



FCW HOLDINGS BERHAD

3116-K

Annual Report 2004

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NOTICE OF ANNUAL GENERAL MEETING

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FCW Holdings Berhad (3116-k)

NOTICE IS HEREBY GIVEN THAT the Forty-Ninth Annual General Meeting of the shareholders of the Company will be held at Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 14 December, 2004 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions:-

Agenda

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Group and the Company for the financial year ended 30 June, 2004 and the Auditors' Report thereon.
2. To approve the payment of Directors' fees in respect of the financial year ended 30 June, 2004.
3. To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association:
 - (a) Mr Ong Bing Yap; and
 - (b) Ms Lim Lai Sam
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.
5. To transact any other ordinary business of the Company for which due notice has been given.

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3(a)

Ordinary Resolution 3(b)

Ordinary Resolution 4

By Order of the Board

Jenny Wong Chew Boey

Tan Shien Yin

Secretaries

Kuala Lumpur

22 November, 2004

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment(s) shall be invalid.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. The Proxy Form shall be deposited with the Company's Share Registrars, Messrs Shareworks Sdn Bhd (formerly known as Panama Resources Sdn Bhd), 23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Contents of the statement accompanying Notice of the Forty-Ninth Annual General Meeting of **FCW Holdings Berhad**

• The name of individuals who are standing for re-election:-

- (a) Mr Ong Bing Yap
- (b) Ms Lim Lai Sam

• Forty-Ninth Annual General Meeting of FCW Holdings Berhad:-

Venue, Date and Time

Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 14 December, 2004 at 11.00 a.m.

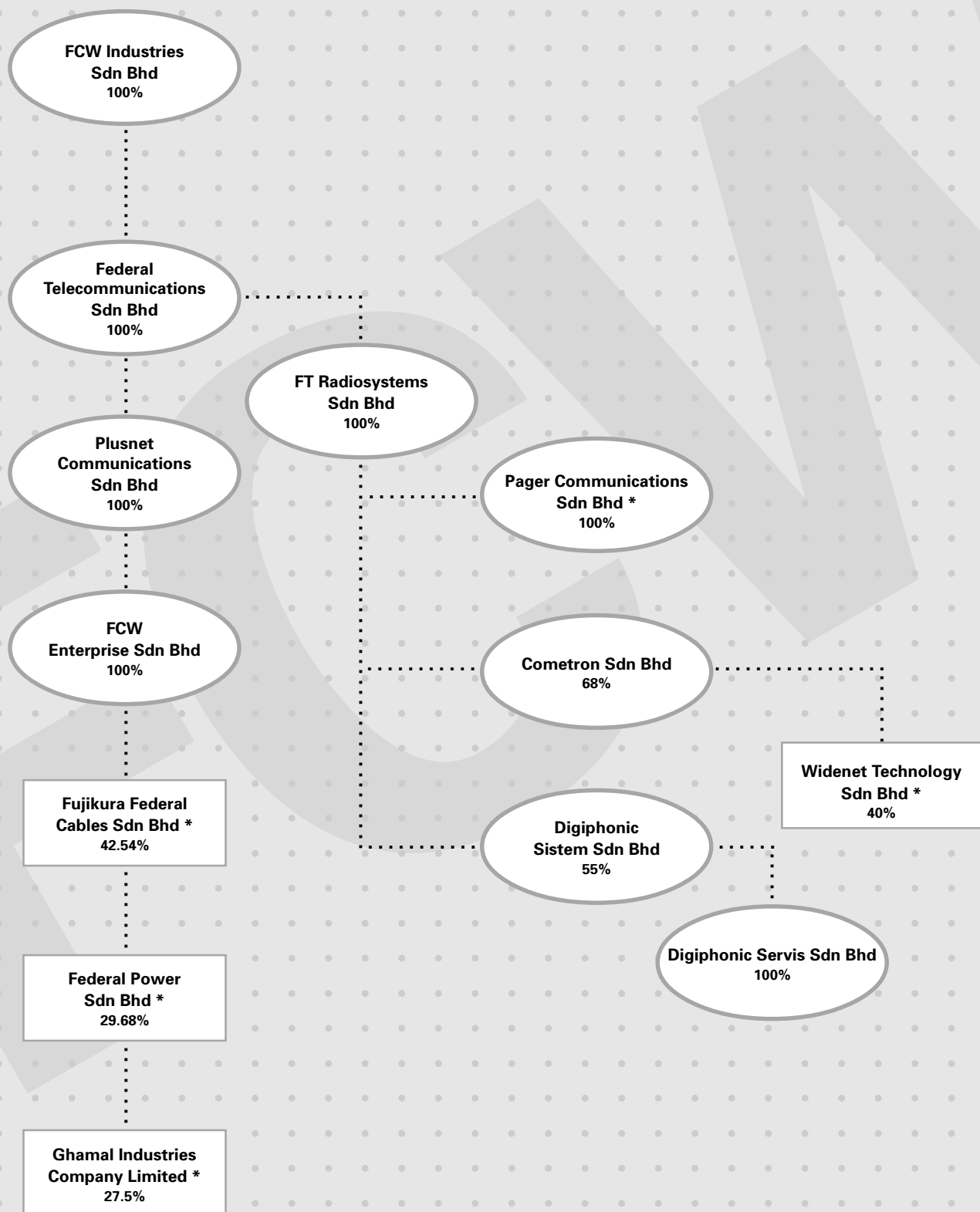
CORPORATE INFORMATION

Board of Directors	:	Tan Sri Dato' Tan Hua Choon - Chairman, Non-Independent Non-Executive Director Dato' Ismail Bin Hamzah - Independent Non-Executive Director Mr Ong Bing Yap - Executive Director Mr Thor Poh Seng - Non-Independent Non-Executive Director Ms Lim Lai Sam - Non-Independent Non-Executive Director Mr Lee Yu-Jin - Independent Non-Executive Director
Audit Committee	:	Dato' Ismail Bin Hamzah (Chairman) Mr Thor Poh Seng Mr Lee Yu-Jin (MIA)
Nomination Committee	:	Tan Sri Dato' Tan Hua Choon Dato' Ismail Bin Hamzah Mr Lee Yu-Jin
Remuneration Committee	:	Tan Sri Dato' Tan Hua Choon Mr Thor Poh Seng
Senior Independent Non-Executive Director	:	Dato' Ismail Bin Hamzah Fax : (03) 4043 6750
Company Secretaries	:	Ms Jenny Wong Chew Boey Ms Tan Shien Yin
Registered Office	:	No. 8, 3rd Floor Jalan Segambut 51200 Kuala Lumpur Tel: (03) 4043 9266 Fax: (03) 4043 6750
Principal Bankers	:	HSBC Bank Malaysia Berhad RHB Bank Berhad
Registrars (Share/Warrant)	:	Shareworks Sdn Bhd (formerly known as Panama Resources Sdn Bhd) 23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur Tel: (03) 6201 1120 Fax: (03) 6201 3121
Auditors	:	Messrs Ernst & Young Chartered Accountants Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel : (03) 2087 7000 Fax : (03) 2095 5332
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad (Formerly known as Malaysia Securities Exchange Berhad) Main Board

CORPORATE STRUCTURE

4 FCW Holdings Berhad (3116-k)

FCW Holdings Berhad



* Not audited by Messrs Ernst & Young

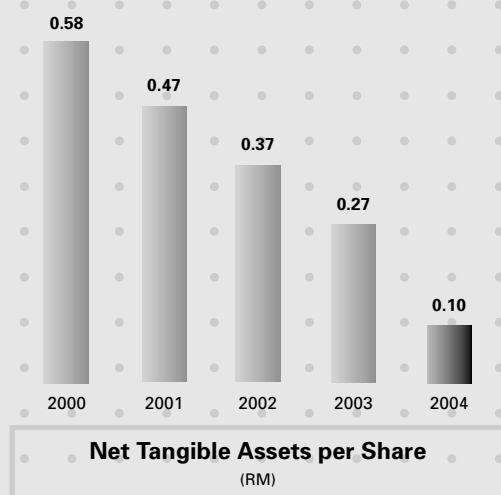
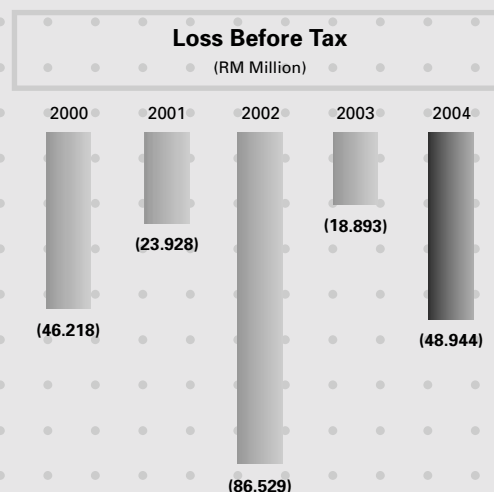
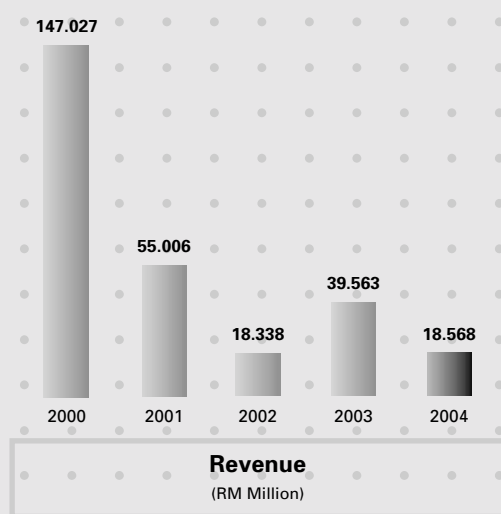
Note: Companies which are dormant or which have ceased operations are excluded.

FINANCIAL HIGHLIGHTS

	2000 RM Million	2001 RM Million	2002 RM Million	2003 RM Million	2004 RM Million
Revenue	147.027	55.006	18.338	39.563	18.568
Loss Before Tax	(46.218)	(23.928)	(86.529)	(18.893)	(48.944)
Loss After Tax and Minority Interest Attributable to Shareholders	(46.550)	(23.049)	(85.487)	(19.526)	(49.223)
Dividends – Net	–	–	–	–	–
Shareholders' Funds	176.525	153.476	68.040	49.813 *	26.838
Loss Per Share Based on Basic Diluted	(25.1) –	(12.4) –	(46.0) –	(9.6)* –	(19.8) (19.5)
Net Tangible Assets per Share (RM)	0.58	0.47	0.37	0.27 *	0.10
Dividend Rate	–	–	–	–	–

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FCW Holdings Berhad (3116-k)

* Figures have been restated to reflect the prior year adjustment in respect of the accrual for certain holding costs incorrectly taken up in prior years.



DIRECTORS' PROFILE

Tan Sri Dato' Tan Hua Choon

Aged 63, Malaysian

Chairman, Non-Independent Non-Executive Director

Tan Sri Dato' Tan was appointed as Director and Chairman of the Company on 26 January, 1999 and 16 February, 2000 respectively. On 21 February, 2002, he was appointed to the Nomination Committee and Remuneration Committee of the Company.

