

# C o n t e n t s

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Proxy Form

# Notice of Annual General Meeting

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**NOTICE IS HEREBY GIVEN THAT** the Forty-Eighth 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 Friday, 12 December, 2003 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 Audited Financial Statements of the Group and the Company for the financial year ended 30 June, 2003 together with the reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees in respect of the financial year ended 30 June, 2003.
3. To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association:
  - (a) Dato' Ismail Bin Hamzah
  - (b) Mr Lee Yu-Jin
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  
 19 November, 2003

## 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 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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Statement accompanying Notice of the Forty-Eighth Annual General Meeting of **FCW Holdings Berhad**

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

- (a) Dato' Ismail Bin Hamzah
- (b) Mr Lee Yu-Jin

• **Forty-Eighth 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 Friday, 12 December, 2003 at 11.00 a.m.

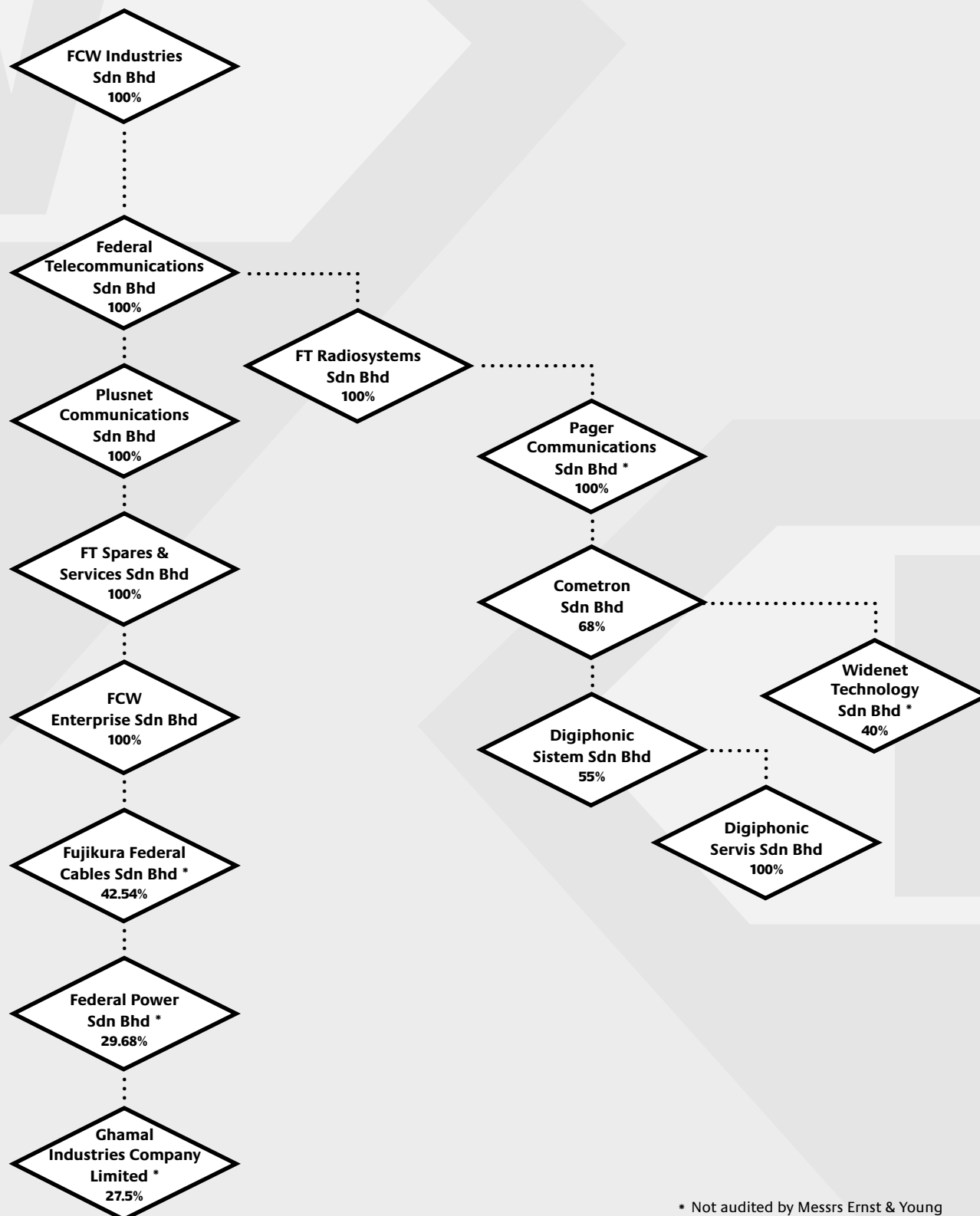
BOARD OF DIRECTORS	<p>Tan Sri Dato' Tan Hua Choon - Chairman, Non-Independent Non-Executive Director</p> <p>Dato' Ismail Bin Hamzah - Independent Non-Executive Director</p> <p>Mr Ong Bing Yap - Executive Director</p> <p>Mr Thor Poh Seng - Non-Independent Non-Executive Director</p> <p>Ms Lim Lai Sam - Non-Independent Non-Executive Director</p> <p>Mr Lee Yu-Jin - Independent Non-Executive Director</p>
AUDIT COMMITTEE	<p>Dato' Ismail Bin Hamzah (Chairman)</p> <p>Mr Thor Poh Seng</p> <p>Mr Lee Yu-Jin (MIA)</p>
NOMINATION COMMITTEE	<p>Tan Sri Dato' Tan Hua Choon</p> <p>Dato' Ismail Bin Hamzah</p> <p>Mr Lee Yu-Jin</p>
REMUNERATION COMMITTEE	<p>Tan Sri Dato' Tan Hua Choon</p> <p>Mr Thor Poh Seng</p>
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR	<p>Dato' Ismail Bin Hamzah</p> <p>Fax : (03) 4043 6750</p>
COMPANY SECRETARIES	<p>Ms Jenny Wong Chew Boey</p> <p>Ms Tan Shien Yin</p>
REGISTERED OFFICE	<p>No. 8, 3rd Floor</p> <p>Jalan Segambut</p> <p>51200 Kuala Lumpur</p> <p>Tel: (03) 4043 9266</p> <p>Fax: (03) 4043 6750</p>
PRINCIPAL BANKERS	<p>HSBC Bank Malaysia Berhad</p> <p>RHB Bank Berhad</p>
REGISTRARS	<p>Panama Resources Sdn Bhd</p> <p>23, Jalan Sri Hartamas 7</p> <p>Sri Hartamas, 50480 Kuala Lumpur</p> <p>Tel: (03) 6201 1120</p> <p>Fax: (03) 6201 3121</p>
AUDITORS	<p>Messrs Ernst &amp; Young</p> <p>Chartered Accountants</p> <p>Level 23A, Menara Milenium</p> <p>Jalan Damanlela</p> <p>Pusat Bandar Damansara</p> <p>50490 Kuala Lumpur</p> <p>Tel : (03) 2087 7000</p> <p>Fax : (03) 2095 5332</p>
STOCK EXCHANGE LISTING	<p>The Kuala Lumpur Stock Exchange</p> <p>Main Board</p>

