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C.I. HOLDINGS BERHAD
(Incorporated in Malaysia)

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Dato' Haji 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 (Independent Non-Executive Director)

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

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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)

Registrars

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

Registered Office

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

Auditors

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 03-2087 7000 Fax: 03-2095 9076/78

Principal Bankers

Alliance Bank Malaysia Berhad
Aseambankers Malaysia Berhad
Bumiputra-Commerce Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
HSBC Bank Malaysia Berhad
Bank Industri & Teknologi Malaysia Berhad
Malaysian Assurance Alliance Berhad

Listing

The Kuala Lumpur Stock Exchange (Main Board)

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth 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 Monday, 22 December 2003 at 10.00 a.m. for the purpose of transacting the following business:

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 30 June 2003 together with the Directors' and Auditors' Reports thereon. ***Resolution 1***

2. To approve the payment of Directors' fees for the year ended 30 June 2003. ***Resolution 2***

3. To re-elect the following Director who is retiring in accordance with Article 92 of the Company's Articles of Association:

   i. Mr. Chan Peng Chiw ***Resolution 3***

4. To re-elect the following Directors who are retiring in accordance with Article 98 of the Company's Articles of Association:

   i. Maj Gen (R) Dato' Mohamed Isa Bin Che Kak ***Resolution 4***
   ii. Erwin Selvarajah A/L Peter Selvarajah ***Resolution 5***
   iii. Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee ***Resolution 6***
   iv. Dato' Azmeer Bin Rashid ***Resolution 7***

5. To re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Directors to fix their remuneration. ***Resolution 8***

SPECIAL BUSINESS

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

Ordinary Resolution
*** Authority to Directors to Issue Shares**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company". ***Resolution 9***

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

ANY OTHER BUSINESS

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

BY ORDER OF THE BOARD
C.I. HOLDINGS BERHAD

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

Kuala Lumpur
Date: 28 November 2003

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 appointer or of his(her) attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.*
3. *Where a member appoints two or more proxies, he(she) shall specify the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy must be deposited at the Company's registered office at 10th Floor, Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.*

Explanatory Notes on Special Business

Authority to Directors to Issue Shares

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

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

STATEMENTACCOMPANYING NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

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

i.	Mr. Chan Peng Chiw	(Resolution 3)
ii.	Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	(Resolution 4)
iii.	Erwin Selvarajah A/L Peter Selvarajah	(Resolution 5)
iv.	Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee	(Resolution 6)
v.	Dato'Azmeer Bin Rashid	(Resolution 7)

2. Details of attendance of Directors at Board Meetings.

There were thirteen (13) Board of Directors' Meetings held during the financial year ended 30 June 2003 as follows:

Date of Board of Directors' Meeting	
i. 11 July 2002	viii. 14 December 2002
ii. 24 July 2002	ix. 18 December 2002
iii. 29 August 2002	x. 20 December 2002
iv. 9 October 2002	xi. 18 February 2003
v. 17 October 2002	xii. 19 March 2003
vi. 7 November 2002	xiii. 28 May 2003
vii. 29 November 2002	

Attendance for each Director in the Board of Directors' Meetings held during the financial year ended 30 June 2003 is shown below :

Name of Directors	Date of Appointment	Attendance
1. Dato' Seri Abdul Ghani Bin Abdul Aziz	25 November 1999	13/13
2. Mr. Chan Peng Chiw	18 May 2001	12/13
3. Encik Nor Hishammuddin Bin Dato'Mohd Nordin	30 May 2001	13/13
4. Dato' Haji Johari Bin Abdul Ghani	29 November 2002	6/6
5. Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	28 April 2003	1/1
6. Erwin Selvarajah A/L Peter Selvarajah	27 August 2003	0/0
7. Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee	27 August 2003	0/0
8. Dato'Azmeer Bin Rashid	27 August 2003	0/0
9. Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil *	30 December 1999	8/8
10. Puan Zaida Khalida Binte Shaari **	22 January 2001	10/11

* *Resigned on 16 December 2002*
** *Resigned on 6 March 2003*

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

Date of Meeting	Time of Meeting	Place of Meeting
22 December 2003	10.00 a.m.	Bilik Perdana, Level 3, Wisma KFC, No. 17, Jalan Sultan Ismail, 50250 Kuala Lumpur

Directors' Profile

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

YBhg Dato'Seri Abdul Ghani Bin Abdul Aziz, aged 59, a Malaysian was appointed to the Board on 25 November 1999 as Executive Director. On 12 July 2001, he became a Non-Independent Non-Executive Chairman of the Company. On 1 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'Haji Johari Bin Abdul Ghani (Managing Director)

YBhg Dato' Haji Johari Bin Abdul Ghani, aged 39, a Malaysian was appointed to the Board on 29 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 Talasco Insurance Berhad. He is also currently the Group Managing Director of KFC Holdings (Malaysia) Berhad and Ayamas Food 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.

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

Maj Gen (R) Dato' Mohamed Isa Bin Che Kak, aged 68, a Malaysian was appointed to the Board on 28 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 Monterey, 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.

Mr. Chan Peng Chiw

Mr. Chan Peng Chiw, aged 63, a Malaysian was appointed to the Board on 18 May 2001 as an Independent Non-Executive Director and as the Chairman of the Audit Committee on 24 May 2001. Subsequently, he was appointed as a Senior Independent Non-Executive Director on 7 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.

Encik Nor Hishammuddin Bin Dato' Mohd Nordin

Encik Nor Hishammuddin Bin Dato'Mohd Nordin, aged 37, a Malaysian was appointed to the Board as an Independent Non-Executive Director and a member of the Audit Committee on 30 May 2001. He is also a member of the Remuneration Committee and Nomination Committee. He holds a Bachelor of Law (LLB) degree with honours and was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1994. He is the Founding Partner of the law firm of Hisham Yoong – K.C. Lim and is presently also it's principal and managing partner.

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

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 41, a Malaysian was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director. He obtained a Sijil Pelajaran Malaysia. 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 64, a Malaysian was appointed to the Board on 27 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 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.

Mr. Erwin Selvarajah A/L Peter Selvarajah

Mr. Erwin Selvarajah A/L Peter Selvarajah, aged 34, a Malaysian was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director. 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 2003 and the Accounts of the Group and the Company for the year ended 30 June 2003.

FINANCIAL PERFORMANCE

The year under review was another challenging year for the Group. The difficult operating environment facing the Group had not eased with uncertainties prevailing on both the domestic and external fronts that had a bearing on the operations of the Group. The aftermath of the bombing in Bali and the Iraqi war, the negative impact of Severe Acute Respiratory Syndrome and the accounting frauds involving some large corporations in the United States added to the already difficult domestic environment.

Against such a backdrop the Group managed to achieve a turnover of RM27.05 million compared to RM25.39 million in the previous financial year, a slight improvement of 6.5% which was attributable to higher sales volume in the tapware and construction divisions.

Despite a reduction in finance costs due to the suspension of interest on the amount owing to Punca Ibarat Sdn. Bhd. effective 1 November 2002 until the completion of the Proposed Reorganisation Scheme, the Group suffered a pre-tax loss of RM169.27 million compared to RM8.28 million in the previous year. The loss increase was due mainly to the recognition of the impairment loss on the proposed disposal of C.I. Enterprise Sdn. Bhd., a wholly-owned subsidiary which holds the investment of 57,080,000 shares of RM1.00 each, representing 29.13% equity as at 30 June 2003 in KFC Holdings (Malaysia) Bhd., the loss on disposal of Hwee Ann Credit & Leasing Sdn. Bhd. and the losses on revaluation and disposal of certain properties in C.I. Quarries (Nilai) Sdn. Bhd.

At Company level, a smaller provision in the diminution in value of a subsidiary company resulted in the Company incurring a pre-tax loss of RM12.18 million compared to RM14.77 million in the previous financial year representing a reduction of 17.54%.

REVIEW OF OPERATIONS

Tapware Division

In the previous year I had mentioned that this division would be striving to gain further market share by way of more intensified sales/marketing effort and brand extension. As a result of the effort made, in the year under review the division recorded its highest turnover in its history.

The expected improvement in the construction and property sectors had not materialized due to a shortage in skilled workers and the performance of the division was influenced by the competitive market environment principally the stiff competition of imports from China, shorter trading days and the weakening of the Ringgit against the major currencies. Nevertheless the division still managed to maintain high average selling prices due to a better product mix and extending product brand.

The division will continue to monitor the reception of newly launched products and costs rationalization and capital expenditure programmes to further enhance competitiveness in the current year.

Financial Services Division

In the year under review, this division was disposed off for a total consideration of RM3.0 million resulting in a loss on disposal of RM3.76 million. Upon completion of the disposal the Group had divested itself from the money-lending business. Prior to the divestment the division had continued to focus on collections for both the hire-purchase and outstanding loans given out in earlier years.

Construction Division

The final contract sums of two projects were recognized by the division in the year under review. However due to the gloomy economic situation the division was facing, projects identified in the earlier year which required capital outlay could not be undertaken and the division only carried out works which did not require any capital outlay.

Due to the difficult situation facing the division a retrenchment exercise was carried out in July 2003 to cut any further losses and scale down operations.

Investment Division

Although the division had benefited from the suspension of interest payable on advances from Punca Ibarat Sdn. Bhd., the results of the associate company which are equity accounted was lower than that of the previous year. Arising from the proposed disposal of C.I. Enterprise Sdn. Bhd., the division suffered an impairment loss on the investment in KFC Holdings (Malaysia) Bhd. of RM160.083 million.

With the unanimous approval of the shareholders for the proposed disposal of the C.I. Enterprise Sdn. Bhd. at the Extraordinary General Meeting held on 22 October 2003, this division would be divested upon completion of the Proposed Reorganisation Scheme. On completion of the divestment the Group will suffer a further loss of approximately RM34.24 million.

Quarrying Division

The division continue to receive tributes from the quarrying operations which have been under contract arrangement since June 2000. Realizing the difficult economic situation facing the division measures are continually being implemented to reduce operating and fixed costs and a retrenchment exercise was also carried out in July 2003. The division however suffered a loss on the disposal and revaluation of certain properties totaling RM1.33 million in the year under review.

Engineering Division

This division was still unable to contribute positively to Group profit although cost saving measures were taken. Due to the tight cashflow the division's operations were kept to a minimum.

This division is also facing a difficult situation and a retrenchment exercise was carried also in July 2003 to cut any further losses and to scale down operations.

CORPORATE DEVELOPMENTS

The divestment of the Group's investment in 60% equity of Hwee Ann Credit & Leasing Sdn. Bhd. was completed on 29 March 2003.

