

**ACCOUNTANTS' REPORT ON PEP BOTTLERS**  
(Prepared for inclusion in this Abridged Prospectus)



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**PEP BOTTLERS SDN BHD**  
**ACCOUNTANTS' REPORT**  
(Prepared for inclusion in the Abridged Prospectus)

28 April 2004

The Board of Directors  
C.I. Holdings Berhad  
Level 17, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

Dear Sirs

**1.0 INTRODUCTION**

This report has been prepared by Ernst & Young, an approved company auditor, for the purpose of inclusion in the Abridged Prospectus of C.I. Holdings Berhad to be dated 19 May 2004.

**2.0 GENERAL INFORMATION**

**2.1 The Company**

The Company was incorporated in Malaysia on 28 June 1996 as a private limited company under the name of KFC Feedmill Sdn Bhd. On 15 November 2001, the Company changed its name to Pep Bottlers Sdn Bhd.

The authorised and issued and paid-up share capital of the Company as at 31 December 2003 are RM500,000 comprising 500,000 ordinary shares of RM1 each and RM300,000 comprising 300,000 ordinary shares of RM1 each respectively.

The principal activity of the Company is that of investment holding.

## **2.2 Associate**

Information on the associate of Pep Bottlers as at 31 December 2003, which is a private limited company incorporated in Malaysia, is as follows:

### **2.2.1 Permanis Sdn Bhd (“Permanis”)**

Permanis was incorporated in Malaysia on 3 October 1973 as a private limited company under the name of Investico Construction Sdn Bhd. On 7 February November 1975, the Company changed its name to Permanis Sdn Bhd.

The authorised share capital of Permanis as at 31 December 2003 is RM100,000,000 comprising 90,850,000 ordinary shares of RM1 each and 9,150,000 redeemable preference shares of RM1 each. The issued and paid-up share capital of Permanis as at 31 December 2003 is RM40,000,000 comprising 40,000,000 ordinary shares of RM1 each.

The principal activity of Permanis is that of selling, bottling and distribution of beverages.

## **3.0 FINANCIAL STATEMENTS, BASIS OF ACCOUNTING AND ACCOUNTING POLICIES**

This report is based on the audited financial statements of Pep Bottlers which have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia and is presented on a basis consistent with the accounting policies normally adopted by the Company.

## **4.0 AUDITORS**

We have acted as auditors of the Company since its incorporation and have reported on the financial statements of the Company for the relevant periods without qualification. In addition, our Auditors’ Reports for the relevant periods under review did not include any emphasis of matter.

## 5.0 SUMMARISED INCOME STATEMENTS

The summarised income statements of Pep Bottlers set out below are based on the audited financial statements of Pep Bottlers for the relevant periods under review.

	←-----Year ended 31 December-----→				
	<u>1999</u> RM'000	<u>2000</u> RM'000	<u>2001</u> RM'000	<u>2002</u> RM'000	<u>2003</u> RM'000
Revenue	-	-	-	-	-
Profit before depreciation, amortisation and interest	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Interest expense	-	-	-	-	-
Profit before taxation	-	-	-	-	-
Taxation	-	-	-	-	-
Profit after taxation	-	-	-	-	-
Number of shares in issue	3	3	3	300,000	300,000
Earnings per share (sen)	-	-	-	-	-

Notes:-

- (1) The Company commenced operations during the year 2002.
- (2) There were no extraordinary items in the relevant periods under review.
- (3) The earnings per share is calculated based on the profit after taxation and on the number of shares in issue in the relevant periods under review.

## 6.0 DIVIDENDS

No dividend has been paid or declared by Pep Bottlers in the relevant financial periods under review.

## 7.0 SUMMARISED BALANCE SHEETS

The summarised balance sheets of Pep Bottlers set out below are based on the audited financial statements of Pep Bottlers for the relevant periods under review.