# Corporate Structure

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FCW Holdings Berhad 3116-K

## FCW Holdings Berhad

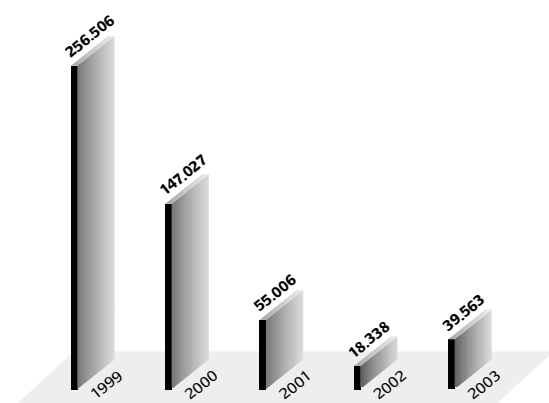


\* Not audited by Messrs Ernst & Young

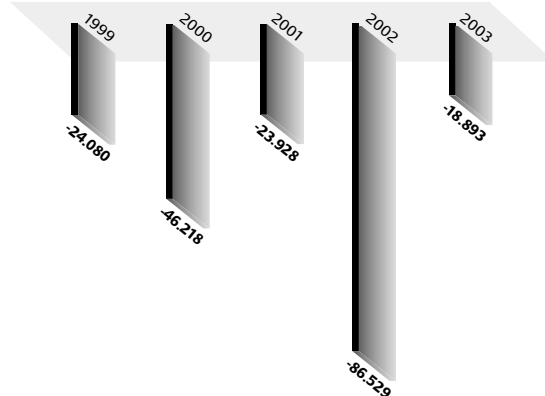
**Note:** Companies which are dormant or which have ceased operations are excluded.