At the Extraordinary General Meeting of the Company held on 22 October 2003, the shareholders unanimously approved inter-alia the following proposals :-

(1) the proposed disposal of 300,000 ordinary shares of RM1.00 each, representing the entire equity interest in C.I. Enterprise Sdn. Bhd., by the Company ("Proposed CIE Disposal");
(2) the proposed acquisition of 20,400,000 ordinary shares of M1.00 each, representing 51% equity interest in Permanis Sdn. Bhd. by the Company from Urban Fetch Sdn. Bhd. ("Proposed 51% Permanis Acquisition"); and
(3) the proposed acquisition of 300,000 ordinary shares of RM1.00 each, representing the entire equity interest in Pep Bottlers Sdn. Bhd. by the Company from KFC Holdings (Malaysia) Bhd. ("Proposed Pep Bottlers Acquisition").

Presently the Company is in the process of completing the Proposed CIE Disposal and the Proposed 51% Permanis Acquisition and Proposed Pep Bottlers Acquisition.

OUTSTANDING PROPOSALS

To-date the Proposed Reorganisation Scheme ("PRS") announced on 20 December 2002 is in the process of being completed.

The PRS has already received the following approvals :-

(1) Bank Negara Malaysia vide its letter dated 11 June 2003;
(2) Ministry of International Trade & Industry vide its letter dated 9 July 2003
(3) Securities Commission and Securities Commission on behalf of the Foreign Investment Committee vide its letter dated 12 August 2003;
(4) The shareholders of the Company at the Extraordinary General Meeting of the Company held on 22 October 2003.

The PRS is expected to be fully completed in the first quarter of 2004.

DIVIDEND

The Board of Directors is not recommending any dividend to be paid in respect of the financial year ended 30 June 2003 in order to conserve cashflow.

CURRENT YEAR PROSPECTS

In my previous year's statement I had mentioned that the Group had been trying to identify ways of improving the financial position and profitability of the Group. The Group's efforts will finally be paid off when the Proposed 51% Permanis Acquisition and the Proposed Pep Bottlers Acquisition and the Proposed CIE Disposal are completed. Permanis Sdn. Bhd. will become a wholly-owned subsidiary of the Company and C.I. Enterprise Sdn. Bhd. will no longer be a subsidiary.

Under Permanis Sdn. Bhd., the Group's core business will be transform to that of selling, bottling and distribution of beverages, a business that is already well established and which has been generally resilient to the downturn of the economy. Permanis Sdn. Bhd. 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 Sabah.

In line with the strategy for the Company to be focused the Group is looking into disposing the existing construction, engineering, quarrying and tapware business. The financial services division which has not been profitable to the Group in the past have now been divested while the divestment of the investment division is pending completion.

Upon completion of the PRS, Group borrowings would be reduced and the Group's financial position would be strengthen which would have a favourable impact on future Group profitability and cashflow. This augurs well for the Group for the current and subsequent financial years.

APPRECIATION

On behalf of the Board, I would like record our appreciation to Dato'Paduka Hj. Ahmad Basri Bin Mohd Akil and Puan Zaida Khalida Binte Shaari who resigned from the Board on 16 December 2002 and 6 March 2003 respectively.

Dato' Haji Johari Bin Abdul Ghani was appointed as Managing Director of the Company on 29 November 2002 while Maj. Gen. (R) Dato' Mohamed Isa Bin Che Kak was appointed to the Board on 28 April 2003. Mr Erwin Selvarajah A/L Peter Selvarajah, Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee and Dato' Azmeer Bin Rashid were all appointed on 27 August 2003. On behalf of the Board I extend a warm welcome to all of them.

I would also like to take this opportunity to extend my appreciation to my fellow Board members for their invaluable contribution throughout the year and on behalf of the Board to express our sincere appreciation and gratitude to the management and staff of the Group for their loyalty, hard work and contribution to the Group in facing the challenges and to our shareholders, business associates, bankers and the regulatory authorities for their invaluable support, confidence and assistance given to us and look forward to their continuing support.

DATO'SERI ABDUL GHANI BIN ABDULAZIZ
Chairman

CORPORATE GOVERNANCE STATEMENT

THE CODE

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

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

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

BOARD OF DIRECTORS

The Board

An effective Board leads and controls the Group. The Board meets at least four (4) times a year with additional meetings convened as and when necessary. All Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct. All Non-Executive Directors are independent, save for Dato' Seri Abdul Ghani Bin Abdul Aziz and Puan Zaida Khalida Binte Shaari. Puan Zaida Khalida Binte Shaari has resigned on 6 March 2003 and subsequently Dato'Seri Abdul Ghani Bin Abdul Aziz has become an Independent Non-Executive Chairman on 1 November 2003.

During the financial year ended 30 June 2003, thirteen (13) Board meetings were held. The number of Board meetings attended by each Director during the financial year is set out in page 5.

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

Board Balance

During the financial year ended 30 June 2003, the Board consisted of seven (7) members, out of which three (3) were independent. However, currently the Board has eight (8) members, comprising seven (7) Non-Executive Directors, all 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 6-8.

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, Mr. 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	13/13
Mr. Chan Peng Chiw	12/13
Encik Nor Hishammuddin Bin Dato'Mohd Nordin	13/13
Dato' Haji Johari Bin Abdul Ghani (Appointed on 29 November 2002)	6/6
Maj. Gen. (R) Dato'Mohamed Isa Bin Che Kak (Appointed on 28 April 2003)	1/1
Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil (Resigned on 16 December 2002)	8/8
Puan Zaida Khalida Binte Shaari (Resigned on 6 March 2003)	10/11

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

Supply Of Information

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

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

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

Appointments To The Board

The composition of the Nomination Committee is set out on page 2. The Committee will be involved in the process of assessing existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. The Committee has held four (4) meetings during the financial year ended 30 June 2003.

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.

Directors' Training

All members of the Board except for two (2) members have attended the Mandatory Accreditation Programme ("MAP") organised by the Research Institute of Investment Analysts Malaysia. Arrangements have been made for Dato'Azmeer Bin Rashid and Erwin Selvarajah A/L Peter Selvarajah to attend the earliest available MAP. The Directors will continue to undergo further Continuous Education Programme ("CEP") to enhance their skills and knowledge where relevant.

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 2. The Committee will be responsible for setting the policy framework and making recommendations to the Board on all elements of the remuneration and other terms of employment of Executive Director(s). Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

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 Directors RM	Non-Executive Directors RM	Total RM
Fees	-	30,000	30,000
Salary	278,000	-	278,000
Bonus & Allowance	51,500	-	51,500
Benefits-in-kind	38,410	15,000	53,410
Leave passage	12,500	-	12,500
Other emoluments	-	103,440	103,440

RM	Executive Directors	Non-Executive Directors	Total
50,000 and below	-	5	5
50,001-100,000	-	-	-
100,001-150,000	2	-	2

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.

ACCOUNTABILITYAND AUDIT

Audit Committee

The Audit Committee of the Board comprises two (2) Independent Non-Executive Directors and one (1) Managing Director with Mr. Chan Peng Chiw as Chairman. The composition of the Committee is set out on page 17.

The Audit Committee met five (5) times during the financial year ended 30 June 2003. During these meetings, the Committee carried out the duties as set out on pages 17-21.

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 Control

The Group's Internal Control Statement is set out on pages 22-23.

Relationship With The Auditors

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

Statement of Compliance With The Best Practices of the Code

The Board considers that the Group complied throughout the financial year with Best Practices as set out in the Code.

AUDIT COMMITTEE REPORT

COMPOSITION OFAUDIT COMMITTEE

Name	Date of Appointment	No. of Meetings Attended/Held Whilst in Office
Mr. Chan Peng Chiw (MIA 451) Chairman Senior Independent Non-Executive Director	24 May 2001	5/5
Encik Nor Hishammuddin Bin Dato' Mohd Nordin Member Independent Non-Executive Director	30 May 2001	5/5
Dato' Haji Johari Bin Abdul Ghani Member Managing Director	18 December 2002	2/2
Dato'Paduka Hj. Ahmad Basri Bin Mohd Akil * Member Executive Director	30 December 1999	3/3

** Resigned on 16 December 2002*

TERMS OF REFERENCE

1. Objectives

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

In addition, the Committee shall:

(a) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;

(b) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authorities and responsibilities; and

(c) determine the adequacy of the Group's administrative, operating and accounting controls.

2. Composition

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

(a) a majority shall be independent Directors;

(b) at least one (1) member of the Committee:

(i) must be a member of the Malaysian Institute of Accountants; or

(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:

* he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
* he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

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

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

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

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

3. Quorum

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

4. Attendance and Meetings

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

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

5. Secretary

The Company Secretaries shall be the Secretaries of the Committee.

6. Functions and Responsibilities

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

(a) to review with the external auditors their audit plan, their evaluation of the system of internal accounting and controls and their audit report;

(b) to review the assistance given by the Company's employees to the external auditors;

(c) to review the adequacy of scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(d) to review the financial condition of the Group, its internal control and audit programme, the performance and findings of internal audit staff and to recommend action to be taken thereon by management and whether or not appropriate action is taken on the recommendations of the internal audit function;

(e) to review the quarterly results and year end financial statements, prior to the approval by the Board of Directors ("Board"), focusing particularly on:

  (i) changes in or implementation of major accounting policy changes;

  (ii) significant and unusual events; and

  (iii) compliance with accounting standards and other legal requirements.

(f) to review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(g) to review and report the same to the Board any letter of resignation from the external auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;

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

(i) such other functions as may be agreed to by the Committee and the Board.

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

7. Minutes

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

8. Rights Of The Audit Committee

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

(a) have authority to investigate any matter within its terms of reference;

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

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

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

(e) be able to obtain independent professional or other advice; and

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

9. Audit Committee Report

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

9.1 The audit committee report shall be clearly set out in the annual report of the Company;

9.2 The audit committee report shall include the following:

(a) the composition of the Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);

(b) the terms of reference of the Committee;

(c) the number of Committee meetings held during the financial year and details of attendance of each member;

(d) a summary of activities of the Committee in the discharge of its functions and duties for that financial year of the Company; and

(e) the existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanisms that exist to enable the Committee to discharge its functions effectively.

10. Reporting Of Breaches To The Kuala Lumpur Stock Exchange

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

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

The Audit Committee carried out its duties in accordance with its Terms of Reference.

During the financial year, five (5) Audit Committee meetings were held. The Audit Committee reviewed a total of ten (10) audit reports. The Audit Committee reviews all internal audit reports with an emphasis on significant issues and critical risk areas affecting the overall performance of the Group. In order to ensure greater transparency and good corporate governance within the Group, the Audit Committee discusses in detail the adequacy of each company's internal control systems in addition to organisational and operational controls. The Audit Committee further emphasises actions to be taken to rectify and improve the effectiveness and efficiency of operations of the subsidiary concerned.

