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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 46th Annual General Meeting of the Company will be held at the Pan Pacific Hotel, Bunga Kenanga Room, Level 3, Jalan Putra, 50350 Kuala Lumpur on Friday, 14 December, 2001 at 10.30 a.m. to conduct the following businesses:-

Agenda

1. To receive and adopt the Directors' Report and Audited Accounts for the Group and the Company for the financial year ended 30 June, 2001 and the Auditors' Report thereon.
Ordinary Resolution 1
2. To approve the payment of Directors' Fees in respect of the financial year ended 30 June, 2001. **Ordinary Resolution 2**
3. To re-elect Directors retiring in accordance with Article 134 of the Company's Articles of Association:
 - (a) Mr Ong Bing Yap **Ordinary Resolution 3(a)**
 - (b) Ms Lim Lai Sam **Ordinary Resolution 3(b)**
4. To re-appoint Messrs Arthur Andersen & Co. as Auditors and to authorise the Directors to fix their remuneration.
Ordinary Resolution 4
5. To transact any other ordinary business of the Company for which due notice has been given. **Ordinary Resolution 5**

By Order of the Board

Tan Shien Yin

Company Secretary

Kuala Lumpur
21 November, 2001

Notes:

1. A member entitled to attend and vote shall not be entitled to appoint more than two proxies to attend and vote for him. A proxy need not be a member of the Company.
2. The appointment of two proxies shall be invalid unless the number of shares represented by each is specified.
3. The signature on the instrument appointing the proxy executed outside Malaysia and Singapore shall be attested by a solicitor, notary public, consul or magistrate but the Directors may from time to time waive or modify this requirement either generally or in a particular case or cases.
4. The form of proxy must be deposited at the Registrars' office, Messrs Panama Resources Sdn Bhd, 23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.
5. In the case of a corporation, the proxy form must be executed under seal or under the hand of an attorney duly authorised.

Statement Accompanying Notice of Annual General Meeting

1. Details of attendance of Directors at Board Meetings held in the financial year ended 30 June, 2001:

During the financial year ended 30 June, 2001, a Board Meeting was held at the Company's registered office at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur on 23 May, 2001 at 10.30 a.m. and all Directors attended the meeting.
2. Directors who are standing for re-election at the 46th Annual General Meeting of FCW Holdings Berhad are Mr Ong Bing Yap and Ms Lim Lai Sam.

CORPORATE INFORMATION

Board of Directors

Tan Sri Dato' Tan Hua Choon (Chairman)

Mr Ong Bing Yap (Executive Director)

Mr Thor Poh Seng

Ms Lim Lai Sam

Audit Committee

Mr Thor Poh Seng (Chairman)

– Independent Non-Executive Director

Mr Ong Bing Yap

– Executive Director

Ms Lim Lai Sam

– Independent Non-Executive Director

Company Secretary

Ms Tan Shien Yin

Registered Office

No. 8-3, Jalan Segambut

51200 Kuala Lumpur

Tel : 03-40439266

Fax : 03-40436750

Registrars

Panama Resources Sdn Bhd

23, Jalan Sri Hartamas 7

Sri Hartamas

50480 Kuala Lumpur

Tel : 03-62011120

Fax : 03-62013121

Auditors

Arthur Andersen & Co

Level 23A, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Principal Bankers

Aseambankers Malaysia Berhad

Hong Leong Bank Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

Perwira Affin Merchant Bank Berhad

RHB Bank Berhad

HSBC Bank Malaysia Berhad

Stock Exchange Listing

Kuala Lumpur Stock Exchange (Main Board)

CHAIRMAN'S STATEMENT

Financial Review

During the year, the Group recorded a turnover of RM54.9 million, representing a decline of 62.6% as compared to RM147.0 million in 2000. At the same time, the Group registered a pre-tax loss of RM23.3 million as compared to a pre-tax loss of RM46.2 million in the previous year.

Review of Performance

The financial year under review had been a year of endurance for the Group. The performance of the Group has been adversely affected by the global economic slowdown. The significant decline in turnover was mainly attributed to the Group's reorganisation of its cellular phone trading and distribution business activities. These activities faced fierce competition as importers flood the cellular phones market with numerous brands as a result of the removal of import duty by the Government. Faced with thin operating margins and increasingly fierce competition in the market, efforts to consolidate and streamline the business of the Group continued to receive much attention during the year. These include the closure of non-performing outlets and branches as well as a reduction of the Group's staff force. The performance of our associated companies involved in the manufacturing and distribution of power and telecommunication cables are also not very encouraging. Their sales have declined as power and telecommunication companies cut back on infrastructure spending since the onset of the Asian financial crisis.

Prospects

Barring any sharp downturn in the world economy, in particular the US economy and the region, the Malaysian economy is expected to recover next year with a GDP growth of between 4% and 5%. Under the circumstances, the Board of Directors is cautiously optimistic of the Group's prospects. However, the Group will continue to explore and pursue new business opportunities and diversification into other areas, which can contribute positively towards the future earnings of the Group.

Chairman's Statement

Corporate Development

The Company had on 5 July, 2000 announced that it has undertaken a Proposed Conditional Voluntary Take-Over Offer for the entire ordinary shares of Sin Heng Chan (Malaya) Berhad ("Proposed Conditional Voluntary Take-Over Offer") and Proposed Restricted Issue of New FCW shares ("Proposed Restricted Issue") (collectively referred to as "Proposals"). However, the Proposals were rejected by the Securities Commission vide its letter dated 6 November, 2000. As a consequence, the Proposed Restricted Issue of new FCW shares was also rejected as the Proposed Restricted Issue and the Proposed Voluntary Take-Over Offer are inter-conditional.

Dividends

The Board is not recommending any dividend for the financial year ended 30 June, 2001.

Acknowledgement & Appreciation

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our shareholders, bankers, business associates, customers and suppliers for your continuing support and patience in the Group.

In conclusion, I would also like to thank all our staff and Management of the Group for their continued commitment, contribution and dedication to the Group.

TAN SRI DATO' TAN HUA CHOON

Chairman

DIRECTORS' PROFILE

YBhg Tan Sri Dato' Tan Hua Choon

Aged 60, Malaysian

Chairman

Non-Independent Non-Executive Director

Tan Sri Dato' Tan Hua Choon was appointed as Director and Chairman on 26 January, 1999 and 16 February, 2000 respectively. He is a self-made businessman, having been involved in a wide range of businesses which include manufacturing, marketing and trading for the last 37 years. During the last 10 years, he has built-up investments in numerous public listed companies. He is also Chairman of Malaysia Aica Berhad, Keladi Maju Berhad, PDZ Holdings Bhd, Jasa Kita Berhad and GPA Holdings Berhad.

