333	-
Waiver of interest receivable from former subsidiaries		-	-	-	4,488
Share of results of associate		(14,769)	(20,936)	-	-
Operating loss before working capital changes		13,832	(391)	11,016	(1,563)
Increase in inventories		299	721	-	-
Decrease/(increase) in receivables		(927)	1,703	31	(27,880)
Increase in payables		6,998	1,984	3,991	733
Cash generated from/(used in) operations		20,202	4,017	15,038	(28,710)
Interest paid		(16,891)	(11,733)	(1,395)	(321)
Interest received		80	224	51	11
Retirement benefits paid		(348)	(35)	-	-
Retrenchment benefits paid		(57)	-	-	-
Taxation refund/(paid)		(1,757)	76	78	183
Net cash generated from/(used in) operating activities		1,229	(7,451)	13,772	(28,837)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents (Note 13(a))		(51,900)	-	(44,000)	-
Disposal of subsidiaries, net of cash and cash equivalents (Note 13(b))		(3)	2,990	-	2,550
Advances from/(to) subsidiaries		-	-	(47,340)	13,937
Repayments from subsidiaries		-	-	-	14,183
Dividend received from associate		5,137	4,566	-	-
Net dividend received from subsidiary		-	-	11,064	-
Purchase of additional shares in associate		(100)	-	-	-
Proceeds from disposal of marketable securities		879	-	-	-
Proceeds from disposal of property, plant and equipment		715	639	70	34
Purchase of bottles and cases		(1,273)	-	-	-
Purchase of property, plant and equipment		(3,996)	(738)	(19)	(17)
Net cash (used in)/generated from investing activities		(50,541)	7,457	(80,225)	30,687

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

(cont'd)

		Group		Company	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		-	(289)	-	(289)
Proceeds from Rights Issue		57,378	-	57,378	-
Proceeds from issuance of ordinary shares		14,851	-	14,851	-
Proceeds from issue of shares to minority interests		-	98	-	-
Repayment of hire purchase and lease financing		(1,322)	(636)	(90)	(63)
Repayment of borrowings		(287,730)	(11,921)	-	-
Drawdown of hire purchase		2,046	314	-	-
Drawdown of borrowings		258,343	12,202	(1,878)	11
Deposits with licensed banks pledged as security		-	5,100	-	-
Net cash generated from/ (used in) financing activities		43,566	4,868	70,261	(341)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,746)	4,874	3,808	1,509
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,110	(2,764)	1,516	7
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	(3,636)	2,110	5,324	1,516

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2004

1. CORPORATE 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 subsidiaries are described in Note 13.

There were no significant changes in the nature of these activities during the financial year under review, other than as a result of the Reorganisation Scheme on the acquisition and disposal of subsidiaries as disclosed in Note 13.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 17, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Level 10, Wisma KFC, No.17, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The numbers of employees in the Group and in the Company at the end of the financial year were 677 (2003: 187) and 14 (2003: 14) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2004.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The Group recorded a loss for the year of RM64.6 million and has net current liabilities of RM61.8 million as at 30 June 2004. 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 Preparation

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

During the financial year ended 30 June 2004, the Group and the Company adopted the following Malaysian Accounting Standards Board ("MASB") Standards for the first time:

MASB 28	Discontinuing Operations
MASB 29	Employee Benefits

The adoption of MASB 28 and MASB 29 have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The difference between the cost of acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

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

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

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

(ii) Associates

Associates are those companies in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the companies.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill and Reserves on Consolidation

Goodwill and reserves on consolidation represent the difference between the cost of acquisition and the Group's interest in the fair value of the identifiable assets and liabilities of subsidiaries at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(p). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2004

(cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Investments in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(p).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(p).

Certain property, plant and equipment were revalued and are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation. The Group has availed itself of the transitional provision in International Accounting Standard 16 (Revised) - 'Property, Plant and Equipment', as adopted by the MASB, by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and requirement to write down to recoverable amounts, as applicable), if it does not further revalue such assets.

Building under construction, plant and machinery under construction and freehold land are not depreciated. Leasehold land is amortised in equal instalments over the period of the respective leases ranging from 50 to 99 years. Quarry improvements are written off over a period of two years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	2%	-	20%
Plant and equipment	5%	-	25%
Motor vehicles	20%	-	25%
Access road	10%	-	20%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) Intellectual Property

Expenditure on acquired intellectual property is capitalised and amortised using the straight line basis over their estimated useful lives but not exceeding 20 years, whichever is shorter. The carrying amount of intellectual property is reviewed annually and adjusted for any impairment in value where it is considered necessary.

(g) Bottles and Cases

Bottles and cases are stated at cost less breakages and amortisation. The carrying value of bottles and cases is written off and amortised as follows:

(i) equivalent deposit values of bottles and cases are written off based on actual breakages and losses; and

(ii) excess of cost over their related deposit values are amortised based on the straight line basis over a period of five years.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value.

Cost of raw materials is determined on a first-in, first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(i) Cash and Cash Equivalents

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

(j) Finance Leases

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

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

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 3(e).

(k) Provisions for Liabilities

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

Provision for restructuring costs is recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Income Tax

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

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

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

(m)Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Employee Benefits (cont'd)

(iii) Defined benefit plans (cont'd)

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(n) Revenue Recognition

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

(i) Sale of goods

Revenue relating to sale of goods is recognised upon the delivery of products and customer acceptance, net of sales taxes and discounts, and after eliminating sales within the Group.

(ii) Progress billings on contracts

Profits accruing on uncompleted contracts where the outcome can be reliably estimated are recognised on the percentage of completion method which determines the stage of completion based on the proportion of contract costs incurred for work performed todate bear to the estimated total contract costs. Provision is made for any foreseeable losses.

(iii) Management and other fees

Management and other fees arising from services rendered are recognised as and when the services are performed.

(iv) Tributes Receivable

Tributes are recognised on an accrual basis in accordance with the terms of agreement.

(o) Foreign Currency Transactions

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

All exchange rate difference are taken to the income statement.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows:

	2004 RM	2003 RM
United States Dollars	3.80	3.80
Singapore Dollars	2.21	2.16
Euro	4.59	4.38
Thai Baht	0.10	-

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment of Assets

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

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

(q) Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resource will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(r) Financial Instruments

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

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

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(p).

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

(ii) Receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Financial Instruments (cont'd)

(iii) Payables

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

(iv) Interest-Bearing Borrowings

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

Borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(v) Equity Instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

4. REVENUE AND COST OF SALES

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	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Analysis of revenue:				
Gross dividends from subsidiary	-	-	15,367	-
Interest income:				
- finance related activities	-	151	-	-
Progress billings on contract works	196	2,629	-	-
Sale of goods	73,955	21,696	-	-
Management and other fees from subsidiary companies	-	-	979	983
Tributes received and receivable	2,382	2,571	-	-
	76,533	27,047	16,346	983
Analysis of cost of sales:				
Cost of inventories sold	53,742	16,064	-	-
Construction contract costs	496	4,193	-	-
Tribute and royalties	250	413	-	-
	54,488	20,670	-	-

5. LOSS FROM OPERATIONS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Loss from operations is stated after charging/(crediting):				
Auditors' remuneration:				
- statutory audit	178	111	25	25
- others	55	-	-	-
Amortisation of intellectual property	80	-	-	-
Writeback of provision for breakages of bottles and cases	(648)	-	-	-
Bad debts written off	23	50	-	-
Bad debts recovered	(7)	-	-	-
Allowance for doubtful debts	411	127	-	-
Deferred expenditure written off	-	51	-	-
Writeback of allowance for doubtful debts	(706)	(228)	-	-
Writeback for bonus no longer required	-	(27)	-	-
Provision for warehouse and marketing expenses	539	-	-	-
Depreciation of property, plant and equipment	3,473	1,157	73	127
Property, plant and equipment written off	164	78	-	72
Impairment loss of property, plant and equipment	-	718	-	-
Loss/(gain) on disposal of property, plant and equipment	(216)	635	(10)	12
Directors' remuneration (Note a)	1089	581	719	508
Interest income	(80)	(224)	(51)	(11)
Allowance for retirement benefits	1,596	100	-	-
Writeback of allowance for retirement benefits	(400)	-	-	-
Allowance for inventory obsolescence	1,351	320	-	-
Inventories written off	7,695	101	-	-
Realised foreign exchange loss	14	65	-	-
Unrealised foreign exchange loss	-	8	-	-
Retrenchment benefits	57	-	-	-
Rental of premises	166	216	99	104
Royalty payable/ (income)	(144)	48	-	-
Waiver of amount owed by a former subsidiary	-	-	60,333	-
Waiver of loan payable to former subsidiaries	-	-	-	(431)
Waiver of interest receivable from former subsidiaries	-	-	-	4,488
Staff costs (Note b)	7,759	5,794	686	525

5. LOSS FROM OPERATIONS (cont'd)

	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
Included in:				
(i) Other Operating Income is:				
- Reversal of overstatement of special reserve on disposal of investments in subsidiaries in prior years	-	(898)	-	-
(ii) Administration Expenses are:				
- Professional fees incurred for the Reorganisation Scheme	2,621	795	2,621	795
(iii) Other Operating Expenses are:				
- (Profit)/loss arising from a subsequent change in the sale proceeds on the disposal of C.I. Readymix Sdn. Bhd., a former subsidiary company	(1,172)	545	-	-
- Loss on disposal of subsidiaries	35,509	3,765	-	1,529
- Impairment loss of goodwill on consolidation	20,464	-	-	-
- Impairment loss on investments in subsidiaries	-	-	50,884	4,517
- Impairment loss on investments in associate	-	160,083	-	-

	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
(a) Directors' remuneration				
Directors of the Company				
Executive Directors				
- salaries and allowances	510	342	510	326
- fees	-	-	-	-
- benefits-in-kind*	6	38	6	33
	516	380	516	359
Non-Executive Directors				
- salaries and allowances#	214	-	-	-
- emoluments	195	104	195	104
- fees	-	30	-	30
- benefits-in-kind*	8	15	8	15
	417	149	203	149
	933	529	719	508
Directors of subsidiaries				
Executive Directors				
- salaries and allowances#	103	-	-	-
- other emoluments	53	52	-	-
Total	1,089	581	719	508

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

\# For the period from April 2004 to June 2004.