SUMMARY OF INTERNAL AUDIT ACTIVITIES

Summary of activities of the Group Internal Audit function during the financial year ended 30 June 2003 were as follows:

* Regularly examining the controls over all significant Group's operations and systems to ascertain whether the system established provides reasonable assurance that the Group's objectives and goals were met efficiently and economically;

* Prepare the annual audit plan for deliberation by the Audit Committee;

* Act on suggestions made by external examiners and/or senior management on concerns over operations or controls;

* Issue audit reports, which identify weaknesses and problems and make recommendations for improvements; and

* Determine whether corrective action was taken in achieving the desired results.

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 Kuala Lumpur Stock Exchange's ("KLSE") Revamped Listing Requirements require Directors of listed companies to include a statement in annual reports on the state of their internal controls. The KLSE's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Guidance.

THE BOARD'S RESPONSIBILITY

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

RISK MANAGEMENT

The Board will consider various options to establish a formal risk management policy and framework that will guide the Board and the management in their continuous risk management process as well as enhancing the internal control system of the Group upon the finalisation of the Proposed Reorganisation Scheme.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. During the financial year, each operating unit (excluding an associated company) prepares a 'risk map'which summarises the company's objectives, risks, the controls and processes for managing them and the means for assuring management that the processes are effective. A full review of significant risks was done during the financial year and these risks are to be reviewed on a quarterly basis or earlier, if there is a need. Audit Plans are drawn up in the first quarter of each financial year after taking into account these risks. The Annual Audit Plan for financial year ending 30 June 2004 was approved by the Audit Committee in August 2003.

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

The IAD carries out the ongoing process of monitoring the effective application of policies, processes and activities related to internal control, risk management and governance processes. The Annual Audit Plan is used to assist the IAD in this aspect. During the financial year, there were no significant weaknesses identified. All minor weaknesses identified during the period have been, or are being, addressed.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

i. There are clear lines of authority, responsibility and accountability within the Group. In ensuring this, adequate procedure manuals are provided to communicate to all management and staff what is expected of them and the level of discretion that they can exercise in the course of their work.

ii. The Board has provided all staff with necessary resources to enable the achievement of corporate objectives by ensuring the existence of adequate internal control systems and carrying out risk management activities.

iii. The Board has a formalised recruitment and promotion policy that ensures people of suitable caliber are selected to fill positions. The Group’s performance is monitored through a budget system that requires all material variances to be identified and explained on a monthly basis. The Board reviews the quarterly performance report to monitor the Group’s progress towards achieving its objectives.

iv. From an accounting point of view, monthly management accounts are prepared and all control accounts are reconciled to their subsidiary records. All access to assets and records of the Group are controlled to safeguard them, and also to reduce unauthorised access. To this effect, assets counts are done periodically and reconciled to their underlying records.

v. The Group’s internal control systems ensure timely, relevant and reliable reports for decision making and review purposes. These reports cover both quantitative and qualitative areas. These reports also enable the Board and management to monitor the progress against the business objectives.

vi. The Audit Committee, on quarterly basis, reports to the Board on risk and control matters of significance.

vii. Quarterly and annual reports are used in communicating a balanced and understandable account of the Company and of the Group’s position.

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.27(a) of Chapter 15 of the Listing Requirements of Kuala Lumpur Stock Exchange to issue a statement explaining their responsibilities for preparing the annual financial 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 30 June 2003, 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 detect fraud and other irregularities.

Financial Statements

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 2003.

PRINCIPALACTIVITIES

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 11 to the financial statements.

There were no significant changes in the nature of these activities during the year under review.

RESULTS

	GROUP RM'000	COMPANY RM'000
Loss after taxation	(175,965)	(11,320)
Minority interests	221	-
Loss for the year	(175,744)	(11,320)

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

The amount of dividend payable by the Company since 30 June 2002 was as follows:

	RM'000
In respect of the financial year ended 30 June 2002 as reported in the directors' report of that year:	
First and final dividend of 0.7% less 28% taxation, paid on 13 March 2003	289

DIVIDENDS (CONTD.)

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

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	
Nor Hishammuddin Bin Dato' Mohd Nordin	
Chan Peng Chiw	
Dato' Haji Johari Bin Abdul Ghani	(appointed on 29 November 2002)
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	(appointed on 28 April 2003)
Erwin Selvarajah A/L Peter Selvarajah	(appointed on 27 August 2003)
Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee	(appointed on 27 August 2003)
Dato' Azmeer Bin Rashid	(appointed on 27 August 2003)
Zaida Khalida Binte Shaari	(resigned on 6 March 2003)
Dato' Paduka Hj. Ahmad Basri Bin Mohd Akil	(resigned on 16 December 2002)

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.

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

None of the directors who held office at the end of the financial year had according to the register of directors' shareholdings, an interest in the shares of the Company and its related corporations during the financial year.

SIGNIFICANT EVENTS

Significant events during the year are disclosed in Note 32 to the financial statements.

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Significant events after balance sheet date are disclosed in Note 33 to the financial statements.

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.

OTHER STATUTORY INFORMATION (CONTD.)

(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, have expressed their willingness to continue in office.

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

DATO' SERI ABDUL GHANI BIN ABDULAZIZ
Director

DATO' HAJI JOHARI BIN ABDUL GHANI
Director

Kuala Lumpur, Malaysia
22 October 2003

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Note	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
Revenue	4	27,047	25,389	983	1,894
Cost of sales		(20,670)	(19,235)	-	-
Gross profit		6,377	6,154	983	1,894
Other operating income		1,819	2,102	441	713
Distribution costs		(140)	(393)	-	-
Administration expenses		(8,137)	(8,686)	(2,752)	(3,345)
Other operating expenses		(166,599)	(3,065)	(10,534)	(13,600)
Loss from operations	5	(166,680)	(3,888)	(11,862)	(14,338)
Finance costs	6	(23,527)	(30,038)	(325)	(431)
Share of results of associate		20,936	25,645	-	-
Loss before taxation		(169,271)	(8,281)	(12,187)	(14,769)
Taxation	7	(6,694)	(9,231)	867	(274)
Loss after taxation		(175,965)	(17,512)	(11,320)	(15,043)
Minority interests		221	367	-	-
Net loss for the year		(175,744)	(17,145)	(11,320)	(15,043)
Basic loss per share (sen)	8	(306.3)	(29.9)	(19.7)	(26.2)
Net dividend per share (sen)	9	0.50	0.50	0.50	0.50

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

BALANCE SHEETS AS AT 30 JUNE 2003

		GROUP		COMPANY	
		2003	2002	2003	2002
	Note	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	10	34,516	37,135	216	444
Investments in subsidiaries	11	-	-	96,353	104,949
Investment in associate	12	322,767	474,934	-	-
Other investments		21	21	21	21
Goodwill on consolidation	13	20,464	20,777	-	-
		377,768	532,867	96,590	105,414
CURRENT ASSETS					
Inventories	14	7,594	8,736	-	-
Trade receivables	15	9,366	46,319	-	-
Other receivables	16	29,267	2,973	28,103	223
Amounts due from subsidiaries	17	-	-	148,932	167,172
Tax recoverable		506	174	78	-
Deposits with licensed banks	18	1,918	5,102	1,400	-
Cash and bank balances	19	1,475	903	116	7
		50,126	64,207	178,629	167,402
CURRENT LIABILITIES					
Trade payables	20	6,976	4,284	-	-
Other payables	21	101,396	99,119	2,676	1,929
Amounts due to subsidiaries	17	-	-	39,407	25,470
Bank borrowings	22	236,603	32,475	2,084	2,073
Tax payable		771	2,279	-	606
Dividends payable		15	29	15	29
		345,761	138,186	44,182	30,107
NET CURRENT (LIABILITIES)/ASSETS		(295,635)	(73,979)	134,447	137,295
		82,133	458,888	231,037	242,709

BALANCE SHEETS AS AT 30 JUNE 2003 (CONTD.)

		GROUP		COMPANY	
		2003	2002	2003	2002
	Note	RM'000	RM'000	RM'000	RM'000
FINANCED BY:					
Share capital	24	57,378	57,378	57,378	57,378
Share premium		1,007	1,007	1,007	1,007
Reserves on consolidation		55,458	55,568	-	-
Special reserve	25	10,622	11,520	10,622	10,622
(Accumulated loss)/ Retained profits	26	(47,797)	128,236	161,951	173,560
Shareholders' equity		76,668	253,709	230,958	242,567
Minority interests		1,033	2,873	-	-
		77,701	256,582	230,958	242,567
Retirement benefit obligations		622	557	-	-
Bank borrowings	22	2,386	200,241	79	142
Deferred tax liabilities	27	1,424	1,508	-	-
Non-current liabilities		4,432	202,306	79	142
		82,133	458,888	231,037	242,709

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2003

	Note	Share capital	<----Non-distributable----> Share premium	Reserves on consolidation	Special reserve	Distributable Retained profits/ (Accumulated loss)	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP							
At 1 July 2001							
- as previously reported		57,378	1,007	56,781	11,520	145,381	272,067
- prior year adjustments	28	-	-	(1,213)	-	287	(926)
- as restated		57,378	1,007	55,568	11,520	145,668	271,141
Loss for the year		-	-	-	-	(17,145)	(17,145)
Dividend for the year ended 30 June 2001	9	-	-	-	-	(287)	(287)
At 30 June 2002		57,378	1,007	55,568	11,520	128,236	253,709
At 1 July 2002							
- as previously reported		57,378	1,007	56,781	11,520	128,236	254,922
- prior year adjustments	28	-	-	(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)
Loss for the year		-	-	-	-	(175,744)	(175,744)
Dividend for the year ended 30 June 2002	9	-	-	-	-	(289)	(289)
At 30 June 2003		57,378	1,007	55,458	10,622	(47,797)	76,668

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2003 (CONTD.)

		<-------------Non-distributable----------->			Distributable	
		Share capital	Share premium	Special reserve	Retained profits	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
COMPANY						
At 1 July 2001						
- as previously reported		57,378	1,007	10,622	188,603	257,610
- prior year adjustment		-	-	-	287	287
- as restated		57,378	1,007	10,622	188,890	257,897
Loss for the year		-	-	-	(15,043)	(15,043)
Dividend for the year ended 30 June 2001	9	-	-	-	(287)	(287)
At 30 June 2002		57,378	1,007	10,622	173,560	242,567
At 1 July 2002		57,378	1,007	10,622	173,560	242,567
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

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

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(169,271)	(8,281)	(12,187)	(14,769)
Adjustments for:				
Bad debts written off	50	-	-	-
Depreciation of property, plant and equipment	1,157	1,308	127	197
Loss/(gain) on disposal of property, plant and equipment	635	(273)	12	(32)
Loss on disposal of subsidiaries	3,765	-	1,529	-
Loss arising from a subsequent change in the sale proceeds on the disposal of C.I. Readymix Sdn. Bhd., a former subsidiary	545	1,454	-	-
Allowance for doubtful debts	127	-	-	-
Reversal of overstatement of special reserve on the disposal of investments in former subsidiaries in prior years	(898)	-	-	-
Impairment loss on subsidiaries	-	-	4,517	13,600
Write back of allowance for doubtful debts	(228)	(1,923)	-	-
Impairment loss of property, plant and equipment	718	-	-	-
Impairment loss on associate	160,083	-	-	-
Interest expense	23,428	28,420	321	431
Interest income	(224)	(144)	(11)	(415)
Property, plant and equipment written off	78	-	72	-
Allowance for inventory obsolescence	320	191	-	-
Inventories written off	101	-	-	-
Allowance for retirement benefits	100	106	-	-
Deferred expenditure written off	51	-	-	-
Unrealised foreign exchange loss	8	-	-	-
Waiver of loan payable to former subsidiaries	-	-	(431)	-
Waiver of interest receivable from former subsidiaries	-	-	4,488	-
Share of results of associate	(20,936)	(25,645)	-	-
Operating loss before working capital changes	(391)	(4,787)	(1,563)	(988)

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTD.)