Ong Bing Yap

Aged 51, Malaysian

Executive Director

Mr Ong Bing Yap was appointed to the Board of the Company on 1 November, 1999 and has been a member of the Audit Committee of the Company since May 2000. 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 is also a Director of Jasa Kita Berhad.

Thor Poh Seng

Aged 41, Malaysian

Independent Non-Executive Director

Mr Thor Poh Seng was appointed to the Board of the Company on 26 January, 1999 and as Chairman of the Audit Committee since January 2000. 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 Asian Institute of Management, Philippines. He is an ex-merchant banker with extensive experience in corporate restructuring and corporate planning and has also held senior positions in operations and in corporate finance. He is also Director of Malaysia Aica Berhad, Keladi Maju Berhad, PDZ Holdings Bhd, Jasa Kita Berhad and GPA Holdings Berhad.

Lim Lai Sam

Aged 37, Malaysian

Independent Non-Executive Director

Ms Lim Lai Sam was appointed as Director of the Company on 26 January, 1999 and has been a Member of the Audit Committee of the Company since January 2000. 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 family relationship among the Board Members and the major shareholders of the Company save and except for Tan Sri Dato' Tan Hua Choon who is the spouse of Puan Sri Datin Poo Choo @ Ong Poo Choi and the father of Mr Tan Han Chuan. Puan Sri Datin Poo Choo @ Ong Poo Choi and Mr Tan Han Chuan are 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 with the Company.
- None of the Board Members had been convicted of any offence within the past 10 years, other than traffic offences, if any.
- During the financial year ended 30 June, 2001, a Board Meeting was held and the meeting was attended by all the Directors of the Company.

Directors' Responsibility Statement on the Preparation of Annual Financial Statements

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 of 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, 2001, 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.

DIRECTORS' REMUNERATION

The details of remuneration of the Directors of the Company during the financial year ended 30 June, 2001 are as follows:

A. Aggregate Remuneration of Directors are categorised into the following components:

TYPE OF REMUNERATION/BENEFITS	EXECUTIVE DIRECTOR (RM)	NON-EXECUTIVE DIRECTOR (RM)	TOTAL (RM)
(a) Fees	–	36,000	36,000
(b) Salaries and other emoluments	180,000	–	180,000
(c) Bonuses	–	–	–
(d) E.P.F.	21,600	–	21,600
(e) Estimated value of benefits-in-kind	–	–	–
Total (RM)	201,600	36,000	237,600

B. The number of Directors whose remuneration fall within the following bands:

BAND (RM) OF REMUNERATION	EXECUTIVE DIRECTOR	NON-EXECUTIVE DIRECTOR	TOTAL
1 – 50,000	–	3	3
50,001 – 100,000	–	–	–
100,001 – 150,000	–	–	–
150,001 – 200,000	–	–	–
200,001 – 250,000	1	–	1
Total	1	3	4

AUDIT COMMITTEE REPORT

Audit Committee

The FCW Holdings Berhad ("FCW") Audit Committee was established by a resolution of the Board on 17 February, 1994. The present Committee comprises the following Directors:

Mr Thor Poh Seng (Chairman)	– Independent Non-Executive Director
Ms Lim Lai Sam	– Independent Non-Executive Director
Mr Ong Bing Yap	– Executive Director

The Board of Directors intends to amplify the Terms of Reference of the FCW Audit Committee in the near future to incorporate the relevant provisions of the new Listing Requirements of the Kuala Lumpur Stock Exchange. The existing Terms of Reference are as follows:-

Terms Of Reference

Membership

The Committee shall be appointed by the Board from amongst its members and shall consist of not less than three (3) members, the majority of which shall not be executive directors of the Company or related corporation or any person having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgement in carrying out the functions of the Committee.

The members of the Committee shall elect a Chairman who shall not be an executive director of the Company or any related corporations.

Meetings

Meetings shall be held not less than two times a year. The quorum for a meeting of the Committee shall be two members. The external auditors may request a meeting if they consider it necessary. The Secretary of the Company shall be the Secretary of the Committee.

Duties

- To review the effectiveness of management information and other systems of control within the Group;
- To review the quarterly and annual financial statements prior to them being submitted to the Board;
- To review the scope and audit programmes of the auditors and any material findings arising from the audits;
- To review the accounting policies adopted and any changes in accounting principle or practices;
- To review the compliance with accounting standards, legal and stock exchange requirements; and
- To recommend the appointment of the external auditors and the level of their fees.

Frequency of Meetings Held

The FCW Audit Committee had four meetings during the financial year ended 30 June, 2001 and all of its members were present at the meetings.

Summary of Activities of the Committee

The FCW Audit Committee carried out its duties in accordance with its Terms of Reference. During the financial year, the Audit Committee reviewed the internal control policies and procedures, quarterly reports and financial statements of FCW and its subsidiaries ("the Group"). The Audit Committee had also met with the external auditors and discussed the nature and scope of audit, reviewed the audit report, debt provisions and property revaluation recommendations and reviewed the audited accounts before recommending for the Board of Directors' approval, considered any significant changes in accounting and auditing issues, reviewed the auditors' letter to the management and the management's response thereto and discussed recent developments on accounting and auditing standards issued by the Malaysian Accounting Standards Board.

Internal Audit Function

The FCW Audit Committee has also recommended that the Company initiate the setting up of an internal audit function or outsource internal audit services to further expand and streamline the systems of internal controls within the Company and the Group.

In the absence of a formalised internal audit department, the Audit Committee, in discharging its duties during the financial year, held regular discussion with key management employees of the Group and were given access to all necessary documents, information and reports. Members of the Audit Committee have also requested for copies of monthly management reports.

ADDITIONAL COMPLIANCE INFORMATION

Corporate Proposal

The Company had on 5 July, 2000 served a notice of voluntary take-over offer for the entire shareholding of 100% equity interest in Sin Heng Chan (Malaya) Berhad representing 18,994,375 shares of RM1.00 each and the remaining share options granted under Sin Heng Chan's employees share option scheme (ESOS) ("SHC Shares"). The offer was to have been satisfied through the issuance of the Company's shares of RM0.50 each at a proposed issue price of RM1.25, on the basis of three (3) new FCW shares for every one (1) SHC share ("Proposed Offer").

