

Technology and Performance





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NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of the Company will be held at the Putera Room, Level M, Empress Hotel, Jalan ST1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Friday, 25 June 2004 at 10.00 a.m. to transact the following business:

1 To receive and adopt the Financial Statements for the year ended 31 December 2003 together with the Reports of Directors and Auditors thereon. **Resolution 1**

2 To re-elect the following Director who retires in accordance with the Company's Articles of Association and who being eligible, offer himself for re-election.
Y.M. Dato' Tengku Putra Bin Tengku Azman Shah (Executive Director) **Resolution 2**

3 To approve Directors' fees **Resolution 3**

4 To re-appoint Messrs Deloitte & Touche as Auditors and to authorise the Directors to fix their remuneration **Resolution 4**

5 As special Business
To consider and, if thought fit, to pass the following Ordinary and Special Resolutions:

ORDINARY RESOLUTION 1

-Authority to allot shares pursuant to Section 132D of the Companies Act, 1965
"THAT subject to the Companies Act, 1965 and the approval of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares of the Company from time to time upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution shall not exceed 10% of the issued capital for the time being and such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

Resolution 5

SPECIAL RESOLUTION 1

-Proposed Increase in the Authorised Share Capital
"That the authorised share capital of the Company be and is hereby increased from RM60,000,000 comprising of 60,000,000 ordinary shares of RM1.00 each to RM500,000,000 comprising of 440,000,000 ordinary shares of RM1.00 each by the creation of an additional 440,000,000 new ordinary shares of RM1.00 each and that the Memorandum and Articles of Association of the Company and all other documents be amended accordingly."

Resolution 6

By Order of the Board

LEONG KWOK FAI

Secretary

Shah Alam,
Selangor Darul Ehsan
3 June 2004

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy must be deposited at the Company's Registered Office not less than 48 hours before the time set for the meeting or any adjournment thereof.
3. **Ordinary Resolution**
-Authority to allot shares pursuant to Section 132D of the Companies Act, 1965
The proposed Ordinary Resolution if passed will give the Directors the authority to issue shares up to a maximum ten per centum (10%) of the issued capital of the Company for the time being for such purpose as the Directors would consider in the best interest of the Company. The authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting of the Company.

Statement Accompanying The Notice Of Annual General Meeting

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1. Director standing for re-election at the Eight Annual General Meeting of the Company

- Pursuant to Article 96 of the Articles of Association of the Company

Y.M. Dato' Tengku Putra Bin Tengku Azman Shah

2. Details of attendance of Directors at Board Meetings

A total of six (5) Board of Directors' meeting were held during the financial year ended 31 December 2003. Details of attendance of Directors at the Board Meetings are as follows :-

Name	Attendance
Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	4/5
Y. Bhg. Dato' Abdul Aziz Bin Abdullah	5/5
Y. Bhg. Dato' Khairi Bin Mohamad	5/5
Azlan Omry Bin Omar	5/5

3. Date, Time and Venue of the Board Meetings

Date & Time	Venue
28 February 2003 10.00 am	Lot 19, Jalan Delima 1/1, Subang Hitech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor D.E.
29 April 2003 10.30 am	- as above -
29 May 2003 10.30 am	- as above -
27 August 2003 10.30 am	- as above -
21 November 2003 10.30 am	- as above -

4. Further details of retiring Director who is standing for re-election.

Name	Y.M. Dato' Tengku Putra Bin Tengku Azman Shah
Age	53
Nationality	Malaysian
Qualification/ Working Experience	Dato' Tengku Putra Bin Tengku Azman Shah, aged 53, was appointed to the Board of the Company on 19 June 2000. After completing his formal education in the 1960's, Dato' Tengku was appointed as the Military Aide-de-Camp to His Royal Highness The Sultan of Selangor. He resigned from this position and entered the corporate world in 1995. Since then, he has extensive interests in civil, building construction and property development.
Position in Company	Executive Director
Any other directorships of public companies	None
The securities holdings in the Company and its subsidiaries	Nil
The family relationship with any Director and/or Substantial Shareholder of the Company	Nil
Any conflict of interest that he has with the Company	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil

BOARD OF DIRECTORS

Y.M. DATO' TENGKU PUTRA BIN TENGKU AZMAN SHAH
Executive Director

Y. Bhg. DATO' ABDUL AZIZ BIN ABDULLAH
Executive Director

Y. Bhg. DATO' KHAIRI BIN MOHAMAD
Independent Non-Executive Director

AZLAN OMRY BIN OMAR
Independent Non-Executive Director

COMPANY SECRETARY

LEONG KWOK FAI (LS 004938)

REGISTERED OFFICE

Lot 19, Jalan Delima 1/1
Subang Hi-Tech Industrial Park, Batu Tiga
40000 Shah Alam, Selangor Darul Ehsan
Tel: 03-5633 1188
Fax: 03-5634 3838

REGISTRAR

MALAYSIAN SHARE REGISTRATION
SERVICES SDN BHD (378993-D)
Level 26, Menara Multi Purpose Capital Square
No. 9, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222
Fax: 03-2721 2503 & 03-2721 2531
Web-Site: <http://www.klse.com.my>

AUDITORS

DELOITTE & TOUCHE
Chartered Accountants
Level 19, Uptown 1
1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Tel: 7723 6500
Fax: 7726 3986

PRINCIPAL BANKERS

HSBC BANK (MALAYSIA) BERHAD
MALAYAN BANKING BERHAD
RHB BANK BERHAD
BUMIPUTRA-COMMERCE BANK BERHAD
PUBLIC BANK BERHAD

STOCK EXCHANGE LISTING

The Second Board Of The
Bursa Malaysia Berhad

KLSE STOCK NO

Stock Code : 7018



○ 100% **CME Technologies Sdn Bhd**

Designing, Manufacturing and Sales of Fire Fighting Vehicles, Fire Engines, Specialist Vehicles, Airport Crash Tenders, Hazmat Vehicles, Aerial Access Ladder, Cranes, Fuel Transfer Vehicles including Refuellers, Riot Control Vehicles, Fire Fighting and Rescue Equipment and Fixed Installations.

○ 100% **CME Edaran Sdn Bhd**

Sales and Services of Fire Fighting Equipment, Fire Fighting Vehicles, Specialist Vehicles, Fuel Transfer Vehicles and the supply of related spare parts

○ 100% **CME Industries Sdn Bhd**

Servicing Fire Fighting and Specialist Vehicles and supply of related spare parts

○ 100% **CME Supplies Sdn Bhd**

Dormant Company

○ 100% **CME Construction Sdn Bhd**

Dormant Company

○ 60% **Istilah Permai (M) Sdn Bhd**

Dormant Company

Y.M. DATO' TENGKU PUTRA BIN TENGKU AZMAN SHAH

Executive Director

Dato' Tengku Putra Bin Tengku Azman Shah, aged 53, was appointed to the Board of the Company on 19 June 2000. After completing his formal education in the 1960's, Dato' Tengku was appointed as the Military Aide-de-Camp to His Royal Highness The Sultan of Selangor. He resigned from this position and entered the corporate world in 1995. Since then, he has extensive interests in civil, building construction and property development.

Y. BHG. DATO' ABDUL AZIZ BIN ABDULLAH

Executive Director

Member of Audit Committee

Dato' Abdul Aziz Bin Abdullah, aged 52, was appointed to the Board of the Company on 11 July 1989. He holds a Diploma in Industrial Administration from London School Accountancy and Business Studies, London and also a graduate from the Institute of Sales Management, London.

Before joining CME, Dato' Abdul Aziz Bin Abdullah started work with Syarikat Arshad Sdn Bhd in 1980 as the Personal Assistant to the Managing Director, his main responsibilities are policy implementation which includes overall management, marketing strategies, market development and franchise sourcing.

He joined CME in 1981 as Assistant Marketing Manager and was appointed to the Board of Directors of the Company in 1983. He resigned from the Board in 1984 and was re-appointed again in 1989.

Y. BHG. DATO' KHAIRI BIN MOHAMAD

Independent Non-Executive Director

Chairman of Audit Committee

Chairman of Nomination Committee

Chairman of Remuneration Committee

Dato' Khairi Bin Mohamad, aged 64, was appointed to the Board of the Company on 19 June 2000. After completing his formal education in 1959, he went on to obtain his Commercial Pilot Licence (CPL) and Airline Transport Pilot Licence (ATPL) in 1960 and 1968 respectively. Between 1962 – 1972, he worked for Malayan Airlines which was later renamed Malaysia-Singapore Airlines (MSA) as a First Officer and was promoted to Captain in 1968 when he obtained his ATPL. In 1972 he joined Malaysia Airlines System (MAS) and was involved in the establishment and setting up of the Airline. During his career with MAS, he has clocked a total Flying Hours of approximately 19,000 hours on multi-engine jets and he has held various senior positions in MAS namely, Senior Flight Instructor, Chief Pilot (Training) and Deputy Director of Flight Operations. He held the

Y. BHG. DATO' KHAIRI BIN MOHAMAD (cont'd)

position as Director of Flight Operations for more than ten years until he retired. During his spell as Director of Flight Operations, he attended major courses conducted by reputable universities such as the Monash University in Australia, Harvard Business School, Asian Institute of Management and London Business School. The courses attended are Human Factors in Aviation, Senior Management Course, Air Transport Course, Civil Aviation Senior Management Programme and Senior Development Programme. He is also a member of the Harvard Business School Alumni Club of Malaysia.