		GROUP		COMPANY	
		2003	2002	2003	2002
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating loss before working capital changes b/f		(391)	(4,787)	(1,563)	(988)
Decrease/(increase) in inventories		721	(1,307)	-	-
Decrease/(increase) in receivables		1,703	12,783	(27,880)	1,385
Increase/(decrease) in payables		1,984	8,950	733	(1,373)
Cash generated from/(used in) operations		4,017	15,639	(28,710)	(976)
Interest paid		(11,733)	(28,420)	(321)	(431)
Interest received		224	144	11	415
Retirement benefits paid		(35)	(22)	-	-
Taxation refund/(paid)		76	127	183	(182)
Net cash used in operating activities		(7,451)	(12,532)	(28,837)	(1,174)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of additional shares in subsidiaries		-	-	-	(799)
Purchase of other investments		-	(21)	-	(21)
Disposal of subsidiaries, net of cash and cash equivalents (Note 11(d))		2,990	-	2,550	-
Advances from/(to) subsidiaries		-	-	13,937	(4,082)
Repayments from subsidiaries		-	-	14,183	6,160
Dividend received from associate		4,566	4,566	-	-
Proceeds from transfer of property, plant and equipment to a subsidiary		-	-	-	216
Proceeds from disposal of property, plant and equipment		639	385	34	89
Purchase of property, plant and equipment		(738)	(2,714)	(17)	(117)
Net cash generated from investing activities		7,457	2,216	30,687	1,446

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTD.)

	Note	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(289)	(287)	(289)	(287)
Proceeds from issue of shares to minority interests		98	-	-	-
Repayment of hire purchase and lease financing		(636)	-	(63)	-
Repayment of short term borrowings		(11,921)	(987)	-	-
Drawdown of hire purchase		314	-	-	-
Drawdown of short term borrowings		12,202	15,211	11	5
Deposits with licensed banks pledged as security		5,100	(5,000)	-	-
Net cash generated from/ (used in) financing activities		4,868	8,937	(341)	(282)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,874	(1,379)	1,509	(10)
CASH AND CASH EQUIVALENTS AT BEGINNING OFYEAR		(2,764)	(1,385)	7	17
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	2,110	(2,764)	1,516	7

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

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 11 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at 10th Floor, Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 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 187 (2002: 175) and 14 (2002: 12) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 October 2003.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The Group recorded a loss for the year of RM175.7 million and has net current liabilities of RM295.6 million as at 30 June 2003. The financial statements of the Group and of the Company have been prepared on the going concern basis which is dependent on the continued financial support of the creditors, lenders, shareholders as well as the successful implementation of the Proposed Reorganisation Scheme, the details of which are disclosed in notes 32 (d), (f), (g) and 33.

In the event the Proposed Reorganisation Scheme is not completed in a timely basis, the preparation of the financial statements on a going concern basis may not be appropriate and accordingly would entail restating assets to their realisable values, accruals for further liabilities that would arise and classification of all assets and liabilities as current. However, the directors are of the opinion that the preparation of the financial statements on a going concern basis is appropriate.

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.

3. SIGNIFICANTACCOUNTING POLICIES (CONTD.)

(a) Basis of Preparation (Contd.)

During the financial year ended 30 June 2003, the Group and the Company adopted the following Malaysian Accounting Standards Board ("MASB") Standards for the first time:

MASB 22	Segment Reporting
MASB 23	Impairment of Assets
MASB 24	Financial Instruments: Disclosure and Presentation
MASB 25	Income Taxes

The effects of adopting MASB 25 are summarised in the Statements of Changes in Equity and further information is disclosed in Note 28 to the financial statements. The presentation and classification of items in the segment information in Note 36 of the previous financial year have been changed to comply with the requirements of MASB 22. The adoption of MASB 23 and MASB 24 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 a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

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 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 and these values are reflected in the consolidated balance sheet. 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 unmortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

3. SIGNIFICANTACCOUNTING POLICIES (CONTD.)

(b) Basis of Consolidation (contd.)

(ii) Associates

Associates are those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

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 as well as goodwill in acquisition.

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) 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(m).

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

(d) 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(m).

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.

3. SIGNIFICANTACCOUNTING POLICIES (CONTD.)

(d) Property, Plant and Equipment and Depreciation (Contd.)

Freehold land is not amortised. Leasehold land is amortised in equal installments over the period of the respective leases ranging from 60 to 99 years. Quarry improvements are written off over a period of two years. Depreciation 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.

(e) Inventories

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

(f) 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.

(g) Finance 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.

3. SIGNIFICANTACCOUNTING POLICIES (CONTD.)

(g) Finance Leases (Contd.)

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

(h) 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.

(i) 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.

Prior to the adoption of MASB 25 Income Taxes on 1 July 2002, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

3. SIGNIFICANTACCOUNTING POLICIES (CONTD.)

(j) Retirement Benefits

Provisions for retirement benefits, under a defined benefit plan which is unfunded, is made in accordance with the provisions stipulated in the Collective Agreements for all eligible employees of a subsidiary of the Company. This provision is calculated based on a percentage of the employees emolument and the length of their service with the Group. The plan since its inception, has not been subject to review by actuaries, as the directors of the subsidiary are of the opinion that if an actuary is engaged the effect of additional provision, if any, in the financial statements is not material and as such does not justify the cost of engaging an actuary.

(k) 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.

3. SIGNIFICANTACCOUNTING POLICIES (CONTD.)

(l) 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 used are as follows:

	2003 RM	2002 RM
United States Dollar	3.80	3.80
Singapore Dollar	2.16	2.15
Euro Dollar	4.38	3.75

(m) 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. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(n) Contingent Liabilities

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.

3. SIGNIFICANTACCOUNTING POLICIES (CONTD.)

(o) 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 (m). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

(p) 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(m).

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.

(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.

3. SIGNIFICANTACCOUNTING POLICIES (CONTD.)

(p) Financial Instruments (Contd.)

(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

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	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Analysis of revenue:				
Interest income:				
- finance related activities	151	134	-	-
- subsidiaries	-	-	-	414
Rental of equipment from subsidiary company	-	-	-	70
Progress billings on contract works	2,629	2,129	-	-
Sale of goods	21,696	22,550	-	-
Management and other fees from subsidiary companies	-	-	983	1,410
Tributes received and receivable	2,571	576	-	-
	27,047	25,389	983	1,894

5. LOSS FROM OPERATIONS

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Loss from operations is stated after charging/(crediting):				
Auditors' remuneration	111	107	20	15
Bad debts written off/ (recovered)	50	(108)	-	-
Allowance for doubtful debts	127	-	-	-
Writeback of allowance for doubtful debts	(228)	(1,923)	-	-
Writeback for bonus no longer required	(27)	-	-	-
Depreciation of property, plant and equipment	1,157	1,308	127	197
Property, plant and equipment written off	78	-	72	-
Impairment loss of property, plant and equipment	718	-	-	-
Loss/(gain) on disposal of property, plant and equipment	635	(273)	12	(32)
Deferred expenditure written off	51	-	-	-
Directors' remuneration (Note a)	581	421	508	334
Interest income	(224)	(144)	(11)	(415)
Allowance for retirement benefits	100	106	-	-
Allowance for inventory obsolescence	320	191	-	-
Inventories written off	101	-	-	-
Writeback of allowance for slow moving inventories	-	(272)	-	-
Realised foreign exchange loss	65	-	-	-
Unrealised foreign exchange loss	8	-	-	-
Rental of premises	216	224	104	107
Royalty payable	48	-	-	-
Waiver of loan payable to former subsidiaries	-	-	(431)	-
Waiver of interest receivable from former subsidiaries	-	-	4,488	-
Staff costs	5,639	5,530	455	487

5. LOSS FROM OPERATIONS (CONTD.)

	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 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 corporate exercise of the company which was aborted on 13 April 2002 save and except for the Mawar Acquisition	-	1,654	-	1,654
- Professional fees incurred for the Proposed Reorganisation Scheme	795	-	795	-
(iii)Other Operating Expenses are:				
- Loss arising from a subsequent change in the sale proceeds on the disposal of C.I. Readymix Sdn. Bhd., a former subsidiary company	545	1,454	-	-
- Loss on disposal of subsidiaries	3,765	-	1,529	-
- Impairment loss on investments in subsidiaries	-	-	4,517	13,600
- Impairment loss on investments in associate	160,083	-	-	-

5. LOSS FROM OPERATIONS (CONTD.)

	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
(a) Directors' remuneration				
Directors of the Company				
Executive Directors				
- salaries and allowances	342	177	326	145
- fees	-	-	-	-
- benefits-in-kind*	38	60	33	55
	380	237	359	200
Non-Executive Directors				
- emolument	104	84	104	84
- fees	30	35	30	35
- benefits-in-kind*	15	15	15	15
	149	134	149	134
	529	371	508	334
Directors of subsidiaries				
Executive Directors				
- other emolument	52	50	-	-
Total	581	421	508	334

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

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

	Number of Directors 2003 Executive Directors	2003 Non-Executive Directors	2002 Executive Directors	2002 Non-Executive Directors
Directors of the Company:				
Below RM50,000	-	5	-	4
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	1	-	-	-
RM150,001 - RM200,000	-	-	-	-
RM200,001 - RM250,000	1	-	1	-
Directors of the subsidiaries:				
Below RM50,000	2	-	2	-

6. FINANCE COSTS

	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
Bank overdrafts	42	61	-	-
Bankers acceptances	219	235	-	-
Interest on term loans	20,031	19,362	296	126
Interest on advances by Punca Ibarat Sdn. Bhd.	2,995	8,888	-	-
Hire purchase interest	63	120	18	31
Lease interest	46	-	-	-
Interest on overdue invoices	7	-	7	-
Bank charges	4	1	4	1
Extension fee	98	1,248	-	-
Factoring	22	-	-	-
Processing fee	-	123	-	-
Intercompany finance expenses	-	-	-	273
	23,527	30,038	325	431

7. TAXATION

	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
Tax expense for the year	539	568	70	245
Relating to origination and reversal of temporary differences (Note 27)	(84)	(357)	-	-
(Over)/underprovision of income tax expense in prior years	(2,214)	29	(937)	29
Share of taxation in an associate	8,453	8,991	-	-
Deferred tax	6,694	9,231	(867)	274

Income tax is calculated at the statutory tax rate of 28% (2002: 28% of the estimated assessable profit for the year.