	1999 RM Million	2000 RM Million	2001 RM Million	2002 RM Million	2003 RM Million
Revenue	256.506	147.027	55.006	18.338	<b>39.563</b>
Loss Before Tax	(24.080)	(46.218)	(23.928)	(86.529)	<b>(18.893)</b>
Loss After Tax and Minority Interest Attributable to Shareholders	(23.354)	(46.550)	(23.049)	(85.487)	<b>(19.526)</b>
Dividends – Net	0.134	–	–	–	–
Shareholders' Funds	211.423	176.525	153.476	68.040	<b>48.220</b>
Loss Per Share Based on Loss After Tax and Minority Interest (sen)	(12.6)	(25.1)	(12.4)	(46.0)	<b>(10.5)</b>
Net Tangible Assets per Share (RM)	0.75	0.58	0.47	0.37	<b>0.26</b>
Dividend Rate	0.20%	–	–	–	–

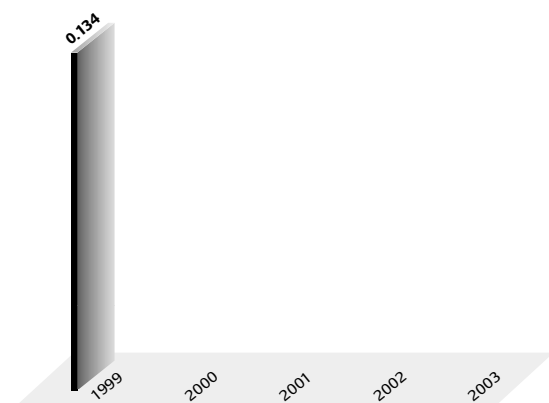
Revenue (RM Million)



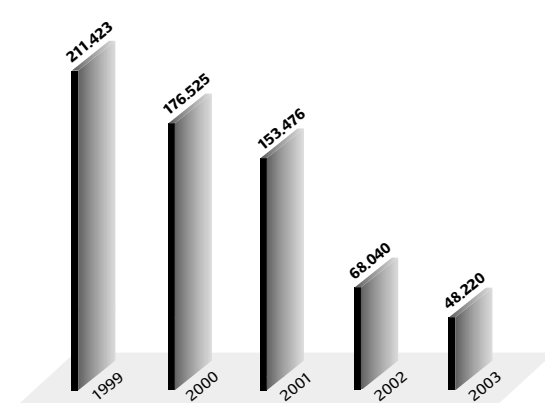
Loss Before Tax (RM Million)



Net Dividends (RM Million)



Shareholders' Fund (RM Million)



## Directors' Profile

### Tan Sri Dato' Tan Hua Choon

Aged 62, 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 39 years, which include manufacturing, marketing, banking, shipping, property development and trading. He has also built-up investments in numerous public listed companies and is the Chairman of Malaysia Aica Berhad, Keladi Maju Berhad, PDZ Holdings Bhd, Jasa Kita Berhad, GPA Holdings Berhad and Marco Holdings Berhad.

### Dato' Ismail Bin Hamzah

Aged 57, 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 30 years of experience in various aspects from economics to finance. He also serves on the board of Grand United Holdings Berhad, PDZ Holdings Bhd and Engtex Group Bhd.

### Ong Bing Yap

Aged 53, Malaysian **Executive Director**

Mr Ong Bing Yap 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 is also Director of Jasa Kita Berhad and United Bintang Berhad.