Tan Sri Dato' Tan is self-made businessman with vast experiences in various fields and industries. He has been involved in a wide range of businesses for the past 40 years, which include manufacturing, marketing, banking, shipping, property development and trading.

During the last 12 years, he has built-up investments in numerous public listed companies. He is also the Chairman of Jasa Kita Berhad, Keladi Maju Berhad, GPA Holdings Berhad, PDZ Holdings Bhd, Malaysia Aica Berhad and Marco Holdings Berhad.

Dato' Ismail Bin Hamzah

Aged 58, Malaysian

Independent Non-Executive Director

Dato' Ismail joined the Board on 1 January, 2002 as an Independent Non-Executive Director. He was appointed as a Chairman of the Audit Committee on 1 January, 2002. He is also a member of the Board's Nomination Committee. He graduated from the University of Malaya in 1970 with a Bachelor of Economics (Hons) in Analytical Economics. He held many key positions in governmental agencies whereby he has over 32 years of experience in various aspects from economics to finance. Dato' Ismail also serves on the board of Grand United Holdings Berhad, PDZ Holdings Bhd and Engtex Group Bhd.

Ong Bing Yap

Aged 54, Malaysian

Executive Director

Mr Ong was appointed to the Board of the Company on 1 November, 1999 and had served as a member of the Audit Committee from May 2000 to January 2002. He holds a Diploma in Education from the Technical Teachers Training College. Besides having a few years of experience in teaching, he has accumulated many years' of experience in the industrial engineering industry since joining the Jasa Kita Group of Companies in 1978. He also sits on the Board of Jasa Kita Berhad and United Bintang Berhad.

DIRECTORS' PROFILE

Thor Poh Seng

Aged 44, Malaysian
Non-Independent Non-Executive Director

Mr Thor was appointed to the Board of the Company on 26 January, 1999 and has been a member of the Audit Committee since January 2000. He was also appointed to the Remuneration Committee with effect from 21 February, 2002.

He holds a Bachelor of Engineering degree from University Pertanian Malaysia (now known as University Putra Malaysia) and a Master's degree in Business Management from the Asian Institute of Management, Philippines.

Mr Thor was an ex-merchant banker from Commerce International Merchant Bankers Berhad ("CIMB") with extensive experience in corporate finance and corporate planning. Prior to joining CIMB, he has held senior positions in operations and in finance in Dunlop Estates Berhad and Sitt Tatt Berhad respectively. He is also Director of Malaysia Aica Berhad, Keladi Maju Berhad, PDZ Holdings Bhd, Jasa Kita Berhad, GPA Holdings Berhad and Marco Holdings Berhad.

Lee Yu-Jin

Independent Non-Executive Director
Aged 37, Malaysian

Mr. Lee was appointed as Director of the Company on 1 January, 2002. He is also a member of the Board's Nomination Committee. He graduated from University of Manchester, U.K. with a Bachelor of Arts (Honours) in Economics and is also a Member of the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants. Prior to joining FCW, he has held senior positions in finance, accounting and banking. He also sits on the Board of Malaysia Aica Berhad and United Bintang Berhad.

Lim Lai Sam

Aged 40, Malaysian
Non-Independent Non-Executive Director

Ms Lim was appointed as Director of the Company on 26 January, 1999 and had served as a member of the Audit Committee from January 2000 to January 2002. She is an Associate Member of the Institute of Chartered Secretaries and Administrators, U.K. She was appointed as Company Secretary of various public-listed companies and has further accumulated many years of experience in the corporate sector.

Additional Information on Members of the Board

- There is no other family relationship among the Board members and the major shareholders of the Company.
- As at to-date, there has not been any occurrence of conflict of interest between any Member of the Board and the Company.
- None of the Board Members have been convicted of any offence within the past 10 years, other than traffic offences, if any.
- The attendance of the Directors at Board Meetings of the Company held during the financial year is set out in page 10 of this Annual Report.

CHAIRMAN'S

On behalf of the Board of Directors, I present the Annual Report and Audited Financial Statements of FCW Holdings Berhad and of the Group for the financial year ended 30 June, 2004.

Financial Review

For the financial year ended 30 June, 2004, the Group recorded a turnover of RM18.568 million, representing a decrease of RM20.995 million or 53.07% against the turnover of RM39.563 million in the preceding year.

Pre-tax loss increased to RM48.944 million from RM18.893 million in the previous financial year. The loss was primarily attributed to the share of the cable associates' losses of RM38.854 million and impairment made on the investments in the associates amounting to RM8.998 million.

Performance Review

The reduced turnover of the Group was due to the deferment of various projected projects and ongoing tenders during the year under review.

The enlarged share of losses of the associates was mainly due to the writing down of obsolete machinery, writing off of bad debts and continued streamlining efforts implemented during the financial year under review. As the associates are expected to continue operating in a very competitive environment with low margins, the Group saw it prudent to make impairment adjustment in respect of the investments in the associates.

Prospects

With the global economy under pressure from the increase in oil prices, the Malaysian economy is expected to continue to rely on domestically driven growth especially from the private sector as the public sector continues its consolidation following the Government's endeavors to reduce its budget deficit.

STATEMENT

Having successfully completed the Rights Issue exercise, the Group has utilised part of the proceeds raised towards settlement of its outstanding bank borrowings, which has resulted in substantial savings in the Group's financial costs.

The Group's investments in the cable associates, Federal Power Sdn Bhd and Fujikura Federal Cables Sdn Bhd, were made since 1975 and 1987 respectively. The cable business had seen better days prior to 1997 and had contributed positively towards the Group's results then. However, since 1997, demand for cables dropped substantially throughout Malaysia and the situation was further compounded by the over-capacity situation of cable manufacturers from both within the country and from the region. This had resulted in the cable associates experiencing lower turnover levels and margins thereby incurring losses since 1997. Over the last 5 years, the Group's investments in the cable associates had been fully eroded due to the share of losses as well as the recognition of impairment loss. Hence, the Group will no longer be required to equity account for the future losses of the associates, which are expected to continue operating in very competitive conditions with low margins.

While the Group actively explores possibilities of new businesses and ventures as well as new products to strengthen its operations, the Board continues to be cautious of the Group's performance for the coming financial year.

Dividends

No dividend has been declared or recommended for the financial year ended 30 June, 2004.

Appreciation

On behalf of the Board, I would like to express my appreciation and gratitude to our management team and staff for their continued dedication and invaluable contribution to the Group.

To our shareholders, valued customers, suppliers, and bankers, I would like to record my appreciation for your continued support to the Group.

Tan Sri Dato' Tan Hua Choon

Chairman

CORPORATE GOVERNANCE STATEMENT

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FCW Holdings Berhad (3116-k)

The Board of Directors of FCW Holdings Berhad fully subscribes to and supports the spirit of the Malaysian Code On Corporate Governance ("the Code") and is committed to ensuring that the principles and best practices of the Code are observed and practiced throughout the Group in the pursuit of discharging its roles and responsibilities to protect the shareholders' interests and enhance the financial performance of the Group.

The Board is pleased to report that the Group had substantially complied with the Code throughout the financial year ended 30 June, 2004. Nevertheless, ongoing reviews will be carried out from time to time to reassess and refine the governance framework towards further enhancing the Groups' business prosperity and corporate accountability.

Set out below are details of how the Group has applied the principles and complied with the best practices outlined in Parts 1 and 2 of the Code respectively.

A. Board of Directors

i) The Board

The FCW Holdings Berhad Group of Companies is managed and led by an experienced and effective Board who has within it individuals drawn from varied professionals and specialisation in the fields of management, marketing, trading, administration, finance and accounting. Together with the Management, they collectively bring a diverse range of skills and expertise to effectively discharge their responsibilities towards achieving the Group's business strategies and corporate goals.

The Executive Director frequently attends the Group's management meetings wherein operational details and other issues were discussed and considered. Apart from the management meetings, the Executive Director also hold informal meetings with the other members of the Board whenever necessary.

There were two (2) official Board Meetings held during the financial year ended 30 June, 2004. The record of attendance for each Director at those meetings is set out below:-

Directors	Status	% of Attendance
Tan Sri Dato' Tan Hua Choon	Non-Independent Non-Executive Director	100
Dato' Ismail Bin Hamzah	Independent Non-Executive Director	100
Ong Bing Yap	Executive Director	50
Thor Poh Seng	Non-Independent Non-Executive Director	100
Lim Lai Sam	Non-Independent Non-Executive Director	100
Lee Yu-Jin	Independent Non-Executive Director	100

ii) Board Committees

The Board has delegated specific functions to its three Committees; namely the Audit, Nomination and Remuneration Committees which operate under their respective clearly defined terms of reference. These Committees, which do not have executive powers, will deliberate and examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision, however, lies with the entire Board.

Audit Committee

The FCW Audit Committee was established on 17 February, 1994. The composition of the Committee, terms of reference and the summary of its activities carried out during the financial year ended 30 June, 2004 are set out in pages 16 to 18 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

Nomination Committee

The Nomination Committee, which was established on 21 February, 2002 and comprising exclusively three Non-Executive Directors, two of whom are independent, is tasked with the responsibility of recommending to the Board, suitable candidates for appointment as Directors and to fill the seats on Board Committees wherever necessary. It will also carry out the process of assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.

Decision on appointments of new directors is made by the full Board on a collective basis after considering recommendations of the Nomination Committee.

Generally, the Nomination Committee will assist the Board to review annually its required mix of skills, experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.

The present members of the Nomination Committee are:-

- 1) Tan Sri Dato' Tan Hua Choon Non-Independent Non-Executive Director
- 2) Dato' Ismail Bin Hamzah Independent Non-Executive Director
- 3) Mr Lee Yu-Jin Independent Non-Executive Director

The Nomination Committee met once during the reporting financial year and the meeting was attended by all the members.

Remuneration Committee

The Board had also set up a Remuneration Committee on 21 February, 2002 which comprise wholly of Non-Executive Directors. The Committee is responsible for making recommendation to the Board, the remuneration of the Executive Directors in all its forms, drawing from outside resources where necessary.

The present members of the Remuneration Committee are:-

- 1) Tan Sri Dato' Tan Hua Choon Non-Independent Non-Executive Director
- 2) Mr Thor Poh Seng Non-Independent Non-Executive Director

The Remuneration Committee met once during the financial year.

iii) Board Balance

Presently, the constitution of the Board comprise six members with one Executive Director and five Non-Executive Directors (including the Chairman), two of whom are Independent Non-Executive Directors. With this Board composition, the Company fully complies with the Bursa Securities Listing Requirements ("Bursa Securities LR") with regard to the constitution of the Board of Directors and the required ratio of independent directors, as well as the requirement for a director who is a member of the Malaysian Institute of Accountants to sit on the Audit Committee. The profiles of each Board member are set out in pages 6 to 7 of this Annual Report.

The Board considers its current composition with the mix of skills and expertise sufficient and optimum to discharge its duties and responsibilities effectively.