5. LOSS FROM OPERATIONS (cont'd)

(a) Directors' remuneration (cont'd)

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

	Number of Directors			
	2004		2003	
	Non-Executive Directors	Executive Directors	Non-Executive Directors	Executive Directors
Directors of the Company:				
Below RM50,000	-	6	-	5
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	1	-
RM150,001 - RM200,000	-	-	-	-
RM200,001 - RM250,000	-	1	1	-
RM250,001 - RM300,000	-	-	-	-
RM300,001 - RM350,000	-	-	-	-
RM350,001 - RM400,000	-	-	-	-
RM400,001 - RM450,000	-	-	-	-
RM450,001 - RM500,000	-	-	-	-
RM500,001 - RM550,000	1	-	-	-
Directors of the subsidiaries:				
Below RM50,000	3	-	2	-
RM50,001 - RM100,000	1	-	-	-

(b) Staff costs

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Wages and salaries	4,560	4,421	528	462
Social security costs	74	45	4	3
Pension costs - defined contribution plans	868	524	141	53
Pension costs - defined benefit plans	1,196	43	-	-
Other staff related expenses	1,061	761	13	7
	7,759	5,794	686	525

6. FINANCE COSTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Bank overdrafts	182	42	-	-
Bankers acceptances	510	219	-	-
Interest on term loans	16,190	19,907	1,197	172
Revolving credit	444	124	130	124
Interest on advances by Punca Ibarat Sdn. Bhd.	-	2,995	-	-
Hire purchase interest	176	63	23	18
Lease interest	23	46	-	-
Interest on overdue invoices	71	7	44	7
Bank charges	20	4	1	4
Extension fee	-	98	-	-
Factoring	2	22	-	-
	17,618	23,527	1,395	325

7. TAXATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income tax:				
Tax expense for the year	2,609	539	-	70
Witholding tax	7	-	-	-
Overprovision in prior years	(506)	(2,214)	-	(937)
	2,110	(1,675)	-	(867)
Deferred tax (Note 31):				
Relating to origination and reversal of temporary differences	(248)	-	-	-
Overprovision in prior years	(546)	(84)	-	-
	(794)	(84)	-	-
Share of taxation in an associate	6,183	8,453	-	-
	7,499	6,694	-	(867)

Income tax is calculated at the statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year.

7. TAXATION (cont'd)

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

	2004 RM'000	2003 RM'000
Group		
Loss before taxation	(57,100)	(169,271)
Taxation at statutory tax rate of 28% (2003: 28%)	(15,970)	(47,396)
Effect in reduction of tax rate	23	-
Witholding tax	7	-
Income not subject to tax	(333)	(22)
Expenses not deductible for tax purposes	25,225	5,954
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(702)	(161)
Utilisation of current and prior year's reinvestment allowances	(159)	-
Deferred tax assets not recognised on unused deduction for expenses under section 60F of Income Tax Act, 1967	61	50,143
Deferred tax assets not recognised on unabsorbed business losses and capital allowances	399	474
Overprovision of deferred tax in prior years	(546)	(84)
Overprovision of income tax expense in prior years	(506)	(2,214)
Tax expense for the year	7,499	6,694

	2004 RM'000	2003 RM'000
Company		
Loss before taxation	(101,608)	(12,187)
Taxation at statutory tax rate of 28% (2003: 28%)	(28,450)	(3,412)
Expenses not deductible for tax purposes	32,554	3,451
Income not subject to tax	(4,303)	-
Deferred tax assets not recognised on unabsorbed business losses and capital allowances	199	31
Overprovision of income tax expense in prior years	-	(937)
Tax expense for the year	-	(867)

7. TAXATION (cont'd)

Tax savings recognised during the year arising from:

	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
Utilisation of tax losses brought forward from previous years	745	23	-	-
Unutilised tax losses carried forward	19,437	3,932	618	92
Unabsorbed capital allowances are analysed as follows:				
Tax savings recognised during the year arising from:				
Utilisation of current year unabsorbed capital allowances	92	53	14	-
Utilisation of unabsorbed capital allowances brought forward from previous years	1,124	493	-	-
Unabsorbed capital allowances carried forward	2,787	1,732	94	50

As at 30 June 2004, the Group and the Company have potential deferred tax benefits of approximately RM9,455,000 (2003: RM1,586,000) and RM199,000 (2003: RM40,000) respectively arising principally from tax losses carried forward and unutilised capital allowances, the effects of which are not included in the financial statements as it is not probable that taxable profit will be available against which the unused tax losses and unused capital allowances can be utilised.

8. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group 2004	Group 2003 restated	Company 2004	Company 2003 restated
Net loss for the year (RM'000)	(64,596)	(175,744)	(101,608)	(11,320)
Weighted average number of ordinary shares in issue ('000)	54,740	51,003	54,740	51,003
Basic loss per share (sen)	(118.0)	(344.6)	(185.6)	(22.2)

The comparative basic loss per share has been restated to take into account the effect of the issuance of shares as disclosed in Note 27 to the financial statements.

(b) Diluted

The fully diluted loss per share in respect of Warrants is not presented as it is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2004
(cont'd)

9. DIVIDEND

Net Dividend Proposed:

	2004 RM'000	2003 RM'000	Net Dividend per Ordinary Share 2004 Sen	Net Dividend per Ordinary Share 2003 Sen
First and final dividend of 0.7% less 28% taxation paid during the year	-	289	-	0.50

The directors do not recommend the payment of any dividend for the financial years ended 30 June 2003 and 30 June 2004.

10. PROPERTY, PLANT AND EQUIPMENT

Group
2004

	At 1.7.2003 RM'000	Acquisition of subsidiaries RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	At 30.6.2004 RM'000
At valuation:						
Long term leasehold land	457	-	-	-	-	457
Building	579	-	-	-	-	579
	1,036	-	-	-	-	1,036
At cost:						
Freehold land	28,436	6,692	-	-	-	35,128
Long term leasehold land	450	21,131	-	-	-	21,581
Short term leasehold land	-	1,691	-	-	-	1,691
Building-in-progress	-	-	828	-	-	828
Buildings	4,996	3,254	84	-	(177)	8,157
Plant and equipment	10,190	89,797	1,650	(1,374)	(131)	100,132
Motor vehicles	1,265	4,920	1,434	(817)	-	6,802
Access road	1,475	-	-	-	-	1,475
Quarry improvements	4,208	-	-	-	-	4,208
Plant and machinery under construction	-	1,197	-	-	-	1,197
	51,020	128,682	3,996	(2,191)	(308)	181,199
Total	52,056	128,682	3,996	(2,191)	(308)	182,235

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

Group (cont'd)
2004

	At 1.7.2003 RM'000	Acquisition of subsidiaries RM'000	Charge for the year RM'000	Impairment losses RM'000	Disposals RM'000	Write offs RM'000	At 30.6.2004 RM'000
Accumulated Depreciation							
At valuation:							
Long term leasehold land	116	-	5	-	-	-	121
Building	264	-	11	-	-	-	275
	380	-	16	-	-	-	396
At cost:							
Freehold land	595	-	-	-	-	-	595
Long term leasehold land	51	4,289	105	-	-	-	4,445
Short term leasehold land	-	796	9	-	-	-	805
Buildings	2,579	836	115	-	-	(80)	3,450
Plant and equipment	7,475	58,428	2,874	-	(936)	(64)	67,777
Motor vehicles	777	778	354	-	(756)	-	1,153
Access road	1,475	-	-	-	-	-	1,475
Quarry improvements	4,208	-	-	-	-	-	4,208
	17,160	65,127	3,457	-	(1,692)	(144)	83,908
Total	17,540	65,127	3,473	-	(1,692)	(144)	84,304

	At 1.7.2003 RM'000	Acquisition of subsidiaries RM'000	Additions RM'000	Charge for the year RM'000	Impairment losses RM'000	Disposals RM'000	Write offs RM'000	At 30.6.2004 RM'000
Net Book Value								
At valuation:								
Long term leasehold land	341	-	-	(5)	-	-	-	336
Building	315	-	-	(11)	-	-	-	304
	656	-	-	(16)	-	-	-	640
At cost:								
Freehold land	27,841	6,692	-	-	-	-	-	34,533
Long term leasehold land	399	16,842	-	(105)	-	-	-	17,136
Short term leasehold land	-	895	-	(9)	-	-	-	886
Building-in-progress	-	-	828	-	-	-	-	828
Buildings	2,417	2,418	84	(115)	-	-	(97)	4,707
Plant and equipment	2,715	31,369	1,650	(2,874)	-	(438)	(67)	32,355
Motor vehicles	488	4,142	1,434	(354)	-	(61)	-	5,649
Access road	-	-	-	-	-	-	-	-
Quarry improvements	-	-	-	-	-	-	-	-
Plant and machinery under construction	-	1,197	-	-	-	-	-	1,197
	33,860	63,555	3,996	(3,457)	-	(499)	(164)	97,291
Total	34,516	63,555	3,996	(3,473)	-	(499)	(164)	97,931

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

Group (cont'd)

2003

	At 1.7.2002 RM'000	Disposal of subsidiaries RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	At 30.6.2003 RM'000
At valuation:						
Long term leasehold land	457	-	-	-	-	457
Building	579	-	-	-	-	579
	1,036	-	-	-	-	1,036
At cost:						
Freehold land	29,260	-	-	(824)	-	28,436
Long term leasehold land	450	-	-	-	-	450
Buildings	5,171	(189)	148	(134)	-	4,996
Plant and equipment	10,310	(27)	300	(227)	(166)	10,190
Motor vehicles	1,450	-	290	(475)	-	1,265
Access road	1,475	-	-	-	-	1,475
Quarry improvements	4,208	-	-	-	-	4,208
	52,324	(216)	738	(1,660)	(166)	51,020
Total	53,360	(216)	738	(1,660)	(166)	52,056

	At 1.7.2002 RM'000	Disposal of subsidiaries RM'000	Charge for the year RM'000	Impairment losses RM'000	Disposals RM'000	Write offs RM'000	At 30.6.2003 RM'000
Accumulated Depreciation							
At valuation:							
Long term leasehold land	111	-	5	-	-	-	116
Building	253	-	11	-	-	-	264
	364	-	16	-	-	-	380
At cost:							
Freehold land	-	-	-	595	-	-	595
Long term leasehold land	46	-	5	-	-	-	51
Buildings	2,359	(41)	138	123	-	-	2,579
Plant and equipment	6,916	(23)	810	-	(140)	(88)	7,475
Motor vehicles	857	-	188	-	(268)	-	777
Access road	1,475	-	-	-	-	-	1,475
Quarry improvements	4,208	-	-	-	-	-	4,208
	15,861	(64)	1,141	718	(408)	(88)	17,160
Total	16,225	(64)	1,157	718	(408)	(88)	17,540