The Company also proposed to implement a restricted issue of new FCW shares ("Proposed Restricted Issue") to a director who is a substantial shareholder of the Company at a proposed issue price of RM1.25 each on the basis of one new FCW share for every two (2) new FCW shares to be issued as consideration for acceptance of the above Proposed Offer.

The Proposed Offer was rejected by the Securities Commission ("SC") for non-compliance with Section 17.06 of the Policies and Guidelines on Issue/Offer of Securities of the SC pertaining to acquisitions through issue of securities vide its letter dated 6 November, 2000. As a consequence, the Proposed Restricted Issue was also rejected as the Proposed Restricted Issue and the Proposed Offer were inter-conditional. The rejections of the SC were announced to the Kuala Lumpur Stock Exchange on 9 November, 2000.

Non-Audit Fees

Non-audit fees paid to external auditors for the financial year ended 30 June, 2001 amounted to RM82,400.00. The fees were in respect of the Proposed Conditional Voluntary Take-Over Offer for the entire share capital of Sin Heng Chan (Malaya) Berhad, review of the Group's service tax exposure and staff training relating to the Amended Income Tax Act on Self-Assessment.

Profit Estimate, Forecast or Projection or Unaudited Results Announced

There is no material variance between results for the financial year and the unaudited results previously announced by the Company. The Company did not make any profit estimate, forecast or projection for the financial year ended 30 June, 2001.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries which involve Directors' and major shareholders' since the previous financial year ended 30 June, 2000.

Revaluation of Landed Properties

The carrying values of landed properties are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts of the landed properties are estimated by the Directors.

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Financial Statements

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 30 June, 2001.

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 12 to the financial statements.

There were no significant changes in these principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Loss from ordinary operations	(23,209)	(1,852)
Minority interests	160	—
Net loss for the year	(23,049)	(1,852)

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 current financial year.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year.

Bad and Doubtful Debts

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the 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.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off as bad debts or provided for as doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

Current Assets

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

Directors' Report

Valuation Methods

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

Contingent and Other Liabilities

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet their obligations as and when they fall due.

Change of Circumstances

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

Items of an Unusual Nature

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

Significant Events

The significant events during the financial year are disclosed in Note 30 to the financial statements.

Subsequent Events

The subsequent events are as disclosed in Note 31 to the financial statements.

Directors

The directors who served since the date of the last report are:

Tan Sri Dato' Tan Hua Choon
Thor Poh Seng
Lim Lai Sam
Ong Bing Yap

In accordance with the Company's Articles of Association, Ong Bing Yap and Lim Lai Sam retire under Article 134 at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' Report

Directors' Benefits

During and at the end of the financial year, no arrangement subsisted to which the Company or its subsidiaries is a party with the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 23 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 the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Directors' Interests

According to the register of directors' shareholding, 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, 2000	Bought	Sold	30 June, 2001
The Company					
Tan Sri Dato' Tan Hua Choon – Direct		15,605,000	–	–	15,605,000
– Indirect		33,269,000	–	–	33,269,000

By virtue of Tan Sri Dato' Tan Hua Choon's interests in the shares of FCW Holdings Berhad, Tan Sri Dato' Tan Hua Choon is deemed interested in the shares of its subsidiaries and other related companies during the financial year to the extent that FCW Holdings Berhad 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.

Number of Employees and Registered Office

The number of employees in the Group and in the Company at the end of the financial year were 96 (2000: 206) and 30 (2000: 2) respectively. The registered office of the Company is located at No. 8-3, Jalan Segambut, 51200 Kuala Lumpur.

Auditors

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

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

TAN SRI DATO' TAN HUA CHOON

ONG BING YAP

31 October, 2001

STATEMENT BY DIRECTORS

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 financial statements set out on pages 17 to 37 give a true and fair view of the state of affairs of the Group and the Company as at 30 June, 2001 and of their results and their cash flows for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

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

TAN SRI DATO' TAN HUA CHOON

ONG BING YAP

Petaling Jaya
31 October, 2001

STATUTORY DECLARATION

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I, VOON SIEW MOON, the officer primarily responsible for the financial management of FCW HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 17 to 37 are, to the best of my knowledge and belief, 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 Petaling Jaya in Selangor Darul Ehsan)	
on 31 October, 2001)	VOON SIEW MOON

Before me:

KOK THIAM TET (No. B036)
Commissioner for Oaths
Petaling Jaya

AUDITORS' REPORT

To the Shareholders of FCW HOLDINGS BERHAD

We have audited the financial statements set out on pages 17 to 37. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. 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 financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards and give a true and fair view of:
- (i) the state of affairs of the Group and the Company as at 30 June, 2001 and of their results and their cash flows 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;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and 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 auditors' reports of all the subsidiaries of which we have not acted as auditors, as indicated in Note 12 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 Company's financial statements 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 these purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.

Without qualifying our opinion, we draw reference to Note 15 to the financial statements which explains why no write off of net goodwill on consolidation and provision for diminution in value of investment in subsidiaries have been made despite losses incurred by the subsidiaries and associated companies for the past two financial years. The directors expect that the performance of these subsidiaries and associated companies should turnaround in tandem with market conditions in the future.

Arthur Andersen & Co.

No. AF 0103
Public Accountants

31 October, 2001

Abraham Verghese a/I T.V. Abraham

No. 1664/10/02(J)
Partner of the Firm

BALANCE SHEETS

as at 30 June, 2001

		Group	Company		
	Note	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
CURRENT ASSETS					
Cash and bank balances	3	10,356	4,180	4,144	35
Trade debtors	4	33,771	34,559	–	–
Other debtors	5	3,748	6,396	737	730
Stocks and contracts					
work-in-progress	6	3,620	20,415	–	–
Due from associated companies		336	1,149	–	–
Due from subsidiaries		–	–	8,049	31,339
		51,831	66,699	12,930	32,104
CURRENT LIABILITIES					
Short term borrowings	7	23,270	19,048	9,528	9,528
Trade creditors and bills payable	8	32,754	44,312	–	–
Other creditors	9	5,320	4,456	303	201
Taxation		809	795	258	258
Due to subsidiaries	10	–	–	9,190	26,608
		62,153	68,611	19,279	36,595
NET CURRENT LIABILITIES		(10,322)	(1,912)	(6,349)	(4,491)
FIXED ASSETS	11	11,677	14,067	9	3
INVESTMENT IN SUBSIDIARIES	12	–	–	201,447	201,447
INVESTMENT IN ASSOCIATED COMPANIES	13	87,073	95,802	–	–
OTHER INVESTMENTS	14	5	5	–	–
NET GOODWILL ON CONSOLIDATION	15	65,427	69,042	–	–
DEFERRED EXPENDITURES	16	163	228	–	–
DEFERRED TAXATION	17	–	–	–	–
MINORITY INTERESTS		(547)	(707)	–	–
		153,476	176,525	195,107	196,959
SHAREHOLDERS' FUNDS					
Share capital	18	92,886	92,886	92,886	92,886
Reserves		60,590	83,639	102,221	104,073
		153,476	176,525	195,107	196,959

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The accompanying notes are an integral part of these balance sheets.