AZLAN OMRY BIN OMAR

Independent Non-Executive Director

Member of Audit Committee

Member of Nomination Committee

Member of Remuneration Committee

Azlan Omry Bin Omar, aged 38, was appointed to the Board of the Company on 6 July 2000. He holds a Bachelor of Science degree majoring in Civil Engineering from California State University, Sacramento, California and a Master of Science degree in Manufacturing Systems Engineering from University of Warwick, England. Upon his return from England, he worked for MR Perunding Consulting Engineers Sdn Bhd as a civil and structural engineer from 1990 to 1992. He then returned to England for two years (1993-1994) to work for the Warwick Manufacturing Group, in Coventry, England as a Research Associate. After gaining relative experience in composites technology in the UK, he returned to Malaysia and joined Composites Technology Research Malaysia Sdn Bhd (CTRM) in 1994. CTRM was a wholly owned subsidiary of Khazanah Nasional Berhad established by the Government to spearhead the composites industry in Malaysia. At CTRM he was responsible for the project management of the overall development and construction of the CTRM / Eagle Aircraft Malaysia Manufacturing Facility including the procurement and designing of the Manufacturing and IT Systems in the Aircraft Manufacturing Facility. In 1998, he started Omryn Meredien Sdn Bhd, an IT services company specialising in the sales of computer networking components and Internet services. He is currently the managing director of Omryn Corporation, an investment holding company. He is also a director of Comtrac Sabkar Development Sdn. Bhd. a subsidiary of DRB Hicom Berhad and is actively involved in the company's business of property development and construction.

On behalf of the Board of Directors of CME Group Berhad, it is my great pleasure to present the Annual Report and Financial Statements of the Group for financial year ended 31 December 2003.

OVERVIEW ON PERFORMANCE AND PROSPECTS

The financial year ended 31 December 2003 has been a difficult year for CME Group of companies. For the period under review, the Group achieved a turnover of RM11.958 million and an after tax losses of RM3.821 million. The relatively poor performance was largely due to the deferment and cancellation on procurement of various types of fire-fighting and specialist vehicles by several of our major customers during the year. Apart from the temporary downturn in the domestic demand of our products, the strengthening of the Euros and other European currencies and the increase of prices on materials, particularly steel, and other components further contributed to the Group's losses.

Basing on the domestic market survey conducted by our marketing personnel, and in view of the fast developing infra-structures and townships, the emphasis of safety by authorities and the shortage of various type of fire-fighting and specialist vehicles to match with the ever growing demand. Therefore, it is my opinion that over the medium to long term, the demand for fire-fighting and specialist vehicles will remain buoyant. Apart from the domestic market, the Group has received enquiries from the Middle East region as well as the Asean countries. However, in order to be competitive in the export markets, the Group has formed a team to explore into innovative ways and methods of production to reduce cost without scarificing the quality and performance of our products. To further expand the income base of our core business, the company is looking into marketing of other products relating to the fire-fighting industry.

However, despite my confidence in the core business area of the Group, it is my opinion that the customer base of our core business is rather limited. Under such circumstance, the Group has embarked into acquisition of properties with a view of expanding the income base of the Group. Last year, the company has acquired 54 units of 3-storey shop office situated at Taman Sri Mahkota, Pahang. The expected delivery of vacant possession is in July 2004. Under the Sales & Purchase Agreement, the developer has provided a guarantee yield of 8% per annum for three (3) years following six (6) months from the date of issuance of certificate of fitness for occupation on the said properties. The return of investment will therefore assured for the next three (3) years. The company has on 30 April 2004, entered into another Sales and Purchase Agreement to acquire the balance of 19 units of 3-storey shop office at the same site with the same conditions attached. As the said properties are located in a good location, I would expect the company to benefit from a potential appreciation in the capital value in the future.

CORPORATE EXERCISE

In order to comply with the MSEB Listing Guidelines requirement on the paid-up capital of the company, the company has on 9 September 2002 announced the following proposed corporate exercise.

- (a) a private placement of up to 1,910,000 new ordinary shares of RM1.00 each ("Proposed Private Placement") representing 10% of issued and paid-up share capital of the Company;
- (b) a bonus issue of 19,100,000 new ordinary shares of RM1.00 each in the Company ("Bonus Shares") to be credited as fully paid-up shares on the basis of ten Bonus Shares for every eleven existing ordinary shares of RM1.00 each in the Company after the completion of the Proposed Private Placement; and
- (c) an employee share option scheme for the benefit of eligible employees and Executive Directors of the Company.

The proposals were approved by the Securities Commission on 19 November 2002 without any variation and are pending implementation. The Company has applied and obtained from Securities Commission ("SC") extension of time up to 19 November 2003 and subsequently 19 May 2004 to complete the above corporate exercises. On 12 of March 2004, the Company announced that the employees' share option scheme has been aborted. At this juncture, the Company has again applied to SC for a further extension of time. This is primarily due to the delay of documentation on financial arrangement of the places.

The Company has on 30 April 2004 announced through PM Securities Sdn Bhd further corporate exercises as appended below :-

- (a) proposed renounceable Rights Issue of up to 30,082,500 new ordinary shares of RM1.00 each ("Rights Shares") in the company together with up to 30,082,500 free detachable warrants at an issue price of RM1.00 each per rights share on the basis of three (3) rights share with three (3) free warrants for every four (4) existing ordinary shares held ("Proposed Rights Issue with Warrants");
- (b) proposed acquisition of nineteen (19) units of 3-storey shop offices at Taman Sri Mahkota held under title H.S. (M) 22775 NO. PT 23053 to H.S. (M) 22778 NO. PT 23056, H.S. (M) 22789 NO. PT 23067 to H.S. (M) 22803 NO. PT 23081, all in the Mukim of Kuala Kuantan, State of Pahang from Muara Segar (M) Sdn Bhd ("MSSB") for a cash consideration of RM11.72 million ("Proposed shoplot Acquisition"); and
- (c) proposed acquisition of two (2) adjoining units of renovated and extended intermediate 5-1/2 storey shop office with lower ground basement floor at No. 301 & 303, Batu 2-1/4, Jalan Ipoh, 51200 Kuala Lumpur held under titles Nos. Geran 26512 and geran 26511, Lot Nos. 13 and 12 respectively, both in section 80, Town and district of Kuala Lumpur, State of Wilayah Persekutuan ("Commercial Building") from Transcommodities Futures (Malaysia) Sdn Bhd ("TFMSB") for a cash consideration of RM3.90 million ("Proposed Commercial Building Acquisition").

The proposed Rights Issue is expected to raise funds for the company and its subsidiaries to part finance the proposed acquisition, to finance additional working capital for the Group and the expenses relating to the said corporate exercise.

DIVIDEND

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the financial year under review. We trust shareholders will well appreciate the need for this prudent measure to conserve funds because of the prevailing economic conditions.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to all fellow Directors, the Management and staff for their resilience, commitment, dedication and unwavering support given to the Group in the year concerned.

Further, I sincerely wish to thank all our valued customers, shareholders, bankers, business associates/partners and government authorities and agencies for their continued and invaluable support, co-operation and advice.

Finally, on behalf of the Board, I would like to express our heart felt appreciation to Mr Kum Pak Lee our former Chief Operating Officer for his contribution and service rendered to the Group before he left the Group.

Y. M. DATO' TENGGU PUTRA BIN TENGGU AZMAN SHAH

EXECUTIVE DIRECTOR

3 June 2004

The Board of Directors (“the Board”) of CME Group Berhad (“CME”) recognises the importance and principles of the Malaysian Code on Corporate Governance (“the Code”). The Board is committed to ensure that the highest level of corporate governance is practised throughout CME group of companies as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

Set out below is the statement on the implementation and application of good corporate governance principles and best practices as recommended by the Code.

BOARD OF DIRECTORS

The Group is led and controlled by an effective and dynamic Board. The Board meets at least four times a year, with additional meetings convened as necessary. All Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The profile of each member of the Board is set out on pages 8 to 9 of the Annual Report.

For financial year under review, five Board meetings were held. The meetings held are as follows :-

Date of Board of Directors Meeting	Time	Place
28 February 2003	10.00 am	Lot 19, Jalan Delima 1/1, Subang Hitech Industrial Park, 40000 Shah Alam
29 April 2003	10.30 am	-as above-
29 May 2003	10.30 am	-as above-
27 August 2003	10.30 am	-as above-
21 November 2003	10.00 am	-as above-

Details of Directors’ attendance at Board Meetings held during the year are as follows :

Name of Directors	No of Meetings Attended	%
Y.M. Dato’ Tengku Putra Bin Tengku Azman Shah	4/5	80
Y. Bhg. Dato’ Abdul Aziz Bin Abdullah	5/5	100
Y. Bhg. Dato’ Khairi Bin Mohamad	5/5	100
Azlan Omry Bin Omar	5/5	100

The Board has four (4) members, comprising of two (2) Non-Executive Directors and two (2) Executive Directors. The members of the Board bring a wide range of experiences in business strategies, accounting, economics, human resources, legal, engineering, marketing and management to the Group. Their diverse backgrounds and versatility provide invaluable perspective to overseeing the management of the Group. All the Directors have undergone the Mandatory Accreditation Programme training as required by the Listing Requirements of the

Malaysia Securities Exchange Berhad. There is a clear division of duties between the members of the Board and there is no individual or group of individuals dominates the Board's decision making.