### Thor Poh Seng

Aged 43, Malaysian **Non-Independent Non-Executive Director**

Mr Thor was appointed to the Board of the Company on 26 January, 1999 and as the Chairman of the Audit Committee in January 2000. He had relinquished his position as the Chairman of the Audit Committee on 1 January, 2002 but remained as a member of the Audit Committee. He was also appointed to the Remuneration Committee with effect from 21 February, 2002. He holds a Bachelor of Engineering degree from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) and a Master's degree in Business Management from the Asian Institute of Management, Philippines. An ex-merchant banker from Commerce International Merchant Bankers Berhad ("CIMB"), he has 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.

**Lim Lai Sam**Aged 39, 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.

**Lee Yu-Jin**Aged 36, Malaysian **Independent Non-Executive Director**

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 is also a Director of Malaysia Aica Berhad and United Bintang Berhad.

**Additional Information on Members of the Board**

- Tan Sri Dato' Tan Hua Choon is the spouse of Puan Sri Datin Poo Choo @ Ong Poo Choi and father of Mr Tan Han Chuan who are also major shareholders of the Company.

Save and except for the above, 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 the Annual Report.

On behalf of the Board of Directors of FCW Holdings Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 30 June, 2003.

### Financial Review

For the financial year ended 30 June, 2003, the Group recorded a turnover of RM39.563 million, representing an increase of RM21.225 million or 115.7% against the turnover of RM18.338 million in the preceding year.

Pre-tax loss reduced to RM18.893 million from RM86.529 million in the previous financial year. The loss was wholly attributed to the share of the cable associates' losses of RM19.162 million, which saw an increase of RM4.005 million or 26.4% from RM15.157 million.

### Performance Review

Positive results from the efforts undertaken to streamline and rationalize the Group's operational structure in the previous financial years have been reflected through the much improved operational results generated by the Group during the year under review. Operating expenses have reduced markedly and stringent financial management has resulted in lowered finance cost incurred by the Group.

Improvement to turnover was mainly attributed to the commencement of Code Division Multiple Access (CDMA) Fixed Wireless Terminals (FWT) deliveries to a major domestic telecommunications company (telco) during the year and is expected to continue over the coming years.

Share of losses from associated companies, however, continued to drag down the overall performance of the Group.

### Corporate Governance

The Board is committed to ensuring that good standards of corporate governance are practised with a view to protect and enhance shareholders' value. The Group has embarked on a comprehensive Group-wide enterprise risk management review to enhance its existing operating control policies. New policies and procedures have also been drawn up to address aspects and areas not previously covered.

# Chairman's

### Prospects

In an environment of heightened uncertainty in the global economy, growth in the Malaysian economy is expected to be mainly domestically driven. Private sector demand is expected to assume a more significant role in driving economic expansion in view of the consolidating public sector.

With efforts undertaken by the Communications and Multimedia Commission to accelerate the use of information and communication technology in the rural areas, the expected boost to the telephone penetration rate is estimated to increase to 27.0 telephones per 100 population in 2005 from the current level of approximately 17.5 telephones per 100 population. This would present the Group with opportunities for business growth.



Nevertheless amidst the various challenges that exist in the environment within which the Group operates, the Board is cautious of the Group's performance for the coming financial year. Meanwhile, the Group continues to explore and capitalize potential business opportunities in order to create value for its shareholders.

#### **Dividends**

No dividend has been declared or recommended for the financial year ended 30 June, 2003.

With the proposed rights issue having been approved by the shareholders during an extraordinary general meeting convened on 2 June, 2003, the rights issue will provide the Group with the funding for working capital requirement and repayment of its bank borrowings.

Completion of the proposed rights issue would strengthen the Group's financial position and enable it to be in a better position to reap new opportunities given its experience in the telecommunication industry and established networking with the quasi-government and government bodies.

#### **Appreciation**

On behalf of the Board, I would like to thank the Management and staff for their continued dedication and invaluable contribution to the Group. To our shareholders, valued customers, suppliers, and bankers, thank you for your continued support and confidence in the Group.

**Tan Sri Dato' Tan Hua Choon**

Chairman

## S T A T E M E N T

#### **Corporate Developments**

The Company had on 16 October, 2002 announced its proposal to undertake a renounceable two-call rights issue of 92,886,400 new ordinary shares of RM0.50 ("Rights Share") at an indicative issue price of RM0.50 per Rights Share with 92,886,400 new detachable 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. On 9 April, 2003, the Securities Commission approved the proposal and the Company had subsequently fixed the issue price of the Rights Share at RM0.50 per Rights Share with a first call price of RM0.30 payable in cash upon acceptance and the second call price of RM0.20 to be credited from the share premium account.