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:

7. TAXATION (CONTD.)

	2003 RM'000	2002 RM'000
GROUP		
Loss before taxation	(169,271)	(8,281)
Taxation at statutory tax rate of 28% (2002: 28%)	(47,396)	(2,319)
Income not subject to tax	(22)	-
Expenses not deductible for tax purposes	5,954	4,411
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(161)	(64)
Deferred tax assets not recognised on unused deduction for expenses under section 60F of Income Tax Act, 1967	50,143	7,106
Deferred tax assets not recognised on unabsorbed business losses and capital allowances	474	454
Overprovision of deferred tax in prior years	(84)	(357)
Overprovision of income tax expense in prior years	(2,214)	-
Tax expense for the year	6,694	9,231
COMPANY		
Loss before taxation	(12,187)	(14,769)
Taxation at statutory tax rate of 28% (2002: 28%)	(3,412)	(4,135)
Expenses not deductible for tax purposes	3,451	4,409
Deferred tax assets not recognised on unabsorbed business losses and capital allowances	31	-
Overprovision of income tax expense in prior years	(937)	-
Tax expense for the year	(867)	274

Tax losses are analysed as follows:

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax savings recognised during the year arising from:				
Utilisation of tax losses brought forward from previous years	23	64	-	-
Unutilised tax losses carried forward	3,932	2,613	92	-

7. TAXATION (CONTD.)

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances are analysed as follows:				
Tax savings recognised during the year arising from:				
Utilisation of current year unabsorbed capital allowances	53	235	-	-
Utilisation of unabsorbed capital allowances brought forward from previous years	493	598	-	-
Unabsorbed capital allowances carried forward	1,732	1,934	50	-

As at 30 June 2003, the Group and the Company have potential deferred tax benefits of approximately RM1,586,000 (2002: RM1,273,000) and RM40,000 (2002: Nil) 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. BASIC LOSS PER SHARE

The basic loss per share is calculated based on the loss after taxation and minority interests of the Group and the Company of RM175,744,000 (2002: RM17,145,000) and RM11,320,000 (2002: RM15,043,000) respectively and on the number of ordinary shares of RM1.00 each of 57,377,835 (2002: 57,377,835) in issue during the year.

The diluted earnings per share is not shown as it is not applicable to the Group.

9. DIVIDEND

Net Dividend Proposed:

	Amount		GROUP/COMPANY Net Dividend per Share	
	2003	2002	2003	2002
	RM'000	RM'000	Sen	Sen
First and final dividend of 0.7% less 28% taxation paid during the year (2002: 0.5% tax exempt)	289	287	0.50	0.50

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

10. PROPERTY, PLANT AND EQUIPMENT

GROUP

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

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

GROUP (CONTD.)

2003

	At 1.7.2002 RM'000	Disposal of subsidiaries RM'000	Change 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 (CONTD.)

GROUP (CONTD.)

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 offs 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

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

GROUP (CONTD.)

2002

	At 1.7.2001 RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	At 30.6.2002 RM'000
At valuation:					
Long term leasehold land	457	-	-	-	457
Building	579	-	-	-	579
	1,036	-	-	-	1,036
At cost:					
Freehold land	27,955	1,305	-	-	29,260
Long term leasehold land	450	-	-	-	450
Buildings	4,495	676	-	-	5,171
Plant and equipment	12,262	632	(2,236)	(347)	10,311
Motor vehicles	2,127	101	(779)	-	1,449
Access road	1,475	-	-	-	1,475
Quarry improvements	4,208	-	-	-	4,208
	52,972	2,714	(3,015)	(347)	52,324
Total	54,008	2,714	(3,015)	(347)	53,360

110. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

GROUP (CONTD.)

2002

	At 1.7.2001 RM'000	Change for the year RM'000	Disposals RM'000	Write offs RM'000	At 30.6.2002 RM'000
Accumulated Depreciation					
At valuation:					
Long term leasehold land	106	5	-	-	111
Building	242	11	-	-	253
	348	16	-	-	364
At cost:					
Long term leasehold land	41	5	-	-	46
Buildings	2,209	150	-	-	2,359
Plant and equipment	8,516	927	(2,396)	(131)	6,916
Motor vehicles	1,370	210	(723)	-	857
Access road	1,475	-	-	-	1,475
Quarry improvements	4,208	-	-	-	4,208
	17,819	1,292	(3,119)	(131)	15,861
Total	18,167	1,308	(3,119)	(131)	16,225

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

GROUP (CONTD.)

2002

	At 1.7.2001 RM'000	Additions RM'000	Charge for the year RM'000	Disposals RM'000	Write offs RM'000	At 30.6.2002 RM'000
Net Book Value						
At valuation:						
Long term leasehold land	351	-	(5)	-	-	346
Building	337	-	(11)	-	-	326
	688	-	(16)	-	-	672
At cost:						
Freehold land	27,955	1,305	-	-	-	29,260
Long term leasehold land	409	-	(5)	-	-	404
Buildings	2,286	676	(150)	-	-	2,812
Plant and equipment	3,746	632	(927)	160	(216)	3,395
Motor vehicles	757	101	(210)	(56)	-	592
Access road	-	-	-	-	-	-
Quarry improvements	-	-	-	-	-	-
	35,153	2,714	(1,292)	104	(216)	36,463
Total	35,841	2,714	(1,308)	104	(216)	37,135

COMPANY

	2003			2002		
	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	409	360	769	744	355	1,099
Additions	17	-	17	16	101	117
Disposals	(136)	-	(136)	(4)	(96)	(100)
Write offs	(149)	-	(149)	(347)	-	(347)
At 30 June	141	360	501	409	360	769
Accumulated Depreciation						
At 1 July	196	129	325	202	100	302
Charge for the year	56	71	127	127	70	197
Disposals	(90)	-	(90)	(2)	(41)	(43)
Write off	(77)	-	(77)	(131)	-	(131)
At 30 June	85	200	285	196	129	325
Net Book Value						
At 30 June	56	160	216	213	231	444

10. PROPERTY, PLANTAND EQUIPMENT (CONTD.)

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

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

	GROUP	
	2003 RM'000	2002 RM'000
Long term leasehold land	49	50
Building	163	169
	212	219

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

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Motor vehicles	476	549	159	231
Plant and machinery	1,309	1,585	-	-
Office equipment	158	202	-	-
	1,943	2,336	159	231

(c) The net book values of property, plant and equipment pledged for borrowings as referred to in Note 22 are as follows:

	GROUP	
	2003 RM'000	2002 RM'000
Freehold land	27,555	27,555
Freehold building	465	475
Long term leasehold land	71	72
	28,091	28,102

11. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2003	2002
	RM'000	RM'000
Unquoted investments, at cost	172,830	176,909
Less: Accumulated impairment losses	(76,477)	(71,960)
	96,353	104,949

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

	Company	Principal activities	Effective equity interest 2003 %	Effective equity interest 2002 %
*	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.	Management services	100.0	100.0
	C.I. Enterprise Sdn. Bhd.	Investment holding	100.0	100.0
	C.I. Properties Sdn. Bhd.	Dormant	100.0	100.0
*	C.I. Quarries (Nilai) Sdn. Bhd.	Granite quarrying	100.0	100.0
*	C.I. Quarries Sdn. Bhd.	Granite quarrying and manufacture of bitumen hot premix for road surfacing	100.0	100.0
*	C.I. Quarrying & Marketing Sdn. Bhd.	Granite quarrying	100.0	100.0
*	Capital Aim Sdn. Bhd.	Investment holding	100.0	100.0
*	Mutual Prospect Sdn. Bhd.	Quarry proprietors and operators	100.0	100.0

11. INVESTMENTS IN SUBSIDIARIES (CONTD.)

	Company	Principal activities	Effective equity interest 2003 %	2002 %
*	C.I. Damansara Quarry Sdn. Bhd.	Granite quarrying and manufacture of bitumen hot premix for road surfacing	65.0	65.0
	C.I. Auto Services Sdn. Bhd.	Automotive air conditioning, refrigeration and logistic services	51.0	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
	Hwee Ann Credit & Leasing Sdn. Bhd.	Hire purchase finance, leasing and money lending	-	59.9
	Hwee Ann Enterprises Sdn. Bhd.	Insurance agent	-	59.9
	Hwee Ann Development Sdn. Bhd.	Property rental	-	55.9

* The unquoted shares in these subsidiaries are charged by way of a first fixed charge in favour of a licensed bank as additional security for a term loan referred to in Note 22.

11. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(d) Disposal of Subsidiaries

On 29 January 2003, the Company disposed off 59.9% equity interest in Hwee Ann Credit & Leasing Sdn. Bhd., Hwee Ann Enterprises Sdn. Bhd. and 55.9% in Hwee Ann Development Sdn. Bhd.

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

	2003 RM'000	2002 RM'000
Income statement		
Revenue	151	134
Cost of Sale	-	(196)
Other operating income	115	182
Administrative expenses	(206)	(130)
Other operating expenses	(275)	(447)
Loss for the year	(215)	(457)
Minority interests	1	2
Decrease in Group loss	(214)	(455)

The effect of the above disposals on the financial position of the Group as at 30 June 2003 was as follows:

	2003 RM'000	2002 RM'000
Balance sheet		
Property, plant and equipment	130	153
Receivables	8,411	36,955
Cash and bank balances	10	160
Payables	(32)	(187)
Provision for taxation	(241)	(241)
Goodwill on consolidation	10	10
Reserve on consolidation	(110)	(110)
Minority interests	(1,716)	(98)
Share of net assets	6,462	36,642
Goodwill on consolidation	303	
Loss on disposal	(3,765)	
Total sale consideration	3,000	
Less: Cash and cash equivalents of subsidiary companies disposed	(10)	
Cash flow on disposal, net of cash and cash equivalents disposed	2,990	

12. INVESTMENTS IN ASSOCIATE

	GROUP 2003 RM'000	GROUP 2002 RM'000
Quoted shares in Malaysia, at cost	451,083	451,083
Share of post-acquisition results less dividend received	31,767	23,851
	482,850	474,934
Less: Accumulated impairment losses	(160,083)	-
	322,767	474,934
Market value of quoted shares	205,488*	255,718

* Based on the market price quotation on the Kuala Lumpur Stock Exchange as at 30 June 2003.