The main responsibilities of the Board comprise of the following:

- The establishment of corporate strategies and polices
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks
- Directing operational initiatives and strategies
- Reviewing and evaluating the financial performance
- Maintaining a sound system of internal controls
- Succession planning and maintaining appropriate organisation structure
- Maintaining an effective investors and shareholders communication policy

RE-ELECTION

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

NOMINATION COMMITTEE

The Nomination Committee comprise of two Independent Non-Executive Directors. They are :-

Dato' Khairi Bin Mohamad
Azlan Omry Bin Omar

The Committee is delegated with the responsibility for the following :-

- process of recommending the right candidates for directorship and seats of Board Committee to be filled
- assess the effectiveness of the Board and the various committees of the Board as a whole
- contribution of all members of the Board
- review the appropriate Board balance and the size of the non-executive participation.

The Board, through the Nomination Committee, reviews annually its required mix of skills, experience and competencies that non-executive directors should contribute to the Board.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises of two Independent Non-Executive Directors. The Committee is responsible for setting the policy framework and for making recommendations to the Board on all elements of the remuneration and other terms of employment of remuneration. The Board ensures that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Group successfully. In case of Executive Directors, the component parts of remuneration link rewards to corporate and individual performance. Non-Executive Directors remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

The details of the directors' remuneration during the year are as follows :-

a) Remuneration of all Directors:-

Category	Salaries & Other Emoluments (RM '000)	Fees (RM '000)
Executive Directors	480	60
Independent Non-Executive Directors	-	80

b) The number of Directors of the Company who served during the financial year and whose income from the Group falling within the following bands are :-

Salaries & Other Emoluments	Executive Directors	Independent Non-Executive Director
RM100,001 – RM150,000		
RM150,001 – RM200,000		
RM200,001 – RM250,000	1	
RM250,001 – RM300,000	1	
Fees		
RM 5,001 – RM 20,000	1	
RM20,001 – RM 40,000	1	2

SUPPLY OF INFORMATION

Prior to the Board meeting, all Directors receive an agenda and a Board report containing information relevant to the business of the meeting, including information on major financial, operational and corporate matters as well as activities and performance of the Group. This is issued in sufficient time to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

All Directors have access to all information within the Group and access to the advice and services of the Company Secretary and the entire management in furtherance of their duties.

COMMUNICATION BETWEEN THE COMPANY AND INVESTORS

The Company recognises the importance of regular communication with investors in the Company. The key media being used are the annual report and accounts and regular interim statements. The Group is in the process of developing a website where shareholders and investors can access for more information. Enquiries by shareholders are dealt with as promptly as practicable.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") is held once in every calendar year. The Company uses the AGM as a platform for dialogue with its shareholders. At the meeting, the Board presents the progress and performance of the year's financial results and business activities. Shareholders are encouraged to participate in the question and answer session during the AGM.

RELATIONSHIP WITH EXTERNAL AUDITORS

The Group's external auditors shall ensure the proper conduct of business in the Group and report independently to the shareholders of the Company in accordance to the statutory requirements. The Group and the directors shall provide full assistance to the external auditors so as to enable them to discharge their duties accordingly. The external auditors are invited to attend Audit Committee meetings to highlight issues and matters that require the Audit Committee attention, including discussion on the Group's accounting policies and audit findings.

ACCOUNTABILITY AND AUDIT - FINANCIAL REPORTING

The Company's financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Board is responsible to ensure that the financial statements of the Company present a balanced and understandable assessment of the state of affairs of the Company. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy and adequacy.

INTERNAL CONTROLS

The Board of Directors is aware of the importance of maintaining a sound system of internal controls and risk management practices for good corporate governance. The Board acknowledges its overall responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The key elements of the Group's internal control are described below :-

- A management structure exists with clearly defined roles of responsibility and appropriate level of delegation.
- Key functions such as accounts , treasury and insurance matters are controlled centrally.
- The management determines the applicability of risk monitoring and reporting procedures and is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
- Policies and procedures are clearly documented in the Authority Manual and Quality Manual & Procedures of most operating units in the Group with which its operations must comply.

The effectiveness and adequacy of the Group's system of internal controls is reviewed periodically by the Board and the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and their results and cash flows for that year. In preparing the financial statements for the Financial year ended 31 December 2003, the Directors have :

- Selected suitable accounting policies and have applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and disclose with reasonable accuracy at any time the financial position of the Group and to ensure that the financial statements comply with the Companies Act, 1965 and all applicable approved accounting standards. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

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

SHARE BUY-BACKS

There were no share buy-backs during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

AMERICAN DEPOSITORY RECEIPT (ADR) / GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMMES

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

IMPOSITION OF SANCTIONS / PENALTIES

There was no public imposition of sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies during the financial year.

NON-AUDIT FEES

There was no payment of non-audit fees to the external, Deloitte & Touche for the financial year.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not release any profit estimate, forecast or projection for the financial year. There is no variance between the audited results for the financial year and the unaudited results previously released by the Company.

PROFIT GUARANTEE

The Company did not give any profit guarantee to any parties during the financial year.

MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

There were no material contracts and contracts relating to loan involving directors and substantial shareholders during the financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

There were no recurrent related party transactions of revenue nature during the financial year.

REVALUATION POLICY ON LANDED PROPERTIES

The Group does not adopt a policy on regular revaluation of its landed properties.

The Board of Directors ("Board") is pleased to present the Audit Committee Report for the financial year under review.

COMPOSITION

The Committee currently comprises of three members of which two members are independent non-executive Directors. The members of the Audit Committee shall elect a chairman from among themselves who is not an executive director of the Company.

REVIEW OF THE AUDIT COMMITTEE

The Board of the Company must review the term of office and performance of an audit committee and each of its members at least once every 3 years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

The current members of the Committee are:

Chairman

Y. Bhg. Dato' Khairi Bin Mohamad

Independent Non-Executive Director

Members

Azlan omry Bin Omar

Independent Non-Executive Director

Y. Bhg. Dato' Abdul Aziz Bin Abdullah

Executive Director

MEETING AND MINUTES

Meetings shall be held no less than four times a year and such additional meetings as the chairperson shall decide in order to fulfill its duties. In addition, the chairperson shall call a meeting of the Committee if requested to do so by any committee member, the management or the internal or external auditors. The Committee may invite any person to be in attendance to assist it in its deliberations. The Company Secretary shall act as secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the chairperson and circulating it, supported by explanatory documentation to committee members prior to each meeting.

MEETING AND MINUTES (cont'd)

The secretary shall also be responsible for keeping the minutes of meeting of the Committee, circulating them to Committee members and to the other members of the Board of Directors and for the following up of outstanding matters.

The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

ATTENDANCE OF MEETING

During the financial year ended 31 December 2003, there were five (5) meetings held. The details of attendance of each member are as follows:-

Audit Committee Member	Designation	No. of meeting held	No. of meeting attended
Y. Bhg. Dato' Khairi Bin Mohamad	Independent Non-Executive Director	4	4
Y. Bhg. Dato' Abdul Aziz Bin Abdullah	Executive Director	4	4
Azlan Omry Bin Omar	Independent Non-Executive Director	4	4

AUTHORITY

The Company is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference, the resources which it needs to do so and full access to information. The Committee should be able to obtain outside legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

DUTIES

The duties of the Committee should include the following:

- To consider the appointment of the external auditors, the auditors' remuneration and any questions of resignation or dismissal;
- To review the quarterly and year-end financial statements of the company, focusing particularly on matters pertaining to changes in accounting policies and practices, significant adjustments arising from the audit, going concern assumption, compliance with accounting standards as well as other legal requirements;
- To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss in the absence of management;
- To review the external auditors' management letters and management response;
- Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work.
- Review the internal audit program and results of the internal audit process (including management's response) and where necessary ensure that appropriate action is taken on the recommendations of the internal audit functions.
- Approve any appointment or termination of senior staff members of the internal audit function;
- Consider of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning.
- To consider any related party transactions that may arise within the Company or Group;
- To consider the major findings of internal investigations and management's response;
- To consider other topics as defined by the Board;
- Quarterly financial statements before submissions to the Board and announcement to MSEB

INTERNAL AUDIT

The Internal Audit Department undertakes the Group's internal audit function. A member of the senior management heads this department. This department reports its findings to the Audit Committee.

The objectives of internal audit are to determine whether adequate controls have been established and are operating in the Group, to provide reasonable assurance that :-

- Business objectives and policies are adhered to;
- Operations are cost effective and efficient;
- Assets and resources are safeguarded and effectively used;
- Integrity of records and information is protected; and
- Applicable laws and regulations are complied with.

The emphasis of such audit encompass critical areas of the Group such as revenue, cost of sales, expenditure, assets, internal controls, operating performance and financial statement review. Reports on any deficiency or findings requiring management attentions together with recommended/proposed cost effective corrective actions to be adopted and management response are circulated to the Audit Committee and the Board.

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○○○ **Financial Statements**

The directors of **CME GROUP BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The subsidiary companies are principally involved in manufacture, sale and servicing of fire fighting and specialist vehicles and sale of related spare parts.