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

Group (cont'd)
2003

	At 1.7.2002 RM'000	Disposal of subsidiaries RM'000	Additions RM'000	Charge for the year RM'000	Impairment losses RM'000	Disposals RM'000	Write off RM'000	At 30.6.2003 RM'000
Net Book Value								
At valuation:								
Long term leasehold land	346	-	-	(5)	-	-	-	341
Building	326	-	-	(11)	-	-	-	315
	672	-	-	(16)	-	-	-	656
At cost:								
Freehold land	29,260	-	-	-	(595)	(824)	-	27,841
Long term leasehold land	404	-	-	(5)	-	-	-	399
Buildings	2,812	(148)	148	(138)	(123)	(134)	-	2,417
Plant and equipment	3,394	(4)	300	(810)	-	(87)	(78)	2,715
Motor vehicles	593	-	290	(188)	-	(207)	-	488
Access road	-	-	-	-	-	-	-	-
Quarry improvements	-	-	-	-	-	-	-	-
	36,463	(152)	738	(1,141)	(718)	(1,252)	(78)	33,860
Total	37,135	(152)	738	(1,157)	(718)	(1,252)	(78)	34,516

Company

	2004			2003		
	Plant and equipment RM'000	Motor vehicles RM'000	Total RM'000	Plant and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1July	141	360	501	409	360	769
Additions	19	-	19	17	-	17
Disposals	-	(257)	(257)	(136)	-	(136)
Write offs	-	-	-	(149)	-	(149)
At 30 June	160	103	263	141	360	501
Accumulated Depreciation						
At 1 July	85	200	285	196	129	325
Charge for the year	31	42	73	56	71	127
Disposals	-	(197)	(197)	(90)	-	(90)
Write off	-	-	-	(77)	-	(77)
At 30 June	116	45	161	85	200	285
Net Book Value						
At 30 June	44	58	102	56	160	216

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

(a) The long term leasehold land and building, stated at valuation, were 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 financial year are as follows:

	Group	
	2004	**2003**
	RM'000	**RM'000**
Long term leasehold land	48	49
Building	157	163
	205	212

(b) Net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group		Company	
	2004	**2003**	**2004**	**2003**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Motor vehicles	2,493	476	57	159
Plant and machinery	3,083	1,309	-	-
Office equipment	115	158	-	-
Electroplating plant	76	-	-	-
	5,767	1,943	57	159

(c) The net book values of property, plant and equipment pledged for borrowings as referred to in Note 25 are as follows:

	Group	
	2004	**2003**
	RM'000	**RM'000**
Freehold land	1,305	27,555
Freehold building	455	465
Long term leasehold land	-	71
	1,760	28,091

11. INTELLECTUAL PROPERTY

	Group 2004 RM'000	2003 RM'000
At cost	5,920	-
Less: Accumulated amortisation	(80)	-
	5,840	-

12. BOTTLES AND CASES

Bottles and cases (on hand and in circulation) consist of the following:		
Equivalent deposit values of bottles and cases	6,213	-
Less: Writeback of provision for breakages of bottles and cases	648	-
	6,861	-
Excess of cost over their related deposit values	287	-
Less: Amortisation	(287)	-
	-	-
	6,861	-

13. INVESTMENTS IN SUBSIDIARIES

	Company 2004 RM'000	2003 RM'000
Unquoted investments, at cost	209,538	172,830
Less: Accumulated impairment losses	(127,060)	(76,477)
	82,478	96,353

Details of the subsidiary companies, which are incorporated in Malaysia, are as follows:

Company	Principal activities	Effective equity interest 2004 %	2003 %
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. Management Sdn. Bhd.	Provision of management services	100.0	100.0
C.I. Enterprise Sdn. Bhd.	Investment holding	-	100.0

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

Company	Principal activities	Effective equity interest 2004 %	2003 %
C.I. Properties Sdn. Bhd.	Dormant	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	100.0
Pep Bottlers Sdn. Bhd.	Investment holding	100.0	-
Permanis Sdn. Bhd.*	Selling, bottling and distribution of beverages	100.0 #	-
Subsidiary of C.I. Building Industries Sdn. Bhd.			
C.I. Quarries Sdn. Bhd.	Granite quarrying and manufacture of bitumen hot premix for road surfacing	100.0	100.0
Subsidiaries of C.I. Quarries Sdn. Bhd.			
C.I. Quarrying & Marketing Sdn. Bhd.	Granite quarrying	100.0	100.0
C.I. Damansara Quarry Sdn. Bhd.	Dormant	65.0	65.0
Capital Aim Sdn. Bhd.	Investment holding	100.0	100.0
Subsidiaries of Capital Aim Sdn. Bhd.			
Mutual Prospect Sdn. Bhd.	Quarry proprietors and operators	100.0	100.0
C.I. Quarries (Nilai) Sdn. Bhd.	Extraction of granite	100.0	100.0
Subsidiary of C.I. Engineering Sdn. Bhd.			
C.I. Auto Services Sdn. Bhd.	Installation and servicing of automotive air-conditioning	51.0	51.0
Subsidiaries of Permanis Sdn. Bhd.			
Permanis Sandilands Sdn. Bhd.*	Marketing and distribution of beverages	100.0	-
Bevmac Sdn. Bhd.*	Dormant. Assigned the trademark "Crystal Spring"	100.0	-
Champs Water Sdn. Bhd.*	Manufacturing, marketing, selling and distribution of water products	100.0	-

* Audited by firms of auditors other than Ernst & Young

Of which 51% equity interest is held directly by the Company and the remaining 49% equity interest is held through Pep Bottlers Sdn. Bhd.

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Acquisition of Subsidiary

Upon completion of the Reorganisation Scheme on 1 April 2004, the Group acquired 100% equity interest in Permanis Sdn. Bhd. for a total consideration of RM72 million consisting of cash of RM44 million and the assumption of debts owing by Milestone Option Sdn. Bhd. amounting to RM28 million to Hwee Ann Credit & Leasing Sdn. Bhd., a former subsidiary of the Group.

The acquisition had the following effect on the Group's financial results for the year:

	2004 RM'000
Revenue	50,876
Profit from operations	5,329
Net profit for the year	2,084

The acquisition had the following effect on the financial position of the Group at the end of the year:

	2004 RM'000
Property, plant and equipment	64,917
Trademark and intellectual property	5,840
Investments in an associate	186
Bottles and cases	6,861
Inventories	18,502
Goodwill on consolidation	47,548
Trade receivables	50,147
Other receivables	3,337
Cash and bank balances	1,044
Trade payables	(22,466)
Other payables and accruals	(14,524)
Provision for warehouse and marketing expenses	(3,155)
Bank overdrafts	(10,059)
Deferred tax liabilities	(4,794)
Borrowings	(72,509)
Taxation	(1,791)
Group's share of net assets	69,084

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Acquisition of Subsidiary (cont'd)

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	1.4.2004 RM'000
Property, plant and equipment	63,555
Trademark and intellectual property	5,920
Investments in an associate	159
Bottles and cases	4,940
Inventories	26,598
Trade receivables	49,011
Other receivables	2,111
Cash and bank balances	1,161
Trade payables	(26,491)
Other payables and accruals	(13,589)
Provision for warehouse and marketing expenses	(2,616)
Bank overdrafts	(9,061)
Deferred tax liabilities	(5,142)
Borrowings	(71,405)
Taxation	(699)
Group's share of net assets	24,452
Goodwill on consolidation	47,548
Cost of acquisition	72,000
Purchase consideration satisfied by:	
Cash	44,000
Assumption of amount owing by Milestone Option Sdn. Bhd.	28,000
Total cost of acquisition	72,000
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash	44,000
Cash and cash equivalents of subsidiary acquired	7,900
Net cash outflow of the Group	51,900

There were no acquisitions in the financial year ended 30 June 2003.

13. INVESTMENTS IN SUBSIDIARIES (cont'd)

(b) Disposal of Subsidiary

As disclosed in Note 34 to the financial statements, the Company completed its disposal of its 100% equity interest in C.I. Enterprise Sdn. Bhd. ("CIE") for a cash consideration of RM1.00 and the assumption by QSR Brands Berhad of an amount due by CIE to the Company of RM198 million upon completion of the CIE Disposal on 1 April 2004.

The disposal had the following effects on the Group's financial results for the year:

	2004 RM'000	2003 RM'000
Revenue	-	-
Cost of sales	-	-
Other operating income	-	124
Administrative expenses	(1,530)	(528)
Other operating expenses	-	-
Impairment loss on associate	-	(160,083)
Share of results of associate	8,658	12,483
Finance costs	(14,786)	(19,524)
Loss for the year	(7,658)	(167,528)
Minority interests	-	-
Decrease in Group loss	(7,658)	(167,528)

The disposal had the following effect on the financial position of the Group as at the end of the year:

	2004 RM'000	2003 RM'000
Investment in associate	326,289	322,768
Receivables	-	39
Cash and bank balances	3	1
Payables	(92,783)	(83)
Borrowings	(198,000)	(211,178)
Share of net assets	35,509	111,547
Loss on disposal	(35,509)	
Total sale consideration	*	
Less: Cash and cash equivalents of subsidiary companies disposed	(3)	
Cash flow on disposal, net of cash and cash equivalents disposed	(3)	

* Denotes RM1

14. INVESTMENT IN ASSOCIATE

		Group 2004 RM'000	2003 RM'000
(i)	Unquoted shares in Malaysia, at cost	259	-
	Share of post-acquisition results and reserve	(73)	-
		186	-
	Less: Accumulated impairment losses	-	-
		186	-

The Group's share of results of associate is based on the unaudited management financial statements of the associate for the year ended 30 June 2004.

		Group 2004 RM'000	2003 RM'000
(ii)	Quoted shares in Malaysia, at cost	-	451,083
	Share of post-acquisition results less dividend received	-	31,767
		-	482,850
	Less: Accumulated impairment losses	-	(160,083)
		-	322,767
	Total	186	322,767
	Market value of quoted shares	-	205,488*

* Based on the market price quotation on the Bursa Malaysia Securities Berhad as at 30 June 2003.

The quoted shares in the associate have been disposed off upon the successful implementation of the Reorganisation Scheme, the details of which are disclosed in Notes 36(a) and (b).