	← As at 31 December →				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Investment in associates	-	-	-	35,291	35,291
Current assets	*	*	35,291	-	-
Current liabilities	-	-	35,291	34,991	34,991
Net current assets/(liabilities)	*	*	*	(34,991)	(34,991)
	**	*	*	300	300
Financed by:					
Share capital	*	*	*	300	300
Number of shares in issue	3	3	3	300,000	300,000
Net tangible assets per share (RM)	1	1	1	1	1

\* RM3

## 8.0 DETAILED STATEMENT OF ASSETS AND LIABILITIES

The Detailed Statement of Assets and Liabilities set out below are based on the audited financial statements of Pep Bottlers as at 31 December 2003 and should be read in conjunction with the notes thereto.

	Note	<u>2003</u> RM'000
INVESTMENT IN ASSOCIATES	B	35,291
CURRENT LIABILITY		
Amount due to holding company	C	34,991
		34,991
NET CURRENT LIABILITIES		<u>(34,991)</u>
		<u>300</u>
FINANCED BY:		
SHARE CAPITAL	D	<u>300</u>
Number of shares in issue ('000)		<u>300</u>
Net Tangible Assets per share (RM)		<u>1</u>

## **9.0 NOTES TO THE DETAILED STATEMENT OF ASSETS AND LIABILITIES**

### **A. SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Basis of Accounting**

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise disclosed in significant accounting policies.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

#### **(b) Investments**

The Company's investment in associates is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note (c).

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

#### **(c) Impairment Losses**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

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. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised in the income statement immediately.

**B. INVESTMENT IN ASSOCIATES**

**2003**  
**RM'000**

Unquoted shares at cost 35,291

Details of the associates are as follows:

<u>Name of Associate</u>	<u>Country of Incorporation</u>	<u>Equity Interest Held %</u>	<u>Principal Activities</u>
Permanis Sdn Bhd	Malaysia	49	Selling, bottling and distribution of beverages
Subsidiary of <u>Permanis Sdn Bhd:</u>			
Permanis Sandilands Sdn Bhd	Malaysia	49	Marketing and distribution of beverages
Champs Water Sdn Bhd	Malaysia	49	Manufacturing, marketing, selling and distribution of beverages
Bevmac Sdn Bhd	Malaysia	49	Dormant

**C. HOLDING COMPANY**

The holding company is KFC Holdings (Malaysia) Bhd, a public listed company incorporated in Malaysia.

The amount due to the holding company is unsecured, interest-free and has no fixed term of repayment.

**D. SHARE CAPITAL**

**2003**  
**RM'000**

**Authorised:**

Ordinary shares of RM1 each 500

**Issued and fully paid:**

Ordinary shares of RM1 each 300

**E. SUBSEQUENT EVENT**

On 1 April 2004, the holding company was changed to C.I. Holdings Berhad pursuant to a reorganisation scheme undertaken by the holding company, KFC Holdings (Malaysia) Bhd with various parties.



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## 10.0 CASH FLOW STATEMENT

The cash flow statement of Pep Bottlers set out below is based on the audited financial statements of Pep Bottlers for the year ended 31 December 2003.

	<u>2003</u> RM'000
<b>Cash Flows From Operating Activity</b>	
Net cash from operating activity	-
<b>Cash Flows From Investing Activity</b>	
Net cash from investing activity	-
<b>Cash Flows From Financing Activity</b>	
Net cash from financing activity	-
<b>Net change in cash and cash equivalents</b>	-
<b>Cash and cash equivalents at beginning of year</b>	-
<b>Cash and cash equivalents at end of year</b>	-

## 11.0 NET TANGIBLE ASSETS COVER

Based on the net tangible assets of the Company of RM300,000 and the number of shares of RM1 each in issue of 300,000, the net tangible assets per share of the Company as at 31 December 2003 is RM1.

## 12.0 AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 December 2003.

Yours faithfully

Ernst & Young  
AF:0039  
Chartered Accountants

Yeo Eng Seng  
1212/12/04(J)  
Partner

Kuala Lumpur, Malaysia



**PROFORMA CONSOLIDATED BALANCE SHEETS OF CIH AS AT 30 JUNE 2003 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON**  
(Prepared for inclusion in this Abridged Prospectus)



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**REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED BALANCE SHEETS**

(Prepared for inclusion in the Abridged Prospectus)

28 April 2004

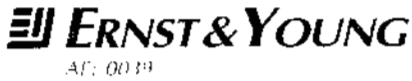
The Board of Directors  
C. I. Holdings Berhad  
Level 17, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