There have been no significant changes in the nature of activities of the Company and its subsidiary companies during the financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 9 September 2002, the Company proposed to implement the following:

- (a) a private placement of up to 1,910,000 new ordinary shares of RM1.00 each ("Proposed Private Placement") representing 10% of the issued and paid-up share capital of the Company;
- (b) a bonus issue of 19,100,000 new ordinary shares of RM1.00 each in the Company ("Bonus Shares") to be credited as fully paid-up shares on the basis of ten (10) Bonus Shares for every eleven (11) existing ordinary shares of RM1.00 each in the Company after the completion of the Proposed Private Placement; and
- (c) an employee share option scheme ("Proposed ESOS") for the benefit of eligible employees and Executive Directors of the Company.

The proposals were approved by the Securities Commission on 19 November 2002 without any variation and is to be implemented by 19 May 2004.

On 14 January 2003, the Company entered into fifty four (54) Sale & Purchase Agreements and Supplemental Agreement with Muara Segar (M) Sdn Bhd for the acquisition of fifty four (54) units of 3-storey shop-lot offices in Taman Sri Mahkota, Kuantan, Pahang, for a total purchase consideration of RM33.67 million.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
(Loss)/Profit before tax	(3,694)	375
Income tax expense	(127)	-
<hr/>		
Net (loss)/profit for the year	(3,821)	375

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

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables, and have satisfied themselves that all known bad receivables have been written off and that adequate allowance has been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount of bad receivables written off or the amount of allowance for doubtful receivables inadequate to any substantial extent in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) 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 liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Y.M. Dato' Tengku Putra bin Tengku Azman Shah
 Y. Bhg. Dato' Abdul Aziz bin Abdullah
 Y. Bhg. Dato' Khairi bin Mohamad
 Azlan Omry bin Omar

In accordance with Article 96 of the Articles of Association of the Company, Dato' Tengku Putra bin Tengku Azman Shah retires by rotation and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

DIRECTORS' INTERESTS

The shareholdings of directors in the holding company and the Company of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1 each			
	Balance as of 1.1.2003	Bought	Sold	Balance as of 31.12.2003
Shares in holding company, Ikram Mulia Holdings Sdn. Bhd.				
Deemed Interest				
Y.M. Dato' Tengku Putra bin Tengku Azman Shah	150,000	-	-	150,000
Shares in the Company				
Registered in the name of director				
Y. Bhg. Dato' Abdul Aziz bin Abdullah	15,160	-	-	15,160

By virtue of the above directors' interest in shares in the holding company and the Company, the abovementioned directors are deemed to have an interest in the shares of the Company and its subsidiary companies to the extent that the holding company and the Company have interest.

None of the other directors in office at the end of the financial year held shares of the Company and related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate of emoluments received or fixed salary of full-time employees of certain directors in subsidiary companies as disclosed in the financial statements of the Company and of the Group) by reason of a contract made by the Company or a related company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate.

HOLDING COMPANY

The Company is a subsidiary company of Ikram Mulia Holdings Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

AUDITORS

The auditors, Messrs. Deloitte & Touche, have indicated their willingness to continue in office.

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

**DATO' TENGKU PUTRA BIN
TENGKU AZMAN SHAH**

**DATO' ABDUL AZIZ
BIN ABDULLAH**

Shah Alam,
5 March 2004

●●● Report Of The Auditors To The Members Of CME Group Berhad

We have audited the accompanying balance sheets as of 31 December 2003 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated 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 have considered the financial statements and the auditors' report of a subsidiary company for which we have not acted as auditors as mentioned in Note 11 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

Report Of The Auditors To The Members Of CME Group Berhad (cont'd)

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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 as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

DELOITTE & TOUCHE

AF 0834

Chartered Accountants

ROSITA TAN

1874/9/04 (J)

Partner

Petaling Jaya

5 March 2004

Income Statements

For The Year Ended 31 December 2003

	Note	The Group		The Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	4	14,958	50,814	-	6,500
Cost of sales		(13,104)	(42,825)	-	-
Gross profit		1,854	7,989	-	6,500
Administrative expenses		(4,304)	(5,912)	(761)	(1,340)
Other operating expenses		(1,600)	(1,048)	-	-
Other operating income		1,219	131	1,136	-
(Loss)/Profit from operations	5	(2,831)	1,160	375	5,160
Finance costs	6	(863)	(286)	-	-
(Loss)/Profit before tax		(3,694)	874	375	5,160
Income tax expense	7	(127)	(845)	-	(12)
(Loss)/Profit after tax		(3,821)	29	375	5,148
Minority interest		-	-	-	-
Net (loss)/profit for the year		(3,821)	29	375	5,148
Basic earnings/(loss) per ordinary share	8	(20.00) sen		0.15 sen	

The accompanying Notes form an integral part of the Financial Statements.

●●● Balance Sheets

As At 31 December 2003

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	Note	The Group		The Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
ASSETS					
Property, plant and equipment	9	34,448	8,721	26,053	-
Investment in subsidiary companies	11	-	-	10,730	11,101
Other investments	12	935	2,270	935	2,270
CURRENT ASSETS					
Inventories	13	240	270	-	-
Amount due from contract customers	14	266	1,107	-	-
Trade receivables	15	11,853	39,375	-	-
Other receivables and prepaid expenses	16	3,240	7,654	5	14
Amount owing by subsidiary companies	11	-	-	26,204	29,439
Fixed deposits with licensed banks	17	4,186	4,186	-	-
Cash and bank balances		5,842	124	4	1
		25,627	52,716	26,213	29,454
CURRENT LIABILITIES					
Trade payables	18	1,009	4,617	-	-
Other payables and accrued expenses	18	19,216	3,540	16,700	18
Amount owing to subsidiary companies	11	-	-	8,583	4,534
Hire-purchase payables - current portion	19	157	186	-	-
Bank borrowings	20	4,463	17,035	-	-
Tax liabilities		-	757	-	-
		24,845	26,135	25,283	4,552
NET CURRENT ASSETS		782	26,581	930	24,902
LONG-TERM AND DEFERRED LIABILITIES					
Hire purchase payables - non-current portion	19	(41)	(201)	-	-
Long-term loan - non-current portion	21	(2,583)	-	-	-
Deferred tax liabilities	22	-	(9)	-	-
NET ASSETS		33,541	37,362	38,648	38,273

		The Group		The Company	
		2003	2002	2003	2002
	Note	RM'000	RM'000	RM'000	RM'000
Represented by:					
ISSUED CAPITAL	23	19,100	19,100	19,100	19,100
SHARE PREMIUM		4,386	4,386	4,386	4,386
UNAPPROPRIATED PROFIT	24	10,054	13,875	15,162	14,787
SHAREHOLDERS' EQUITY		33,540	37,361	38,648	38,273
MINORITY INTERESTS		1	1	-	-
TOTAL CAPITAL EMPLOYED		33,541	37,362	38,648	38,273

The accompanying Notes form an integral part of the Financial Statements.

●●● Statements Of Changes In Equity

For The Year Ended 31December 2003

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The Group	Issued capital RM'000	Undistributable reserve Share premium RM'000	Distributable reserve Unappropriated profit RM'000	Total/Net RM'000
Balance as of 1.1.2002	19,100	4,386	13,846	37,332
Net profit for the year	-	-	29	29
Balance as of 31.12.2002	19,100	4,386	13,875	37,361
Net loss for the year	-	-	(3,821)	(3,821)
Balance as of 31.12.2003	19,100	4,386	10,054	33,540
The Company				
Balance as of 1.1.2002	19,100	4,386	9,639	33,125
Net profit for the year	-	-	5,148	5,148
Balance as of 31.12.2002	19,100	4,386	14,787	38,273
Net profit for the year	-	-	375	375
Balance as of 31.12.2003	19,100	4,386	15,162	38,648

The accompanying Notes form an integral part of the Financial Statements.

●●● Cash Flow Statements

For The Year Ended 31 December 2003

	Note	The Group		The Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(3,694)	874	375	5,160
Adjustments for:					
Interest expense		863	286	-	-
Allowance for doubtful receivables - net		590	(5)	-	-
Depreciation of property, plant and equipment		346	371	-	-
Loss/(Gain) on disposal of property, plant and equipment		33	(6)	-	-
Gain on disposal of quoted shares		(969)	-	(969)	-
(Reversal of)/Allowance for diminution in value of quoted shares		(180)	1,119	(180)	1,119
Interest income		(82)	(80)	-	-
Allowance for diminution in value of subsidiary company		-	-	371	-
Operating (Loss)/Profit Before Working Capital Changes		(3,093)	2,559	(403)	6,279
(Increase)/Decrease in:					
Inventories		30	(103)	-	-
Amount due from contract customers		841	(215)	-	-
Trade receivables		26,932	35,444	-	-
Other receivables and prepaid expenses		4,576	105	9	(5)
Amount owing by subsidiary companies		-	-	3,235	959
Increase/(Decrease) in:					
Trade payables		(3,608)	(19,647)	-	-
Other payables and accrued expenses		15,676	(9,229)	16,682	5
Amount owing to subsidiary companies		-	-	4,049	(7,223)
Cash From Operations		41,354	8,914	23,572	15
Income tax paid		(1,055)	(1,468)	-	(36)
Net Cash From/(Used In) Operating Activities		40,299	7,446	23,572	(21)

Cash Flow Statements (cont'd)

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	Note	The Group		The Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of quoted shares		2,587	-	2,587	-
Interest income received		82	80	-	-
Proceeds from disposal of property, plant and equipment		20	6	-	-
Purchase of property, plant and equipment *		(26,126)	(610)	(26,053)	-
Purchase of quoted shares		(103)	-	(103)	-
Net Cash Used In Investing Activities		(23,540)	(524)	(23,569)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from long-term loan		68	-	-	-
Repayment of short-term project loan		(4,544)	(7,053)	-	-
(Repayment of)/Proceeds from trust receipts		(2,376)	2,376	-	-
Repayment of bankers' acceptances		(1,500)	(2,502)	-	-
Interest expense paid		(863)	(286)	-	-
Repayment to hire-purchase payables		(189)	(144)	-	-
Placement of fixed deposit pledged		-	(2,511)	-	-
Net Cash Used In Financing Activities		(9,404)	(10,120)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,355	(3,198)	3	(21)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(3,245)	(47)	1	22
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	4,110	(3,245)	4	1

*Purchase of property, plant and equipment of the Group consists of the following:

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Payment by cash	26,126	610	26,053	-
Hire-purchase	-	428	-	-
Total	26,126	1,038	26,053	-

The accompanying Notes form an integral part of the Financial Statements.