INCOME STATEMENTS

for the year ended 30 June, 2001

		Group		Company	
	Note	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue	20	55,006	147,027	–	–
Other operating income	21	5,039	5,772	940	542
Changes in stocks of finished goods	22	(11,236)	(9,779)	–	–
Purchases and other trading expenses		(40,290)	(145,749)	–	–
Staff costs	23	(5,168)	(6,953)	(391)	(292)
Depreciation		(1,376)	(1,294)	(6)	(1)
Impairment loss on freehold land		(1,288)	–	–	–
Other operating expenses	24	(12,937)	(21,865)	(1,248)	(450)
Loss from operations		(12,250)	(32,841)	(705)	(201)
Finance costs	25	(2,294)	(2,080)	(1,147)	(556)
Share of losses of associated companies		(9,384)	(11,297)	–	–
Loss before taxation		(23,928)	(46,218)	(1,852)	(757)
Taxation	26	719	(626)	–	–
Loss from ordinary activities		(23,209)	(46,844)	(1,852)	(757)
Minority interests		160	294	–	–
Net loss for the year		(23,049)	(46,550)	(1,852)	(757)
Basic loss per share	27	(12.4) sen	(25.1) sen		

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June, 2001

	Share capital RM'000	Non-distributable Share premium RM'000	Capital reserve RM'000 (Note 19)	Distributable Retained profits RM'000	Total RM'000
At 1 July, 1999	92,886	28,720	2,900	86,917	211,423
Share of surplus arising from revaluation of freehold land, long term leasehold land and buildings in an associated company of a subsidiary	—	—	11,652	—	11,652
Net loss for the year	—	—	—	(46,550)	(46,550)
At 1 July, 2000	92,886	28,720	14,552	40,367	176,525
Net loss for the year	—	—	—	(23,049)	(23,049)
At 30 June, 2001	92,886	28,720	14,552	17,318	153,476

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June, 2001

	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 July, 1999	92,886	28,720	76,110	197,716
Net loss for the year	—	—	(757)	(757)
At 1 July, 2000	92,886	28,720	75,353	196,959
Net loss for the year	—	—	(1,852)	(1,852)
At 30 June, 2001	92,886	28,720	73,501	195,107

The accompanying notes are an integral part of these statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June, 2001

	2001 RM'000	2000 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(23,928)	(46,218)
Adjustment for items not involving movement of cash:		
Impairment loss on freehold land	1,288	–
Depreciation	1,376	1,293
Stocks written down	(4,725)	8,124
Fixed assets written back/written off	357	154
Accrual of rebates written off	–	732
Amortisation of goodwill	3,615	3,615
Amortisation of deferred expenditure	56	67
Unrealised loss on foreign exchange	–	11
Preliminary and pre-operating expenses written off	9	–
Provision for doubtful debts	4,057	12,301
Bad debts written off	18	62
Share of associated company loss	9,384	11,297
Interest expense	2,294	2,080
Gain on disposal of fixed asset	(63)	(60)
Loss/(gain) on disposal of an associated company	15	(4,836)
Interest income	(119)	(532)
Operating loss before working capital changes	(6,366)	(11,910)
(Increase)/decrease in debtors	(639)	20,345
Decrease in stocks and contracts work-in-progress	21,520	14,368
Decrease in creditors and bills payable	(10,553)	(38,463)
Increase in deferred expenditure	–	(288)
Decrease/(increase) in due from associated companies	813	(262)
Cash generated from/(used in) operations	4,775	(16,210)
Interest received	119	532
Interest paid	(2,294)	(2,534)
Tax paid	(128)	(482)
Net cash generated from/(used in) operating activities	2,472	(18,694)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in associated companies	–	(50)
Purchase of fixed assets	(901)	(1,923)
Proceeds from disposal of fixed assets	333	117
Proceed from disposal of an associated company	50	8,196
Net cash (used in)/generated from investing activities	(518)	6,340

Consolidated Cash Flow Statement

for the year ended 30 June, 2001

	2001 RM'000	2000 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short term borrowings	4,691	9,628
Dividends paid	–	(134)
Net cash generated from financing activities	4,691	9,494
Net increase/(decrease) in cash and cash equivalents	6,645	(2,860)
Cash and cash equivalents at 1 July, 2000/1999	3,260	6,120
Cash and cash equivalents at 30 June	9,905	3,260
Cash and cash equivalents comprise:		
Cash and bank balances	3,656	2,651
Deposits with licensed banks	6,700	1,529
Bank overdrafts	(451)	(920)
	9,905	3,260

The accompanying notes are an integral part of this statement.

CASH FLOW STATEMENT

for the year ended 30 June, 2001

	2001 RM'000	2000 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,852)	(757)
Adjustment for items not involving the movement of cash:		
Depreciation	6	1
Bad debts written off	–	8
Interest expense	1,147	556
Interest income	(411)	(446)
Operating loss before working capital changes	(1,110)	(638)
(Increase)/decrease in debtors	(7)	4,995
Increase/(decrease) in creditors	86	(1)
Increase/(decrease) in related companies balances	5,872	(10,607)
Cash generated from/(used in) operations	4,841	(6,251)
Interest received	411	446
Interest paid	(1,131)	(545)
Taxation paid	–	(21)
Net cash generated from/(used in) operating activities	4,121	(6,371)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of fixed asset representing net cash used in investing activity	(12)	(4)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of short term borrowings	–	6,528
Dividend (paid)	–	(134)
Net cash generated from financing activities	–	6,394
Net increase in cash and bank balances	4,109	19
Cash and bank balances at 1 July, 2000/1999	35	16
Cash and bank balances at 30 June	4,144	35

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June, 2001

1. 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 12.

There were no significant changes in these principal activities during the financial year.

2. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention and comply with applicable approved accounting standards in Malaysia.