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

	GROUP 2003 RM'000	GROUP 2002 RM'000
Share of net assets	137,827	129,911
Premium on acquisition	345,023	345,023
	482,850	474,934
Less: Accumulated impairment losses	(160,083)	-
	322,767	474,934

(b) The quoted shares in the associate have been pledged to a licensed bank as security for a term loan referred to in Note 22.

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

Company	Principal activities	Effective equity interest 2003 %	Effective equity interest 2002 %
KFC Holdings (Malaysia) Berhad	Quick service restaurants operator	29.13	29.37

No further impairment losses have been made in the financial statements for the shortfall between the market value and the carrying value of the investment in view of the Proposed CIE Disposal, which forms part of the Proposed Reorganisation Scheme, the details of which are disclosed in notes 32 (d), (f), (g) and 33.

13. GOODWILL ON CONSOLIDATION

	GROUP	
	2003	2002
	RM'000	RM'000
At 1 July	20,777	20,777
Arising from disposal of subsidiaries	(313)	-
At 30 June	20,464	20,777

14. INVENTORIES

At cost:		
Finished goods/trading inventories	4,728	5,014
Work-in-progress	2,039	2,612
Raw materials and consumable stores	1,771	1,772
	8,538	9,398
Allowance for inventory obsolescence	(982)	(662)
	7,556	8,736
At net realisable value:		
Raw materials	38	-
	7,594	8,736

Movements in allowance for inventory obsolescence are analysed as follows:

Balance at the beginning of the financial year	662	471
Allowance for inventory obsolescence	320	191
	982	662

15. TRADE RECEIVABLES

	GROUP 2003 RM'000	GROUP 2002 RM'000
Trade receivables	10,904	11,748
Hire purchase receivables	-	1,452
Loan receivables	-	36,880
	10,904	50,080
Deferred finance income	-	(216)
Interest in suspense	-	(565)
Allowance for doubtful debts	(1,538)	(2,980)
	9,366	46,319

Movements in allowance for doubtful debts are analysed as follows:

	2003 RM'000	2002 RM'000
Balance at the beginning of the financial year	2,980	4,903
Allowance during the year	127	-
	3,107	4,903
Write back of allowance for doubtful debts	(228)	(1,923)
Disposal of subsidiaries	(1,205)	-
Bad debts written off against allowance	(136)	-
	1,538	2,980

The Group's normal trade credit term ranges from 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 exposures to a single debtor or to groups of debtors.

16. OTHER RECEIVABLES

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Deposits	150	636	52	62
Prepayments	453	92	-	-
Sundry receivables	524	1,501	26	117
Others	28,140	744	28,025	44
	29,267	2,973	28,103	223

Included in Others of the Group and of the Company is an amount of RM28,000,000 (2002: Nil) due from Milestone Option Sdn. Bhd.. This amount is interest-free and is to be settled upon the successful completion of the Proposed 51% Permanis Acquisition which forms part of the Proposed Reorganisation Scheme, the details of which are disclosed in notes 32 (d), (f), (g) and 33.

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.

17. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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 (2002: 4.80% to 6.00%).

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 (2002: 4.80% to 7.05%).

18. DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Deposits	1,918	5,102	1,400	-

Included in the above for the Group are:

(i) a deposit with licensed bank amounting to RM Nil (2002: RM5,002,000) which was pledged as security for a term loan granted to a subsidiary company, as referred to in Note 22;

8. DEPOSITS WITH LICENSED BANKS (CONTD.)

(ii) a deposit with a licensed bank amounting to RM100,000 (2002: RM100,000) which is pledged as security for a bank overdraft facility granted to a subsidiary company, as referred to in Note 22; and

(iii) a deposit with a licensed bank of RM417,857 (2002: Nil) which is pledged for an import trade financing facility granted to a subsidiary company for its operations, as referred to in Note 22.

19. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash and cash equivalents at 30 June comprise the following:				
Cash and bank balances	1,475	903	116	7
Deposits with licensed banks	1,918	5,102	1,400	-
Bank overdrafts (Note 22)	(1,283)	(3,669)	-	-
	2,110	2,336	1,516	7
Less: Deposits with licensed banks pledged as security	-	(5,100)	-	-
	2,110	(2,764)	1,516	7

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

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
	%	%	%	%
Licensed banks	2.74	4.00	2.40	-

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

	GROUP		COMPANY	
	2003 Days	2002 Days	2003 Days	2002 Days
Licensed banks	7	30	7	-

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 days.

21. OTHER PAYABLES

	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
Sundry payables	99,152	92,214	1,909	1,407
Accruals	1,365	1,542	647	420
Others	879	5,363	120	102
	101,396	99,119	2,676	1,929

Included in Sundry Payables of the Group is an amount of RM92.7 million (2002: RM89.7million) 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 will be assumed by QSR Brands Sdn. Bhd. (formerly known as Good Platform Sdn. Bhd.) upon completion of the Proposed CIE Disposal, which forms part of the Proposed Reorganisation Scheme, the details of which are disclosed in notes 32 (d), (f), (g) and 33.

The normal credit terms granted to the Group range from 30 to 60 days.

22. BANK BORROWINGS

	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
Short Term Borrowings				
Secured:				
Bank overdrafts	-	2,801	-	-
Progressive drawdown facility from a licensed financial institution (Note b)	15,000	5,000	-	-
Term loan from a licensed credit company (note f)	4,450	14,596		
Term loans from licensed banks (Note c)	206,982	112		
Bank overdrafts (note d)	1,283	868	-	-
Import trade financing (Note e)	2,051	-	-	-
Hire purchase and finance lease payables (Note 23)	644	602	63	63
	230,410	23,979	63	63

22. BANK BORROWINGS (CONTD.)

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Short Term Borrowings (contd.)				
Unsecured:				
Factoring facility	-	42	-	-
Bankers acceptances	4,172	6,444	-	-
Revolving credit facility	2,021	2,010	2,021	2,010
	236,603	32,475	2,084	2,073
Long Term Borrowings				
Secured:				
Term loans from licensed banks (Note c)	1,743	199,234	-	-
Hire purchase and finance lease payables (Note 23)	643	1,007	79	142
	2,386	200,241	79	142
Total Borrowings				
Bank overdrafts (Note 19)	1,283	3,669	-	-
Progressive drawdown facility from a licensed financial institution	15,000	5,000	-	-
Factoring facility	-	42	-	-
Bankers acceptances	4,172	6,444	-	-
Revolving credit facility	2,021	2,010	2,021	2,010
Term loan from a licensed credit company	4,450	14,596	-	-
Term loans from licensed banks	208,725	199,346	-	-
Import trade financing	2,051	-	-	-
Hire purchase and finance lease payables (Note 23)	1,287	1,609	142	205
	238,989	232,716	2,163	2,215

22. BANK BORROWINGS (CONTD.)

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	235,959	31,873	2,021	2,010
More than 1 year and less than 2 years	248	198,112	-	-
More than 2 years and less than 5 years	275	336	-	-
5 years or more	1,220	786	-	-
	237,702	231,107	2,021	2,010

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

	GROUP		COMPANY	
	2003	2002	2003	2002
	%	%	%	%
Bank overdrafts	7.76	8.11	-	-
Progressive drawdown facility from a licensed financial institution	12.50	12.50	-	-
Factoring facility	8.75	8.75	-	-
Bankers acceptances	2.87	2.86	-	-
Revolving credit facility	6.23	6.25	6.23	6.25
Import trade financing	2.11	-	-	-
Term loan from a licensed credit company	12.00	12.00	-	-
Short term loan from a licensed bank	8.50	8.90	-	-
Term loans from licensed banks	7.13	6.50	-	-

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

(b) The facility is also secured by a third party legal charge over certain pieces of land owned by a subsidiary.(Note10 (c))

22. BANK BORROWINGS (CONTD.)

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

(i) RM206,728,000 (2002: RM198,112,000), which is secured by a charge on the quoted shares in the associate referred to in Note 12 (b) and a charge on the unquoted shares of 7 subsidiaries referred to in Note 11.

The tenure of the term loan has been extended from January 2002 to January 2004.

(ii) RM1,310,000 (2002:RM1,234,000), which is secured by a first party legal charge over a property of a subsidiary. (Note 10(c))

(iii) RM687,000 (2002: Nil), 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 10(c))

(d) 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.

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

(f) The term loan from the licensed credit company is secured by a charge on the unquoted shares of certain subsidiaries.

The tenure of the loan has been extended from 30 June 2003 till the completion and successful implementation of the Proposed Reorganisation Scheme of the Company.

23. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments:				
Not later than 1 year	763	602	81	63
Later than 1 year and not later than 2 years	486	602	81	63
Later than 2 years and not later than 5 years	229	627	17	134
Later than 5 years	45	74	-	-
	1,523	1,905	179	260
Less: Future finance charges	(236)	(296)	(37)	(55)
	1,287	1,609	142	205
Present value of hire purchase and lease liabilities:				
Not later than 1 year	644	560	63	62
Later than 1 year and not later than 2 years	417	560	63	62
Later than 2 years and not later than 5 years	190	431	16	81
Later than 5 years	36	58	-	-
	1,287	1,609	142	205
Analysed as:				
Due within 12 months (Note 22)	644	602	63	63
Due after 12 months (Note 22)	643	1,007	79	142
	1,287	1,609	142	205

The hire purchase and lease liabilities are being charged interest at the balance sheet date of between 3.66% to 5.90% (2002: 3.66% to 5.90%) per annum.

24. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Authorised:				
At the beginning/ end of year	500,000	500,000	500,000	500,000
Issued and fully paid:				
At the beginning/ end of year	57,378	57,378	57,378	57,378

25. SPECIAL RESERVE

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At the beginning of year	11,520	11,520	10,622	10,622
Reversal of overstatement in prior years	(898)	-	-	-
At the end of year	10,622	11,520	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.

26. RETAINED PROFITS

As at 30 June 2003, the Company has tax exempt profits available for distribution of approximately RM12.1 million (2002: 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 RM21.9 million (2002: RM20.0 million) out of its retained profits. If the balance of the retained profits of RM140 million (2002: RM153 million) were to be distributed as dividends prior to there being sufficient tax credit, the Company would have a Section 108 shortfall of approximately RM54 million (2002: RM59 million).