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

	Group 2004 RM'000	2003 RM'000
Share of net assets	210	137,827
(Negative goodwill)/goodwill on acquisition	(24)	345,023
	186	482,850
Less: Accumulated impairment losses	-	(160,083)
	186	322,767

14. INVESTMENT IN ASSOCIATE (cont'd)

(b) Details of the associate, which is incorporated in Malaysia, are as follows:

Company	Principal activities	Effective equity interest 2004 %	2003 %
KFC Holdings (Malaysia) Berhad	Quick service restaurants operator	-	29.13
Bevmac Engineering Sdn. Bhd.	Assembling/ servicing beverage refrigerators and operation of vending machines	20.00	-

15. GOODWILL ON CONSOLIDATION

	Group 2004 RM'000	2003 RM'000
At 1 July	20,464	20,777
Acquisition of subsidiary (Note 13(a))	47,548	-
Disposal of subsidiary	-	(313)
	68,012	20,464
Less: Provision for impairment losses	(20,464)	-
At 30 June	47,548	20,464

16. INVENTORIES

At cost:		
Finished goods/trading inventories	14,409	4,728
Work-in-progress	1,393	2,039
Raw materials and consumable stores	11,378	1,771
	27,180	8,538
Allowance for inventory obsolescence	(2,333)	(982)
	24,847	7,556
At net realisable value:		
Raw materials	-	38
	24,847	7,594
Movements in allowance for inventory obsolescence are analysed as follows:		
Balance at the beginning of the financial year	982	662
Allowance for inventory obsolescence	1,351	320
	2,333	982

NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2004
(cont'd)

17. TRADE RECEIVABLES

	Group 2004 RM'000	Group 2003 RM'000
Trade receivables	71,419	10,904
Less: Allowance for doubtful debts	(12,668)	(1,538)
	58,751	9,366
Movements in allowance for doubtful debts are analysed as follows:		
Balance at the beginning of the financial year	1,538	2,980
Allowance during the year	411	127
	1,949	3,107
Acquisition of subsidiaries	11,425	-
Write back of allowance for doubtful debts	(706)	(228)
Disposal of subsidiaries	-	(1,205)
Bad debts written off against allowance	-	(136)
	12,668	1,538

The Group's normal trade credit term ranges from 30 to 90 days (2003: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

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

18. OTHER RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits	1,404	150	52	52
Prepayments	865	453	-	-
Sundry receivables	1,225	524	9	26
Others	18	28,140	11	28,025
	3,512	29,267	72	28,103

Included in Others of the Group and of the Company is an amount of RMNil (2003: RM28,000,000) due from Milestone Option Sdn. Bhd.. This amount was interest-free and was fully settled upon the successful completion of the 51% Permanis Acquisition which forms part of the Reorganisation Scheme, the details of which are disclosed in Notes 36(a) and (b).

Other than as disclosed above, the Group and the Company do not have any significant concentration of credit risk that may arise from exposure to a single debtor or groups of debtors.

19. AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND ASSOCIATE

The amount 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 is interest free.

The amount 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 is interest free.

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

20. DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits with licensed banks	929	1,918	374	1,400

Included in the above for the Group are:

(i) a deposit with a licensed bank amounting to RM107,595 (2003: RM100,000) which is pledged as security for a bank overdraft facility granted to a subsidiary company, as referred to in Note 25; and

(ii) a deposit with a licensed bank of RM447,427 (2003: RM417,857) which is pledged for an import trade financing facility granted to a subsidiary company for its operations, as referred to in Note 25.

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Licensed banks	3.00	2.74	2.55	2.40

The average maturity period of deposits as at the end of the financial year were as follows:

	Group		Company	
	2004 Days	2003 Days	2004 Days	2003 Days
Licensed banks	30 and 365	7	30	7

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash and cash equivalents at 30 June comprise the following:				
Cash and bank balances	6,706	1,475	4,950	116
Deposits with licensed banks (Note 20)	929	1,918	374	1,400
Bank overdrafts (Note 25)	(11,271)	(1,283)	-	-
	(3,636)	2,110	5,324	1,516

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2003: 30 to 60 days).

23. OTHER PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Sundry payables	26,611	99,152	4,426	1,909
Deposits received	502	-	-	-
Accruals and provision	8,533	1,365	2,249	647
Others	26	879	-	120
	35,672	101,396	6,675	2,676

Included in Sundry Payables of the Group is an amount of RMNil (2003: RM92.7 million) owing to Punca Ibarat Sdn. Bhd. ("PISB"), the former holding company of a subsidiary, which has no fixed terms of repayment and interest is charged at a rate of 1% per month. Effective 1 November 2002, interest will no longer be payable on the amount due to PISB as confirmed by PISB on 11 December 2002. The principal amount owing to PISB of approximately RM83 million has been assumed by QSR Brands Berhad (formerly known as QSR Brands Sdn. Bhd.) upon completion of the CIE Disposal, which forms part of the Reorganisation Scheme, the details of which are disclosed in Notes 36(a) and (b). On 23 April 2004, PISB had assigned the balance owing to them to a third party.

The normal credit terms granted to the Group range from 30 to 60 days (2003: 30 to 60 days).

24. PROVISION FOR WAREHOUSE AND MARKETING EXPENSES

	Group	
	2004 RM'000	2003 RM'000
Provision for warehouse expenses		
At 1 July	-	-
Acquisition of subsidiaries	1,598	-
Provision during the year	-	-
At 30 June	1,598	-
Provision for marketing expenses		
At 1 July	-	-
Acquisition of subsidiaries	1,018	-
Provision during the year	539	-
Payment made	-	-
At 30 June	1,557	-
Total provision		
Warehouse	1,598	-
Marketing expenses	1,557	-
	3,155	-

25. BANK BORROWINGS

	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
Short Term Borrowings				
Secured:				
Bank overdrafts	73	252	-	-
Bankers acceptances	-	-	-	-
Progressive drawdown facility from a licensed financial institution	-	15,000	-	-
Term loan from a licensed credit company	-	4,450	-	-
Term loans from licensed banks	269	206,976	-	-
Import trade financing	1,365	2,051	-	-
Revolving credit facility	5,000	-	-	-
Hire purchase and finance lease payables (Note 26)	1,381	644	18	63
	8,088	229,373	18	63
Unsecured:				
Bank overdrafts	11,198	1,031	-	-
Bankers acceptances	46,254	4,172	-	-
Term loan from a licensed credit company	4,450	-	4,450	-
Term loans from licensed banks	18	6	-	-
Revolving credit facility	20,434	2,021	143	2,021
	90,442	236,603	4,611	2,084
Long Term Borrowings				
Secured:				
Term loans from licensed banks	1,363	1,652	-	-
Hire purchase and finance lease payables (Note 26)	1,832	643	34	79
Unsecured:				
Term loans from licensed banks	64	91	-	-
	3,259	2,386	34	79
Total Borrowings				
Bank overdrafts (Note 21) (Note b)	11,271	1,283	-	-
Progressive drawdown facility from a licensed financial institution (Note c)	-	15,000	-	-
Bankers acceptances	46,254	4,172	-	-
Revolving credit facility (Note d)	25,434	2,021	143	2,021
Import trade financing (Note e)	1,365	2,051	-	-
Term loans from licensed banks (Note f)	1,714	208,725	-	-
Term loan from a licensed credit company (Note g)	4,450	4,450	4,450	-
Hire purchase and finance lease payables (Note 26)	3,213	1,287	52	142
	93,701	238,989	4,645	2,163

25. BANK BORROWINGS (cont'd)

	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	89,061	235,959	4,593	2,021
More than 1 year and less than 2 years	171	248	-	-
More than 2 years and less than 5 years	139	275	-	-
5 years or more	1,117	1,220	-	-
	90,488	237,702	4,593	2,021

The weighted average effective interest rates at the balance sheet date for borrowings were as follows:

	Group 2004 %	Group 2003 %	Company 2004 %	Company 2003 %
Bank overdrafts	7.04	7.76	-	-
Progressive drawdown facility from a licensed financial institution	-	12.50	-	-
Bankers acceptances	3.39	2.87	-	-
Revolving credit facility	4.84	6.23	6.67	6.23
Import trade financing	3.04	2.11	-	-
Factoring facility	-	8.75	-	-
Term loan from a licensed credit company	-	12.00	-	-
Short term loan from a licensed bank	-	8.50	-	-
Term loans from licensed banks	7.10	7.13	-	-

(a) All the bank borrowings are generally secured by way of a corporate guarantee and indemnity by the Company.

(b) The bank overdrafts are also secured by way of the following:

(i) a third party pledge on a subsidiary's fixed deposit of RM100,000; and

(ii) a negative pledge on certain subsidiaries' assets.

(c) The facility was also secured by a third party legal charge over certain pieces of land owned by a subsidiary (Note 10(c)). The amount has been fully settled through the Debt Settlement, which forms part of the Reorganisation Scheme, the details of which are disclosed in Note 36(b).

(d) Included in the revolving credit is a portion amounting to RM5,000,000 which is secured by means of a fixed charge over the freehold land and buildings of a third party.

(e) The import trade financing facility is also secured by a security deposit of 20% from each drawdown to be deposited with the bank (Note 20(ii)).

25. BANK BORROWINGS (cont'd)

(f) Included in the term loans from licensed banks are amounts of:

(i) RM1,274,000 (2003: RM1,310,000), which is secured by a first party legal charge over a property of a subsidiary (Note 10(c)); and

(ii) RM357,000 (2003: RM687,000), which is secured by a third party pledge on a subsidiary's fixed deposit of RM100,000 and a negative pledge on a subsidiary's assets (Note 20(i)).

(g) The term loan from the licensed credit company that was secured by a charge on the unquoted shares of certain subsidiaries has been discharged. The loan is unsecured, has no fixed terms of repayment and is interest-free.

26. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Minimum lease payments:				
Not later than 1 year	1,598	763	21	81
Later than 1 year and not later than 2 years	857	486	21	81
Later than 2 years and not later than 5 years	1,241	229	20	17
Later than 5 years	116	45	-	-
	3,812	1,523	62	179
Less: Future finance charges	(599)	(236)	(10)	(37)
	3,213	1,287	52	142
Present value of hire purchase and lease liabilities:				
Not later than 1 year	1,381	644	18	63
Later than 1 year and not later than 2 years	586	417	18	63
Later than 2 years and not later than 5 years	1,143	190	16	16
Later than 5 years	103	36	-	-
	3,213	1,287	52	142
Analysed as:				
Due within 12 months (Note 25)	1,381	644	18	63
Due after 12 months (Note 25)	1,832	643	34	79
	3,213	1,287	52	142

The hire purchase and lease liabilities are being charged interest at the balance sheet date of between 3.50% to 8.00% (2003: 3.66% to 5.90%) per annum.

27. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2004 '000	2003 '000	2004 RM'000	2003 RM'000
Authorised				
At 1 July/ 30 June	500,000	500,000	500,000	500,000
Issued and fully paid				
At 1 July	57,378	57,378	57,378	57,378
Issued during the year:				
Rights Issue	57,378	-	57,378	-
Debt Settlement	14,851	-	14,851	-
At 30 June	129,607	57,378	129,607	57,378

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM57,377,835 to RM129,607,155 by way of:

(i) the issuance of 57,377,835 new ordinary shares of RM1.00 each in the Company through a Renounceable Rights Issue, together with 57,377,835 free new detachable warrants, at an issue price of RM1.00 per rights share, payable in full upon acceptance, on the basis of one Rights Share and one free Warrant for every one existing ordinary share of RM1.00 each held in the Company; and

(ii) the issuance of 14,851,485 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.01 per share as settlement of the principal amount owing by a wholly-owned subsidiary, Doe Industries Sdn. Bhd. to Malaysian Assurance Alliance Berhad amounting to RM15 million.