Dear Sirs

**PROFORMA CONSOLIDATED BALANCE SHEETS**

**C. I. HOLDINGS BERHAD ("CIH")**

- (I) Disposal by CIH and acquisition by QSR Brands Bhd (formerly known as QSR Brands Sdn Bhd) ("QSR") of the entire equity interest in C.I. Enterprise Sdn Bhd ("CIE"), comprising 300,000 ordinary shares of RM1.00 each, for a cash consideration of RM1.00 and the assumption by QSR of an amount due by CIE to CIH of RM198 million pursuant to a scheme of arrangement between Ayamas Food Corporation Bhd and its shareholders and warrant holders and QSR and its shareholders under Section 176 of the Companies Act, 1965 ("*CIE Disposal*");
- (II) Acquisition of 51% equity interest in Permanis Sdn Bhd, comprising 20,400,000 ordinary shares of RM1.00 each, by CIH from Urban Fetch Sdn Bhd, for a cash consideration of RM2.3 million and the assumption of liabilities amounting to RM34.42 million ("*51% Permanis Acquisition*");
- (III) Acquisition of the entire equity interest in Pep Bottlers Sdn Bhd, comprising 300,000 ordinary shares of RM1.00 each, by CIH from KFC Holdings (Malaysia) Bhd, for a cash consideration of RM35.28 million ("*Pep Bottlers Acquisition*");
- (IV) Renounceable rights issue of 57,377,835 new ordinary shares of RM1.00 each in CIH ("*Rights Shares*") together with 57,377,835 free new detachable warrants ("*Warrants*") at an issue price of RM1.00 per Rights Share, payable in full upon acceptance, on the basis of one (1) Rights Share and one (1) free Warrant for every one (1) existing ordinary share held of RM1.00 each in CIH held on the entitlement date ("*CIH Rights Issue*"); and
- (V) Settlement of debt owing by Doe Industries Sdn Bhd, a wholly-owned subsidiary of CIH, to Malaysian Assurance Alliance Berhad amounting to RM15,000,000, by CIH via an issuance of 14,851,485 new ordinary shares of RM1.00 each in CIH at an issue price of RM1.01 per share ("*Debt Settlement*").



**The 51% Permanis Acquisition And Pep Bottlers Acquisition Are Collectively Referred To As The “Acquisitions”**

**The CIE Disposal, CIH Rights Issue, Acquisitions And Debt Settlement Are Collectively Referred To As The “Proposals”**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of CIH as at 30 June 2003 together with the accompanying notes which we have stamped for identification, for which the Directors of CIH are solely responsible, prepared for the purpose of inclusion in the Abridged Prospectus to be dated 19 May 2004.

In our opinion:

- (i) the Proforma Consolidated Balance Sheets of CIH as at 30 June 2003, which are provided for illustrative purposes only, have been properly compiled on the bases set out in the notes thereto, and such bases are consistent with the accounting policies of the CIH group; and
- (ii) the adjustments made are appropriate for the purpose of these Proforma Consolidated Balance Sheets.

Yours faithfully

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ERNST & YOUNG  
AF: 0039  
Chartered Accountants

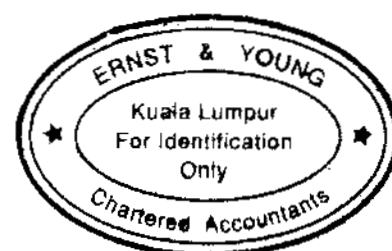
A handwritten signature in black ink, appearing to be 'Yeo Eng Seng', written over a horizontal line.

Yeo Eng Seng  
1212/12/04 (J)  
Partner

**C. I. HOLDINGS BERHAD****PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2003**

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only to show the effects on the audited consolidated balance sheet of C. I. Holdings Berhad ("CIH") as at 30 June 2003 had the bases and assumptions as shown in the accompanying notes been effected on that date, and are based on the proforma balance sheets of CIE as at 30 June 2003, the audited consolidated balance sheet of Permanis Sdn Bhd and the audited balance sheet Pep Bottlers Sdn Bhd as at 31 December 2003.