(b) Revenue Recognition

Income and costs on contracts work-in-progress are recognised on the percentage of completion method determined on the proportion of progress billings to date against total contract value where the outcome of the projects can be reliably estimated. All anticipated losses on contracts are fully provided for.

Service fee income is recognised upon rendering services, net of discounts.

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. 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 cost cannot be recovered.

The excess of the purchase price over the fair value of the assets of subsidiaries at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation. Goodwill or reserve arising on consolidation is amortised to the income statement over a period of 25 years unless there is a permanent diminution in the value of the goodwill in which case the related goodwill will be fully written down and taken to the income statement.

(d) Associated Companies

The Group treats as associated companies those companies in which the Group has a long term equity interest of between 20 and 50 percent and where it exercises significant influence through management participation.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated companies. Unrealised gains on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies; unrealised losses are eliminated unless cost cannot be recovered.

The Group's share of profits less losses of associated companies is included in the consolidated income statement based on management financial statements to 30 June and the Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition retained profits and reserves.

Notes to the Financial Statements

for the year ended 30 June, 2001

2. Significant Accounting Policies (cont'd.)

(e) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated. Depreciation of other fixed assets is provided on a straight line basis over the following estimated useful lives:

Long term leasehold land and buildings	1% – 1.47%
Plant, machinery and equipment	5% – 33 ¹ / ₃ %
Furniture, fittings, renovation, office equipment and motor vehicles	7 ¹ / ₂ % – 33 ¹ / ₃ %

The carrying values of fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts of the assets are estimated by the directors. An impairment loss is recognised whenever the carrying amount of an item of fixed assets exceeds its recoverable amount.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred.

(f) Stocks

- (i) Stocks comprise purchased accessories, telecommunications equipment and related spares. Stocks are stated at the lower of cost and net realisable value, determined on a weighted average basis.
- (ii) Contracts work-in-progress represents unbilled costs as at financial year end. Cost comprises material, subcontract works and attributable overheads. Contracts work-in-progress is stated at cost plus attributable profit less progress billing.

(g) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

(h) Deferred Expenditures

In prior years preliminary and pre-operating expenses incurred by certain subsidiaries were stated at cost and were amortised over 2 years from date of commencement of operations. During the year, the basis was changed and preliminary and pre-operating expenses are charged to the income statement as and when incurred pursuant to the requirement of Malaysian Accounting Standards Board Standard 1.

Other deferred expenditures represent rental of trunk radio system used in a project secured in prior year and will be amortised over 5 years. Deferred expenditure is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

(i) Investments

Investments in subsidiaries, associated companies and other investments are stated at cost less provision for any permanent diminution in value.

(j) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange differences are taken to the income statement.

Notes to the Financial Statements

for the year ended 30 June, 2001

2. Significant Accounting Policies (cont'd.)

(j) Currency Conversion and Translation (cont'd.)

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

	2001	2000
Singapore Dollar	2.11	2.21
United States Dollar	3.80	3.80
Great Britain Pound	5.40	5.83

(k) Debtors

Known bad debts are written off and specific provisions are made for all debts which are considered doubtful.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

3. Cash and Bank Balances

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash on hand and at bank	3,656	2,651	144	35
Deposits with licensed bank	6,700	1,529	4,000	—
	10,356	4,180	4,144	35

4. Trade Debtors

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade debtors	42,098	49,058	—	—
Provision for doubtful debts	(8,327)	(14,499)	—	—
	33,771	34,559	—	—

5. Other Debtors

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Other debtors	5,816	7,123	737	730
Provision for doubtful debts	(2,068)	(727)	—	—
	3,748	6,396	737	730

Notes to the Financial Statements

for the year ended 30 June, 2001

6. Stocks and Contracts Work-in-Progress

	Group	
	2001 RM'000	2000 RM'000
At cost:		
Contracts work-in-progress	38	2,778
Finished goods	2,752	9,723
	2,790	12,501
At net realisable value:		
Finished goods	830	7,914
	3,620	20,415

Details of the contracts work-in-progress are as follows:

	Group	
	2001 RM'000	2000 RM'000
Aggregate costs incurred to date	6,051	11,740
Add: Attributable profits	1,976	1,136
	8,027	12,876
Less: Progress billings	(7,989)	(10,098)
	38	2,778

7. Short Term Borrowings

Unsecured

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Bank overdraft	451	920	—	—
Revolving credit	16,291	11,600	3,000	3,000
Term loan	6,528	6,528	6,528	6,528
	23,270	19,048	9,528	9,528

The short term borrowings of the Group bear interest of between 4.45% to 7.8% (2000: 4.45% to 8.79%) per annum.

8. Trade Creditors and Bills Payable

Included in trade creditors and bills payable of the Group in the previous year were bankers acceptance of RM10,559,000 which were unsecured and bore interest of between 3.65% to 5.45% per annum.

Notes to the Financial Statements

for the year ended 30 June, 2001

9. Other Creditors

Included in other creditors of the Group is an amount of RM1,440 representing dividend payable to a shareholder of a subsidiary.

10. Due to Subsidiaries

The amounts due to subsidiaries are unsecured, bear interest of 3.9% per annum (2000: Nil) and have no fixed terms of repayment.

11. Fixed Assets

	Freehold land RM'000	Long term leasehold land and buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings, renovation, office equipment and motor vehicles RM'000	Total RM'000
Cost					
At 1 July, 2000	6,888	4,928	3,156	4,894	19,866
Additions	—	—	—	901	901
Disposals	—	—	(352)	(696)	(1,048)
Write offs	—	—	(1,045)	(1,113)	(2,158)
At 30 June, 2001	6,888	4,928	1,759	3,986	17,561
Accumulated Depreciation & Impairment Loss					
At 1 July, 2000	—	459	1,852	3,488	5,799
Charge for the year	—	72	774	530	1,376
Impairment loss	1,288	—	—	—	1,288
Disposals	—	—	(287)	(491)	(778)
Write offs	—	—	(798)	(1,003)	(1,801)
At 30 June, 2001	1,288	531	1,541	2,524	5,884
Net Book Value					
At 30 June, 2001	5,600	4,397	218	1,462	11,677
At 30 June, 2000	6,888	4,469	1,304	1,406	14,067
Depreciation charged for 2000	—	71	621	601	1,293