The new ordinary shares issued during the financial year rank pari passu in all respects with existing ordinary shares of the Company.

Warrants 2004/2009

A total of 57,377,835 warrants were issued by the Company in conjunction with the Renounceable Rights Issue. Each warrant is convertible into one new ordinary share of RM1.00 each at the exercise price of RM1.08 per share. The warrants are valid for a period of five years and shall expire on 23 June 2009. As at the date of the Annual Report, none of the warrants has been exercised.

28. SPECIAL RESERVE

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At the beginning of year	10,622	11,520	10,622	10,622
Reversal of overstatement in prior years	-	(898)	-	-
At the end of year	10,622	10,622	10,622	10,622

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 against purchased goodwill at that point in time.

29. (ACCUMULATED LOSSES)/RETAINED PROFITS

As at 30 June 2004, the Company has tax exempt profits available for distribution of approximately RM12.5 million (2003: RM12.5 million), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends amounting to RM32.9 million (2003: RM21.9 million) out of its retained profits. If the balance of the retained profits of RM27 million (2003: RM140 million) were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM15 million (2003: RM54 million).

30. RETIREMENT BENEFIT OBLIGATIONS

The Group operates unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to a retirement benefit calculated by reference to their length of service and earnings. Provision for retirement benefits is calculated based on the predetermined rate of basic salaries and length of service of the employees.

The amounts recognised in the balance sheet are determined as follows:

	Group	
	2004 RM'000	**2003 RM'000**
Present value of unfunded defined benefit obligations	2,035	818
Unrecognised transition obligation	-	(196)
Net liability	2,035	622
Analysed as:		
Current	86	446
Non current:		
Later than 1 year but not later than 2 years	130	176
Later than 2 years but not later than 5 years	284	-
Later than 5 years	1,535	-
	1,949	176
	2,035	622

The amounts recognised in the income statement are as follows:

	Group	
	2004 RM'000	**2003 RM'000**
Current service cost	187	*
Interest cost	134	*
Transition obligation recognised	1,275	*
Provision for retirement benefit no longer required	(400)	*
Total, included in staff costs (Note 5)	1,196	*

* No comparatives are provided for amounts recognised in the income statement in 2003, as the Group only adopted MASB 29 Employee Benefits in the current year.

30. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

Movements in the net liability in the current year were as follows:

	Group 2004 RM'000	2003 RM'000
At 1 July	622	557
Acquisition of subsidiaries	565	-
Recognised in income statement	1,196	100
Contribution paid	(348)	(35)
At 30 June	2,035	622

Principal actuarial assumptions used:

	Group 2004 %	2003 %
Discount rate	7.0	*
Expected rate of salary increases	5.0 and 6.0	*

31. DEFERRED TAX

	Group 2004 Accelerated Capital Allowances RM'000	2003 Accelerated Capital Allowances RM'000
At 1 July	1,424	1,508
Recognised in the income statement (Note 7)	(794)	(84)
Acquisition of subsidiary (Note 13)	5,142	-
At 30 June	5,772	1,424
Presented after appropriate offsetting as follows:		
Deferred tax assets	(3,180)	(319)
Deferred tax liabilities	8,952	1,743
	5,772	1,424

31. DEFERRED TAX (cont'd)

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

Deferred Tax Liabilities of the Group:

	Property Plant and Equipment RM'000	Bottles and cases RM'000	Total RM'000
At 1 July 2003	1,743	-	1,743
Recognised in income statement	1,970	-	1,970
Acquisition of subsidiary	3,478	1,761	5,239
At 30 June 2004	7,191	1,761	8,952

Deferred Tax Assets of the Group:

	Provision for Liabilities RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Retirement Benefit Obligations RM'000	Others RM'000	Total RM'000
At 1 July 2003	(78)	-	(62)	(179)	(319)
Recognised in income statement	(278)	(2,418)	(57)	(11)	(2,764)
Acquisition of subsidiary	(97)	-	-	-	(97)
At 30 June 2004	(453)	(2,418)	(119)	(190)	(3,180)

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

	Group 2004 RM'000	2003 RM'000
Unused tax losses	19,437	3,782
Unabsorbed capital allowances	2,787	2,806
Provision for liabilities	402	-
Provision for doubtful debts	11,137	-
	33,763	6,588

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the respective subsidiaries.

32. CONTINGENT LIABILITIES

	Company 2004 RM'000	2003 RM'000
(a) Guarantees given to financial institutions in respect of banking facilities granted to subsidiaries - unsecured	50,825	237,701

(b) There were no changes in the material litigations of the Group since the last annual balance sheet date up to the date of this report except as disclosed below:

(i) 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.

On 12 March 2004, the Company served a sealed notice of motion to proceed with the hearing of the appeal without the grounds of decision of the learned trial judge in the High Court. The Court of Appeal has refused to grant leave on the basis that such grounds of decision were necessary for the appeal to be determined. The lawyers handling the case will proceed to seek for the grounds of decision from the trial judge in the High Court. The laywers are of the view that there is a good chance that the Court of Appeal would allow the appeal by the Company. The Directors of the Company are of the opinion that the Company has a valid defence against the case.

(ii) A financial institution had taken legal action against a subsidiary of the Company 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 1998 to the date of full settlement.

The subsidiary has lodged an appeal against the Senior Assistant Registrar ("SAR") decision given on 29 January 2003 and has also filed an application to adduce new evidence at the said appeal. The learned Judge dismissed both the appeal and the application by the Defendant on 25 March 2004 with costs. The lawyers handling the matter are of the view that the learned judge has erred in his decision and upon the instruction by Defendant, Record of Appeal was filed on 14 September 2004.

An application for stay of execution (summons in chambers) was filed on 16 September 2004.

The Lawyers handling the case are of the opinion that the Defendant have a good ground of appeal against the decision of the learned Judge who dismissed both the appeal and the application on 25 March 2004.

(iii) On 27 June 2003, a quarry contractor served a Writ of Summons on a subsidiary of the Company for damages of RM3.062 million for wrongful termination of the extended quarry contract.

The subsidiary has filed and served a Statement of Defence on 21 August 2003. The hearing of the case management is now fixed on 11 January 2005. As the case is at the preliminary stage, the Directors of the Company cannot confirm the likely outcome of the legal claim at this stage.

32. CONTINGENT LIABILITIES (cont'd)

(iv) On 3 April 2002, a logistic company commenced an action against two of the newly acquired wholly-owned subsidiaries of the Company for the sum of RM0.569 million together with interest at the rate of 12.65% per annum on the sum of RM0.555 million from 21 August 2000 until settlement, general damages to be assessed and costs. The subsidiaries have counterclaimed for damages occasioned by the logistic company's breaches. The lawyers acting for the subsidiaries estimated that, based on evidence, losses amounting to RM13 million may be counterclaimed by subsidiaries.

The lawyers are of the opinion that in the event that the subsidiaries successfully defend the claim, the costs incurred will not have a material impact on its financial statements.

(v) A claim has been brought by Perbadanan Stadium Merdeka ("Perbadanan") against a newly acquired subsidiary for the sum of RM300,000 for an alleged breach of contract to provide sponsorship for a concert organised by Perbadanan. Perbadanan further alleged that the subsidiary had breached the said contract by reason of its failure to provide advertisements and cash to Perbadanan. The subsidiary has denied the existence of the alleged contract and had offered to contribute a sum of RM50,000 in cash and RM20,000 in kind.

However, Perbadanan had subsequently breached the conditions attached to the subsidiary's offer, inter alia, by removing the subsidiary's banners from the stadium at which the concert was being held and consequently, it has counterclaimed for loss and damage suffered as a result of Perbadanan's actions. Given that there does not exist an enforceable contract whatsoever, the Directors of the subsidiary are of the opinion that they have a valid defence against the case.

33. CONTINGENT ASSET

On 12 January 2004, a subsidiary issued a letter of demand against CL Hardware Sdn. Bhd. ("CLH") for the alleged infringement of trade mark and copyright and the passing off of its goodwill in respect of a wide range of sanitary fittings, bathroom accessories and other related products ("Products"). The Products were originally designed, manufactured and supplied by the subsidiary under and by reference to the brand name of DOE ("Trade Mark").

The lawyers handling the matter are of the view that the subsidiary has acquired a substantial reputation and goodwill in Malaysia by virtue of its manufacture, extensive sale, promotion and registration of the Trade Mark. As such, in view of the above alleged infringement committed by CLH, the subsidiary would seek injunction relief, special damages, general damages as well as exemplary damages and costs against CLH in court.

At present, the subsidiary has instructed its lawyers to finalize the various claims and thereafter file the appropriate court action against CLH for the above alleged infringement which will include but not limited to injunctive relief, loss of contribution in income, advertisement costs to negate publicity generated due to the wide distribution of counterfeit DOE products, promotional costs to generate/ restore the goodwill/ reputation closely associated with DOE products, losses of goodwill and legal costs expended.

34. CAPITAL COMMITMENTS

	Group 2004 RM'000	Group 2003 RM'000
Capital expenditure		
Approved but not contracted for		
Property, plant and equipment	2,785	1,592

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
Gross dividend from subsidiary	-	-	15,367	-
Management fees received from subsidiaries				
- C.I. Quarries Sdn. Bhd.	-	-	516	388
- Doe Industries Sdn. Bhd.	-	-	396	386
- Hwee Ann Credit & Leasing Sdn. Bhd. (former subsidiary)	-	-	-	189
Advances received from subsidiaries:				
- C.I. Quarries Sdn. Bhd.	-	-	92	3,138
- C.I. Building Industries Sdn. Bhd.	-	-	1,167	-
- C.I. Auto Services Sdn. Bhd.	-	-	-	789
- Doe Industries Sdn. Bhd.	-	-	-	14,834
- C.I. Management Sdn. Bhd.	-	-	-	458
- Mawar Seroja Sdn. Bhd.			9,696	-
- Permanis Sdn. Bhd.	-	-	5,000	-
Advances made to subsidiaries				
- C.I. Enterprise Sdn. Bhd. (former subsidiary)	-	-	217,873	11,687
- Mawar Seroja Sdn. Bhd.	-	-	-	11
- Doe Industries Sdn. Bhd.			26,437	-
- C.I. Management Sdn. Bhd.	-	-	6	-
- C.I. Building Industries Sdn. Bhd.	-	-	-	1,895
- C.I. Construction Sdn. Bhd.	-	-	1,845	252
- C.I. Engineering Sdn. Bhd.	-	-	3	118
- Pep Bottlers Sdn. Bhd.	-	-	34,991	-
Sales and distribution of goods to corporations in which a Director of the Company, and a Director of a subsidiary have deemed interest				
- Pizza Hut Restaurants Sdn. Bhd.	995	-	-	-
- KFC (Peninsular Malaysia) Sdn. Bhd.	3,982	-	-	-
- Kedai Ayamas Sdn. Bhd.	150	-	-	-
- Rasa Ayamas Sdn. Bhd.	48	-	-	-

The transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms, which are not materially different from those obtainable in transactions with unrelated parties.