There is clear segregation of responsibility between the Chairman of the Board and the Executive Director to ensure that there is a balance of power and authority in the Group:

- The Non-Executive Chairman is primarily responsible for the effectiveness and proper conduct of the Board; while
- The Executive Director has the responsibility of implementing the policies and decisions of the Board, overseeing as well as coordinating the development and implementation of business and corporate strategies.

CORPORATE GOVERNANCE STATEMENT

The Non-Executive Directors participate in areas such as establishment of policies and strategies, performance monitoring as well as improving governance and control and are independent of management and have no relationships which could materially interfere the exercise of their independent judgment so as to ensure that the interests of not only the Group, but also the stakeholders and the public in general are represented.

iv) Supply of Information

All the Board and committee members have timely access to relevant information pertaining to the Group as well as to the advice and services of the Company Secretaries, Management representatives and independent professional advisers wherever necessary, at the Company's expense to enable the Board and committee members to discharge their duties with adequate knowledge on the matters being deliberated. They are also kept informed of the requirements and updates issued by the regulatory authorities from time to time.

Prior to each scheduled Board Meeting, all Board members are provided with the requisite notice, agenda and the relevant Board Papers to enable them have sufficient time to peruse the papers and, if necessary, obtain further information or clarification from the Management to ensure effectiveness of the proceeding of the meetings. Senior Management members are invited to attend these meetings to explain and clarify matters.

In addition, there is a formal schedule of matters specifically reserved for the Board's decision including, among other things, business strategies and directions, operational policies and efficacies, product quality measures, acquisitions and disposals of material assets, investment policies and approval of financial statements.

v) Appointments to the Board

Appointment of new directors will first be considered and evaluated by the Nomination Committee, through a formal and transparent selection procedure, after which appropriate recommendation will be put forward to the Board for its consideration and approval.

vi) Directors' Training

All the existing members of the Board have completed the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn Bhd and they are currently participating in the Continuing Education Programme to further enhance their knowledge in respect of the latest statutory and regulatory developments.

vii) Re-election of Directors

In accordance with the Company's Memorandum and Articles of Association, one-third of the directors for the time being or, if their number is not a multiple of three, the number nearest to one-third shall retire from the office and be eligible for re-election at each Annual General Meeting. Newly appointed directors shall hold office until the conclusion of the next Annual General Meeting and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The Articles also provide that all directors be subjected to retirement by rotation at least once every three (3) years.

B. Directors' Remuneration

i) Level and make-up

The Board as a whole reviews the levels of remuneration offered for Directors to ensure that they are sufficient to attract and retain Directors with the relevant experience and expertise needed to manage the Group successfully, while taking into consideration at the same time the state of the economy in general and the performance of the industry and the Group in particular.

In the case of Executive Director, the component parts of remuneration are structured to link rewards to corporate and individual performance. As for the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

CORPORATE GOVERNANCE STATEMENT

ii) Procedure

The Remuneration Committee is responsible for recommending to the Board the policy framework of executive remuneration and the fixing of the remuneration of individual directors. The director concerned will abstain from deliberation and decision in respect of his/her own remuneration package.

iii) Disclosure

The details of directors' remuneration paid or payable to all the Directors of the Company who served during the financial year ended 30 June, 2004 are as follows:-

a) Aggregate remuneration of Directors categorised into the following components:

Category of Remuneration	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
(a) Fees	–	48,000	48,000
(b) Salaries and other emoluments	227,000	–	227,000
(c) Estimated value of benefits-in-kind	3,600	–	3,600
Total	230,600	48,000	278,600

b) The number of Directors whose remuneration fall within the following bands:

Band (RM)	No. of Executive Director	No. of Non-Executive Directors	Total
1 - 50,000	–	5	5
50,001 - 100,000	–	–	–
100,001 - 150,000	–	–	–
150,001 - 200,000	–	–	–
200,001 - 250,000	1	–	1
Total	1	5	6

C. Relationship with Shareholders and Investors

i) Dialogue between Company and Investors

Timely release of the quarterly financial results of the Group, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, Company's annual reports and other circulars to shareholders and where appropriate, ad hoc press statements serve as the principal channel to keep the shareholders and the investing public informed of the Group's major development, financial performance and progress throughout the year.

ii) General Meetings of Shareholders

The Annual General Meetings ("AGM") of the shareholders of the Company represent the main venue for interaction between the Board and the shareholders. At each AGM, the Board presents the progress and performance of the business of the Group during the particular financial year as contained in the Annual Report. Shareholders are given the opportunity to express their view or seek clarification on issues pertaining to the Group's financial statements, transactions, business activities and prospects of the Group wherein, the Directors, Group Financial Controller, Group Finance Manager and Auditors are available to respond to the queries before each resolution is carried.

CORPORATE GOVERNANCE STATEMENT

Extraordinary General Meetings ("EGM") of the Company will be held as and when shareholders' approvals are required on specific matters. Notices of AGM and EGM are advertised in a major local daily newspaper. They are also distributed to shareholders within a reasonable and sufficient time frame. In addition to that, a press conference is normally held after each AGM or EGM of the Company whereat, the Board members are available to answer questions pertaining to the business operations and directions of the Group posted by journalists.

Any queries and concerns pertaining to the Group may be conveyed to Dato' Ismail Bin Hamzah, the Senior Independent Non-Executive Director of the Company, at the registered office of the Company.

D. Accountability and Audit

i) Financial Reporting

The Audit Committee assists the Board in reviewing the Group's quarterly results and annual financial statements to ensure correctness and adequacy prior to these results being presented to the Board. The Board takes note of the comments and recommendations of the Audit Committee and conducts a balanced and detailed assessment of the Group's financial position and prospects. The results are then released by the Secretary via BURSA LINK after the Board adopts them.

A statement by Directors of their responsibilities in preparing the financial statements is set out in page 14 of this Annual Report.

ii) Internal Control

The Board places significant emphasis on a sound internal control system which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and company's assets. The internal control system is designed to meet the Group's particular needs and to manage the risks to which it is exposed.

The Internal Control Statement by the Board which provides an overview of the Group's state of internal control is set out in pages 19 to 20 of this Annual Report.

iii) Relationship with Auditors

The Board of Directors and the Management maintain a formal and transparent relationship with the Group's Auditors in seeking their professional advice and opinion with regard to the Group's compliance with the relevant approved accounting standards.

The role of the Audit Committee in relation to its relationship with the External Auditors is set out in pages 16 to 18 of this Annual Report.

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 Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June, 2004, the Group has used the appropriate accounting policies and applied them consistently and prudently. The Directors also noted that all relevant accounting standards have been followed in the preparation of these financial statements.

The Directors have a fiduciary responsibility in taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE STATEMENT

Additional Compliance Information

Non Audit Fee

Non audit fee payable to the external auditors by the Group for the financial year ended 30 June, 2004 amounted to RM12,000.00.

Material Contracts Involving Directors' and Major Shareholders' Interests

During the reporting financial year, there were no material contracts entered into by the Group which involved directors' and major shareholders' interests.

Revaluation Policy on Landed Properties

The Group does not have any revaluation policy on landed properties.

Corporate Proposal

Status of Utilisation of Proceeds Arising from Corporate Proposal

The Company had in November 2003 completed a renounceable two-call rights issue of 92,886,400 new ordinary shares of RM0.50 each ("Rights Shares") at an issue price of RM0.50 per Rights Share with the first call price of RM0.30 paid in cash upon acceptance and the second call price of RM0.20 credited from the share premium account.

The total proceeds of RM27,865,920 raised from the Rights Issue have been, as at 22 October, 2004, utilised by the Company as follows:-

Utilisation	Amount (RM'000)	Status of Utilisation (RM'000)
Repayment of bank borrowings	10,179	10,179
Working Capital	15,887	16,552*
Rights Issue Expenses	1,800	1,135
Total	27,866	27,866

* Included under working capital utilisation are amounts placed as short term deposits amounting to RM6.05 million with a financial institution as at 22 October, 2004.

AUDIT COMMITTEE REPORT

- 16 The FCW Holdings Berhad ("FCW") Audit Committee was established by the Company's Board of Directors on 17 February, 1994.

Membership and Meetings

The FCW Audit Committee held five meetings during the financial year ended 30 June, 2004. The members of the FCW Audit Committee and their respective attendance at the FCW Audit Committee meetings were as follows:

Name	Membership	Status	No. of Audit Committee Meetings attended
Dato' Ismail Bin Hamzah	Chairman	Independent Non-Executive Director	5/5
Thor Poh Seng	Member	Non-Independent Non-Executive Director	5/5
Lee Yu-Jin	Member	Independent Non-Executive Director	5/5

The Executive Director, Group Financial Controller, Group Finance Manager, Internal Audit Consultants and other non-member Directors were invited to attend the FCW Audit Committee meetings for briefing on the activities involving their areas of responsibilities. The FCW Audit Committee was also briefed by the external auditors on their annual audit findings.

The proceedings of each FCW Audit Committee meeting were documented and distributed to all the Board members.

Terms of Reference

1. Membership

The FCW Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members, a majority of whom shall be independent non-executive directors. An alternate director cannot be appointed as a member of the Committee. In the event of any vacancy in the Committee which results in non-compliance of paragraph 15.10(1) of the Bursa Securities Listing Requirements ("Bursa Securities LR"), the vacancy shall be filled within 3 months.

At least one member of the Committee must be qualified under paragraph 15.10 (1)(c) of the Bursa Securities LR.

The Chairman of the Committee shall be an independent non-executive director appointed by the Board.

2. Frequency of Meetings

Meetings shall be held not less than four times a year. In addition, the Chairman of the Committee may call a meeting of the Committee upon the request of the external auditors, to consider any matter the external auditors believe should be brought to the attention of the Board and shareholders.

Majority members present in person who are independent non-executive directors shall be a quorum.

3. Secretaries

The Company Secretaries shall be the secretaries of the Committee.

4. Authority

The FCW Audit Committee shall, at the Company's expense, have the following authority and rights:-

1. full and unrestricted access to any information and documents from the external auditors and senior management of the Company and the Group which are relevant to the activities of the Company.
2. be provided with the necessary resources which are required to perform its duties.

AUDIT COMMITTEE REPORT

3. investigate into any matter within its terms of reference and as such, have direct communication channel with the external auditors and persons carrying out the internal audit function of the Company.
4. the liberty to obtain independent professional advice and to secure the attendance of such external parties with relevant experience and expertise at its meeting if it considers this necessary.
5. convene meetings with the external auditors, excluding the attendance of its executive members and may extend invitation to other non-member directors and officers of the Company to attend a specific meeting, whenever deemed necessary.

5. Duties

The FCW Audit Committee shall report to the Board of Directors either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference.