Notes to the Financial Statements

for the year ended 30 June, 2001

11. Fixed Assets (cont'd.)

Company	Office equipment RM'000	Computer equipment RM'000	Total RM'000
Cost			
At 1 July, 2000	–	4	4
Additions	6	6	12
At 30 June, 2001	6	10	16
Accumulated depreciation			
At 1 July, 2000	–	1	1
Charge for the year	1	5	6
At 30 June, 2001	1	6	7
Net Book Value			
At 30 June, 2001	5	4	9
At 30 June, 2000	–	3	3
Depreciation charge for 2000	–	1	1

Included in the fixed assets of the Group and Company are the following costs of fully depreciated assets which are still in use:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Furniture, fittings, renovation, office equipment and motor vehicles	1,747	1,778	–	–
Plant, machinery and equipment	189	455	–	–

12. Investment in Subsidiaries

	Company	
	2001 RM'000	2000 RM'000
Unquoted shares, at cost	201,447	201,447

Notes to the Financial Statements

for the year ended 30 June, 2001

12. Investment in Subsidiaries (cont'd.)

The subsidiaries, all of which are incorporated in Malaysia, are:

Name of Companies	Paid-up Capital RM	Effective Interests		Principal Activities
		2001 %	2000 %	
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	Distribution of telecommunications equipment and turnkey contracting
Indah Nominees Sdn. Bhd.	2	100	100	Investment holding – dormant
Malco Metal Sdn. Berhad	2	100	100	Trading of metal and alloyed metal products – ceased operations
Teco Electrical Motor Machinery Mfg. Sdn. Berhad	2	100	100	Providing management services – dormant
United Malaysian Steel Mills Berhad	3,000,000	77	77	Manufacture and trading of steel products – ceased operations
Pioneer Multimedia Sdn. Bhd.	2	100	100	Trading of telecommunications equipment
Plusnet Communications Sdn. Bhd.	200,000	100	–	Retailing of telecommunications products
Subsidiaries of Federal Telecommunications Sdn. Bhd.:				
FT Radiosystems Sdn. Bhd.	1,000,000	100	100	Distribution and servicing of telecommunications equipment
FT Communications Sdn. Bhd.	100,000	100	100	Supply of telecommunications products
Sun Moon Star (M) Sdn. Bhd.	2	100	100	Supply of telecommunications products – dormant
FT Cellular Systems Sdn. Bhd.	2	100	100	Provision of marketing and related services
Pedoman Jitu Sdn. Bhd. *	451,550	89.8	89.8	Trading of telecommunications equipment

Notes to the Financial Statements

for the year ended 30 June, 2001

12. Investment in Subsidiaries (cont'd.)

Name of Companies	Paid-up Capital RM	Effective Interests		Principal Activities
		2001 %	2000 %	
Subsidiaries of FT				
Radiosystems Sdn. Bhd.:				
Pager Communications Sdn. Bhd.*	150,000	100	100	Renting of telecommunications access
Ultra Matrix Sdn. Bhd.	80,000	100	100	Investment holding
Plusnet Communications Sdn. Bhd.	2	–	100	Retailing of telecommunications products
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
Subsidiary of Digiphonic Sistem Sdn. Bhd.:				
Digiphonic Servis Sdn. Bhd.	50,000	55	55	Servicing of electronic telecommunications equipment

* Audited by firms of auditors other than Arthur Andersen & Co.

13. Investment in Associated Companies

	Group	
	2001 RM'000	2000 RM'000
Unquoted shares, at cost	38,003	38,033
Group's share of profits	49,070	57,769
	87,073	95,802
Represented by:		
Share of net tangible assets	84,499	93,228
Goodwill on acquisition	4,139	4,139
Premium on acquisition	(1,565)	(1,565)
	87,073	95,802

Notes to the Financial Statements

for the year ended 30 June, 2001

13. Investment in Associated Companies (cont'd.)

The associated companies, all of which are incorporated in Malaysia and held by the Company through its subsidiary, FCW Industries Sdn. Bhd., are:

Name of Companies	Effective Interests		Financial Year End	Principal Activities
	2001 %	2000 %		
Federal Power Sdn. Bhd.	30	30	31 December	Manufacture and sale of power cables and electrical conductors
Fujikura Federal Cables Sdn. Bhd.	42.54	42.54	31 December	Manufacture and marketing of power, telecommunications cables and wires
Widenet Technology Sdn. Bhd.	40	40	30 June	Trunk radio system operator
Widenet Communications Sdn. Bhd.	—	50	30 June	Trading and rental of telecommunications products

14. Other Investments

	Group	
	2001 RM'000	2000 RM'000
Quoted investments in Malaysia	10	10
Less: Provision for diminution in value of quoted investments	(5)	(5)
	5	5
Market value of quoted investments in Malaysia	8	9

15. Net Goodwill on Consolidation

	Group	
	2001 RM'000	2000 RM'000
Goodwill arising on consolidation	93,026	93,026
Reserve arising on consolidation	(2,672)	(2,672)
Less: Amortisation	(24,927)	(21,312)
	65,427	69,042

The net goodwill on consolidation arises mainly as a result of the acquisition of FCW Industries Sdn. Bhd. which in turn has investments in various subsidiaries and associated companies. There is no impairment loss in the goodwill arising on consolidation despite losses suffered by the subsidiaries and associated companies, as the directors are of the opinion that the losses arose due to current adverse business scenario and as such is temporary in nature and that the performance of the subsidiaries and associated companies should turnaround in tandem with the overall market conditions of the future.

As such the directors are of the opinion, that the net goodwill on consolidation need not be written off and that provisions are not needed for diminution in value of investment in subsidiaries.

Notes to the Financial Statements

for the year ended 30 June, 2001

16. Deferred Expenditures

	Group	
	2001 RM'000	2000 RM'000
Preliminary expenses	1	1
Pre-operating expenses	8	8
Other deferred expenditure	286	286
	295	295
Less: Accumulated amortisation of deferred expenditure	(123)	(67)
Amount written off	(9)	–
	163	228

17. Deferred Taxation

	Group	
	2001 RM'000	2000 RM'000
At 1 July	–	178
Transfer to income statement (Note 26)	–	(178)
At 30 June	–	–

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18. Share Capital

	Group and Company	
	2001 RM'000	2000 RM'000
Ordinary shares of RM0.50 each:		
Authorised	300,000	300,000
Issued and fully paid	92,886	92,886

19. Capital Reserves

The capital reserves of the Group consist of the following:

	2001 RM'000	2000 RM'000
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 associated company of a subsidiary	11,652	11,652
At 30 June	14,552	14,552

Notes to the Financial Statements

for the year ended 30 June, 2001

20. Revenue

Revenue of the Group consist of the following:

	2001 RM'000	2000 RM'000
Sales, hire and servicing of telecommunications equipment and electronic goods	54,994	146,835
Service fee income from provision of paging services	12	192
	55,006	147,027

21. Other Operating Income

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Management charges receivable from a subsidiary	–	–	144	96
Rental and service income	340	73	–	–
Gain on disposal of an associated company	–	4,836	–	–
Gain on disposal of fixed assets	63	60	–	–
Realised gain on foreign exchange	106	271	–	–
Interest income	119	532	411	446
Bad debts recovered	4,177	–	–	–

22. Changes in Stocks of Finished Goods

Included in changes in stocks of finished goods of the Group are costs of stocks written back amounting to RM4,723,000 (2000: write-off of RM8,124,000).