36. SIGNIFICANT EVENTS

(a) Reorganisation Scheme

On 20 December 2002, the Company announced that it proposed to participate in a reorganization scheme which involves the Company, Ayamas Food Corporation Berhad ("Ayamas") and KFC Holdings (Malaysia) Berhad ("KFCH") in various proposals to reorganize the group structure and strengthen the respective companies' financial conditions ("Scheme").

All relevant approvals were obtained in October 2003 and the Scheme was completed on 1 April 2004, save and except for (ii) below.

The Scheme entailed the following:

(i) Disposal of C.I. Enterprise Sdn. Bhd. ("CIE disposal")

The entire investment in CIE comprising 300,000 ordinary shares of RM1.00 each had been disposed to QSR Brands Bhd (formerly known as QSR Brands Sdn. Bhd. and Good Platform Sdn. Bhd.) ("QSR") for a cash consideration of RM1.00 and the assumption by QSR of the corporate guarantee of RM198 million given by the Company to Alliance Bank Malaysia Berhad. Upon completion on 1 April 2004, CIE ceased to be a wholly-owned subsidiary of the Company.

On 2 December 2003, the Company had fully settled the term loan facility on behalf of CIE for approximately RM209 million inclusive of principal amount and interest accrued.

(ii) Renounceable Rights Issue

On 30 June 2004, the Rights Issue had been successfully completed with an issuance of 57,377,835 new ordinary shares of RM1.00 each in the Company through a Renounceable Rights Issue together with 57,377,835 free new detachable warrants at an issue price of RM1.00 per rights shares, payable in full upon acceptance on the basis of one Rights Share and one free Warrant for every one existing ordinary share of RM1.00 each held in the Company.

(iii)Acquisition of Pep Bottlers Sdn. Bhd. and Permanis Sdn. Bhd.

On 1 April 2004, the Company acquired the entire equity interest in Pep Bottlers Sdn. Bhd. ("Pep Bottlers) and Permanis Sdn. Bhd. ("Permanis") via the following:

(a)51% direct interest in Permanis comprising 20,400,000 ordinary shares of RM1.00 each from Urban Fetch Sdn. Bhd. for a cash consideration of RM2.3 million and the assumption by the Company of liabilities amounting to approximately RM34.42 million; and

(b)entire interest in Pep Bottlers comprising 300,000 ordinary shares of RM1.00 each from KFCH for a cash consideration of approximately RM35.28 million which includes 49% interest in Permanis.

(b) Debt Settlement

On 14 March 2003, the Company announced that as part of the Reorganisation Scheme, the Company and Doe Industries Sdn. Bhd. ("DOE"), a wholly owned subsidiary have entered into a Debt Settlement Agreement with Malaysian Assurance Alliance Berhad ("MAA") for the settlement of the principal amount owing by DOE to MAA amounting to approximately RM15 million as at 28 February 2003.

On 30 June 2004, the debt had been fully settled by way of an issuance of 14,851,485 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.01 per share.

(c) On 16 July 2003, Permanis Sdn. Bhd. and Parksen Enterprise Sdn. Bhd. entered into a conditional Sale and Purchase Agreement for the disposal of a property known as No.52, Salak Perusahaan 3, Kawasan Perusahaan Prai, Pulau Pinang for a total consideration of RM980,000 to be satisfied wholly in cash. The transaction has yet to be completed as at the date of this report.

36. SIGNIFICANT EVENTS (cont'd)

(d) On 26 March 2004, Permanis Sdn. Bhd. and CLF Trading Sdn. Bhd. entered into a conditional Sale and Purchase Agreement for the disposal of a leasehold property known as PT No.35167 Mukim of Kuala Kuantan, District of Kuantan, Pahang for a total consideration of RM755,368. The transaction has yet to be completed as at the date of this report.

37. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

(a) On 1 July 2004, a subsidiary entered into the Second Supplemental Exclusive Bottling Appointment ("the 2nd Supp. EBA") with Pepsico. Inc and Seven-Up International to enable the subsidiary to bottle, market, sell and/or distribute the beverage known as and sold under the trademark as stipulated in the 2nd Supp. EBA in the State of Sarawak, East Malaysia.

(b) On 6 July 2004, a subsidiary and Ramanas Sdn. Bhd. entered into a conditional Sale and Purchase Agreement for the disposal of a piece of vacant industrial land known as PT No. 6897, Lot No. PT 18184K, Mukim of Kuala Nerus, District of Kuala Trengganu, State of Terengganu for a total consideration of RM398,430. The transaction has yet to be completed as at the date of this report.

(c) On 19 April 2000, a subsidiary and a proprietor had entered into a Lease Agreement in respect of all seventeen (17) pieces of land situated in Mukim 17, Central District of Province Wellesley ("Lands") for the subsidiary to carry out quarrying operations on the Lands which commenced on 1 October 1999 for a term of five (5) years expiring on 30 September 2004.

On 24 September 2004, the subsidiary received a notice from the proprietor's lawyer informing the subsidiary of the non-renewal of the above lease upon its expiry.

The above non-renewal will have an estimated loss in annual revenue of RM400,000 to the quarry division.

38. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign currency, liquidity and credit risks. The Company operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets as at 30 June 2004. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Currency Risk

The Group foreign currency risk is mainly due to exposure to United States Dollar, derives mainly from the purchases of raw and packaging materials (i.e. concentrates) from suppliers and the export of goods to overseas.

38. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign Currency Risk (cont'd)

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The net unhedged financial assets and liabilities of the Group that are not denominated in Ringgit Malaysia are as follows:

	United States Dollars RM'000	Singapore Dollars RM'000	Euro RM'000	Thai Baht RM'000
At 30 June 2004:				
Receivables	491	12	-	-
Payables	1,049	2	774	216
At 30 June 2003:				
Receivables	36	40	-	-
Payables	19	111	467	-

As at balance sheet date, the Group does not have any outstanding forward foreign exchange contracts.

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

38. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and the Company at the balance sheet date approximated their fair values except for the followings:

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
At 30 June 2004:				
nvestments in subsidiaries	-	-	82,478	*
Investment in associate	186	*	-	-
Amounts due from subsidiaries	-	-	140,005	#
At 30 June 2003:				
Investments in subsidiaries	-	-	96,353	*
Investment in associate	322,767	205,488	-	-
Amounts due from subsidiaries	-	-	148,932	#
Financial Liabilities				
At 30 June 2004:				
Amounts due to subsidiaries	-	-	19,250	#
Term loan from a licensed credit company	4,450	#	4,450	#
Term loans from licensed banks	1,714	1,655	-	-
Hire purchase and finance lease payables	3,213	3,488	52	56
At 30 June 2003:				
Amounts due to subsidiaries	-	-	39,407	#
Term loan from a licensed credit company	4,450	@	-	-
Term loans from licensed banks	208,725	@	-	-
Hire purchase and finance lease payables	1,287	1,326	142	152

* It is not practical to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

It is not practical to estimate the fair values of amounts due from/(to) related corporations and term loan from a credit licensed company due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

@ It is not practical to estimate the fair values of the term loans as at 30 June 2003 due principally to a lack of fixed repayment term as it depends on the completion of the Proposed Reorganisation Scheme.

38. FINANCIAL INSTRUMENTS (cont'd)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

39. SEGMENT INFORMATION

(a) Business Segments:

The Group is organised into four major business segments:

(i) Beverages

(ii) Building and construction related products

(iii) Provision of engineering services

(iv) Investment holdings

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

39. SEGMENT INFORMATION (cont'd)

30 June 2004

	Beverages RM'000	Building and construction related products RM'000	Engineering RM'000	Investment Holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
External sales	50,876	24,915	742	-	-	-	76,533
Inter-segment sales	-	32	-	-	7	(39)	-
Total revenue	50,876	24,947	742	-	7	(39)	76,533
Result							
Segment results	5,329	1,605	(251)	(22,782)	(22)	-	(16,121)
Loss on disposal of discontinuing operations	-	-	-	(35,509)	-	-	(35,509)
Unallocated corporate expenses	-	-	-	(2,621)	-	-	(2,621)
Loss from operations	-	-	-	-	-	-	(54,251)
Finance costs, net	-	-	-	-	-	-	(17,618)
Share of results of associates	-	-	-	14,769	-	-	14,769
Taxation	-	-	-	-	-	-	(7,499)
Loss after taxation							(64,599)
Minority interests							3
Net loss for the year							(64,596)
Assets							
Segment assets	198,270	50,542	140	5,479	13	-	254,444
Investment in equity method of associates	-	-	-	186	-	-	186
Consolidated total assets							254,630
Liabilities							
Segment liabilities	129,298	14,711	3,888	19,687	15	-	167,599
Unallocated corporate liabilities	-	-	-	1,551	-	-	1,551
Consolidated total liabilities							169,150
Other Information							
Capital expenditure	3,822	155	-	19	-	-	3,996
Depreciation	2,457	943	-	73	-	-	3,473
Impairment losses	-	-	-	20,464	-	-	20,464
Amortisation	80	-	-	-	-	-	80
Non-cash expenses other than depreciation, amortisation and impairment losses	10,638	537	75	35,499	-	-	46,749

39. SEGMENT INFORMATION (cont'd)

30 June 2003

	Building and construction related products RM'000	Engineering RM'000	Financial Services RM'000	Investment Holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
External sales	25,176	1,719	152	-	-	-	27,047
Inter-segment sales	1,466	-	-	-	11	(1,477)	-
Total revenue	26,642	1,719	152	-	11	(1,477)	27,047
Result							
Segment results	(372)	(415)	(216)	(161,189)	72	-	(162,120)
Loss on disposal of discontinuing operations	-	-	(3,765)	-	-	-	(3,765)
Unallocated corporate expenses	-	-	-	-	-	-	(795)
Loss from operations							(166,680)
Finance costs, net	-	-	-	-	-	-	(23,527)
Share of results of associates	-	-	-	20,936	-	-	20,936
Taxation	-	-	-	-	-	-	(6,694)
Loss after taxation							(175,965)
Minority interests							221
Net loss for the year							(175,744)
Assets							
Segment assets	54,066	568	-	50,479	14	-	105,127
Investment in equity method of associates	-	-	-	322,767	-	-	322,767
Consolidated total assets							427,894
Liabilities							
Segment liabilities	37,354	4,106	-	308,118	15	-	349,593
Unallocated corporate liabilities	-	-	-	-	-	-	600
Consolidated total liabilities							350,193
Other Information							
Capital expenditure	683	37	-	18	-	-	738
Depreciation	1,004	25	-	128	-	-	1,157
Impairment losses	718	-	-	160,083	-	-	160,801
Non-cash expenses other than depreciation and impairment losses	1,336	96	595	1,529	-	-	3,556

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

STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

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

We, Dato' Seri Abdul Ghani bin Abdul Aziz and Dato' Johari bin Abdul Ghani, being two of the directors of C.I. Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 81 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Dato' Seri Abdul Ghani bin Abdul Aziz

Dato' Johari bin Abdul Ghani

Kuala Lumpur, Malaysia
26 October 2004

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 29 to 81 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 26 October 2004

Lee Peng Khoon

Before me,

MAISHARAH BINTI ABU HASAN (W181)
Commissioner for Oaths

REPORT OF THE AUDITORS TO THE MEMBERS OF C.I. HOLDINGS BERHAD

(Incorporated in Malaysia) - 37918 A

We have audited the accompanying financial statements set out on pages 29 to 81. 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 2004 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 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. Our opinion is not qualified in this respect.