	(I)	(II)	(III)	(IV)	(V)	(VI)	
<b>Audited Balance Sheet as at 30/6/2003 RM'000</b>	<b>After CIE Disposal RM'000</b>	<b>After (I) &amp; 51% Permanis Acquisition RM'000</b>	<b>After (II) &amp; Pep Bottlers Acquisition RM'000</b>	<b>After (III) &amp; CIH Rights Issue RM'000</b>	<b>After (IV) &amp; Debt Settlement RM'000</b>	<b>After (V) &amp; Full Exercise of Warrants RM'000</b>	
PROPERTY, PLANT & EQUIPMENT	34,516	34,516	98,610	98,610	98,610	98,610	
ASSOCIATED COMPANY	322,767	-	232	232	232	232	
OTHER INVESTMENTS	21	21	21	21	21	21	
BOTTLES & CASES	-	-	6,160	6,160	6,160	6,160	
INTELLECTUAL PROPERTY	-	-	6,000	6,000	6,000	6,000	
GOODWILL ON CONSOLIDATION	20,464	20,464	46,397	-	-	-	
DEFERRED TAX ASSETS	-	-	140	140	140	140	
CURRENT ASSETS (Note 3)	50,126	129,608	179,183	179,183	189,261	189,261	251,229
CURRENT LIABILITIES (Note 3)	345,761	137,800	272,270	307,550	260,250	245,250	245,250
NET CURRENT LIABILITIES	(295,635)	(8,192)	(93,087)	(128,367)	(70,989)	(55,989)	5,979
	82,133	46,809	64,473	(17,204)	40,174	55,174	117,142
SHARE CAPITAL	57,378	57,378	57,378	57,378	114,756	129,607	186,985
RESERVES (Note 3)	19,290	(16,034)	(16,034)	(87,347)	(87,347)	(87,198)	(82,608)
SHAREHOLDERS EQUITY	76,668	41,344	41,344	(29,969)	27,409	42,409	104,377
MINORITY INTERESTS	1,033	1,033	11,397	1,033	1,033	1,033	1,033
DEFERRED AND LONG TERM LIABILITIES (Note 3)	4,432	4,432	11,732	11,732	11,732	11,732	11,732
	82,133	46,809	64,473	(17,204)	40,174	55,174	117,142
Net Tangible Assets/ (Liabilities) per share (RM)	0.98	0.36	(0.19)	(0.63)	0.19	0.28	0.53



**C. I. HOLDINGS BERHAD****NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**

The Proforma Consolidated Balance Sheets have been prepared on accounting policies consistent with those previously adopted in the preparation of audited financial statements of the CIH group and on the following basis and assumptions: -

1. CIH participated in a reorganisation scheme which involves CIH, Ayamas Food Corporation Bhd (“Ayamas”) and KFC Holdings (Malaysia) Bhd (“KFCH”) in various proposals to reorganise the group structure (“Reorganisation Scheme”).

To facilitate the Reorganisation Scheme, CIH undertook the following: -

**(A) CIE Disposal**

On 20 December 2002, CIH entered into a conditional Share Sale Agreement (“SSA”) with QSR for the disposal of 300,000 ordinary shares of RM1.00 each in CIE, representing 100% equity interest therein, for a cash consideration of RM1.00 and QSR replacing CIH as the corporate guarantor in favour of Alliance Bank Malaysia Berhad (“Alliance”) for an amount of RM198 million. On 27 November 2003, CIH and QSR mutually agreed in writing to, inter-alia, vary the SSA, from QSR replacing CIH as the corporate guarantor in favour of Alliance for the amount of RM198 million to the assumption by QSR of an amount due by CIE to CIH of RM198 million. On 2 December 2003, the RM198 million term loan facility granted by Alliance was settled by CIH on behalf of CIE.