The duties of the FCW Audit Committee shall be:-

- i) To review the audit plan with the external auditors;
- ii) To review the audit report with the external auditors;
- iii) To review the assistance given by the Company's officers to the external auditors;
- iv) To review the quarterly results and year end financial statements of the Company and the Group, prior to the approval by the Board, focusing particularly on:
 - a. changes in or implementation of major accounting policies;
 - b. significant and unusual events; and
 - c. compliance with accounting standards, regulatory and other legal requirements;
- v) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- vi) To review the adequacy of the scope, functions and resources of the internal audit functions and to ensure that it has the necessary authority to carry out its work;
- vii) To review any internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action are taken on the recommendations of the internal audit function;
- viii) To review any evaluation made on the systems of internal controls with the internal and external auditors;
- ix) To recommend to the Board of Directors the appointment of the external auditors and the level of their fees;
- x) To review the letter of resignation from the external auditors, if any;
- xi) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointments; and
- xii) To undertake such other functions as may be agreed by the FCW Audit Committee and the Board.

6. Performance Review

The term of office and performance of the FCW Audit Committee and each of its members shall be reviewed by the Board of Directors of the Company at least once every three (3) years to determine whether the committee and members have carried out their duties in accordance with the Audit Committee's Terms of Reference.

AUDIT COMMITTEE REPORT

18 Activities of the Committee

FCW Holdings Berhad (3116-k)

During the financial year ended 30 June, 2004, the activities carried out by the FCW Audit Committee included, among others, the following:-

1. Reviewed the unaudited quarterly reports on the consolidated results of the Group prior to tabling of the same to the Board of Directors.
2. Reviewed the audited financial statements of the Group for the financial year ended 30 June, 2003 prior to Board's adoption for release to the Bursa Securities.
3. Reviewed the unaudited quarterly reports on the consolidated results and financial statements of the Company and the Group prior to tabling of the same to the Board of Directors.
4. Reviewed the year end financial statements of the Company and the Group, prior to their adoption by the Board, focusing on:-
 - i) changes in or implementation of major accounting policies, if any.
 - ii) significant and unusual events, if any.
 - iii) compliance with accounting standards, regulatory and other legal requirements.
5. Reviewed the adequacy of the existing policies, procedures and systems of internal control of the Group.
6. Discussed with the external auditors, the applicability and the impact of the new accounting standards issued by the Malaysian Accounting Standards Board.
7. Reviewed the internal audit reports which outlined the risks identified, recommendations towards the areas of weaknesses and the Management's responses. Discussed with the Management the improvement actions taken in the areas of internal control systems and efficiency enhancements proposed by the Internal Audit Consultants based on the internal audit findings.
8. Reviewed the Standard Operating Policies and Procedures covering the areas of Sales and Marketing, Purchasing, Credit Control and Collections and Stock Control.
9. Reviewed with the external auditors the Statement of Internal Control of the Group for inclusion in the Annual Report.

Internal Audit Function

The Board has outsourced the internal auditing services to an internal audit consultancy company to assist the Board, Audit Committee and Management in the discharge of the internal audit function. The role of the Internal Audit Consultants is to provide independent and objective reports on the state of internal control and compliance to policies and procedures.

The Audit Committee approves the internal audit plan prior to the commencement of the new financial year. The scope of Internal Audit covers the audits of all units and operations, including subsidiaries. The Internal Audit Consultants have adopted a risk-based approach towards the planning and conduct of audits which is consistent with the Group's established risk framework and self-assessment approach in generating an embedded risk management capability and acceptable risk culture within the organization.

The attainment of such objectives involves the following activities to be carried out by the Internal Audit Consultants:

- Identifying the principal risks that the Group faces covering various aspects of the businesses which include operational, financial, statutory or other compliance requirements and human resources.
- Conducting regular and thorough evaluation of the nature and extent of the risks to which the Group's businesses are continuously exposed to due to the evolving nature of the Group's objectives, internal organization and business environment.
- Ascertaining the extent to which the Group's assets are accounted for and safeguarded.
- Evaluate and improve the existing systems of internal control within the Group by reviewing its adequacy and effectiveness on an ongoing basis.
- Conducting investigation or special reviews requested by the Audit Committee and/or Management on ad-hoc basis.

INTERNAL CONTROL STATEMENT

Board Responsibility

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholder's investments and the Group's assets. The Bursa Securities requires directors of listed companies to include a statement on the state of their internal controls in the annual reports. The Board of Directors is guided by the Bursa Securities Statement on Internal Control: Guidance for Directors of Public Listed Companies, which provides guidance for compliance with these requirements.

The Board of Directors affirms its overall responsibility for maintaining the Group's systems of internal controls and its risk management framework to safeguard shareholders' investments and the Groups' assets. Whilst these systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, any system can only provide reasonable, and not absolute, assurance against material misstatement, errors, fraud or loss.

Risk Management Framework and Internal Audit

The Group has established an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the year. The Board regularly reviews this process.

The Board of Directors, with the assistance of the internal audit consultants, reviews the Group Risk Profile which covers all major identified and significant risks and controls associated with the Group's businesses. In this respect, internal audits are carried out in accordance with the audit plan approved by the Board and focuses on the identified areas of risks with priority towards the management of the significant risks impacting the achievement of the business objectives of the Group. This Group Risk Profile is subjected to regular reviews in line with changes in its business environment, strategies and activities.

Dormant subsidiaries are excluded from such regular reviews including that of associates as the Group does not have management control over these associates.

Internal Control Structure

The Board is fully committed to ensuring that a proper control structure and environment is maintained within the Group to provide sufficient assurance of an adequate and sound control framework. In order to achieve this, the Board has put in place the following control systems:-

• Risk Management

Operational management has clear responsibility for identifying and evaluating the risks facing their businesses, and for implementing procedures to mitigate and monitor such risks. Regular reviews are carried out by the management team and reported to the Audit Committee. In addition, issues are identified, discussed and resolved at monthly management meetings within the Group.

• Organization Structure

Terms of reference for the Audit Committee and the Board Committees are clearly defined. The Group has human resource policies and programmes designed to enhance operational efficiency and effectiveness in the Group and an organization structure with clearly defined lines of accountability and delegated authority. Appropriately qualified financial management personnel are responsible for their operational areas and monitoring of effective internal control.

• Authority Levels

Clearly defined authorization levels for various aspects of the business are set out in a formalized and approved authority matrix.

INTERNAL CONTROL STATEMENT

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FCW Holdings Berhad (3116-k)

- **Monitoring and Reporting**

Adequate reports are generated for reviews on various operating units of the Group encompassing operational, financial and regulatory areas. Comprehensive management accounts and reports are prepared on a monthly basis for review by the Chairman, Executive Director and senior management for effective monitoring and decision-making. Quarterly, the Executive Director and the Financial Controller review with the Audit Committee on all significant issues pertinent to the Group.

There is a detailed and comprehensive budgeting process established which requires business units to prepare budgets annually for monitoring monthly performance against these budgets with key performance indicators. These budgets are submitted to the Board for review and approval. Key variances from budget are reported monthly and followed up by management.

Investments and projects are subject to formal review and authorization by the Executive Director and the Board for consideration and approval.

The Audit Committee also reviews on a quarterly basis the internal control and risk issues identified by the internal audit consultants, external auditors, regulatory bodies and senior management, and evaluate the effectiveness of the Group's risk management and internal control systems. During the year, the Audit Committee reviewed reports together with the recommendations prepared by the internal audit consultants covering areas of Sales and Marketing, Purchasing, Credit Control and Collections and Stock Control.

- **Documented Policies and Procedures**

Clearly documented internal policies are set out in a set of Standard Operating Procedures. The Standard Operating Procedures cover significant areas of operation, such as sales & marketing, purchasing, stock control, customer service and credit control & collections. Other key areas are in the process of being formalized. The Standard Operating Procedures are subject to regular reviews, enhancement and improvement.

- **Review of Effectiveness on Control Environment**

Through the establishment of sound internal control, which includes monitoring and reporting systems, the Board reports that the existing system of internal controls was satisfactory. No material losses have occurred during the financial year under review as a result of weaknesses in internal control. The Board together with management continues to take measures to strengthen the control environment.

Statement is made in accordance with the resolution of the Board of Directors dated 22 October, 2004.

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DIRECTORS' REPORT

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FCW Holdings Berhad (3116-k)

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

Principal Activities

The principal activities of the Company are investment holding, providing management services and trading of telecommunications equipment.

The principal activities of the subsidiaries are described in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Loss after taxation	(49,178)	(44,333)
Minority interests	(45)	–
Net loss for the year	<u>(49,223)</u>	<u>(44,333)</u>

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 26 to the financial statements.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the financial year ended 30 June 2004.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Tan Hua Choon

Dato' Ismail bin Hamzah

Thor Poh Seng

Lim Lai Sam

Ong Bing Yap

Lee Yu-Jin

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 25 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT

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FCW Holdings Berhad (3116-k)

Directors' Interests

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

	Number of Ordinary Shares of RM0.50 each		
	1 July 2003	Bought	Sold
The Company			
Direct Interest			
Tan Sri Dato' Tan Hua Choon	15,605,000	12,250,100	–
Ong Bing Yap	–	75,000	–
Indirect Interest			
Tan Sri Dato' Tan Hua Choon	33,269,000	26,047,100	(25,317,700)
			33,998,400

	Number of Warrants		
	1 July 2003	Bought	Sold
The Company			
Direct Interest			
Tan Sri Dato' Tan Hua Choon	–	12,250,100	–
			12,250,100
Indirect Interest			
Tan Sri Dato' Tan Hua Choon	–	26,047,100	(26,047,100)
			–

By virtue of Tan Sri Dato' Tan Hua Choon and Ong Bing Yap having interests in FCW Holdings Bhd, they are also deemed to have interests in the shares of all the subsidiary companies of FCW Holdings Bhd to the extent in which FCW Holdings Bhd has an interest.

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

Issue of Shares

During the financial year, the Company increased its issued and paid-up share capital from RM92,886,400 to RM139,329,600 by way of issuance of 92,886,400 rights shares at an issue price of RM0.50 per Rights Share, with a first call price of RM0.30, paid in cash and second call price of RM0.20 credited from the share premium account, with 92,886,400 Warrants for free, on the basis of one (1) Rights Share with one (1) Warrant for every two (2) existing FCW Shares held.

Warrants

As at 30 June 2004, there are 92,886,400 (2003: Nil) warrants in issue whereby warrant holders have the option to subscribe for new ordinary shares in the Company at a predetermined price of RM0.50 per ordinary share. The warrants will expire on 11 November 2013.