# Corporate Governance Report

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The Board of Directors of FCW Holdings Berhad is pleased to report to shareholders on the manner the Group has applied the Principles of the Malaysian Code on Corporate Governance (“the Code”) and the extent of compliance with the Best Practices in Corporate Governance as set out in Part 1 and Part 2 respectively of the Code.

The Board is committed to ensuring that good corporate governance is practised throughout the Group as a fundamental element or basis of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group both in the immediate future as well as in the long term.

The following statement outlines the main corporate governance practices of the Group which were in place or implemented throughout the financial year ended 30 June, 2003:-

## A. The Board

The Board of Directors comprise members with a wide range of experience in management, marketing, trading, administration, finance and accounting. The combination of skills and experience of the Directors set forth a synergy of strength in charting the directions of the Group. The Directors’ profile of the Company are set out in pages 6 to 7 of the Annual Report.

The Board has overall responsibility for the strategic directions of the Group and oversees the Group’s businesses to ensure that they are properly managed and carried out. It has further adopted the pertinent responsibilities as listed in the Code to facilitate the discharge of the Board’s stewardship responsibilities.

During the financial year under review, four (4) Board meetings were held and majority of the Directors attended all meetings during the period. The record of attendance for each Director is set out below:-

Name of Directors	No. of Board Meetings Attended	%
Tan Sri Dato’ Tan Hua Choon	3	75
Dato’ Ismail Bin Hamzah	4	100
Ong Bing Yap	4	100
Thor Poh Seng	4	100
Lim Lai Sam	3	75
Lee Yu-Jin	4	100

In addition to the Audit Committee, the Board has also established two other committees namely the Nomination and Remuneration Committees. All these committees have their written terms of reference to govern their respective responsibilities. Each of the committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate decision on all matters lie with the Board.

### a) Board Balance

The Board currently has six (6) members, comprising five (5) Non-Executive Directors (including the Chairman) and an Executive Director. Of the five (5) Non-Executive Directors, two (2) are Independent. Therefore, the Company has fully complied with the requirements of the Kuala Lumpur Stock Exchange (“KLSE”) Listing Requirements for Independent Non-Executive Directors to make up at least one third of the Board membership as well as the requirement for a director who is a member of the Malaysian Institute of Accountants to sit in the Audit Committee.

The composition of the Board is deemed fairly balanced to complement itself in providing the industry-specific knowledge, technical and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgment to various aspects of the Company’s strategies and performance.

There is a clear division of responsibility between the Chairman and the Executive Director to ensure a proper balance of power and authority. Decisions made by the Board are communicated through the Executive Director to the senior management team.

The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability, as they provide unbiased and independent views and advice in ensuring that the strategies proposed by the management are fully deliberated and examined in the long-term interests of the Group, as well as the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business.

#### **b) Supply of Information**

All Directors are provided with an agenda and a set of Board papers prior to the Board meetings or Committee meetings to enable the Directors to obtain further information or explanations, where necessary, in order to be briefed properly before the meeting. The Board papers covered in a comprehensive manner all items in the agenda and include, among others, Group financial performance, industry trends, business plans and proposals, quarterly result announcements, proposed policies and procedures, operational issues and updates on statutory regulations and requirements affecting the Company and the Group.

The minutes of each Board and Committee meeting(s) are also circulated to the Directors to be confirmed and noted respectively at the next of each meeting. All minutes of Board and Committee meeting(s) are kept in the Minute Books at the Registered Office of the Company.

In addition, the Board has a schedule of matters specifically reserved for its deliberation, such as approval of corporate plans and budgets, material acquisitions and disposal of assets, major capital projects, financial results and board appointments. The schedule ensures that the direction and control of the Group is in the hands of the Board.

All members of the Board, whether as a full Board or in their individual capacity, have ready and direct access to the advice and services of the Company Secretaries to assist them in the furtherance of their duties. Where necessary, the Board may engage independent professional advisers at the Group's expense on specialised issues to enable them to discharge their duties proficiently.