Prior to the completion of the CIE Disposal, CIE undertook the following: -

**(a) Transfer of Balances**

CIE undertook the transfer of balances as follows: -

	<b>Amount</b>
	<u>RM'000</u>
i) Transfer of amount due to Punca Ibarat Sdn Bhd, other payables; from Mawar Seroja Sdn Bhd, a related company	83,000
ii) Transfer of short term borrowings to holding company, CIH	13,178

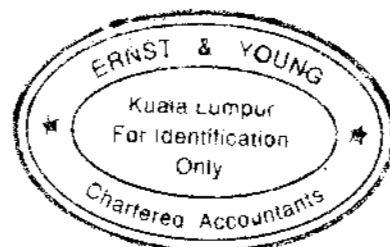
**(b) Waiver of Intercompany Loans**

Waiver of amounts owing to a related company, Mawar Seroja Sdn Bhd, of RM159.270 million and holding company, CIH, of RM49.188 million.

Accordingly, the assumed completion of the CIE Disposal as at 30 June 2003 will result in a charge to the income statement of CIH group amounting to RM32.024 million attributed to the following: -

	<u>RM'000</u>
Waiver of Intercompany Loans (referred to in Note (b) above)	(208,458)
Reversal of post acquisition reserves in CIE and KFCH	176,434
	<u>(32,024)</u>

The CIE Disposal was completed on 1 April 2004.



**C. I. HOLDINGS BERHAD**

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONTD.)**

**(B) Acquisitions**

On 20 December 2002, CIH entered into the following inter-conditional agreements: -

(a) 51% Permanis Acquisition

A Share Sale Agreement (“SSA”) with Urban Fetch Sdn Bhd for the acquisition of 20,400,000 ordinary shares of RM1.00 each in Permanis Sdn Bhd, representing 51% equity interest for a total purchase consideration of RM36.72 million as follows:-

- (i) cash payment of RM2.3 million to Urban Fetch Sdn Bhd;
- (iii) an undertaking to pay RM6.42 million to Rasa Gourmet Sdn Bhd, a wholly owned subsidiary of Ayamas; and
- (iii) assumption of debts owing by Milestone Option Sdn Bhd (a company with common shareholders as Urban Fetch Sdn Bhd), amounting to RM28.0 million to Hwee Ann Credit & Leasing Sdn Bhd, a 59.9% formerly owned subsidiary of CIH.

Goodwill on consolidation arising from the 51% Permanis Acquisition is RM25.933 million.

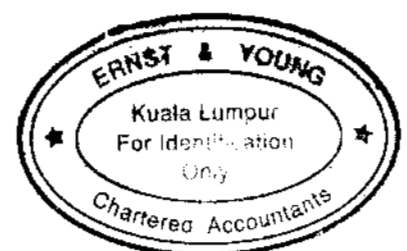
(b) Pep Bottlers Acquisition

A SSA with KFCH for the acquisition of 300,000 ordinary shares of RM1.00 each in Pep Bottlers Sdn Bhd, representing the entire equity interest therein from KFCH for a cash consideration of RM35.28 million.

Pep Bottlers Sdn Bhd’s main asset is its holding of 19.6 million ordinary shares of RM1.00 each in Permanis Sdn Bhd, representing 49% equity interest therein.

Goodwill on consolidation arising from the Pep Bottlers Acquisition is RM24.916 million.

Goodwill on consolidation arising from the Acquisitions of RM50.849 million, which together with the prevailing goodwill on consolidation in the financial statements of CIH group as at 30 June 2003 of RM20.464 million amounted in aggregate to RM71.313 million.



**C. I. HOLDINGS BERHAD****NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONTD.)****(B) Acquisitions (Contd.)**

Upon completion of the Acquisitions, it is assumed that the aggregate goodwill on consolidation of RM71.313 million is written off as follows: -

Written off against: -	<u>RM'million</u>
Reserve on Consolidation	55.458
Special Reserve	10.622
Income Statement	5.233
Incorporated under Proforma (III)	<u>71.313</u>

The Acquisitions were completed on 1 April 2004. Permanis Sdn Bhd and Pep Bottlers Sdn Bhd are now wholly-owned subsidiaries of CIH.

The Acquisitions were financed via a short term facility of RM44 million ("Short Term Facility"), which will be repaid using the proceeds raised from the CIH Rights Issue.

**(C) CIH Rights Issue**

CIH is undertaking a renounceable rights issue which involves the issue of 57,377,835 new ordinary shares of RM1.00 each ("CIH Share") at an issue price of RM1.00 per Rights Share for cash together with 57,377,835 Warrants on the basis of one (1) Rights Share and one (1) free Warrant for every one (1) existing CIH Share held.