Ernst & Young
AF: 0039
Chartered Accountants

Mohd Sukarno bin Tun Sardon
No. 1697/03/05(J)
Partner

Kuala Lumpur, Malaysia
26 October 2004

ANNUAL REPORT
2004

LIST OF PROPERTIES

AS AT 30TH JUNE 2004

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	3,789,023	-	Land for Quarrying	12/1994	26,250
	1313 - 1316				17/06/1993	
	1318 - 1319				17/06/1994	
	1119 - 1120				30/12/1992	
SELANGOR DARUL EHSAN						
Leasehold 99 years expiring 2089	Industrial Land with building at Lot 5, PT No. 20104 HS(M) 13244A	119,970	13	Single Storey Factory with two Storey Integral Office Building, Workshops and Water Treatment Plant Room	13/06/1991	12,198
	Lot 7, PT No. 20105 HS(M) 13245A Jalan 9/6, Seksyen 13, Kajang, Selangor	297,086		Single Storey Warehouse (under construction)	05/05/2004	828
Freehold	Agriculture Land at Lot 6659, Jalan Kampung Bukit Cerakah, Meru 41050 Klang Geran 28082 Mukim Kapar Daerah Klang, Selangor	265,716	9	Factory	24/06/2001	2,075
Leasehold 99 years expiring 2094	Land with building at HS(D) 4283 PT 9560 Mukim Dengkil, Sepang Selangor	10,499 (Built-up Area)	6	1 1/2 Storey Terrace Factory for rental	09/08/1999	330
Freehold	Land with building at HS(D) 116939 PT 6075 Mukim Sungai Buloh Daerah Petaling, Selangor	7,178 (Built-up Area)	12	3 Storey Office Building	13/07/2001	1,760
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)	25	Factory for Manufacturing Tap wares	10/06/1978	2,164
Freehold (2 individual Lots)	Land at HS(D) 14031 PT 3272 HS(D) 14036 PT 3277 Mukim Si Rusa, Daerah Port Dickson Negeri Sembilan	91,168	-	Bungalow Land for Future Development of Orchard and Building	03/11/1999	229
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	70

LIST OF PROPERTIES
AS AT 30TH JUNE 2004
(cont'd)

Tenure	Location	Approximately Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
NEGERI SEMBILAN DARUL KHUSUS (cont'd)						
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	324
MELAKA						
Freehold	Industrial Land with building at HS(D) 3360 PT 325 Sungei Petai, Daerah Alor Gajah Melaka	75,660	6	Industrial Land Warehouse	02/07/1996 17/06/1998	1,288 1,088
JOHOR DARUL TAKZIM						
Freehold	Industrial Land at Lot 87 G.M. 314 Mukim Tebrau, Johor Bahru	285,856	-	Vacant	21/10/1997	4,995
Leasehold 60 years expiring 2028	Industrial Land with building at No. 12, Jalan Padu Larkin Industrial Estate 80350 Johor Bahru Johor Darul Takzim	111,350	26	Single Storey Factory with an Annexed Single Storey Office, warehouse, Open-side Workshop, Canteen, Pump House and Guard House	30/03/1978	2,176
Freehold	Agriculture Land at Lot 2799 Mukim of Senai Daerah Johor Bahru, Johor	214,533	-	Agricultural Land - Plant and Stockpile	17/11/1990	57
PERAK DARUL RIDZUAN						
Leasehold 99 years expiring 2089	Industrial Land at Lot 181684 HS(D)KA 5022 PT No. 101931 No. Pendaftaran 89535 Mukim Hulu Kinta, Daerah Kinta Perak Darul Ridzuan	90,450	-	Vacant	30/09/1994	398
PULAU PINANG						
Freehold	Agriculture Land at Lot No. 682 Geran No. 47673 Lot No. 683 Geran No. 47674 Mukim 12, Dearah Seberang Perai Selatan, Negeri Pulau Pinang	60,461 125,845	-	Vacant	07/03/1994	945
Leasehold 99 years expiring 2074	Industrial Land with building at No. 52 Solok Perusahaan 3 Kawasan Perusahaan Perai Negeri Pulau Pinang	26,873	26	Single Storey Detached cum Office	16/07/2003	599

LIST OF PROPERTIES
AS AT 30TH JUNE 2004
(cont'd)

Tenure	Location	Approximately Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
PAHANG DARUL MAKMUR						
Leasehold 66 years expiring 2061	Industrial Land at HS(M) 31859 PT 35167 Mukim Kuala Kuantan Daerah Kuantan, Pahang	77,537	-	Vacant	27/05/1993	315
TERENGGANU DARUL IMAN						
Leasehold 60 years expiring 2055	Industrial Land at HS(D) 6897 PT 18184K Mukim of Kuala Nerus Kuala Terengganu, Terengganu	110,675	-	Vacant	08/08/1995	231
KEDAH DARUL AMAN						
Freehold	Agriculture Land at HS (M) 15-80 PT No. 661 (Lot 2760) Mukim Ulu Melaka Daerah Langkawi, Negeri Kedah	117,067	-	Vacant	31/05/1998	410

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM500,000,000.00
Issued and Fully Paid-Up Share Capital	:	RM129,607,155.00
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 11TH OCTOBER 2004

Size Of Shareholdings	No. Of Holders	%	No. Of Holdings	%
1 - 99	20	0.33	275	0.00
100 - 1,000	2,132	35.51	2,041,173	1.57
1,001 - 10,000	3,258	54.26	12,691,507	9.79
10,001 - 100,000	523	8.71	13,667,100	10.55
100,001 - 6,480,356*	68	1.13	56,633,175	43.70
6,480,357 and above**	3	0.05	44,573,925	34.39
Total	6,004	100.00	129,607,155	100.00

* Less than 5% of issued holdings
** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 11TH OCTOBER 2004

No.	Name	Direct No. Of Shares	%	Indirect No. Of Shatrd	%
1.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	23,944,000	18.47	-	-
2.	CIMB Nominees (Tempatan) Sdn. Bhd. Commerce International Merchant Bankers Berhad	12,893,825	9.95	-	-
3.	Seow Lun Hoo @ Seow Wah Chong	7,736,100	5.97	-	-
4.	Datin Mariam Prudence Bt Yusof	-	-	22,969,400[1]	17.72
5.	Syed Khalil Syed Ibrahim	-	-	22,969,400[1]	17.72

Note:
1. Deemed interest through Du Ain Sdn. Bhd., Duclos Sdn. Bhd., Syed Ibrahim Sdn. Bhd., Leasing Corporation Sdn. Bhd., Sisma Vest Sdn. Bhd., EB Nominees (Tempatan) Sdn. Bhd. and Sisma Water Technology Sdn. Bhd..

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 11TH OCTOBER 2004

No.	Name	Direct No. Of Shares	%	Indirect No. Of Shares	%
1.	Dato' Johari Bin Abdul Ghani [1]	5,157,400	3.98	-	-
2.	Erwin Selvarajah a/l Peter Selvarajah	685,000	0.53	-	-

Note:
1. Deemed interest through CIMB Nominees (Tempatan) Sdn. Bhd..

THIRTY (30) LARGEST SHAREHOLDERS
AS AT 11TH OCTOBER 2004

No.	Name	No. Of Shares	%
1	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	23,944,000	18.47
2	CIMB Nominees (Tempatan) Sdn. Bhd. Commerce International Merchant Bankers Berhad	12,893,825	9.95
3	Seow Lun Hoo @ Seow Wah Chong	7,736,100	5.97
4	Malaysian Assurance Alliance Berhad	6,400,000	4.94
5	Sisma Water Technology Sdn. Bhd.	5,537,500	4.27
6	Duclos Sdn. Bhd.	5,360,000	4.14
7	Permodalan Nasional Berhad	5,326,000	4.11
8	CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Johari Bin Abdul Ghani	5,157,400	3.98
9	Syed Ibrahim Sdn. Bhd.	4,540,000	3.50
10	Du Ain Sdn. Bhd.	3,304,000	2.55
11	Leasing Corporation Sdn. Bhd.	2,211,900	1.71
12	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Sisma Vest Sdn. Bhd. (MIMB)	2,000,000	1.54
13	Thong & Kay Hian Nominees (Asing) Sdn. Bhd. UOB Kay Hian Pte Ltd for Yates Ventures Limited (TPC)	1,600,000	1.23
14	Hong Leong Fund Management Sdn. Bhd. Hume Industries (Malaysia) Bhd	883,000	0.68
15	Malaysian Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for M & S Food Industries Sdn. Bhd. (20-00213-000)	804,800	0.62
16	Erwin Selvarajah a/l Peter Selvarajah	685,000	0.53
17	HDM Nominees (Asing) Sdn. Bhd. UOB Kay Hian Private Limited for Naunton International Limited	637,000	0.49
18	M & A Securities Sdn. Bhd. Ivt (B)	576,200	0.44
19	A.A. Assets Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Piramid Tulin Sdn. Bhd.	551,000	0.43

THIRTY (30) LARGEST SHAREHOLDERS
AS AT 11TH OCTOBER 2004
(cont'd)

No.	Name	No. Of Shares	%
20	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang (178AW0025)	527,500	0.41
21	Yates Ventures Limited	492,000	0.38
22	Citicorp Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Vishini a/p Parmanand (470927)	430,000	0.33
23	Dagang Setia Sdn. Bhd.	427,000	0.33
24	Thong & Kay Hian Nominees (Asing) Sdn. Bhd. UOB Kay Hian Pte Ltd Naunton International Limited	421,000	0.32
25	Tay Boon Teck	359,000	0.28
26	Yeoh Boon Sun	330,000	0.25
27	Tanjung Teras Sdn. Bhd.	325,100	0.25
28	Ho Ah Mee @ Ho Kim Ming	314,200	0.24
29	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kek Lian Lye (318AC0025)	310,000	0.24
30	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kai Ying (E-PDG)	305,600	0.24
		94,389,125	72.83