#### **c) Appointments to the Board**

The Nomination Committee was established by the Board on 21 February, 2002 comprising exclusively of Non-Executive Directors, a majority of whom are independent, with the responsibility of proposing new nominees for the Board including the Board's committees and assessing the performance of each individual Director and overall effectiveness of the Board on an ongoing basis.

The appointment of new Directors is the responsibility of the full Board after considering recommendations of the Nomination Committee. The members of the Nomination Committee are:-

- 1) Tan Sri Dato' Tan Hua Choon
- 2) Dato' Ismail Bin Hamzah
- 3) Lee Yu-Jin

The Board will via the Nomination Committee review annually its required mix of skills and experience and other qualities, including core competencies of the Non-Executive Directors.

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

**d) Directors' Training**

All the directors of the Company have attended the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia, an affiliate company of KLSE. To keep abreast with developments in the market, industry and corporate scene, directors are encouraged to continuously update themselves with changes on guidelines issued by the relevant authorities as well as to attend such programmes which can complement their services to the Group.

**e) Re-election of Directors**

In accordance with the Company's Memorandum and Articles of Association, one third of the Board members (including the Managing Director) are required to retire at every Annual General Meeting and, if they offer themselves for re-election, be subjected to re-election by shareholders. Newly appointed directors shall hold office until the next Annual General Meeting and shall then be eligible for re-election by the shareholders. All directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

**f) Directors' Remuneration**

The Board endeavours to ensure that the levels of remuneration offered for directors are sufficient to attract and retain people needed to run the Group successfully. In the case of Executive Director, the component parts of remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

The details of Directors' Remuneration payable to all the Directors of the Company during the financial year ended 30 June, 2003 are as follows:-

**i) Aggregate remuneration of Directors categorized into the following components:-**

Type of Remuneration *	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
(a) Fees	–	48,000	48,000
(b) Salaries	186,000	–	186,000
(c) Bonuses	1,000	–	1,000
(d) E.P.F.	22,440	–	22,440
(e) Estimated value of benefits-in-kind	3,600	–	3,600
<b>Total</b>	<b>213,040</b>	<b>48,000</b>	<b>261,040</b>

\* The details of remuneration of each director are not disclosed as they are deemed private and confidential.

**ii) 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
<b>Total</b>	<b>1</b>	<b>5</b>	<b>6</b>

The Remuneration Committee was established by the Board on 21 February, 2002 and comprise wholly of Non-Executive Directors. Its main responsibility is to recommend to the Board the remuneration of the executive directors in all its forms, drawing from outside advice where necessary. The members of the Remuneration Committee are:-

- 1) Tan Sri Dato' Tan Hua Choon
- 2) Thor Poh Seng

The determination of remuneration packages of Non-Executive Directors and the Non-Executive Chairman are decided by the Board as a whole. Directors do not participate in decisions on their own remuneration packages.

The Remuneration Committee met once in the reporting financial year with full attendance from the committee members.

## **B. Relationship with Shareholders and Investors**

The Board recognises the importance of being accountable to the Group's investors and shareholders and as such maintains a constructive communication policy that enables the Board and the Management to communicate effectively with the shareholders, stakeholders and the non-institutional investors generally.

In addition to the Company's compliance with the continuing disclosure obligations contained in the KLSE Listing Requirements, shareholders are kept informed of the Group's progress through the provision of the Annual Report, quarterly financial statements and at the Annual General Meeting ("AGM").

The Board of Directors of the Company hold the view that the AGM serves as the primary means of communicating with the shareholders and non-institutional investors. At each of the AGM, the Board presents the progress and performance of the Group's businesses and provides shareholders and non-institutional investors with an opportunity to put their questions in person. The members of the Board and Committees together with the External Auditors are available to respond to the shareholders' questions during the meeting. Extraordinary General Meeting ("EGM") is held as and when shareholders' approvals are required on specific matters. Notices of AGM and EGM are issued in a timely manner to all shareholders whose names appear on the Company's Register of Depositors supplied by the Malaysian Central Depository.

In addition, the shareholders may also address their concerns, if any, to Dato' Ismail Bin Hamzah, the senior independent non-executive director of the Company, via fax no. 03-40436750 or by mail to the Company's registered office.