27. DEFERRED TAX LIABILITIES

	GROUP	
	2003 Accelerated Capital Allowances RM'000	2002 Accelerated Capital Allowances RM'000
At the beginning of year	1,508	1,865
Recognised in the income statement (Note 7)	(84)	(357)
At the end of year (Note 28)	1,424	1,508
Deferred taxation provided for in the financial statements comprise the tax effects of:		
Excess of capital allowances over book depreciation	177	261
Revaluation of long term leasehold land	34	34
Effects of adopting MASB 25	1,213	1,213
	1,424	1,508

28. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Changes in Accounting Policies

During the financial year, the Group and the Company applied four new MASB Standards, one of which became effective from 1 January 2002 and the remaining three in 1 July 2002, and accordingly modified certain accounting policies. The changes in accounting policies which resulted in prior year adjustments are discussed below:

MASB 25: Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary difference can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

(b) Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

	GROUP	
	2003	**2002**
	RM'000	**RM'000**
Effects on reserves on consolidation:		
At the beginning of year, as previously stated	56,781	56,781
Effects of adopting MASB 25	(1,213)	(1,213)
At the beginning of year, as restated	55,568	55,568

Comparatives amounts as at 30 June 2002 have been restated as follows:

	Previously Stated RM'000	Adjustments RM'000	Restated RM'000
Group			
Deferred tax liabilities (Note 27)	295	1,213	1,508

29. CONTINGENT LIABILITIES

	COMPANY	
	2003	2002
	RM'000	RM'000
(a) Guarantees given to financial institutions in respect of banking facilities granted to subsidiaries - unsecured	237,701	227,249

The directors are of the opinion that the likelihood of the above contingencies crystallising is remote due to the Proposed Reorganisation Scheme, the details of which are disclosed in notes 32 (d), (f), (g) and 33.

(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 1 July 2003, the former employee filed a copy of the notice of motion and affidavit in support to proceed with the hearing of appeal without the grounds of decision of the learned trial Judge. No date has been fixed for hearing.

The Company's solicitor is of the opinion that the Court of Appeal would allow the Appeal and reverse the decision of the trial Judge.

(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 2000 to the date of full settlement.

On 22 August 2003, the financial institution's solicitors formally served the Judgement and demanded payment. The subsidiary is in the process of applying for an urgent stay of execution pending the determination of the 1st Appeal which was lodged on 10 February 2003 and the 2nd Appeal which came up for hearing on 7 July 2003. The subsidiary's solicitors have advised that there are good merits in the 1st and 2nd Appeals and that there are special and exceptional circumstances to warrant a stay.

(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 its defence and the court hearing date has yet to be fixed. 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.

29. CONTINGENT LIABILITIES (CONTD.)

(iv) Shareholder's Agreements

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

(i) Kentucky Fried Chicken International Holdings, Inc. and Kentucky Fried Chicken Management Pte Ltd;

(ii) Pizza Hut International, LLC and Pizza Hut Singapore Pte Ltd; and

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

Due to the nature of the terms and conditions of the Shareholder's Agreements and the Letter of Undertaking there is a contingent liability, which cannot be quantified presently, on the Group unless and until there is a breach of the Franchise Agreement(s) and/or the Shareholder's Agreement(s) and/or the Letter of Undertaking or in the event the Franchisor(s) exercise any of its rights pursuant to the Franchise Agreement(s) or take action to enforce any of its rights and remedies under the Shareholder's Agreement(s).

The Shareholder’s Agreements will no longer be applicable upon the completion of the Proposed Reorganisation Scheme.

30. CAPITAL COMMITMENTS

	GROUP	
	2003	2002
	RM'000	RM'000
Authorised but not contracted for	1,592	2,154

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Management fees received from subsidiaries				
- C.I. Construction Sdn. Bhd.	-	-	-	353
- C.I. Quarries Sdn. Bhd.	-	-	388	353
- Doe Industries Sdn. Bhd.	-	-	386	353
- Hwee Ann Credit & Leasing Sdn. Bhd.	-	-	189	353
Interest received from subsidiaries				
- C.I. Quarries Sdn. Bhd.	-	-	-	240
- Hwee Ann Credit & Leasing Sdn. Bhd.	-	-	-	174
Rental and other charges received from a subsidiary				
- Doe Industries Sdn. Bhd.	-	-	-	70
Interest paid to a subsidiary				
- Doe Industries Sdn. Bhd.	-	-	-	286
Advances received from subsidiaries:				
- C.I. Quarries Sdn. Bhd.	-	-	3,138	1,014
- C.I. Building Industries Sdn. Bhd.	-	-	-	30
- C.I. Auto Services Sdn. Bhd.	-	-	789	2,898
- Doe Industries Sdn. Bhd.	-	-	14,834	4,763
- C.I. Management Sdn. Bhd.	-	-	458	-
- Hwee Ann Credit & Leasing Sdn. Bhd.	-	-	-	11,020
Advances made to subsidiaries				
- C.I. Enterprise Sdn. Bhd.	-	-	11,687	14,527
- Mawar Seroja Sdn. Bhd.	-	-	11	6
- C.I. Management Sdn. Bhd.	-	-	-	2,799
- C.I. Building Industries Sdn. Bhd.	-	-	1,895	-
- C.I. Construction Sdn. Bhd.	-	-	252	177
- C.I. Engineering Sdn. Bhd.	-	-	118	-

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.

32. SIGNIFICANT EVENTS

During the financial year under review, the following significant events occurred:

(a) On 25 July 2002, the issued and paid-up share capital of C. I. Auto Services Sdn. Bhd. ("CIAS"), a wholly-owned subsidiary of the Company was increased to 200,000 ordinary shares of RM1.00 each from 2 ordinary shares of RM1.00 each.

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

(c) On 10 December 2002, Hwee Ann Credit & Leasing Sdn. Bhd., a 59.9% owned subsidiary of the Company acquired a dormant shelf company known as Kreatif Nirwana Sdn. Bhd. ("KNSB") with fully paid-up share capital of RM2.00 divided into 2 ordinary shares of RM1.00 each, for a total cash consideration of RM1,800.00. KNSB was incorporated in Malaysia on 12 November 2001 with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each.

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

    To facilitate the Proposed Reorganisation Scheme, the Company proposed the following:

    (i) Proposed disposal of the entire equity interest in C.I. Enterprise Sdn. Bhd.("CIE"), a wholly-owned subsidiary of the Company, comprising 300,000 ordinary shares of RM1.00 each to QSR Brands Sdn. Bhd. (formerly known as Good Platform Sdn. Bhd.) for a cash consideration of RM1.00 and the assumption by QSR Brands Sdn. Bhd. of the corporate guarantee of RM198 million given by the Company to Alliance Bank Malaysia Berhad ("Proposed CIE Disposal");

        Included in CIE's total borrowings is an amount of RM198 million which is secured by its investment in 57,000,000 ordinary shares of RM1.00 each in KFCH and also by a corporate guarantee from the Company. KFCH is a company listed on the Main Board of the Kuala Lumpur Stock Exchange, and is principally involved in investments and provision of management services. Its subsidiaries are primarily engaged in the operations of restaurants, poultry processing, convenience food store chain, bakery and property investment.

32. SIGNIFICANT EVENTS (CONTD.)

(ii) Proposed Renounceable Rights Issue of 57,377,835 new ordinary shares of RM1.00 each together with 57,377,835 free new detachable warrants on the basis of one Rights Share held and one Warrant for every one existing ordinary share of RM1.00 each held at a proposed issue price of RM1.00 per Rights Share ("Proposed Rights Issue");

(iii) Proposed Acquisition of 51% equity interest in Permanis Sdn. Bhd. 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 RM34.42 million ("Proposed 51% Permanis Acquisition"); and

(iv) Proposed Acquisition of the entire interest in Pep Bottlers Sdn. Bhd., comprising 300,000 ordinary shares of RM1.00 each, from KFCH for a cash consideration of RM35.28 million ("Proposed Pep Bottlers Acquisition").

(e) On 29 January 2003, the Company together with C.I. Management Sdn. Bhd., a wholly-owned subsidiary, sold the Group's investment of 2,399,971 ordinary shares of RM1.00 each representing 59.9% equity in Hwee Ann Credit & Leasing Sdn. Bhd., Hwee Ann Enterprises Sdn. Bhd. and 55.9% in Hwee Ann Development Sdn. Bhd. for RM3.0 million. The disposal was completed on 20 March 2003.

(f) On 14 March 2003, the Company announced that, as part of the Proposed Reorganisation Scheme, the Company and Doe Industries Sdn. Bhd. ("Doe"), a wholly owned subsidiary, have entered into a Debt Settlement Agreement ("DSA") with Malaysian Assurance Alliance Berhad ("MAA") for the proposed settlement of the principal amount owing by Doe to MAAamounting to RM15.0 million as at 28 February 2003 via the issuance of 14,851,485 new ordinary shares of RM1.00 each in the Company ("Proposed Debt Settlement").

The Proposed Debt Settlement is conditional on the Proposed Reorganisation Scheme, but not vice versa.

(g) The Proposed Reorganisation Scheme has been granted approval by Bank Negara Malaysia vide its letter dated 11 June 2003 and the approval was announced by the Company on 11 June 2003. Other matters in respect of the Proposed Reorganisation Scheme are disclosed in Note 33, Significant Events After Balance Sheet Date.

33. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Subsequent to the balance sheet date, the Proposed Reorganisation Scheme has been granted approvals by:

(i) the Ministry of International Trade and Industry vide its letter dated 9 July 2003 and announced by the Company on 16 July 2003;

(ii) the Securities Commission ("SC") and SC (on behalf of the Foreign Investment Committee) vide its letter dated 12 August 2003 and announced by the Company on 13 August 2003; and

(iii) the shareholders of the Company at an Extraordinary General Meeting held on 22 October 2003 and announced by the Company on 22 October 2003.

The completion of the Proposed Reorganisation Scheme is subject to and conditional upon approvals being obtained from the following:

(i) SC on the removal of the restrictive covenant in the International Franchise Agreement dated 17 February 2003;

(ii) shareholders and warrantholders of Ayamas and shareholders of QSR Brands Sdn. Bhd. at their respective court convened general meetings for the Proposed CIE Disposal; and

(iii) shareholders of KFCH at their Extraordinary General Meeting for the Proposed Pep Bottlers Acquisition.

Barring unforeseen circumstances, the Proposed Reorganisation Scheme is expected to be completed within six months from the date of all approvals required for the Proposed Reorganisation Scheme having been obtained.

34. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except for the following:

(a) that certain comparative amounts have been adjusted as a result of changes in accounting policies as disclosed in Note 3(a) and Note 28.

(b) The presentation and classification of items in the segment information (Note 36) of the previous financial year have been changed to comply with the requirements of MASB 22 : Segment Reporting which was adopted during the financial year.

35. 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 2003. 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 is not exposed to significant foreign currency risk as majority of the Company's transactions are denominated in Ringgit Malaysia.

The Group does not use any forward contracts to hedge against its exposure to foreign currency risk.

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent 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. In addition, the Group is endeavoring to settle its outstanding debts through its Proposed Reorganisation Scheme the details of which are disclosed in notes 32(d), (f), (g) and 33.

(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.

35. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are represented as follows:

	GROUP		COMPANY	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
At 30 June 2003:				
Investments in subsidiaries	-	-	96,353	*
Investment in associate	322,767	205,488	-	-
Amounts due from subsidiaries	-	-	148,932	#
At 30 June 2002:				
Investments in subsidiaries	-	-	104,949	*
Investment in associate	474,934	255,718	-	-
Amounts due from subsidiaries	-	-	167,172	#
Financial Liabilities				
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
At 30 June 2002:				
Amounts due to subsidiaries	-	-	25,470	#
Term loan from a licensed credit company	14,596	@	-	-
Term loans from licensed banks	199,346	@	-	-
Hire purchase and finance lease payables	1,609	1,664	205	214

* 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.

35. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Values (Contd.)

\# It is also not practical to estimate the fair values of amounts due from/(to) related corporations 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 due principally to a lack of fixed repayment term as it depends on the completion of the Proposed Reorganisation Scheme.

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) Investment in associate

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

36. SEGMENT INFORMATION

(a) Business Segments:

The Group is organised into four major business segments:

(i) Building and construction related products

(ii) Provision of engineering services

(iii) Investment holdings

(iv) Financial services

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.

36. SEGMENT INFORMATION (CONTD.)

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

36. SEGMENT INFORMATION (CONTD.)

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	23,691	1,564	134	-	-	-	25,389
Inter-segment sales	3,772	-	-	-	10	(3,782)	-
Total revenue	27,463	1,564	134	-	10	(3,782)	25,389
Result							
Segment results	261	(197)	(872)	(3,064)	(16)	-	(3,888)
Loss on disposal of discontinuing operations	-	-	-	-	-	-	-
Unallocated corporate expenses	-	-	-	-	-	-	-
Loss from operations							(3,888)
Finance costs, net	-	-	-	-	-	-	(30,038)
Share of results of associates	-	-	-	25,645	-	-	25,645
Taxation	-	-	-	-	-	-	(9,231)
Loss after taxation							(17,512)
Minority interests							367
Net loss for the year							(17,145)
Assets							
Segment assets	57,525	1,325	37,015	26,241	34	-	122,140
Investment in equity method of associates	-	-	-	474,934	-	-	474,934
Consolidated total assets							597,074
Liabilities							
Segment liabilities	28,592	3,473	249	308,138	40	-	340,492
Unallocated corporate liabilities	-	-	-	-	-	-	-
Consolidated total liabilities							340,492
Other Information							
Capital expenditure	2,500	96	-	118	-	-	2,714
Depreciation	1,092	5	14	197	-	-	1,308
Impairment losses	-	-	-	-	-	-	-
Non-cash expenses other than depreciation and impairment losses	1,751	-	-	-	-	-	1,751

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

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

We, DATO'SERI ABDUL GHANI BIN ABDULAZIZ and DATO' HAJI 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 26 to 86 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 2003 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 ABDULAZIZ
Director

DATO' HAJI JOHARI BIN ABDUL GHANI
Director

Kuala Lumpur, Malaysia
22 October 2003

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 26 to 86 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 22 October 2003 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)

We have audited the accompanying financial statements set out on pages 26 to 86. 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 2003 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF

C.I. HOLDINGS BERHAD
(Incorporated in Malaysia)

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. As the preparation of the financial statements of the Group and of the Company on the going concern basis is significantly dependent on the continued financial support of creditors, lenders, shareholders as well as the successful implementation of the Proposed Reorganisation Scheme, we consider that these disclosures should be brought to your attention. Our opinion is not qualified in this respect.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Mohd Sukarno bin Tun Sardon
1697/03/05(J)
Partner

Kuala Lumpur, Malaysia
22 October 2003

List of Properties as at 30 June 2003

Tenure	Location	Approximately Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
WILAYAH PERSEKUTUAN						
Freehold	Industrial Land in Daerah Hulu Langat Mukim of Semenyih at Lot 1178 1313 - 1316 1318 - 1319 1119 - 1120	3,789,023	-	Land for Quarrying	12/1994 17/06/1993 17/06/1994 30/12/1992	26,250
SELANGOR DARULEHSAN						
Leasehold 99 years expiring 2094	Land with building at HS(D) 4283 PT 9560 Mukim Dengkil, Sepang	10,499 (Built-up Area)	5	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, Negeri Selangor	7,178 (Built-up Area)	11	3 Storey Office Building	13/07/2001	1,769
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)	24	Factory for manufacturing Tap wares	10/06/1978	1,897
Freehold (2 individual Lots)	Land at HS(D) 14031 PT 3272 HS(D) 14036 PT 3277 Mukim Si Rusa, Daerah Port Dickson	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	71
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	327
JOHOR DARUL TAKZIM						
Freehold	Agriculture Land at Lot 2799 Mukim of Senai Daerah Johor Bahru	214,533	-	Agricultural Land - Plant and Stockpile	17/11/1990	57

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

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 OCTOBER 2003

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	NO. OF SHAREHOLDINGS	% OF SHAREHOLDINGS
1 - 99	14	128	0.00
100 - 1,000	2,506	2,450,873	4.27
1,001 - 10,000	2,971	10,727,597	18.70
10,001 - 100,000	322	8,025,037	13.99
100,001 -2,868,890*	40	24,202,200	42.18
2,868,891 and above**	1	11,972,000	20.87
Total	5,854	57,377,835	100.00

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

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2003

No.	Name	Direct No. of Shares	Percentage (%)	Indirect No. of Shares	Percentage (%)
1.	Syed Khalil Syed Ibrahim			(1) 11,273,800	19.65
2.	Datin Mariam Prudence Binti Yusof			(1) 11,273,800	19.65
3.	Amanah Raya Berhad -Skim Amanah Saham Bumiputera	11,972,000	20.87		

Note

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

Thirty (30) Largest Shareholders as at 31 October 2003

No.	Name	No. of shares of RM1.00 each	Percentage (%)
1	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	11,972,000	20.87
2	Sisma Water Technology Sdn. Bhd.	2,716,000	4.73
3	Duclos Sdn. Bhd.	2,680,000	4.67
4	Permodalan Nasional Berhad	2,663,000	4.64
5	Syed Ibrahim Sdn. Bhd.	2,270,000	3.96
6	Du Ain Sdn. Bhd.	1,652,000	2.88
7	A.A. Assets Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Piramid Tulin Sdn. Bhd.	1,120,000	1.95
8	Yates Ventures Limited	1,064,000	1.85
9	Assets Nominees (Tempatan) Sdn. Bhd. Hume Industries (Malaysia) Berhad	1,040,500	1.81
10	Thong & Kay Hian Nominees (Asing) Sdn. Bhd. Trans-Pacific Credit Pte Ltd for Yates Ventures Limited	1,000,000	1.74
11	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Sisma Vest Sdn. Bhd.	1,000,000	1.74
12	Leasing Corporation Sdn. Bhd.	741,000	1.29
13	HDM Nominees (Asing) Sdn. Bhd. UOB Kay Hian Private Limited for Naunton International Limited	637,000	1.11
14	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang	560,000	0.98
15	Thong & Kay Hian Nominees (Asing) Sdn. Bhd. UOB Kay Hian Private Limited for Naunton International Limited	421,000	0.73
16	Subrayan A/L Sellappan	289,000	0.50

Thirty (30) Largest Shareholders as at 31 October 2003

No.	Name	No. of shares of RM1.00 each	Percentage (%)
17	M & A Nominee (Asing) Sdn. Bhd. UOB Kay Hian Private Limited for Naunton International Limited	284,000	0.49
18	Usahatek Sdn. Bhd.	259,000	0.45
19	Tay Boon Teck	231,000	0.40
20	Southern Investment Bank Berhad Kumpulan Wang Simpanan Pekerja for Izhar Bin Sulaiman	218,700	0.38
21	Lembaga Tabung Haji	217,000	0.38
22	Amanah Raya Berhad Kumpulan Wang Am	206,000	0.36
23	Hong Chin Chai	205,000	0.36
24	Lee Sui Hee	200,000	0.35
25	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for M & S Food Industries Sdn. Bhd.	200,000	0.35
26	Dagang Setia Sdn. Bhd.	198,500	0.35
27	Nagadevi Thambapillay A/P Sivasupramaniam	191,000	0.33
28	Amsec Nominees (Tempatan) Sdn. Bhd. P.T. Arab-Malaysian Capital Indonesia for Yeoh Bak Khoon	175,200	0.31
29	Ke-Zan Nominees (Tempatan) Sdn. Bhd. Kim Eng Securities Pte. Ltd. For Ahmad Fuad Bin Md Ali	165,000	0.29
30	JB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Teong Kiat	155,000	0.27
		34,730,900	**60.52**

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds
No proceeds were raised by the Company from any corporate exrecise during the financial year.

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

Options, Warrants or Convertible Securities
No options, warrants or convertible securities were issued during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme
The Company did not sponsor any ADR or GDR programme during the financial year.

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

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 RM215,000.

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 30 June 2003 and the Statutory Financial Statements for the year ended 30 June 2003.

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

Material Contracts
There were no material contracts entered into by the Company and its subsidiaries which involve directors' and substantial shareholders' interests since the previous financial year ended 30 June 2002 and in the financial year ended 30 June 2003.

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 did not adopt any revaluation policy on landed properties during the financial year.

Recurrent Related Party Transactions of a Revenue or Trading Nature

During the financial year, the Company and its subsidiaries had not entered into any recurrent related party transactions which are of a revenue or trading nature which requires shareholders' mandate.

PROXY FORM

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-Fifth 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 Monday, 22 December 2003 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 30 June 2003 together with the Directors'and Auditors'Reports thereon. *Resolution 1*		
(2)	To approve the payment of Directors'fees for the year ended 30 June 2003. *Resolution 2*		
(3)	To re-elect the following Director who is retiring in accordance with Article 92 of the Company's Articles of Association: i. Mr. Chan Peng Chiw *Resolution 3*		
(4)	To re-elect the following Directors who are retiring in accordance with Article 98 of the Company's Articles of Association: i. Maj Gen (R) Dato'Mohamed Isa Bin Che Kak *Resolution 4*		
	ii. Erwin Selvarajah A/L Peter Selvarajah *Resolution 5*		
	iii. Datuk Syed Ali Bin Tan Sri Syed Abbas Alhabshee *Resolution 6*		
	iv. Dato'Azmeer Bin Rashid *Resolution 7*		
(5)	To re-appoint Messrs. Ernst & Young, the retiring Auditors, and to authorise the Directors to fix their remuneration. *Resolution 8*		
(6)	To consider and if thought fit, pass the Ordinary Resolution to give authority to the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965. *Resolution 9*		

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

Dated this..........................day of... ....2003.

Number of Ordinary Shares Held

....
Signature/Common Seal of Member

NOTES:

1. *Amember 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. Aproxy 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 appointer or of his(her) attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.*
3. *Where a member appoints two or more proxies, he(she) shall specify the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy must be deposited at the Company's registered office at 10th Floor, Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.*