The registered holders of the Warrants have the right at any time during the exercise period to subscribe in cash for one (1) new CIH Share at a proposed exercise price of RM1.08 per new CIH Share.

The net cash proceeds of RM57.378 million to be received from the CIH Rights Issue will be utilised as follows: -

	<u>RM'000</u>
Part payment for the 51% Permanis Acquisition* @	8,720
Pep Bottlers Acquisition*	35,280
Working capital, including estimated expenses for the Proposals	13,378
	<u>57,378</u>

\* *Financed via the Short Term Facility and subsequently to be repaid from the proceeds raised from the CIH Rights Issue. The purpose of the Short Term Facility is to facilitate earlier completion of the Acquisitions pending completion of the CIH Rights Issue.*

@ *The balance consideration of RM28.0 million will be satisfied by setting-off the amount owing by Milestone Option Sdn Bhd to CIH.*



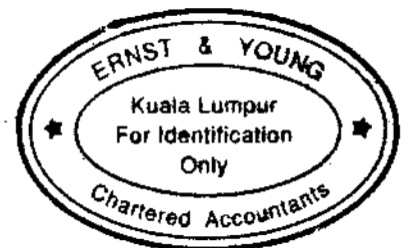
**C. I. HOLDINGS BERHAD**

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONTD.)**

**(D) Debt Settlement**

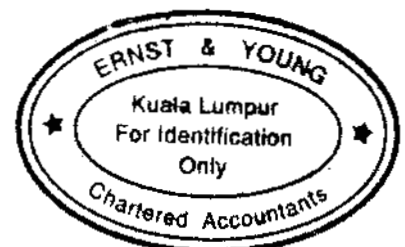
Upon completion of the CIH Rights Issue, CIH will settle the amount owing by Doe Industries Sdn Bhd (“DOE”), a wholly-owned subsidiary of CIH, to Malaysian Assurance Alliance Berhad (“MAA”) amounting to RM15 million by the issuance of 14,851,485 new CIH Shares (“Settlement Shares”) at an issue price of RM1.01 per Settlement Share.

2. Estimated expenses relating to the Proposals of RM3.3 million are directly charged to the income statement which is incorporated in Proforma (1).



**C. I. HOLDINGS BERHAD****NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONTD.)****3. Analysis of Current Assets, Current Liabilities, Reserves and Deferred and Long Term Liabilities is as follows: -**

	(I)	(II)	(III)	(IV)	(V)	(VI)
<b>Audited</b>	<b>After</b>	<b>After (I) &amp;</b>	<b>After (II) &amp;</b>	<b>After (III) &amp;</b>	<b>After (IV)</b>	<b>After (V)</b>
<b>Balance</b>	<b>CIE</b>	<b>51% Permanis</b>	<b>Pep Bottlers</b>	<b>After (III) &amp;</b>	<b>&amp; Debt</b>	<b>&amp; Full</b>
<b>Sheet as at</b>	<b>Disposal</b>	<b>Acquisition</b>	<b>Acquisition</b>	<b>CIH Rights</b>	<b>Settlement</b>	<b>Exercise of</b>
<b>30/6/2003</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Issue</b>	<b>RM'000</b>	<b>Warrants</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CURRENT ASSETS</b>						
Inventories	7,594	7,594	24,296	24,296	24,296	24,296
Receivables	38,633	118,116	146,112	146,112	146,112	146,112
Tax Recoverable	506	506	506	506	506	506
Deposits with Licensed Banks	1,918	1,918	1,918	1,918	1,918	1,918
Cash and Bank Balances	1,475	1,474	6,351	6,351	16,429	16,429
	<u>50,126</u>	<u>129,608</u>	<u>179,183</u>	<u>179,183</u>	<u>189,261</u>	<u>189,261</u>
						<u>251,229</u>
<b>CURRENT LIABILITIES</b>						
Payables	108,372	98,411	141,093	141,093	137,793	137,793
Bank Borrowings	236,603	38,603	122,784	158,064	114,064	99,064
10% Non-Cumulative Redeemable Preference Shares	-	-	6,250	6,250	6,250	6,250
Tax Payable	771	771	2,128	2,128	2,128	2,128
Dividends Payable	15	15	15	15	15	15
	<u>345,761</u>	<u>137,800</u>	<u>272,270</u>	<u>307,550</u>	<u>260,250</u>	<u>245,250</u>
						<u>245,250</u>
<b>RESERVES</b>						
<b>Non-distributable:-</b>						
Share Premium	1,007	1,007	1,007	1,007	1,007	1,156
Reserves on Consolidation	55,458	55,458	55,458	-	-	-
Special Reserves	10,622	10,622	10,622	-	-	-
	<u>67,087</u>	<u>67,087</u>	<u>67,087</u>	<u>1,007</u>	<u>1,007</u>	<u>1,156</u>
						<u>5,746</u>
<b>Distributable:-</b>						
Accumulated losses	(47,797)	(83,121)	(83,121)	(88,354)	(88,354)	(88,354)
	<u>19,290</u>	<u>(16,034)</u>	<u>(16,034)</u>	<u>(87,347)</u>	<u>(87,347)</u>	<u>(87,198)</u>
						<u>(82,608)</u>
<b>DEFERRED AND LONG TERM LIABILITIES</b>						
Deferred Taxation	1,424	1,424	7,847	7,847	7,847	7,847
Bank Borrowings	2,386	2,386	2,939	2,939	2,939	2,939
Provision for Retirement Benefit	622	622	946	946	946	946
	<u>4,432</u>	<u>4,432</u>	<u>11,732</u>	<u>11,732</u>	<u>11,732</u>	<u>11,732</u>
						<u>11,732</u>