1. GENERAL INFORMATION

The principal activity of the Company is that of investment holding. The subsidiary companies are principally involved in manufacture, sale and servicing of fire fighting and specialist vehicles and sale of related spare parts.

There have been no significant changes in the nature of activities of the Company and its subsidiary companies during the financial year.

The total number of employees of the Group and of the Company at the year end were 46 and Nil (46 and Nil in 2002) respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Malaysia Securities Exchange Berhad.

The registered office and principal place of business of the Company are located at Lot 19, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor Darul Ehsan.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 5 March 2004.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board ("MASB").

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and its subsidiary companies made up to the end of the financial year. All significant inter-company transactions and balances are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

The Company adopts the acquisition method of consolidation and under this method, the excess of the purchase consideration over the fair value of the net assets of the subsidiary companies at the date of acquisition is included in the consolidated financial statements as goodwill on consolidation. The goodwill on consolidation is amortised on the straight-line method over a period of ten years effective from the date of acquisition of subsidiary companies.

Revenue

Revenue of the Company consists of dividend income, which represents gross dividends from quoted and unquoted investment, and is recognised when the shareholder's right to receive payment is established.

Revenue of the subsidiary companies consists of invoiced value of sale and service of equipment and spare parts and contract revenue from progress billings determined by the proportion of the total contract value of contracts based on the percentage of completion method as determined by contract costs incurred for work performed to date against the total anticipated costs on the contracts, net of sales tax and discounts.

Revenue from sale and service of equipment and spare parts is recognised upon delivery of products and when the risks and rewards of ownership have passed.

Income Tax

In previous financial years, the tax effects of transactions are recognised, using the "liability" method, in the year such transactions enter into the determination of net income, regardless of when they are recognised for tax purposes. However, where timing differences would give rise to net deferred tax asset, the tax effects are generally recognised on actual realisation.

During the current financial year, the Company adopted MASB 25, Income Taxes. Upon adoption of MASB 25, the tax effects of transactions are recognised, using the "balance sheet" method and all taxable temporary differences are recognised. Where such temporary differences would give rise to net deferred tax asset, the tax effects are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax benefits can be utilised.

The adoption of MASB 25, which is applied retrospectively, does not have any significant impact on the financial statements of the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**Foreign Currency Conversion**

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, at the approximate exchange rates prevailing at the balance sheet date. All foreign exchange gains or losses are taken up in the income statements.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. Any impairment loss is charged to the income statements.

Depreciation of property, plant and equipment, except for freehold land and shop-lots under construction, is computed on the straight-line method at the following annual rates based on the estimated useful lives of the depreciable assets:

Freehold buildings	2%
Computers, furniture and fittings, office and workshop equipment and air conditioners	20% – 30%
Motor vehicles	20%

Property, Plant and Equipment Acquired Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statement to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Investment in Subsidiary Companies

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost in the financial statements of the Company.

Allowance for diminution in value of investment is made when the directors consider that there is a permanent impairment of the investment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other Investments

Other investments consist of investment in quoted shares and golf club memberships. The investment in quoted shares is stated at the lower of cost and market value. The investment in golf club memberships is stated at cost.

Allowance for diminution in value of investment is made when the directors consider that there is a permanent impairment of the investment.

Inventories

Inventories are valued at the lower of cost (determined on weighted average method) and net realisable value. The cost comprises the original purchase price plus the cost of bringing these inventories to their present location and condition. Net realisable value is arrived at after considering the allowance for obsolete inventories.

Contract Work-in-Progress

When the outcome of a contract work can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

When the outcome of a contract work cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably of recovery. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as an allowance for foreseeable loss.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Known bad receivables are written off and allowance is made for any receivables considered to be doubtful of collection.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**Financial Assets**

The Group's and the Company's principal financial assets are other investments, cash and bank balances, trade and other receivables, amount due from contract customers and amount owing by subsidiary companies.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. Financial liabilities include trade and other payables, hire-purchase payables, borrowings, term loans and amount owing to subsidiary companies in which they are stated at their nominal value.

Bank borrowings are recorded at the proceeds received, net of direct issue costs.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short term, highly liquid investments with maturities of three months or less from date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. REVENUE

Analysis of revenue of the Group and of the Company is as follows:

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Contract revenue	13,290	49,282	-	-
Servicing	1,657	1,527	-	-
Sale of machinery and equipment	8	5	-	-
Sale of spare parts	3	-	-	-
Gross dividend income from subsidiary companies (tax exempt)	-	-	-	6,500
	14,958	50,814	-	6,500

5. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/Profit from operations of the Group and of the Company is arrived at:

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
After charging:				
Staff costs	1,733	922	-	-
Directors' remuneration:				
Fees	140	70	140	70
Other emoluments	753	1,147	-	-
Allowance for doubtful receivables	590	145	-	-
Depreciation of property, plant and equipment	346	371	-	-
Rental of premises	180	144	-	-
Audit fees	42	53	10	10
Loss on disposal of property, plant and equipment	33	-	-	-
Realised loss on foreign exchange	10	2	-	-
Allowance for diminution in value of investment in subsidiary company	-	-	371	-
Allowance for diminution in value of quoted shares	-	1,119	-	1,119
And crediting:				
Realised gain on disposal of quoted shares - net	956	-	956	-
Reversal of allowance for diminution in value of quoted shares	180	-	180	-
Interest income from fixed deposits	82	80	-	-
Bad receivables recovered	16	-	-	-
Allowance for doubtful receivables no longer required	-	150	-	-
Rental income	-	19	-	-
Gain on disposal of property, plant and equipment	-	6	-	-

Staff costs include salaries, bonuses, contributions to Employees' Provident Fund ("EPF") and all other staff related expenses. Staff costs of the Company in 2003 and 2002 are borne by the subsidiary companies. Contributions to EPF for the Group during the financial year amounted to RM324,168 (RM352,017 in 2002).

6. FINANCE COSTS

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Long-term loan	489	-	-	-
Bank overdrafts	299	167	-	-
Bankers' acceptance and trust receipts	45	99	-	-
Hire-purchase	30	20	-	-
	863	286	-	-

7. INCOME TAX EXPENSE

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable	-	733	-	-
Underprovision in prior years	136	112	-	12
	136	845	-	12
Deferred tax (Note 22)	(9)	-	-	-
	127	845	-	12

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

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax	(3,694)	874	375	5,160
Tax at statutory tax rate of 28% (28% for 2002)	(1,034)	245	105	1,445
Expenses not deductible for tax purposes	46	1,912	-	-
Deferred tax assets not recognised	1,084	36	-	-
Utilisation of deferred tax asset	-	(15)	-	-
Income not assessable to tax	(105)	(1,445)	(105)	(1,445)
	(9)	733	-	-

7. INCOME TAX EXPENSE (cont'd)

As mentioned in Note 3, the tax effects of temporary differences which would give rise to net deferred tax assets are recognised to the extent that it is probable that taxable future profits will be available against which deductible temporary differences can be utilised. As of 31 December 2003, the estimated amount of net deferred tax assets calculated at current tax rate which has not been recognised in the financial statements, is as follows:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Tax effect of:				
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	(115)	(41)	-	-
Temporary differences in respect of:				
Unabsorbed capital allowances	629	134	-	-
Unutilised tax losses	2,754	1,854	-	-
Others	-	30	-	-
Net deferred tax assets	3,268	1,977	-	-

The unabsorbed capital allowances and unutilised tax losses of the Group, subject to agreement by the Inland Revenue Board, are available for set-off against future taxable income of the respective subsidiary companies.

As of 31 December 2003, the Group and the Company has tax exempt income amounting to approximately RM8,875,000 (RM8,875,000 in 2002) and RM7,136,000 (RM7,136,000 in 2002) respectively under the Income Tax (Amendment) Act, 1999 which would enable the Company and the respective subsidiary companies to distribute tax exempt dividends up to the same amount.

A subsidiary company has been granted pioneer status for a period of five years commencing 1 July 1995 under the Promotion of Investments (Amended) Act, 1986 for the production of fire fighting motor vehicles which expired on 30 June 2000. As of 31 December 2003, the said subsidiary company has tax exempt income amounting to approximately RM433,000 (RM433,000 in 2002) which would enable the subsidiary company to distribute tax exempt dividends up to the same amount.