DIRECTORS' REPORT

24 Other Statutory Information

FCW Holdings Berhad (3116-k)

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant Event

Significant event is disclosed in Note 36 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

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

Tan Sri Dato' Tan Hua Choon

Ong Bing Yap

Kuala Lumpur, Malaysia
22 October 2004

STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Tan Hua Choon and Ong Bing Yap, being two of the directors of FCW Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 27 to 54 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Tan Sri Dato' Tan Hua Choon
Kuala Lumpur, Malaysia
22 October 2004

Ong Bing Yap

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FCW Holdings Berhad (3116-k)

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Voon Siew Moon, being the officer primarily responsible for the financial management of FCW Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 27 to 54 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 Voon Siew Moon)
at Kuala Lumpur in the Federal) **Voon Siew Moon**
Territory on 22 October 2004)

Before me,

Faisal Meerangkutty
bin K.M. Mohd Maulabi (PPN)
(No. W 300)
Commissioner for Oaths
Kuala Lumpur, Malaysia

REPORT OF THE AUDITORS

TO THE MEMBERS OF FCW HOLDINGS BERHAD

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FCW Holdings Berhad (3116-k)

We have audited the accompanying financial statements set out on pages 27 to 54. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 30 June 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries 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' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

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

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
22 October 2004

Tan Soo Yan
No. 1307/03/06 (J/PH)
Partner

BALANCE SHEETS

AS AT 30 JUNE 2004

	Note	Group		Company	
		2004	2003	2004	2003
		RM'000	Restated RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	3	4,588	4,873	4	5
Investment property	4	5,500	5,500	—	—
Investment in subsidiaries	5	—	—	15,654	59,767
Investment in associates	6	—	48,634	—	—
Other investments	7	2	1	—	—
Deferred expenditure	8	—	48	—	—
		10,090	59,056	15,658	59,772
CURRENT ASSETS					
Inventories	9	2,246	3,345	—	—
Due from contract customers	10	62	20	—	—
Trade receivables	11	3,635	6,615	—	—
Other receivables	12	1,899	1,622	736	737
Due from subsidiaries	13	—	—	13,073	109
Due from associates	14	202	222	—	—
Cash and bank balances	15	12,716	2,823	10,555	10
		20,760	14,647	24,364	856
CURRENT LIABILITIES					
Short term borrowings	16	93	18,361	—	800
Due to contract customers	10	—	283	—	—
Trade payables	17	889	2,446	—	—
Other payables	18	1,811	1,845	637	233
Due to subsidiaries	13	—	—	4,821	7,728
Due to associates	14	—	—	—	—
Tax payable		478	258	258	258
		3,271	23,193	5,716	9,019
NET CURRENT ASSETS/(LIABILITIES)					
		17,489	(8,546)	18,648	(8,163)
		27,579	50,510	34,306	51,609
FINANCED BY:					
Share capital	19	139,330	92,886	139,330	92,886
Reserves		(112,492)	(43,073)	(105,024)	(41,277)
Shareholders' equity		26,838	49,813	34,306	51,609
Minority interest		741	697	—	—
		27,579	50,510	34,306	51,609

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

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FCW Holdings Berhad (3116-k)

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	21	18,568	39,563	369	—
Other income	22	386	1,021	—	—
Changes in trading inventories	23	(1,099)	1,303	—	—
Purchases and other trading expenses		(14,792)	(35,127)	—	—
Staff costs	24	(2,144)	(2,732)	(325)	(334)
Depreciation		(310)	(429)	(1)	(2)
Other operating expenses		(10,558)	(2,350)	(44,533)	(15,601)
(Loss)/profit from operations	26	(9,949)	1,249	(44,490)	(15,937)
Finance (cost)/income, net	27	(141)	(980)	157	(76)
Share of losses in associates	28	(38,854)	(19,162)	—	—
Loss before taxation		(48,944)	(18,893)	(44,333)	(16,013)
Taxation	29	(234)	(198)	—	(7)
Loss after taxation		(49,178)	(19,091)	(44,333)	(16,020)
Minority interests		(45)	(435)	—	—
Net loss for the year		(49,223)	(19,526)	(44,333)	(16,020)
Restated					
Loss per share (sen)					
Basic	30	(19.8)	(9.6)		
Diluted	30	(19.5)	—		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2004

	Share capital RM'000	Share premium RM'000	Non-Distributable Capital reserve RM'000 (Note 20)	Accumulated losses RM'000	Total RM'000
At 1 July 2002					
As previously stated	92,886	28,720	14,603	(68,169)	68,040
Prior year adjustment (Note 31)	–	–	–	1,593	1,593
At 1 July 2002 (restated)	92,886	28,720	14,603	(66,576)	69,633
Expenses incurred for rights issue	–	(294)	–	–	(294)
Net loss for the year	–	–	–	(19,526)	(19,526)
At 30 June 2003	92,886	28,426	14,603	(86,102)	49,813
At 1 July 2003					
As previously stated	92,886	28,426	14,603	(87,695)	48,220
Prior year adjustment (Note 31)	–	–	–	1,593	1,593
At 1 July 2003 (restated)	92,886	28,426	14,603	(86,102)	49,813
Issue of share capital	27,867	–	–	–	27,867
Reduction in revaluation reserve of freehold land, long term leasehold land and buildings in an associate of a subsidiary	–	–	(782)	–	(782)
Proceeds of rights issue transferred from share premium	18,577	(18,577)	–	–	–
Expenses incurred for rights issue	–	(837)	–	–	(837)
Net loss for the year	–	–	–	(49,223)	(49,223)
At 30 June 2004	139,330	9,012	13,821	(135,325)	26,838

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2004

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FCW Holdings Berhad (3116-k)

	Share capital RM'000	Non-Distributable Share premium RM'000	Accumulated losses RM'000	Total RM'000
At 1 July 2002	92,886	28,720	(53,683)	67,923
Expenses incurred for rights issue	—	(294)	—	(294)
Net loss for the year	—	—	(16,020)	(16,020)
At 30 June 2003	92,886	28,426	(69,703)	51,609
At 1 July 2003	92,886	28,426	(69,703)	51,609
Issue of share capital	27,867	—	—	27,867
Proceeds of rights issue transferred from share premium	18,577	(18,577)	—	—
Expenses incurred for rights issue	—	(837)	—	(837)
Net loss for the year	—	—	(44,333)	(44,333)
At 30 June 2004	139,330	9,012	(114,036)	34,306

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(48,944)	(18,893)
Adjustments for:		
Depreciation of property, plant and equipment	310	429
Property, plant and equipment written off	22	45
Inventories written down	120	174
Inventories written off	19	4
Amortisation of deferred expenditure	48	57
Provision for doubtful debts	36	43
Bad debts written off	58	92
Write back of provision for doubtful debts	(209)	(547)
Share of losses in associates	38,854	19,162
Impairment losses of:		
– investment in associates	8,998	–
– investment in quoted shares	–	1
– property, plant and equipment	–	66
Gain on disposal of:		
– property, plant and equipment	(14)	(44)
– quoted shares	–	(5)
Interest expense	360	1,005
Interest income	(219)	(25)
Operating (loss)/profit before working capital changes	(561)	1,564
Changes in working capital:		
Decrease/(increase) in inventories	960	(1,481)
Decrease/(increase) in receivables	2,889	(512)
Decrease in payables	(1,985)	(680)
Net changes in amount due from/to contract customers	(325)	1,673
Net changes in amount due from associates balances	20	(262)
Cash generated from operations	998	302
Interest received	219	25
Interest paid	(360)	(1,005)
Tax (paid)/refunded	(87)	127
Net cash generated from/(used in) operating activities	770	(551)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(49)	(148)
Proceeds from disposal of property, plant and equipment	16	119
Proceeds from disposal of unquoted shares	–	8
Net cash used in investing activities	(33)	(21)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of short term borrowings	5,110	26,031
Repayment of short term borrowings	(21,189)	(25,285)
Proceeds from rights issue	27,867	–
Payment of rights issue expenses	(443)	(294)
Net cash generated from financing activities	11,345	452
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,082	(120)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	541	661
CASH AND CASH EQUIVALENTS AT END OF YEAR	12,623	541
Cash and cash equivalents at 30 June comprise the following:		
Cash and bank balances (Note 15)	758	643
Deposits with licensed banks (Note 15)	11,958	2,180
Bank overdrafts (Note 16)	(93)	(2,282)
	12,623	541

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

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FCW Holdings Berhad (3116-k)

	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(44,333)	(16,013)
Adjustments for:		
Depreciation of property, plant and equipment	1	2
Impairment losses of investment in subsidiaries	44,113	15,260
Provision for doubtful debts	53	71
Bad debts written off	4	37
Interest expense	20	76
Interest income	(177)	–
Operating loss before working capital changes	(319)	(567)
Changes in working capital:		
(Increase)/decrease in receivables	(2)	4
Increase in payables	9	31
Net changes in related companies balances	(15,924)	1,469
Cash (used in)/generated from operations	(16,236)	937
Interest received	177	–
Interest paid	(20)	(76)
Tax paid	–	(7)
Net cash (used in)/generated from operating activities	(16,079)	854
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short term borrowings	(800)	(600)
Proceeds from rights issue	27,867	–
Payment of rights issue expenses	(443)	(294)
Net cash generated from/(used in) financing activities	26,624	(894)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,545	(40)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10	50
CASH AND CASH EQUIVALENTS AT END OF YEAR	10,555	10
Cash and cash equivalents at 30 June comprise the following:		
Cash and bank balances (Note 15)	55	10
Deposits with licensed banks (Note 15)	10,500	–
	10,555	10

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

1. Corporate Information

The principal activities of the Company are investment holding, providing management services and trading of telecommunications equipment. The principal activities of the subsidiaries are described in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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

The registered office of the Company is located at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur. The principal place of business of the Company is located at Lot 2, Jalan 222, Section 51A, 46100 Petaling Jaya.

The numbers of employees in the Group and of the Company as at 30 June 2004 were 49 (2003: 58) and 3 (2003: 3) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 October 2004.

2. Significant Accounting Policies

(a) Basis of Preparation

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

During the financial year ended 30 June 2004, the Group and the Company adopted the following MASB Standard for the first time:

MASB 29 Employee Benefits

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

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

2. Significant Accounting Policies (Cont'd)

(b) Basis of Consolidation (Cont'd.)

(i) Subsidiaries (Cont'd.)

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

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

(ii) Associates

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

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition. Goodwill on acquisition is review at each balance sheet date and will be written down for impairment when it is considered necessary.

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

(c) Investment in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f).

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

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f).

Leasehold land and building is depreciated over the leasehold period of 68 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Leasehold land and buildings	1.47%
Plant and machinery	10% – 33 $\frac{1}{3}$ %
Motor vehicles	20%
Furniture and fittings	7 $\frac{1}{2}$ % – 33 $\frac{1}{3}$ %
Office equipment	10% – 33 $\frac{1}{3}$ %

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

2. Significant Accounting Policies (Cont'd)

(e) Investment Property

Investment property consists of investment in freehold land that is not occupied for use by, or in the operations, of the Group.

Investment property is treated as long term investment and is stated at cost less accumulated impairment loss. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f).

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

(f) Impairment of Assets

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

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

(g) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. 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.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from contract customers. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to contract customers.

(h) Inventories

Inventories comprise purchased accessories, telecommunications equipment and related spares. Inventories are stated at the lower of cost and net realisable value determined on a weighted average basis. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(i) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

2. Significant Accounting Policies (Cont'd)

(j) Income Tax

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

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

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

(k) Employee Benefits

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

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

Prior to the adoption of MASB 29 Employee Benefits on 1 July 2003, no liability was recognised for the obligations in respect of short-term employee benefits in the form of accumulating compensated absences.

(l) Provision for Liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

2. Significant Accounting Policies (Cont'd)

(m) Revenue

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

(i) Sale of goods

Revenue relating to sale of goods is recognised net of discounts when the transfer of risks and rewards has been completed.