23. Staff Costs

Included in staff costs are:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Directors' remuneration*	310	545	202	184

* The estimated monetary value of benefit not included in the above received by directors of subsidiaries was RM13,200 (2000: RM5,433).

Notes to the Financial Statements

for the year ended 30 June, 2001

24. Other Operating Expenses

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Included in other operating expenses are:				
After charging:				
Audit fee:				
– Current	103	113	12	12
– Underprovision in previous years	–	–	–	2
Fees paid to:				
– directors of the Company	36	46	36	46
– directors of the subsidiaries	15	15	–	–
Depreciation	1,376	1,293	6	1
Impairment loss on freehold land	1,288	–	–	–
Rental of office premises	392	774	60	–
Fixed assets written off	357	154	–	–
Amortisation of goodwill	3,615	3,615	–	–
Amortisation of deferred expenditure	56	67	–	–
Provision for doubtful debts	4,057	12,301	–	–
Intangible assets written off	9	–	–	–
Bad debts written off	18	62	–	8
Loss on disposal of an associated company	15	–	–	–

25. Finance Costs

Included in finance costs of the Group and the Company is:

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Interest expense	2,294	2,080	1,147	556

26. Taxation

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Current year's provision	68	13	–	–
Taxation (overprovided)/ underprovided in prior year	(124)	127	–	–
Transferred from deferred taxation (Note 17)	–	(178)	–	–
Share of taxation of associated companies and joint venture company	(663)	664	–	–
	(719)	626	–	–

Notes to the Financial Statements

for the year ended 30 June, 2001

26. Taxation (cont'd.)

There is no tax charge for the year as the Company is in a tax loss position. The disproportionate tax charge for the Group is due to the non-taxable nature of the gain on disposal of an associate.

The current year tax charge of the Group is in respect of interest income earned by subsidiaries.

As at 30 June, 2001, the Company has tax losses of approximately RM7,136,000 (2000: RM6,177,500) which can be used to offset future taxable profits subject to agreement with Inland Revenue Board.

As at 30 June, 2001, the Company has a potential deferred tax benefit of approximately RM2,003,000 (2000: RM1,728,700), arising from tax losses carried forward, the effects of which are not included in the financial statements as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt balance to frank the payment of dividend.

27. Basic Loss Per Share

The basic loss per share is calculated based on the Group's loss after minority interest of RM23,049,000 (2000: RM46,550,000) and the number of ordinary shares in issue during the year of 185,772,800 (2000: 185,772,800).

28. Capital Commitment

Capital expenditure:

Approved and contracted for

Group		Company	
2001	2000	2001	2000
RM'000	RM'000	RM'000	RM'000
-	460	-	-

29. Contingent Liabilities

Unsecured

Corporate guarantee for credit facilities to subsidiaries

Group		Company	
2001	2000	2001	2000
RM'000	RM'000	RM'000	RM'000
-	-	58,742	101,000

Notes to the Financial Statements

for the year ended 30 June, 2001

30. Significant Events

During the financial year,

- (a) FCW Industries Sdn. Bhd., a subsidiary acquired the entire shareholding of 100% equity interest in Plusnet Communications Sdn. Bhd. representing 2 ordinary shares of RM1.00 each from FT Radiosystems Sdn. Bhd., a subsidiary, for a total cash consideration of RM2.00. See note (b).
- (b) A subsidiary, FT Radiosystems Sdn. Bhd.:
 - (i) disposed off its entire shareholding of 100% equity interest in Plusnet Communications Sdn. Bhd. for a total cash consideration of RM2.
 - (ii) disposed off its entire shareholding of 50% equity interest in Widenet Communications Sdn. Bhd. for a total consideration of RM50,000.

31. Subsequent Events

On 3 September, 2001, Federal Telecommunications Sdn. Bhd., a subsidiary disposed off its entire issued share capital of FT Communications Sdn. Bhd., a company incorporated in Malaysia and engaged in the supply of telecommunication products to FCW Industries Sdn. Bhd. for a total cash consideration of RM100,000.

On 8 September, 2001, FT Communications Sdn. Bhd. changed its name to FT Spares & Services Sdn. Bhd.

32. Significant Related Party Transactions

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<u>Associated Companies</u>				
Sales to Widenet Technology Sdn. Bhd.	90	—	—	—
Sales to Widenet Communications Sdn. Bhd.	—	285	—	—
Purchases from Widenet Technology Sdn. Bhd.	—	2	—	—
Licensing income received from Widenet Technology Sdn. Bhd.	363	40	—	—
Rental and service charges received from Fujikura Federal Cables Sdn. Bhd.	73	73	—	—
Interest expense payable to Fujikura Federal Cables Sdn. Bhd.	709	175	—	—
<u>Subsidiaries</u>				
Interest income	—	—	385	442
Interest expense	—	—	220	27
Management fees	—	—	144	96
Rental expense	—	—	117	—

Notes to the Financial Statements

for the year ended 30 June, 2001

32. Significant Related Party Transactions (cont'd.)

In addition to the above, the term loan of the Group as set out in Note 7 is guaranteed by a director, Tan Sri Dato' Tan Hua Choon.

The directors are of the opinion that all the transactions above 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 obtainable in transactions with unrelated parties.

33. Segmental Reporting

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

34. Currency

All amounts are stated in Ringgit Malaysia unless otherwise stated.