ANALYSIS OF WARRANTHOLDINGS

No. of Warrants 2004/2009 Issued	:	57,377,835
No. of Warrants Outstanding	:	57,377,835
Voting Rights	:	One vote per Warrant in respect of Warrantholders' Meeting

ANALYSIS BY SIZE OF WARRANT AS AT 11TH OCTOBER 2004

Size of Warrant	No. Of Warrant Holders	%	No. Of Warrant	%
1 - 99	0	0.00	0	0.00
100 - 1,000	202	26.17	197,000	0.34
1,001 - 10,000	447	57.90	2,051,410	3.58
10,001 - 100,000	102	13.21	3,046,200	5.31
100,001 - 2,868,890*	17	2.20	15,640,500	27.26
2,868,891 and above**	4	0.52	36,442,725	63.51
Total	772	100.00	57,377,835	100.00

* Less than 5% of issued holdings
** 5% and above of issued holdings

WARRANT HOLDERS WITH HOLDINGS OF 5% AND ABOVE AS AT 11TH OCTOBER 2004

No.	Name	No. Of Warrants	%
1.	CIMB Nominees (Tempatan) Sdn. Bhd. Commerce International Merchant Bankers Berhad	12,893,825	22.47
2.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	10,655,400	18.57
3.	Seow Lun Hoo @ Seow Wah Chong	7,736,100	13.48
4.	CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Johari Bin Abdul Ghani	5,157,400	8.99

DIRECTOR'S WARRANT HOLDINGS AS AT 11TH OCTOBER 2004

No.	Name	No. Of Warrants	%
1.	Dato' Johari Bin Abdul Ghani [1]	5,157,400	8.99

Note:
1. Deemed interest through CIMB Nominees (Tempatan) Sdn. Bhd.

THIRTY (30) LARGEST WARRANT HOLDERS

AS AT 11TH OCTOBER 2004

No.	Name	No. Of Warrants	%
1	CIMB Nominees (Tempatan) Sdn. Bhd. Commerce International Merchant Bankers Berhad	12,893,825	22.47
2	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	10,655,400	18.57
3	Seow Lun Hoo @ Seow Wah Chong	7,736,100	13.48
4	CIMB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Johari Bin Abdul Ghani	5,157,400	8.99
5	Sisma Water Technology Sdn. Bhd.	2,716,000	4.73
6	Duclos Sdn. Bhd.	2,680,000	4.67
7	Permodalan Nasional Berhad	2,663,000	4.64
8	Syed Ibrahim Sdn. Bhd.	2,270,000	3.96
9	Du Ain Sdn. Bhd.	1,652,000	2.88
10	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Sisma Vest Sdn. Bhd. (MIMB)	1,000,000	1.74
11	Leasing Corporation Sdn. Bhd.	741,000	1.29
12	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for M & S Food Industries Sdn. Bhd. (20-00213-000)	291,000	0.51
13	M & A Securities Sdn. Bhd. Ivt (B)	288,100	0.50
14	Tai Ah Kew @ Tai Moi May	270,000	0.47
15	Yeoh Boon Sun	264,000	0.46
16	Dagang Setia Sdn. Bhd.	198,500	0.35
17	Tay Boon Teck	165,000	0.29
18	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang (178AW0025)	114,100	0.20
19	Citicorp Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Vishini a/p Parmanand (470927)	110,000	0.19
20	Liew Ngok Siew	109,800	0.19
21	RHB Nominees (Tempatan) Sdn. Bhd. RHB Asset Management Sdn. Bhd. for Ng Siong Ket (EPF)	108,000	0.19

THIRTY (30) LARGEST WARRANT HOLDERS

AS AT 11TH OCTOBER 2004
(cont'd)

No.	Name	No. Of Warrants	%
22	Wong Soon Foo @ Ng Soon Foo	100,000	0.17
23	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Siong Ket (101AB1038)	95,000	0.17
24	HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kok Boon Lim (M05)	90,000	0.16
25	Lee Siew Hwa	80,000	0.14
26	Chew King Menian @ Chew King Meng	73,100	0.13
27	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chung Chuan Shen (08319AQ0615)	70,000	0.12
28	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kai Ying (E-PDG)	67,200	0.12
29	Pang Fook For	65,000	0.11
30	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liong Kwan Soon (850889)	61,500	0.11
		52,785,025	92.00

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

The proceeds from the Rights Issue exercise has been utilized during the financial year as follows:

Description	Approved Utilisation RM'000	Total Utilised as at 30th June 2004 RM'000	Unutilised as at 30th June 2004 RM'000
Part payment for the 51% Permanis Acquisition	8,720	(8,720)	-
Pep Bottlers Acquisition	35,280	(35,280)	-
Working capital, including corporate exercises' expenses	13,378	(8,497)	4,881
	57,378	(52,497)	4,881

Share Buy-backs

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

Options, Warrants or Convertible Securities

During the financial year, there was no exercise of Options or Convertible Securities.
During the financial year, there was no conversion of warrant.

Non-Audit Fees

The amount of non-audit fees paid and payable by the Company to the external auditors for the financial year amounted to approximately RM34,000.

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 2004 and the Statutory Financial Statements for the year ended 30th June 2004.

Profit Guarantee

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

Material Contracts

Saved as disclosed below, no material contracts entered into by the Company and its subsidiaries which involve directors' and substantial shareholders' interests since the previous financial year ended 30th June 2003 and in the financial year ended 30th June 2004:-

(i) On 20th December 2002, the Company and QSR Brands Bhd ("QSR") had entered into a Share Sale Agreement ("SSA") in relation to the CIE Disposal. The Company and QSR had on 27th November 2003 mutually agreed in writing to inter-alia, vary the conditional SSA from QSR replacing C.I. Holdings Berhad ("CIH") as the corporate guarantor in favour of Alliance Bank Malaysia Berhad ("Alliance Bank") for the amount of RM198 million to the assumption by QSR of an amount due by CIE to CIH of RM198 million. This was in view of the intended repayment by CIH on behalf of CIE of the term loan facility granted by Alliance Bank. The term loan facility granted by Alliance Bank was settled by CIH on behalf of CIE on 2nd December 2003. Simultaneously with the completion of the CIE Disposal, QSR had on 1st April 2004 settled the above-mentioned amount to CIH

ADDITIONAL COMPLIANCE INFORMATION
(cont'd)

The Company and QSR had, vide a letter dated 19th December 2003, agreed to extend the Cut-Off Date (as defined in the SSA) for the fulfillment of the conditions precedent as set out in the SSA for a further period of six (6) months commencing from 20th December 2003. The SSA was completed on 1st April 2004; and

(ii) On 20th December 2002, the Company and KFC Holdings (Malaysia) Bhd ("KFCH") had entered into a SSA in relation to the Pep Bottlers Acquisition. The Company and KFCH had, vide a letter dated 19th December 2003, agreed to extend the Cut-Off Date (as defined in the SSA) for the fulfillment of the conditions precedent as set out in the SSA for a further period of six (6) months commencing from 20th December 2003. The SSA was completed on 1st April 2004.

Recurrent Related Party Transactions of Revenue Nature

Details of transactions with related parties undertaken by the Group during the financial year are disclosed on page 74 of the financial statements.

Disclosure of the Restrictive Covenant Clause in the Exclusive Bottling Agreements

Permanis is the licensed bottler with sole rights to bottle, market, sell and/or distribute beverages under the trademarks of "Pepsi", "Pepsi Light", "Pepsi Twist", "Pepsi Twist Light", "Pepsi Blue", "Mirinda", "Evervess", "Mountain Dew" and "Seven-Up" and isotonic beverage under the brand name "Gatorade" pursuant to the several Exclusive Bottling Agreements ("EBAs").

<u>The respective EBAs are as follows:</u>

Date	EBA and Licensors	Particulars
28th January 2002	PepsiCo, Inc. and Seven-Up International, a division of The Concentrate Manufacturing Company of Ireland ("PepsiCo EBA")	To bottle, market, sell and/or distribute beverages under the trademarks of "Pepsi", "Pepsi Light", "Pepsi Twist", "Pepsi Twist Light", "Pepsi Blue", "Mirinda", "Evervess", "Mountain Dew" and "Seven-Up"
4th December 2002	Stokely-Van Camp, Inc ("Gatorade EBA")	To bottle, market, sell and/or distribute the isotonic beverage under the brand name "Gatorade"
1st February 2003	PepsiCo, Inc and Seven-Up International, a division of The Concentrate Manufacturing Company of Ireland	To bottle, market, sell and/or distribute the beverages in the State of Sabah
1st July 2004	PepsiCo, Inc and Seven-Up International, a division of The Concentrate Manufacturing Company of Ireland	To bottle, market, sell and/or distribute the beverages in the State of Sarawak

While there are no restrictions in the trading of CIH listed shares on Bursa Securities, Permanis is required to first obtain the consent of the respective EBA Licensors should there be an ownership change in its shares of either more than 20% of effective control or economic interest or ownership, or more than 10% of ownership resulting in the change of management.

However, despite such restrictions which have been imposed consistently in the past to prevent any unauthorized transfer of controlling shares in Permanis, it has thus far been able to renew the respective EBAs since the time it was first granted the licence by the Licensors over thirty (30) years ago.

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

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

Sanctions and/or Penalties Imposed

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

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.

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FORM OF PROXY

CIHB

C. I. Holdings Berhad
37918-A

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-Sixth Annual General Meeting of the Company, to be held at Bilik Perdana, Level 3, Wisma KFC, No. 17, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 30th November 2004 at 10.00 a.m. and at any adjournment thereof.

No.	Resolution	For	Against
(1)	To receive the Audited Financial Statements for the year ended 30th June 2004 together with the Directors' and Auditors' Reports thereon. **Resolution 1**		
(2)	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 2** ii. Dato' Johari Bin Abdul Ghani **Resolution 3** iii. Nor Hishammuddin Bin Dato' Mohd Nordin **Resolution 4**		
(3)	To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution: • Change of Company's Auditors. **Resolution 5**		
(4)	To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolutions: Ordinary Resolution 1 • Authority to Directors to Issue Shares pursuant to Section 132D of the Companies Act, 1965. **Resolution 6** Ordinary Resolution 2 • Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. **Resolution 7**		

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

Dated this __________ day of ____________________ 2004.

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 Level 17, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

C.I. HOLDINGS BERHAD
(37918-A)

Level 17, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

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