## C.I. Holdings Berhad

37918-A

### DIRECTORS' REPORT

(Prepared for inclusion in this Abridged Prospectus)

#### Registered Office:

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

5 May 2004

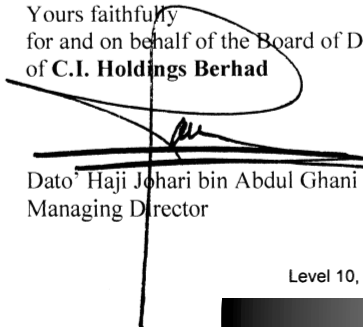
#### To: The Shareholders of C.I. Holdings Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of C.I. Holdings Berhad ("CIH" or "Company"), I report after due enquiry, that during the period from 30 June 2003 (being the date to which the last audited financial statements of CIH and its subsidiaries have been made) to 5 May 2004 (being a date not earlier than fourteen (14) days before the issue of this Abridged Prospectus):

- (i) the business of the Company and its subsidiaries has, in the opinion of the Board of Directors of CIH, been satisfactorily maintained;
- (ii) save as disclosed in the proforma consolidated balance sheets of CIH as at 30 June 2003 and in the unaudited consolidated financial statements of CIH for the six (6) months financial period ended 31 December 2003 as set out in Appendices X and VII of this Abridged Prospectus respectively, in the opinion of the Board of Directors of CIH, no circumstances have arisen which have adversely affected the trading or the value of the assets of the Company or any of its subsidiaries;
- (iii) save as disclosed in the proforma consolidated balance sheets of CIH as at 30 June 2003 and in the unaudited consolidated financial statements of CIH for the six (6) months financial period ended 31 December 2003 as set out in Appendices X and VII of this Abridged Prospectus respectively, the current assets of the Company and any of its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in Section 8 of this Abridged Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Company or any of its subsidiaries;
- (v) save as disclosed in Section 8 of this Abridged Prospectus, there is no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principle sums in relation to any borrowings of the Company or any of its subsidiaries in which the Board of Directors of CIH is aware of; and
- (vi) save as disclosed in the proforma consolidated balance sheets of CIH as at 30 June 2003 and in the unaudited consolidated financial statements of CIH for the six (6) months financial period ended 31 December 2003 as set out in Appendices X and VII of this Abridged Prospectus respectively, there have been no changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiaries.

Yours faithfully  
for and on behalf of the Board of Directors  
of C.I. Holdings Berhad

  
Dato' Haji Johari bin Abdul Ghani  
Managing Director