(ii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(g).

(iii) Revenue from services

Revenue from services rendered is recognised net of discounts as and when the services are performed.

(n) Foreign Currency Transactions

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

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

	2004	2003
Singapore Dollar	2.21	2.16
United States Dollar	3.80	3.80
Euro	4.59	4.35
Great Britain Pound	6.87	6.28

(o) Financial Instruments

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

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

(i) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

2. Significant Accounting Policies (Cont'd)

(o) Financial Instruments (Cont'd.)

(ii) Receivables

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

(iii) Payables

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

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. Borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(v) Equity Instruments

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

3. Property, Plant and Equipment

	Leasehold Land and Buildings RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Total RM'000
Group Cost						
At 1 July 2003	4,758	1,050	477	1,189	846	8,320
Additions	–	8	15	–	26	49
Disposals	–	(20)	(10)	–	(31)	(61)
Written off	–	(279)	–	(55)	(70)	(404)
At 30 June 2004	4,758	759	482	1,134	771	7,904
Accumulated Depreciation and Impairment Losses						
At 1 July 2003	647	1,012	379	789	620	3,447
Charge for the year	70	28	51	81	80	310
Disposals	–	(19)	(10)	–	(30)	(59)
Written off	–	(278)	–	(42)	(62)	(382)
At 30 June 2004	717	743	420	828	608	3,316
Net Book Value						
At 30 June 2004	4,041	16	62	306	163	4,588
At 30 June 2003	4,111	38	98	400	226	4,873
Depreciation charge for 2003	70	66	78	91	124	429

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

3. Property, Plant and Equipment (Cont'd)

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	Office Equipment RM'000
Company	
Cost	
At 1 July 2003	15
Disposal	(2)
At 30 June 2004	13
Accumulated Depreciation	
At 1 July 2003	10
Depreciation charge for the year	1
Disposal	(2)
At 30 June 2004	9
Net Book Value	
At 30 June 2004	4
At 30 June 2003	5
Depreciation charge for 2003	2

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

	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Plant and machinery	734	883	—	—
Motor vehicles	236	158	—	—
Furniture and fittings	374	340	—	—
Office equipment	375	370	6	5

4. Investment Property

	Freehold land RM
Group	
Cost	
At 1 July 2003	6,788
Addition/Disposal	—
At 30 June 2004	6,788
Accumulated Impairment Loss	
At 1 July 2003	1,288
Impairment loss for the year	—
At 30 June 2004	1,288
Net Book Value	
At 30 June 2004	5,500
At 30 June 2003	5,500

The impairment loss on the freehold land has been arrived at based on an independent professional valuation on 7 August 2001.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

5. Investment in Subsidiaries

	Company	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	201,447	201,447
Less: Accumulated impairment losses	(185,793)	(141,680)
	15,654	59,767

Details of the subsidiaries are as follows:

Name of Companies	Paid-up Capital RM	Effective Interests Held		Principal Activities
		2004 %	2003 %	
FCW Industries Sdn. Bhd.	68,198,400	100	100	Investment holding, provision of management services and trading in telecommunications equipment
Subsidiaries of FCW Industries Sdn. Bhd.:				
FCW Enterprise Sdn. Bhd.	8,000,000	100	100	Property investment
FCW Housing and Realty Development Sdn. Bhd.	5,000,000	100	100	Property development – dormant
Federal Telecommunications Sdn. Bhd.	5,000,000	100	100	Turnkey contracting, distribution and servicing of telecommunications equipment
Malco Metal Sdn. Berhad	2	100	100	Trading of metal and alloyed metal products – ceased operations
Teco Electrical Motor Machinery Mfg. Sdn. Bhd.	2	100	100	Provision of management services – dormant
United Malaysian Steel Mills Berhad	3,000,000	77	77	Manufacturing and trading of steel products – ceased operations
Pioneer Multimedia Sdn. Bhd.	2	100	100	Trading of telecommunications equipment – dormant
FT Spares & Services Sdn. Bhd.	100,000	100	100	Servicing of telecommunications equipment
Plusnet Communications Sdn. Bhd.	200,000	100	100	Retailing of telecommunications equipment

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

5. Investment in Subsidiaries (Cont'd)

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Name of Companies	Paid-up Capital RM	Effective Interests Held		Principal Activities
		2004 %	2003 %	
Subsidiaries of Federal Telecommunications Sdn. Bhd.:				
FT Radiosystems Sdn. Bhd.	1,000,000	100	100	Distribution and servicing of telecommunications equipment
Pedoman Jitu Sdn. Bhd.*	451,550	89.8	89.8	Trading of telecommunications equipment
Subsidiaries of FT Radiosystems Sdn. Bhd.:				
Pager Communications Sdn. Bhd.*	150,000	100	100	Renting of communication access
Ultra Matrix Sdn. Bhd.	80,000	100	100	Investment holding – dormant
Cometron Sdn. Bhd.	120,004	68	68	Sale and hire of telecommunications equipment and electronic goods and the provision of paging services
Digiphonic Sistem Sdn. Bhd.	1,000,000	55	55	Trading of electronic telecommunications equipment
Subsidiaries of Digiphonic Sistem Sdn. Bhd.:				
Digiphonic Servis Sdn. Bhd.	50,000	55	55	Servicing of electronic telecommunications equipment

All the above companies are incorporated in Malaysia.

* Audited by firm of auditors other than Ernst & Young

6. Investment in Associates

	Group	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	38,003	38,003
Share of post-acquisition (losses)/profits and reserves	(29,005)	10,631
Less: Impairment loss	(8,998)	–
	<u>–</u>	<u>48,634</u>
Represented by:		
Share of net tangible assets	10,563	50,199
Premium on acquisition	(1,565)	(1,565)
Less: Impairment loss	(8,998)	–
	<u>–</u>	<u>48,634</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

6. Investment in Associates (Cont'd)

The associates, all of which are incorporated in Malaysia and held by the Company through its subsidiary, FCW Industries Sdn. Bhd. except as indicated, are:

Name of Companies	Financial Year End	Equity Interests Held		Principal Activities
		2004 %	2003 %	
Federal Power Sdn. Bhd.	31 December	29.68	29.68	Manufacture and sale of power cables and electrical conductors
Fujikura Federal Cables Sdn. Bhd.	31 December	42.54	42.54	Manufacture and marketing of power, telecommunications cables and wires
Widenet Technology Sdn. Bhd.*	30 June	27.2	27.2	Trunk radio system operator
Ghamal Industries Company Limited**	31 December	27.5	27.5	Design, supply, installation, testing and commissioning of the Copper Subscribers Access Network in Ghana

* Held by Cometron Sdn. Bhd.

** Incorporated in Ghana

7. Other Investments

	Group	
	2004 RM'000	2003 RM'000
Quoted investments in Malaysia, at cost	8	7
Less: Accumulated impairment losses	(6)	(6)
	<u>2</u>	<u>1</u>
Market value of quoted investments in Malaysia	<u>2</u>	<u>1</u>

8. Deferred Expenditure

	Group	
	2004 RM'000	2003 RM'000
Deferred expenditure	286	286
Less: Accumulated amortisation of deferred expenditure	(286)	(238)
	<u>-</u>	<u>48</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

9. Inventories

	Group	
	2004 RM'000	2003 RM'000
Trading inventories:		
– At cost	2,153	3,072
– At net realisable value	93	273
	<u>2,246</u>	<u>3,345</u>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM15,001,000 (2003: RM31,974,000).

10. Due From/(To) Contract Customers

	Group	
	2004 RM'000	2003 RM'000
Contract costs incurred to date	8,479	8,405
Attributable profits	2,268	2,017
	<u>10,747</u>	<u>10,422</u>
Less: Progress billings	(10,685)	(10,685)
	<u>62</u>	<u>(263)</u>
Due from contract customers	62	20
Due to contract customers	–	(283)
	<u>62</u>	<u>(263)</u>
Contract costs recognised as an expense	<u>6</u>	<u>1,850</u>

11. Trade Receivables

	Group	
	2004 RM'000	2003 RM'000
Trade receivables	7,050	10,301
Less: Provision for doubtful debts	(3,415)	(3,686)
	<u>3,635</u>	<u>6,615</u>

The Group's normal credit term is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

44 12. Other Receivables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Sundry receivables	499	3,080	–	4
Prepayments	36	57	6	3
Deposits	144	12	5	5
Tax recoverable	1,286	1,192	725	725
	1,965	4,341	736	737
Less: Provision for doubtful debts	(66)	(2,719)	–	–
	1,899	1,622	736	737

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

13. Due From/(To) Subsidiaries

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

14. Due From/(To) Associates

The amounts due from/(to) associates are unsecured, interest-free and have no fixed terms of repayment.

15. Cash and Bank Balances

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash on hand and at bank	758	643	55	10
Deposits with licensed banks	11,958	2,180	10,500	–
	12,716	2,823	10,555	10

Deposits with licensed banks amounting to RM Nil (2003: RM130,000) was pledged with a licensed bank for trade facility.

The weighted average effective interest rate of deposits at the balance sheet date of the Group was 2.40% (2003: 2.40%) per annum.

16. Short Term Borrowings

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Secured:				
Bank overdraft	93	2,027	–	–
Unsecured:				
Banker's acceptances	–	5,800	–	–
Bank overdrafts	–	255	–	–
Revolving credits	–	10,279	–	800
	93	18,361	–	800

Short term borrowings of the subsidiaries are secured by corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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16. Short Term Borrowings (Cont'd)

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

	Group		Company	
	2004	2003	2004	2003
	%	%	%	%
Banker's acceptances	–	3.85	–	–
Bank overdrafts	7.55	6.61	–	–
Revolving credits	–	7.16	–	6.75

17. Trade Payables

The normal trade credit terms granted to the Group ranges from 30 to 90 days. Trade supplies from foreign suppliers are procured on cash term basis.

18. Other Payables

	Group		Company	
	2004	2003	2004	2003
	RM'000	Restated RM'000	RM'000	RM'000
Advances received	18	34	–	–
Dividend payable	11	50	–	–
Sundry payables	296	388	97	80
Accruals	1,486	1,373	540	153
	1,811	1,845	637	233

19. Share Capital

	Number of Ordinary Share of RM0.50 each		Amount	
	2004	2003	2004	2003
	'000	'000	RM'000	RM'000
Authorised:				
At 1 July/30 June	600,000	600,000	300,000	300,000
Issued and fully paid:				
At 1 July	185,772	185,772	92,886	92,886
Issued and paid during the year				
Rights issue	(a)			
– paid in cash	55,734	–	27,867	–
– credited from share premium account	37,154	–	18,577	–
At 30 June	278,660	185,772	139,330	92,886

- (a) Subsequent to the completion of the renounceable two-call rights issue of 92,886,400 new ordinary shares of RM0.50 each in FCW ("Rights Shares") at an issue price of RM0.50 per rights share with a first call price of RM0.30, paid in cash upon acceptance and the second call price of RM0.20 credited from the share premium account, the Company issued 92,886,400 new ordinary shares on 18 November 2003.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

46 19. Share Capital (Cont'd)

Warrants

On 26 May 2003, the Company issued 92,886,400 warrants in conjunction with the rights issue of 92,886,400 ordinary shares of the Company implemented in the current financial year.