LIST OF PROPERTIES

as at 30 June, 2001

LOCATION	DESCRIPTION	EXISTING USE	TENURE/ APPROXIMATE AGE OF BUILDING	NET BOOK VALUE AS AT 30 JUNE, 2001 (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 feet)	Office	Leasehold 61 years (1963-2062)	4,250,713.18	11 March, 1994 (A)
PT No. 14771 HS (D) 16760 District of Gombak Mukim of Batu Selangor Darul Ehsan (No. 133, Jalan Jasa 3 Taman Jasa 68100 Batu Caves Selangor Darul Ehsan)	Intermediate three storey shophouse (Area: 1,600 sq feet)	Vacant	Freehold	246,199.99	August 1999 (R)
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 feet)	Vacant	Freehold	5,500,000.00	August 2001 (R)

ANALYSIS OF SHAREHOLDINGS

as at 22 October, 2001

Share Capital

Authorised Share Capital	:	RM300,000,000 (600,000,000 ordinary shares of RM0.50 each)
Issued & Paid-Up Share Capital	:	RM 92,886,400 (185,772,800 ordinary shares of RM0.50 each)
Voting Rights	:	One vote for each ordinary shares held

Distribution of Shareholdings

SIZE OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	%
Less than 1,000	429	112,133	0.06
1,000 – 10,000	12,905	38,023,757	20.47
10,001 – 100,000	1,169	29,343,537	15.80
100,001 less than 5% of issued shares	65	60,953,373	32.81
5% and above of issued shares	4	57,340,000	30.86
	14,572	185,772,800	100.0

Thirty Largest Shareholders as at 22 October, 2001

NAME OF SHAREHOLDER	NO. OF SHARES	%
1. Employees Provident Fund Board	15,727,000	8.47
2. Tan Sri Dato' Tan Hua Choon	15,605,000	8.40
3. Puan Sri Datin Poo Choo @ Ong Poo Choi	15,605,000	8.40
4. Tan Han Chuan	10,403,000	5.60
5. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd – Alpha Grace Sdn Bhd (D12)	7,602,967	4.09
6. Tan Ching Ching	7,261,000	3.90
7. Amanah Raya Nominees (Tempatan) Sdn Bhd	6,423,816	3.46
8. Lembaga Tabung Haji	5,011,339	2.70
9. Ong Huey Peng	2,642,000	1.42
10. Cheong Siew Yoong	2,355,000	1.27
11. Chew Boon Seng	2,022,000	1.09
12. Malaysia Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Dato' Lim Suh Hua @ Lim Yak Hua	2,000,000	1.08
13. Lim Siew Sooi	1,830,000	0.99
14. Wong Chee Choon	1,793,000	0.97
15. Ong Har Hong	1,697,000	0.91
16. Wong Chee Choon	1,383,000	0.74
17. Lim Suh Hua @ Lim Yak Hua	1,341,000	0.72
18. Lim Eng Huat	1,192,000	0.64
19. Universiti Malaya	1,056,000	0.57
20. HSBC Nominees (Tempatan) Sdn Bhd – HSBC (Malaysia) Trustee Bhd – Amanah Saham Sarawak	1,000,000	0.54
21. Ong Huey Peng	1,000,000	0.54
22. Low Cheng Peng	971,000	0.52
23. Mayfair Finance Corp	800,000	0.43
24. Ong Har Hong	707,000	0.38
25. Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ho Mok Heng	600,000	0.32
26. Menteri Kewangan Malaysia	589,038	0.32
27. Sin Lew Moi	573,000	0.31
28. Lembaga Tabung Haji	500,000	0.27
29. Tong Kim Fatt @ Allen Tong	481,200	0.26
30. Permodalan Nasional Berhad	480,254	0.26
Total	110,651,614	59.56

Analysis of Shareholdings

as at 22 October, 2001

Substantial Shareholders as at 22 October, 2001

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

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDING
Employees Provident Fund Board	15,727,000	8.47
Tan Sri Dato' Tan Hua Choon	15,605,000*	8.40
Puan Sri Datin Poo Choo @ Ong Poo Choi	15,605,000*	8.40
Tan Han Chuan	10,403,000*	5.60

* YBhg Tan Sri Dato' Tan Hua Choon is the spouse of Puan Sri Datin Poo Choo @ Ong Poo Choi and the father of Mr Tan Han Chuan and is thus deemed to be interested in the shareholdings of Puan Sri Datin Poo Choo @ Ong Poo Choi and Mr Tan Han Chuan and vice versa.

Directors' Shareholding

NAME OF DIRECTOR	NO. OF SHARES	% OF SHAREHOLDING
Tan Sri Dato' Tan Hua Choon	15,605,000	8.40



FORM OF PROXY

FCW HOLDINGS BERHAD

(3116-K)

*I/We _____
being a member of **FCW HOLDINGS BERHAD** ("the Company") hereby appoint ***the Chairman of the Meeting** or

of _____
or failing *him/her, _____
of _____

as *my/our proxy/proxies to vote for *me/our behalf at the 46th Annual General Meeting of the Company to be held at the Pan Pacific Hotel, Bunga Kenanga Room, Level 3, Jalan Putra, 50350 Kuala Lumpur on Friday, 14 December, 2001 at 10.30 a.m. or any adjournment thereof.

Please indicate the manner in which you wish your votes should be cast with an "X" in the appropriate spaces below. Unless voting instructions are specified therein, the proxy will vote or abstain from voting as he/she thinks fit.

RESOLUTION	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3 (a)		
Ordinary Resolution 3 (b)		
Ordinary Resolution 4		
Ordinary Resolution 5		

NO. OF SHARES HELD

Signature

(If shareholder is a corporation, this part should be executed under seal)

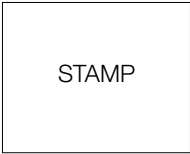
Signed this _____ day of _____ 2001

Notes:

1. A member entitled to attend and vote shall not be entitled to appoint more than two proxies to attend and vote for him. A proxy need not be a member of the Company.
2. The appointment of two proxies shall be invalid unless the number of shares represented by each is specified.
3. The signature on the instrument appointing the proxy executed outside Malaysia and Singapore shall be attested by a solicitor, notary public, consul or magistrate but the Directors may from time to time waive or modify this requirement either generally or in a particular case or cases.
4. The form of proxy must be deposited at the Registrars' office, Messrs Panama Resources Sdn Bhd, 23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.
5. In the case of a corporation, the proxy form must be executed under seal or under the hand of an attorney or officer duly authorised.
6. All proxies are requested to bring along their identity papers to the meeting for purposes of verification.

* Delete where not applicable

PLEASE FOLD HERE



FCW HOLDINGS BERHAD (3116-K)
c/o Messrs Panama Resources Sdn Bhd
23, Jalan Sri Hartamas 7
Sri Hartamas
50480 Kuala Lumpur

PLEASE FOLD HERE