8. EARNINGS/(LOSS) PER ORDINARY SHARE

The basic earnings/(loss) per ordinary share is calculated by dividing the Group's net loss after minority interest of RM3,821,000 (profit after minority interest of RM29,000 in 2002) by the weighted average number of ordinary shares in issue during the year of 19,100,000 (19,100,000 in 2002).

9. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Freehold buildings RM'000	Computers, furniture and fittings, office and workshop equipment and air-conditioners RM'000	Motor vehicles RM'000	Shop-lots under construction RM'000	Total RM'000
Cost						
As of 1.1.2003	1,820	7,195	2,993	695	-	12,703
Additions	-	-	73	-	26,053	26,126
Disposals	-	-	-	(100)	-	(100)
As of 31.12.2003	1,820	7,195	3,066	595	26,053	38,729
Accumulated Depreciation						
As of 1.1.2003	-	974	2,644	364	-	3,982
Charge for the year	-	143	133	70	-	346
Disposals	-	-	-	(47)	-	(47)
As of 31.12.2003	-	1,117	2,777	387	-	4,281
Net Book Value						
As of 31.12.2003	1,820	6,078	289	208	26,053	34,448
As of 31.12.2002	1,820	6,221	349	331	-	8,721
Depreciation charge for 2002	-	141	158	72	-	371

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

The Company	Shop-lots under construction RM'000	Total RM'000
Cost		
As of 1.1.2003	-	-
Additions	26,053	26,053
<hr/>		
As of 31.12.2003	26,053	26,053
<hr/>		
Accumulated Depreciation		
As of 1.1.2003	-	-
Additions	-	-
<hr/>		
As of 31.12.2003	-	-
<hr/>		
Net Book Value		
As of 31.12.2003	26,053	26,053

The freehold land and building of the Group registered under a subsidiary company have been pledged to a local bank for credit facilities granted to the said subsidiary company as mentioned in Note 21.

Included in property, plant and equipment of the Group are the following fully depreciated property, plant and equipment which are still in use:

	2003 RM'000	2002 RM'000
At cost:		
Computers, furniture and fittings, office and workshop equipment and air-conditioners	2,387	2,387
Motor vehicles	296	291
<hr/>		
	2,683	2,678

Included under property, plant and equipment of the Group as of 31 December 2003 are motor vehicles of subsidiary companies under hire-purchase arrangements with net book value of RM208,000 (RM331,000 in 2002).

10. GOODWILL ON CONSOLIDATION

	The Group	
	2003	2002
	RM'000	RM'000
Arising from the acquisition of subsidiary companies	1,134	1,134
Less: Accumulated amortisation	(1,134)	(1,134)
Net	-	-

11. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2003	2002
	RM'000	RM'000
Unquoted shares, at cost	11,101	11,101
Less: Allowance for diminution in value	(371)	--
Net	10,730	11,101

The subsidiary companies, all incorporated in Malaysia, are as follows:

	Effective Percentage of Ownership		Principal Activities
	2003	2002	
	%	%	
CME Industries Sdn Bhd	100	100	Servicing of fire fighting and specialist vehicles and sale of related spare parts
CME Edaran Sdn Bhd	100	100	Sale and servicing of fire fighting equipment and specialist vehicles and sale of related spare parts
CME Technologies Sdn Bhd	100	100	Manufacturing and sale of fire fighting equipment and fire engines
CME Supplies Sdn Bhd	100	100	Dormant
CME Construction Sdn Bhd	100	100	Dormant
Istilah Permai Sdn Bhd *	60	60	Dormant

* The financial statements of this subsidiary company were not audited by Deloitte & Touche, the auditors of the Company.

11. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

As of 31 December 2003, the carrying values of the investment in subsidiary companies of the Company in one of its subsidiary companies are in excess of their net tangible assets values by approximately RM1,500,000. No allowance for diminution in value of the investment has been made in the financial statements of the Company as the directors are of the opinion that there is no permanent impairment in the value of the investment and the investment is held for long-term purposes.

Amounts owing by/(to) subsidiary companies arose mainly from advances to/(by) and payments made on behalf for/(by) its wholly-owned subsidiary companies, which are unsecured, interest-free and have no fixed terms of repayment.

12. OTHER INVESTMENTS

	The Group and The Company	
	2003	2002
	RM'000	RM'000
Quoted shares in Malaysia	1,444	5,218
Less: Allowance for diminution in value of investment	(684)	(3,123)
Net	760	2,095
Investment in golf club memberships	175	175
Total	935	2,270
Market value of shares quoted in Malaysia	760	2,095

13. INVENTORIES

	The Group	
	2003	2002
	RM'000	RM'000
Machinery and spare parts	333	363
Less: Allowance for inventories obsolescence	(93)	(93)
Net	240	270

14. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2003 RM'000	2002 RM'000
Contract costs incurred plus recognised profits	266	51,769
Less: Progress billings	-	(50,662)
Amount due from contract customers	266	1,107

15. TRADE RECEIVABLES

	The Group	
	2003 RM'000	2002 RM'000
Trade receivables	10,934	41,387
Unbilled receivables	2,299	-
Less: Allowance for doubtful receivables	(1,380)	(2,012)
Net	11,853	39,375

Bad receivables amounting to RM1,222,000 of a subsidiary company (RM109,000 in 2002) have been written off against the allowance for doubtful receivables.

The credit period granted to customers ranges from 60 days to 90 days (60 days to 90 days in 2002).

16. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other receivables	2,890	7,348	5	14
Tax recoverable	162	-	-	-
Refundable deposits	145	263	-	-
Prepaid expenses	43	43	-	-
	3,240	7,654	5	14

17. FIXED DEPOSITS WITH LICENSED BANKS

Included under fixed deposits with licensed banks of the Group is an amount of RM4,186,000 (RM4,186,000 in 2002) pledged to a local bank by a subsidiary company for bank guarantee granted to the said subsidiary company.

The average effective interest rate is as follows:

	The Group	
	2003	2002
	%	%
Fixed deposits with licensed banks	3.2	3.2

18. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchase and ongoing costs. The average credit period granted to the Group for trade purchases range from 30 to 60 days (30 to 60 days in 2002).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Other payables	18,383	2,523	16,688	6
Accrued expenses	833	1,017	12	12
	19,216	3,540	16,700	18

19. HIRE-PURCHASE PAYABLES

	The Group	
	2003	2002
	RM'000	RM'000
Total outstanding	230	450
Less: Interest-in-suspense	(32)	(63)
Total amount outstanding	198	387
Less: Portion due within one year included under current liabilities	(157)	(186)
Non-current portion	41	201

19. HIRE-PURCHASE PAYABLES (cont'd)

The interest rates implicit in the hire-purchase obligations ranging from 6.7% to 11.19% (6.70% to 11.19% in 2002) per annum. The non-current portion of the hire-purchase obligations of the Group is repayable as follows:

	2003 RM'000	2002 RM'000
Financial year ending:		
2004	-	156
2005	41	45
<hr/>		
Non-current portion	41	201

20. BANK BORROWINGS

	The Group	
	2003 RM'000	2002 RM'000
Long-term loan - current portion (Note 21)	1,823	-
Bank overdrafts	1,732	3,369
Short-term project loan	908	5,452
Bankers' acceptances	-	5,838
Trust receipts	-	2,376
<hr/>		
	4,463	17,035

Subsidiary Companies

The subsidiary companies have credit facilities consisting of bank overdraft, trade financing and bank guarantee facilities totalling RM46.3 million (RM52.7 million in 2002) from three local banks. These facilities are secured by the following:

- a) debenture over the present and future fixed and floating assets of subsidiary companies;
- b) corporate guarantee by the Company; and
- c) negative pledge on assets of subsidiary companies.

In 2002, a subsidiary company secured credit facilities consisting of short-term project financing, bank overdraft, trust receipts, bank guarantee and other trade financing facilities totalling RM10.4 million from another local bank. These credit facilities are secured by the following:

20. BANK BORROWINGS (cont'd)

- a) deed of assignment of contract proceeds from a project secured by the subsidiary company;
- b) fixed deposit pledged by the subsidiary company on bank guarantee granted; and
- c) corporate guarantee by the Company.

During the financial year, the abovementioned subsidiary company secured another credit facilities consisting of bank overdraft, trust receipts and bank guarantee totalling RM9.4 million from another local bank. These credit facilities are secured by the following:

- a) third party charge over certain landed properties owned by another subsidiary company;
- b) negative pledge on assets of the subsidiary company; and
- c) corporate guarantee by the Company.

The short-term project loan, together with the overdraft and trade financing facilities granted to the subsidiary companies, bear interest at rates ranging from 2.5% to 8.5% (2.8% to 8.9% in 2002) per annum.

21. LONG-TERM LOAN

	The Group	
	2003	2002
	RM'000	RM'000
Total principal outstanding	4,406	-
Less: Portion due within one year included under bank borrowings (Note 20)	(1,823)	-
Non-current portion	2,583	--

The non-current portion of this long-term loan is payable as follows:

	2003	2002
	RM'000	RM'000
Financial years ending		
2005	1,823	-
2006	760	-
	2,583	-

21. LONG-TERM LOAN (cont'd)

During the financial year, a subsidiary company obtained a long-term loan facility of RM5,344,000 from a local bank. The loan bears interest at 8.9% per annum and is repayable in equal monthly instalments of RM169,372 each over 36 months commencing June 2003. The long-term loan facility is secured by the following:

- a) debenture over the present and future fixed and floating assets of the subsidiary company;
- b) negative pledge on assets of the subsidiary company;
- c) deed of assignment of contract proceeds from a project secured by the subsidiary company;
- d) fixed deposit pledged by the subsidiary company on bank guarantee granted; and
- e) corporate guarantee by the Company.

22. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
At beginning of year	-	9	-	-
Transfer to income statement	(9)	-	-	-
At end of year	-	9	-	-

Deferred tax liabilities of the Group in 2002 arose mainly from temporary difference between tax capital allowances over book depreciation of property, plant and equipment of a subsidiary company.

23. SHARE CAPITAL

Share capital of the Company is represented by:

	The Company	
	2003	2002
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1 each		
At beginning of year	60,000	25,000
Created during the year	-	35,000
At end of year	60,000	60,000
Issued and fully paid-up:		
19,100,000 ordinary shares of RM1 each	19,100	19,100

24. UNAPPROPRIATED PROFIT

Based on the tax exempt income as mentioned in Note 7, the estimated tax credits available and the prevailing tax rate applicable to dividends, the Company is able to distribute its entire unappropriated profit as of 31 December 2003 by way of cash dividends without incurring any additional tax liabilities.

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	4,186	4,186	-	-
Cash and bank balances	5,842	124	4	1
Bank overdrafts (Note 20)	(1,732)	(3,369)	-	-
	8,296	941	4	1
Less: Fixed deposit pledged (Note 17)	(4,186)	(4,186)	-	-
	4,110	(3,245)	4	1

26. HOLDING COMPANY

The Company is a subsidiary company of Ikram Mulia Holdings Sdn Bhd, a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

27. FINANCIAL INSTRUMENTS**Financial Risk Management Objective and Policies**

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Foreign currency risk

The Group undertaken trade transactions with its foreign suppliers, operating outside of Malaysia, where the amounts owing are exposed to currency translation risks.

27. FINANCIAL INSTRUMENTS (cont'd)***Interest rate risk***

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest bearing fixed deposits, bank borrowings and term loan. The interest rates of fixed deposits, bank borrowings and term loan of the Group and of the Company are disclosed in Notes 17, 20 and 21 respectively.

Credit risk

The Group is exposed to credit risk mainly from trade receivables. The Group has no major concentration of credit risk and manage these risks by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

The Group's exposure to credit risk in relation to its trade receivables, should all its customers fail to perform their obligations as of 31 December 2003, is the carrying amount of these receivables as disclosed in the balance sheet.

Liquidity risk

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Cash flow risk

The Group and the Company review its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Fair value of financial assets and liabilities

The carrying amount and the estimated fair value of the Group's and the Company's financial assets and liabilities as of 31 December 2003 are as follows:

	Carrying Amount		Fair Value	
	2003	2002	2003	2002
The Group	RM	RM	RM	RM
<i>Financial Liabilities</i>				
Term loan (Note 21)	4,406	–	3,824	–
Hire-purchase payables(Note 19)	198	387	180	358

27. FINANCIAL INSTRUMENTS (cont'd)

The Company	Carrying Amount		Fair Value	
	2003 RM	2002 RM	2003 RM	2002 RM
Financial Assets				
Other investments	935	2,270	935	2,270

Cash and cash equivalents, amount due from contract customers, trade and other receivables, trade and other payables, intercompanies indebtedness and bank borrowings

The carrying amounts approximate fair value because of the short maturity of these assets and liabilities.

28. CONTINGENT LIABILITIES

	The Company	
	2003 RM'000	2002 RM'000
Unsecured guarantees given to banks for credit facilities granted to its wholly-owned subsidiary companies	77,532	54,784

29. CAPITAL COMMITMENT

	The Group and the Company	
	2003 RM'000	2002 RM'000
Approved and contracted for:		
Purchase of 54 units of shop-lots	7,617	-

30. SEGMENTAL REPORTING

2003	Investment					Consolidated RM'000
	Manufacturing RM'000	Holding RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	
Revenue						
External sales	14,725	-	233	-	-	14,958
Inter-segment sales	584	-	2,003	-	(2,587)	-
Total revenue	15,309	-	2,236	-	(2,587)	14,958
Results						
Segment result	(3,236)	375	(332)	(9)	371	(2,831)
Finance costs	(805)	-	(58)	-	-	(863)
Loss before tax						(3,694)
Income tax expense						(127)
Loss after tax						(3,821)
Other Information						
Capital additions	10	26,053	63	-	-	26,126
Depreciation of property, plant and equipment	104	-	242	-	-	346
Allowances for diminution of investment in subsidiary company	-	371	-	-	-	371
Consolidated Balance Sheet Assets						
Segment assets	36,845	62,995	17,359	6,685	(63,809)	60,075
Other investments	-	935	-	-	-	935
Consolidated Total Assets						61,010
Liabilities						
Segment liabilities	25,790	25,282	24,840	4,637	(53,080)	27,469

30. SEGMENTAL REPORTING (cont'd)

2002	Investment					Consolidated RM'000
	Manufacturing RM'000	Holding RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	
Revenue						
External sales	50,681	-	133	-	-	50,814
Inter-segment sales	25,537	-	1,669	-	(27,206)	-
Dividend income	-	6,500	-	-	(6,500)	-
Total revenue	76,218	6,500	1,802	-	(33,706)	50,814
Results						
Segment result	2,755	5,160	(243)	(12)	(6,500)	1,160
Finance costs	(264)	-	(22)	-	-	(286)
Profits before tax						874
Income tax expense						(845)
Profit after tax						29
Other information						
Capital additions	361	-	677	-		1,038
Depreciation of property, plant and equipment	83	-	288	-		371
Allowances for diminution of quoted shares	-	1,119	-	-		1,119
Consolidated Balance Sheet						
Assets						
Segment assets	53,665	40,555	23,184	6,739	(62,507)	61,636
Other investments	-	2,270	-	-		2,270
Consolidated total assets						63,906
Liabilities						
Segment liabilities	38,443	4,551	30,274	4,683	(51,407)	26,544

As the Group is principally operating within Malaysia, geographical segment has not been presented.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 9 September 2002, the Company proposed to implement the following:

- (a) a private placement of up to 1,910,000 new ordinary shares of RM1.00 each ("Proposed Private Placement") representing 10% of the issued and paid-up share capital of the Company;
- (b) a bonus issue of 19,100,000 new ordinary shares of RM1.00 each in the Company ("Bonus Shares") to be credited as fully paid-up shares on the basis of ten (10) Bonus Shares for every eleven (11) existing ordinary shares of RM1.00 each in the Company after the completion of the Proposed Private Placement; and
- (c) an employee share option scheme ("Proposed ESOS") for the benefit of eligible employees and Executive Directors of the Company.

The proposals were approved by the Securities Commission on 19 November 2002 without any variation and is to be implemented by 19 May 2004.

On 14 January 2003, the Company entered into fifty four (54) Sale & Purchase Agreements and Supplemental Agreement with Muara Segar (M) Sdn Bhd for the acquisition of fifty four (54) units of 3-storey shop-lot offices in Taman Sri Mahkota, Kuantan, Pahang, for a total purchase consideration of RM33.67 million.

••• Statement By Directors

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The directors of **CME GROUP BERHAD**, state that, in their opinion, the accompanying balance sheets and related statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2003 and of the results and the cash flows of the Group and the Company for the year ended on that date.

Signed in accordance with a resolution
of the Directors,

**DATO' TENGKU PUTRA BIN
TENGKU AZMAN SHAH**

**DATO' ABDUL AZIZ
BIN ABDULLAH**

Shah Alam,
5 March 2004

••• Declaration By The Officer Primarily Responsible For The Financial Management Of The Company

I, **LEONG KWOK FAI**, the Officer primarily responsible for the financial management of **CME GROUP BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and related statements of income, changes in equity and cash flows 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 **LEONG KWOK FAI** at **KUALA LUMPUR** this 5th day of March, 2004.

Before me,

DATO NG MANN CHEONG

No: W023

Commissioner for Oaths

Malaysia

●●● List Of Landed Properties

Owned by:
CME GROUP BERHAD

Location	Land Area Built up	Tenure/ (Approximate Age of Building) Years	Description of Property (Existing Use)	Net Book Value As At 31 December 2003 RM
(54 units of Shoplot under construction) <ul style="list-style-type: none"> • H.S.(M) 22733 No. PT 23011 to H.S.(M) 22747 No. PT 23025 • H.S.(M) 22759 No. PT 23037 to H.S.(M) 22773 No. PT 23051 • H.S.(M) 22779 No. PT 23057 to H.S.(M) 22788 No. PT 23066 • H.S.(M) 22804 No. PT 23082 to H.S.(M) 22817 No. PT 23095 all in Mukim of Kuala Kuantan Tempat Bandar Indera Mahkota State of Pahang	22,831 sq.m	Leasehold 99 years expiring 25 April 2090	3 Storey Shoplot Office	26,053 million

Owned by:
CME INDUSTRIES SDN BHD

Location	Land Area Built up	Tenure/ (Approximate Age of Building) Years	Description of Property (Existing Use)	Net Book Value As At 31 December 2003 RM
12161, Mukim of Damansara District of Petaling State of Selangor Darul Ehsan	7,307.20 sq.m	Freehold (14 years)	3 Storey Office cum Factory Building -used as Office & Factory	7,898 million