The Warrants are constituted by a Deed Poll dated 24 June 2003 made by the Company. Each Warrant entitles its registered holder the right to subscribe for one ordinary share of RM0.50 each in the Company at a subscription price of RM0.50 per new ordinary share at any time during a period of ten years commencing from 12 November 2003 until 5.00pm on 11 November 2013.

The new FCW Shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing issued and fully paid-up FCW Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new FCW Shares arising from the exercise of the Warrants.

During the financial year, no warrants were converted into ordinary shares. The number of outstanding warrants as at 30 June 2004 is 92,886,400.

20. Capital Reserve

	Group	
	2004 RM'000	2003 RM'000
The capital reserve of the Group consists of the following:		
Capitalisation of earnings for bonus issues by subsidiaries	2,900	2,900
Share of surplus arising from revaluation of freehold land, long term leasehold land and buildings in an associate of a subsidiary	10,666	11,448
Share of share premium after rights issue and effect on dilution of shareholding in an associate	255	255
	13,821	14,603

21. Revenue

Revenue of the Group consists of the following:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Sales, hire and servicing of telecommunications equipment and electronic goods	17,220	37,864	—	—
Service fee income from provision of paging services	1,168	1,609	—	—
Others	180	90	369	—
	18,568	39,563	369	—

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

22. Other Income

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	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Rental and service income	82	82	—	—
Rental of equipment	—	9	—	—
Gain on disposal of:				
– property, plant and equipment	14	44	—	—
– quoted shares	—	5	—	—
Provision for doubtful debts written back	209	547	—	—
Bad debts recovered	1	105	—	—
Discounts received	75	183	—	—
Others	5	46	—	—
	386	1,021	—	—

23. Changes in Trading Inventories

Included in changes of trading inventories of the Group are costs of inventories written down amounting to RM120,000 (2003: RM174,000).

Included in changes of trading inventories of the Group are cost of inventories written off amounting to RM19,000 (2003: RM4,000).

24. Staff Costs

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Salaries and wages	1,757	2,327	309	325
Staff termination benefits	75	108	—	—
EPF contributions	198	247	6	6
Other staff related expenses	114	50	10	3
	2,144	2,732	325	334

Included in staff costs are:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors' remuneration (Note 25)	418	381	275	257

The estimated monetary value of benefit not included in the above received by director of the Company and by directors of subsidiaries were RM3,600 (2003: RM3,600) and RM11,100 (2003: RM11,100) respectively.

NOTES TO THE FINANCIAL STATEMENTS

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FCW Holdings Berhad (3116-k)

25. Directors' Remuneration

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	227	209	227	209
Benefits-in-kind	4	4	4	4
	231	213	231	213
Non-Executive:				
Fees	48	48	48	48
Other Directors				
Executive:				
Salaries and other emoluments	114	109	—	—
Benefits-in-kind	2	2	—	—
Fees	6	5	—	—
	122	116	—	—
Non-Executive:				
Benefits-in-kind	9	9	—	—
Fees	23	10	—	—
	32	19	—	—
Total excluding benefits-in-kind (Note 24)	418	381	275	257

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

	Number of directors	
	2004	2003
Executive director:		
RM200,000 – RM250,000	1	1
Non-executive directors:		
Below RM50,000	5	5

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

26. (Loss)/Profit From Operations

(Loss)/profit from operations is stated after charging:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Auditors' remuneration				
– current year	62	65	10	10
– overprovision in prior year	(1)	–	–	–
Review of statement of internal control				
– current year	5	–	5	–
– underprovision in prior year	5	–	5	–
Provision for doubtful debts	36	43	53	71
Bad debts written off	58	92	4	37
Rental of office premises	–	40	8	–
Property, plant and equipment written off	22	45	–	–
Amortisation of deferred expenditure	48	57	–	–
Impairment losses of:				
– investment in subsidiaries	–	–	44,113	15,260
– investment in associates	8,998	–	–	–
– investment in quoted shares	–	1	–	–
– property, plant and equipment	–	66	–	–

27. Finance (Cost)/Income, Net

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest expense	(360)	(1,005)	(20)	(76)
Interest income from deposits	219	25	177	–
	(141)	(980)	157	(76)

28. Share of Losses in Associates

	Group	
	2004 RM'000	2003 RM'000
Share of losses for the financial year on:		
Audited financial statements	38,854	15,422
Management financial statements	–	3,740

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

38,854 **19,162**

29. Taxation

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Tax expense for the year:				
– current year	–	191	–	–
– prior year under provision	234	7	–	7
– share of taxation of associate	–	–	–	–
	234	198	–	7

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Loss before taxation	(48,944)	(18,893)	(44,333)	(16,013)
Taxation at Malaysian statutory tax rate of 28% (2003:28%)	(13,704)	(5,290)	(12,413)	(4,484)
Effect of income subject to tax rate of 20% (2003:20%)	–	(8)	–	–
Expenses not deductible for tax purposes	3,060	1,736	12,373	4,484
Income not subject to tax	(11)	(21)	–	–
Deferred tax assets not recognised during the year	10,703	4,172	40	–
Share of tax in associate companies	–	–	–	–
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(48)	(398)	–	–
Underprovided in prior years	234	7	–	7
Tax expense/(income) for the year	234	198	–	7

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unabsorbed tax losses	20,879	20,286	2,070	2,024
Unutilised capital allowances	1,246	1,188	4	5
	22,125	21,474	2,074	2,029

The unabsorbed tax losses and unutilised capital allowances are available indefinitely for offset against future taxable profits of the Company in which those items arose. Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profits will be available which the deferred tax assets can be utilised.

The Group is liable for tax because profits in certain subsidiaries are separately assessed for tax purposes and

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

no Group tax relief is available in respect of losses incurred by other subsidiaries.

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FCW Holdings Berhad (3116-k)

30. Basic Loss Per Share

(a) Basic

Basic loss per share is calculated by dividing the Group's loss after minority interest for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group 2004	Restated 2003
Net loss for the year (RM'000)	49,223	19,526
Weighted average number of ordinary shares in issue ('000)	248,630	202,491
Basic loss per share (sen)	19.8	9.6

The comparative basic loss per share has been restated to take into account the effects of rights issue completed during the current year.

(b) Diluted

For the purpose of calculating diluted earnings per share, the Group's loss after minority interest for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from conversion of the 92,886,400 warrants. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the outstanding warrants into ordinary shares. The warrants are deemed to have been converted into ordinary shares at the date of issue of the warrants.

	Group 2004
Net loss for the year (RM'000)	49,223
Weighted average number of ordinary shares in issue ('000)	248,630
Adjustment for assumed conversion of warrants ('000)	4,423
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	253,053
Diluted loss per share (sen)	19.5

Comparative diluted earnings per share has not been presented as there were no potential ordinary shares outstanding during the previous financial year.

31. Prior Year Adjustment

Accrual for certain holding costs were incorrectly included in other payables in prior years. This error has to be accounted for retrospectively and comparatives have been restated as follows:

	Group 2004	Restated 2003
Effects on accumulated losses:		
At 1 July, as previously stated	(87,695)	(68,169)
Effects of fundamental error	1,593	1,593

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

At 1 July, as restated

(86,102)

(66,576)

31. Prior Year Adjustment (Cont'd)

Comparative amounts as at 30 June 2003 have been restated as follows:

	Previously stated RM'000	Adjustments RM'000	Restated RM'000
Group			
Other payables	3,438	(1,593)	1,845
Accumulated losses	(87,695)	1,593	(86,102)

32. Contingent Liabilities

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unsecured:				
Corporate guarantee to financial institutions for credit facilities granted to subsidiaries	–	–	31,300	58,742
Bank guarantee for performance guarantee and utilities	1,747	2,422	–	–

33. Significant Related Party Transactions

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Subsidiary				
– FCW Industries Sdn. Bhd.				
Management fee income	–	–	369	–
Management fee expense	–	–	72	–
Rental expense	–	–	8	–
Associates				
– Fujikura Federal Cables Sdn. Bhd.				
Commission income	62	90	–	–
Rental and service charges received	82	82	–	–
– Widenet Technology Sdn. Bhd.				
Rental of equipment	2	136	–	–

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

obtainable in transactions with unrelated parties.

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FCW Holdings Berhad (3116-k)

34. Comparatives

- (a) The following comparative amounts have been reclassified to conform with the current year's presentation:

	As Previously Stated RM'000	Adjustments RM'000	As Restated RM'000
Group			
Income Statement			
Other income	1,046	(25)	1,021
Finance (cost)/income, net	(1,005)	25	(980)

- (b) The balance sheet comparative figures have been reclassified as follows:

	As Previously Stated RM'000	Adjustments RM'000	As Restated RM'000
Group			
Balance Sheet			
Property, plant and equipment	10,373	(5,500)	4,873
Investment property	–	5,500	5,500

The above reclassification was made due to the nature and purpose of holding the investment.

- (c) Prior year adjustment which have been accounted for retrospectively is disclosed in Note 31.

35. Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group is exposed to various types of financial risks, including foreign exchange risk, credit risk, interest rate risk, market risk and liquidity risk. The Group's overall financial risk management objective is to ensure that there is sufficient level of liquidity to finance the Group's operations, with a view of minimizing potential adverse effects on the financial performance of the Group and to create value for the shareholders.

Financial risk management is carried out through risk reviews, internal control system and adherence to the Group's financial risk management policies.

(b) Foreign Exchange Risk

The Group is exposed to foreign currency exchange risk as a result of transactions denominated in foreign currencies, mainly US Dollar, Singapore Dollar, Euro and Great Britain Pound. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases which give rise to foreign exchange exposures. No hedging instrument was entered into to hedge

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2004

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FCW Holdings Berhad (3116-k)

financial assets and financial liabilities of the Group.

35. Financial Instruments (Cont'd)

(c) Credit Risk

Credit risk arises when sales are made on credit terms. The Group manages the credit risk by implementing stringent credit management procedures, which include the application of credit approval via reviewing credit history and setting of appropriate credit limit and period, regular monitoring and follow up procedures. Sales to customers are suspended when outstanding amounts exceed the credit period or limit granted, unless exempted by the management where risk of collection is low.

The maximum exposure to credit risk for the Group and the Company was represented by the carrying amount of each financial asset.

(d) Market Risk

The Group's exposure to market risk arises from changes in market price of its quoted investments. However, as the amount of quoted investments held is insignificant and the Group has no intention to further invest in quoted investments, as such any short term unfavourable changes in market price has minimal impact to the Group.

(e) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts as the Group had no substantial interest-bearing assets as at 30 June 2004. The investments in financial assets are mainly short term in nature and they are not held for speculative purpose but have been mostly placed in fixed deposits.

The fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group in view of the quantum of the financial assets and liabilities that are subject to interest rate fluctuation.

(f) Liquidity Risk

The Group actively manages its gearing level, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. Due to the nature of the business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall costs effectiveness.

(g) Fair values

The carrying amounts of receivables, cash on hand and at bank and payables approximate fair values due to the relatively short term maturity of these financial instruments.

It is not practical to estimate the fair values of the amounts due from/to related companies due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

36. Significant Event

The Group has successfully completed its renounceable two-call rights issue of 92,886,400 new ordinary shares of RM0.50 each ("Rights Shares") at an issue price of RM0.50 per Rights Issue, with a first call price of RM0.30, paid in cash upon acceptance and the second call price of RM0.20 credited from the share premium account, with 92,886,400 new detachable warrants ("Warrants") for free on the basis of one Rights Share with one Warrant for every two existing ordinary shares of RM0.50 each in the Company. The proceeds from the Rights Issue were received by the Company in November 2003.

37. Segmental Reporting

No segmental reporting has been prepared as the Group's activities are predominantly in the telecommunications industry in Malaysia.

ANALYSIS OF SHAREHOLDINGS

AS AT 18 OCTOBER, 2004

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FCW Holdings Berhad (3116-k)

A. Share Capital

Authorised Share Capital	–	RM300,000,000 (600,000,000 ordinary shares of RM0.50 each)
Issued & Paid-up Share Capital	–	RM139,329,600 (278,659,200 ordinary shares of RM0.50 each)
Voting Rights	–	One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Holdings	No. of Shareholders	No. of Shares	%
1 - 99	364	8,423	0.00
100 - 1,000	3,456	3,206,953	1.15
1,001 - 10,000	11,139	50,622,039	18.17
10,001 - 100,000	2,859	81,808,088	29.36
100,001 to less than 5% of issued shares	189	99,443,597	35.69
5% and above of issued shares	2	43,570,100	15.63
	18,009	278,659,200	100.00

C. Thirty Largest Shareholders

Name of Shareholders	No. of Shares	% of Shareholdings
1. Tan Sri Dato' Tan Hua Choon	27,855,100	9.99
2. Employees Provident Fund Board	15,715,000	5.64
3. Tan Ching Ching	12,891,500	4.63
4. Puan Sri Datin Poo Choo @ Ong Poo Choi	10,720,100	3.85
5. Tan Han Chuan	7,248,400	2.60
6. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	6,423,816	2.31
7. Lembaga Tabung Haji	5,521,339	1.98
8. HSBC Nominees (Asing) Sdn Bhd DZ Bank Intl for Uni Em Fernost Treuhandkonto Luxembourg	4,907,000	1.76
9. HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	3,350,000	1.20
10. Puan Sri Datin Poo Choo @ Ong Poo Choi	3,138,400	1.13
11. Amsec Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd for Ang De Yu	2,114,000	0.76
12. Mohd Haniff bin Abd Aziz	1,261,000	0.45
13. Universiti Malaya	1,056,000	0.38
14. Batu Bara Resources Corporation Sdn Bhd	1,000,000	0.36
15. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ronnie Lai Tsin Lee	802,400	0.29
16. Augustine Christopher Nathan	760,000	0.27
17. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Maszura binti Kamaruddin	720,000	0.25
18. Ab Rahman bin Omar	710,000	0.25

ANALYSIS OF SHAREHOLDINGS

AS AT 18 OCTOBER, 2004

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FCW Holdings Berhad (3116-k)

C. Thirty Largest Shareholders (Cont'd)

	Name of Shareholders	No. of Shares	% of Shareholdings
19.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kiew	669,600	0.24
20.	Ong Teck Wan	660,000	0.24
21.	United Overseas Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sushil Kaur a/p Dulla Singh	630,000	0.23
22.	Menteri Kewangan Malaysia Section 29 (SICDA)	589,038	0.21
23.	Tong Kim Fatt @ Allen Tong	560,800	0.20
24.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Hui Seng	505,000	0.18
25.	Chang Kar Mei	500,000	0.18
26.	Harbans Kaur a/p Ranjit Singh	500,000	0.18
27.	Permodalan Nasional Berhad	478,254	0.17
28.	Ho Mook Leong	470,000	0.17
29.	Bimsec Nominees (Tempatan) Sdn Bhd Bank Islam Malaysia Berhad	462,000	0.17
30.	Teo Tee Mong	430,000	0.15
		112,648,747	40.42

D. Substantial Shareholders

(Pursuant to Section 69E of the Companies Act, 1965)

Name of Shareholders	No. of Shares	% of Shareholdings
Tan Sri Dato' Tan Hua Choon	27,855,100	9.99
Employees Provident Fund Board	15,715,000	5.64
	43,570,100	15.63

ANALYSIS OF WARRANT HOLDINGS

AS AT 18 OCTOBER, 2004

A. Warrants

Issued	–	92,886,400
Exercised todate	–	Nil
Outstanding	–	92,886,400
Class of Securities	–	Warrants 2003/2013
Voting Rights	–	Every warrant holder present in person shall be entitled by a show of hands to one (1) vote and every warrant holder present in person or by proxy shall be entitled on a poll to one (1) vote for each share to which such holder would be entitled at the exercise price on the exercise in full of the exercise rights represented by such holder's warrant.

B. Distribution of Warrant Holdings

Size of Holdings	No. of Holders	No. of Warrants	% of Holdings
1 - 99	256	4,983	0.00
100 - 1,000	1,647	1,269,635	1.37
1,001 - 10,000	2,779	13,218,079	14.23
10,001 - 100,000	948	27,978,491	30.12
100,001 to less than 5% of issued warrants	97	27,929,112	30.07
5% and above of issued warrants	2	22,486,100	24.21
	5,729	92,886,400	100.00

C. Thirty Largest Warrant Holders

Name of Holders	No. of Warrants	% of Holdings
1. Tan Sri Dato' Tan Hua Choon	12,250,100	13.19
2. Wong Chee Choon	10,236,000	11.02
3. HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	2,000,000	2.15
4. Mohd Haniff bin Abd Aziz	2,000,000	2.15
5. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for North Northwest Fund	1,310,800	1.41
6. HSBC Nominees (Asing) Sdn Bhd Mscoil for Rize Consultants Limited	1,000,000	1.08
7. Citicorp Nominees (Asing) Sdn Bhd MLPFS for Arnold Tin Chee	1,000,000	1.08
8. AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	800,000	0.86
9. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for Northwest Asia X Ltd	654,900	0.71
10. AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Tabung Baitulmal Sarawak	600,000	0.65
11. United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Len Book Learn	569,900	0.61
12. United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Sushil Kaur a/p Dulla Singh	520,000	0.56
13. Harbans Kaur a/p Ranjit Singh	500,000	0.54
14. Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Puai Ling	500,000	0.54

ANALYSIS OF WARRANT HOLDINGS

AS AT 18 OCTOBER, 2004

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FCW Holdings Berhad (3116-k)

C. Thirty Largest Warrant Holders (Cont'd)

	Name of Holders	No. of Warrants	% of Holdings
15.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Ooi How	490,500	0.53
16.	Chan Shu Mee	400,000	0.43
17.	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Bintulu Development Authority	400,000	0.43
18.	Augustine Christopher Nathan	400,000	0.43
19.	Eng Nominees (Asing) Sdn Bhd Kim Eng Sec P/L - Steven Tiong Choon Hieng	400,000	0.43
20.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Meng Chue @ Leng Yit Hoong	319,800	0.35
21.	HDM Nominees (Asing) Sdn Bhd Phillip Securities Pte Ltd for Ang De Yu	302,100	0.33
22.	Sivapalan a/l Vivekarajah	300,000	0.32
23.	Merina Hew Swee Yin	300,000	0.32
24.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Kah See Yee	300,000	0.32
25.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chow Heng Lan	300,000	0.32
26.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tong Chye Yet	290,000	0.31
27.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Nai Kwong	288,800	0.31
28.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Haniff bin Abd Aziz	280,000	0.30
29.	Leong Chee Yee (Liang Juyi)	280,000	0.30
30.	Usop bin Wahab @ Sani Wahap	280,000	0.30
		39,272,900	42.28

D. Statement on Directors' Interests

Shares

Name of Directors	No. of Shares	% of Shareholdings
Tan Sri Dato' Tan Hua Choon	27,855,100	9.99
Ong Bing Yap	75,000	0.03
	27,930,100	10.02

No deemed interests held by both directors

Warrants

Name of Director	No. of Warrants	% of Holdings
Tan Sri Dato' Tan Hua Choon	12,250,100	13.19

No deemed interests held by director

LIST OF PROPERTIES

AS AT 30 JUNE, 2004

Location	Description	Existing Use	Tenure	Net Book Value as at 30 June, 2004 (RM)	Date of Last Revaluation (R)/ Date of Acquisition (A)
PT 2A, Jalan 227 Section 20A Bandar Petaling Jaya Daerah Kuala Lumpur (Lot 2, Jalan 222 Section 51A 46100 Petaling Jaya Selangor Darul Ehsan)	Land with office building (Area: 28,314 sq. ft.)	Office	Leasehold 59 years (1963 - 2062)	4,040,801.50	11 March, 1994 (A)
Lot No. PT 23533 HS (D) 252/94 Mukim Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for Commercial Development (Area: 153,555 sq. ft.)	Vacant	Freehold	5,500,000.00	August 2001 (R)

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FCW Holdings Berhad
(3116-K) (Incorporated in Malaysia)

PROXY FORM

I/We _____ NRIC No./Company No. _____
(full name in block letters)

of _____
(full address)

being a member of **FCW HOLDINGS BERHAD** hereby appoint _____

_____ NRIC No. _____
(full name in block letters)

of _____
(full address)

representing _____ percentage (%) of my/our shareholdings in the Company and/or failing him/her

_____ NRIC No. _____
(full name in block letters)

of _____
(full address)

representing _____ percentage (%) of my/our shareholdings in the Company and/or failing him/her, the **Chairman of the Meeting**, as my/our proxy for me/us on my/our behalf, at the Forty-Ninth Annual General Meeting (49th AGM) of the shareholders of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Tuesday, 14 December, 2004 at 11.00 a.m. or any adjournment thereof.

The proxy is to vote on the Resolutions set out in the notice of the 49th AGM as indicated with an 'X' in the appropriate spaces. If no voting instructions are given, the proxy may vote or abstain from voting at his/her discretion.

Resolution	For	Against
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3(a)		
Ordinary Resolution No. 3(b)		
Ordinary Resolution No. 4		

No. of Shares Held	
--------------------	--

Signed this _____ day of _____, 2004

Signature(s)/Seal

Notes:

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment(s) shall be invalid.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- The Proxy Form shall be deposited with the Company's Share Registrars, Messrs Shareworks Sdn Bhd (Formerly known as Panama Resources Sdn Bhd), 23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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S T A M P

FCW HOLDINGS BERHAD

(3116-K)

c/o Messrs Shareworks Sdn Bhd
(Formerly known as Panama Resources Sdn Bhd)

23, Jalan Sri Hartamas 7,
Sri Hartamas,
50480 Kuala Lumpur.

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