Authorised Shares Capital : RM60,000,000
Issued and Fully Paid Up : RM20,010,000
Class of Shares : Ordinary Shares Of RM1 Each Fully Paid

DISTRIBUTION OF SHAREHOLDINGS

As At 20 May 2004

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	9	0.86	200	0.00
100 – 1,000	610	58.20	604836	2.88
1,001 – 10,000	337	32.16	1,336,383	6.36
10,001 – 100,000	70	6.68	1,793,393	8.54
100,001 to less than 5% of issued shares	20	1.91	7,603,093	36.18
5% and above of issued shares	2	0.19	9,672,095	46.04
Grand Total	1,048	100.00	21,010,000	100.00

SUBSTANTIAL SHAREHOLDERS

As At 20 May 2004

Names	Holdings	
	No.	%
1. Ikram Mulia Holdings Sdn Bhd	5,872,095	27.95
2. Cimsec Nominees (Tempatan) Sdn Bhd (A/C for Aspire Assets Sdn Bhd)	3,800,000	18.09

DIRECTORS' SHAREHOLDINGS

As At 20 May 2004

Names	Holdings	
	No.	%
1. Y.M. Dato' Tengku Putra Bin Tengku Azman Shah	–	–
2. Y. Bhg. Dato' Abdul Aziz Bin Abdullah	15,160	0.07
3. Y. Bhg. Dato' Khairi Bin Mohamad	–	–
4. Azlan Omry Bin Omar	–	–

THIRTY (30) LARGEST SHAREHOLDERS As At 20 May 2004

Names	Holdings	
	No.	%
1. Ikram Mulia Holdings Sdn Bhd	5,872,095	27.95
2. Cimsec Nominees (Tempatan) Sdn Bhd <i>(A/C for Aspire Assets Sdn Bhd)</i>	3,800,000	18.09
3. Sven Bjorn Henrik Otterbeck	1,003,000	4.77
4. Kenanga Nominees (Tempatan) Sdn Bhd <i>(EON Finance Berhad for Ding Cho Hee)</i>	968,000	4.61
5. Kenanga Nominees (Tempatan) Sdn Bhd <i>(EON Finance Berhad for Omar Bin Abdul Rahman)</i>	874,000	4.16
6. Mayban Nominees (Tempatan) Sdn Bhd <i>(A/C for Low Ah Suan)</i>	700,000	3.33
7. Cimsec Nominees (Tempatan) Sdn Bhd <i>(A/C for George Ngoh Hung Onn)</i>	695,000	3.31
8. JB Nominees (Tempatan) Sdn Bhd <i>(A/C for Lau Yoke Peng)</i>	382,000	1.82
9. JB Nominees (Tempatan) Sdn Bhd <i>(A/C for Loong Fong Lin)</i>	382,000	1.82
10. JB Nominees (Tempatan) Sdn Bhd <i>(A/C for Ong Suan Pin)</i>	382,000	1.82
11. JB Nominees (Tempatan) Sdn Bhd <i>(A/C for Peter Toi Huat Heng)</i>	382,000	1.82
12. JB Nominees (Tempatan) Sdn Bhd <i>(A/C for Phua Chong Lee)</i>	382,000	1.82
13. Citicorp Nominees (Asing) Sdn Bhd <i>(A/C for Springtime Securities Limited)</i>	254,000	1.21
14. MIDF Sisma Nominees (Tempatan) Sdn Bhd <i>(A/C for Selvandran a/I Ponniah)</i>	172,100	0.82
15. Citicorp Nominees (Asing) Sdn Bhd <i>(A/C for Dato Ng Keng Joo)</i>	154,000	0.73
16. Leong Kwok Fai	146,508	0.70
17. Low Ah Suan	135,000	0.64
18. Tasec Nominees (Asing) Sdn Bhd <i>(Meespierson Asia Limited for Savern Finance Limited)</i>	130,000	0.62
19. Wong Yan Kheong	124,485	0.59
20. TA Nominees (Tempatan) Sdn Bhd <i>(A/C for Cheng Yin Heong)</i>	119,000	0.57

THIRTY (30) LARGEST SHAREHOLDERS
As At 20 May 2004 (cont'd)

Names	Holdings	
	No.	%
21. Law Siew Yin	110,000	0.52
22. Citicorp Nominees (Tempatan) Sdn Bhd <i>(A/C for Foo Kok Siew)</i>	108,000	0.51
23. Botly Nominees (Tempatan) Sdn Bhd <i>(A/C for Dominic Chin Yuen Min)</i>	100,000	0.48
24. Cimsec Nominees (Tempatan) Sdn Bhd <i>(A/C for Platinum Capital Sdn Bhd)</i>	94,000	0.45
25. Eng Nominees (Tempatan) Sdn Bhd <i>(A/C for Tan Heng Loon)</i>	92,000	0.44
26. HDM Nominees (Tempatan) Sdn Bhd <i>(A/C for George Ngoh Hung Onn)</i>	75,600	0.36
27. Selvandran a/l Ponniah	61,000	0.29
28. Thean Yin Kong	60,100	0.29
29. Choo Tiang Choo	59,600	0.28
30. HLG Nominee (Tempatan) Sdn Bhd <i>(A/C for Ng Keng Joo)</i>	58,000	0.28

I/We, _____
 (PLEASE USE BLOCK LETTERS)

of _____

being a Member/Members of the CME Group Berhad, hereby appoint _____

of _____

or failing him _____

of _____

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at the Putera Room, Level M, Empress Hotel, Jalan ST1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Friday, 25 June 2004 at 10.00 a.m. or any adjournment thereof.

I/We direct my/our proxy to vote for against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.	Resolution	For	Against
1.	To receive and adopt the Reports and Audited Financial Statements		
2.	To re-elect Y.M. Dato' Tengku Putra Bin Tengku Azman Shah as Director		
3.	To approve the payment of Directors' fees		
4.	To re-appoint Messrs Deloitte & Touche as Auditors of the Company		
5.	Special Business - Ordinary Resolution - Special Resolution		

(Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

Date this _____ day of _____ 2004

NO. OF SHARES HELD

 Signature(s) of Member(s)



Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy must be deposited at the Company's Registered Office not less than 48 hours before the time set for the meeting or any adjournment thereof.
3. Ordinary Resolution
 -Authority to allot shares pursuant to Section 132D of the Companies Act, 1965
 The proposed Ordinary Resolution if passed will give the Directors the authority to issue shares up to a maximum ten per centum (10%) of the issued capital of the Company for the time being for such purpose as the Directors would consider in the best interest of the Company. The authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting of the Company.



Fold This Flap For Sealing (Staple or Glue)

Please Fold Along This Line

**AFFIX
STAMP
HERE**

To:

The Company Secretary
CME GROUP BERHAD (52235-K)
Lot 19, Jalan Delima 1/1
Subang Hi-Tech Industrial Park
Batu Tiga
40000 Shah Alam

Please Fold Along This Line

This form is intended to facilitate the lodgement of complaints with the Bursa Malaysia, by investors against Public Listed Companies (PLCs) in Malaysia. Investors are encouraged, in the first instance, to amicably settle any differences directly with the PLC concerned.

Q: When can you make a complaint?

A: At anytime, preferably as soon as the problem occurs.

Below are some instances when a complaint may be lodged against a PLC:

- Misleading/inaccurate/insufficient disclosure of information;
- Failure to disclose material information in financial statements or annual reports;
- Action/lack of actions detrimental to the interest of shareholders;
- Directors of PLCs;
- Management of PLCs;
- Share Registrars of PLCs; and
- Others (to specify)

Q: What are the procedures to make a complaint?

A: Procedure is very simple. For clarity, it is best to be in written form and directed to the Bursa Malaysia. You can use any of the following methods to submit your complaints;

- mail the attached Complaint Form to Bursa Malaysia; or
- fax the Complaint Form to 03-2063700

Q: How will Bursa Malaysia handle the complaint?

A: Bursa Malaysia will handle the matter promptly and in any event, will contact the complainant not later than 14 days from receipt of the complaint.

Details of Complainant

Name: _____

NRIC no: _____

CDS no: _____

Address: _____

Telephone no: _____

House _____

Office _____

H/Phone _____

Details of Public Listed Company

Name : _____

Address: _____

Details of Complaint

Have you tried to resolve this complaint with the relevant Public Listed Company?

Yes

No

If yes, kindly indicate the name of the person contacted and his/her department.

Type of Complaint:

Misleading/inaccurate/insufficient disclosure of information;

Failure to disclose material information in financial statements or annual reports;

Action/lack of actions detrimental to the interest of shareholders;

Directors of PLCs;

Management of PLCs;

Share Registrars of PLCs; and

Others (to specify)

If others, please specify:

MY COMPLAINT IS AS FOLLOWS

(Please provide a detailed account of the complaint in chronological order). You may type additional notes in a separate piece of paper.

Signature : _____

Date : _____

For Bursa Malaysia's use :

Ref. No : _____
Dated received : _____
Officer in charge : _____
Dated of first contact with complainant: _____

Status after 14 days :

Resolved

Pending

For Bursa Malaysia's use :

Details :

Bursa Malaysia Berhad



complaint against
public listed company

Contact details :

Group Communications Division
Bursa Malaysia Berhad
Exchange Square, Bukit Kewangan
50200 Kuala Lumpur
Tel : (03) 2026 7099
Fax : (03) 2710 2308