## **C. Accountability and Audit**

### **Relationship with the Auditors**

The role of the Audit Committee in relation to the external auditors is described on pages 15 to 17 of the Annual Report. The Company has always maintained a transparent relationship with its Auditors in seeking their professional advice towards ensuring compliance with the relevant accounting standards.

### **Internal Control**

The Internal Control Statement furnished on page 18 of the Annual Report provides an overview of the state of internal controls within the Group.

**Financial Reporting**

The Audit Committee reviews the Group's quarterly results and annual financial statements to ensure correctness and adequacy. Thereafter, the said results and financial statements are presented to the Board, who is responsible for ensuring that the quarterly results and financial statements of the Group present a balanced and fair assessment of the Group's position and prospects. The quarterly results are released to the KLSE via KLSE LINK after the Board has adopted them. The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is set out on page 23 of this Annual Report.

**D. Other Information****Material Contracts**

There were no material contracts entered into by the Company and its subsidiaries which involve Directors' and major shareholders' interests since the previous financial year ended 30 June, 2002.

**Revaluation Policy**

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

**E. Directors' Responsibilities 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 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, 2003, 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.

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

### **Composition of the Audit Committee**

Dato' Ismail Bin Hamzah (Chairman) Independent Non-Executive Director

Thor Poh Seng Non-Independent Non-Executive Director

Lee Yu-Jin Independent Non-Executive Director (MIA)

### **Terms of Reference**

#### **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 KLSE Listing Requirements, 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 KLSE Listing Requirements.

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

#### **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.

#### **Secretaries**

The Company Secretaries shall be the secretaries of the Committee.

#### **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.
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.

## AUDIT COMMITTEE REPORT

### 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:-

1. To review the audit plan with the external auditors;
2. To review the audit report with the external auditors;
3. To review the assistance given by the Company's officers to the external auditors;
4. 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;
5. 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;
6. To review the adequacy of the scope, functions and resources of the internal audit function and to ensure that it has the necessary authority to carry out its work;
7. To review any internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
8. To review any evaluation made on the systems of internal controls with the internal and external auditors;
9. To recommend to the Board of Directors the appointment of external auditors and the level of their fees;
10. To review the letter of resignation from the external auditors, if any;
11. To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment; and
12. To undertake such other functions as may be agreed by the FCW Audit Committee and the Board.

### 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 its members have carried out their duties in accordance with the Audit Committee's Terms of Reference.

### Meetings of the Audit Committee

The Audit Committee of FCW met six (6) times during the financial year ended 30 June, 2003 and the details of attendance of each member of the Audit Committee were as follows:

Audit Committee Member	No. of Meetings Attended in the Financial Year 2003	% of Attendance
Dato' Ismail Bin Hamzah	6/6	100
Thor Poh Seng	6/6	100
Lee Yu-Jin	6/6	100



The Group's Internal Audit Consultants, Group Financial Controller, Group Finance Manager and other non-member Directors attended the meetings by invitation. The Committee also invited the external auditors for its meetings as and when necessary.

The minutes of each Audit Committee Meeting were documented and distributed to all members of the Board.

### **Summary of Activities of the Committee**

The activities of the FCW Audit Committee during the financial year ended 30 June, 2003, included:-

1. Reviewed the unaudited quarterly reports on the consolidated results of the Group for the financial quarters ended 30 June, 2002, 30 September, 2002, 31 December, 2002 and 31 March, 2003 prior to their adoption by the Board.
2. Reviewed the accounting issues arising from the updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board.
3. Reviewed the audited financial statements of the Group for the financial year ended 30 June, 2002 prior to the Board's adoption for release to the KLSE.
4. Reviewed the external auditors' report in relation to their audit findings and accounting issues arising from the audit of the Group for the financial year ended 30 June, 2002.
5. Considered the matters relating to corporate governance in compliance with the Listing Requirements of KLSE and the Malaysian Code on Corporate Governance.
6. Reviewed with the internal audit consultant and the management, the adequacy of the existing policies, procedures and systems of internal control of the Group which include the Group's risk management framework covering sales, marketing and purchasing.
7. Recommended to the management on the establishment, fine-tuning and strengthening of policies/guidelines relating to business risk profiling, business planning and development, sales and marketing in view of operations of the Company and the Group.
8. Assessed the extent of the Group's compliance with the principles of Corporate Governance set out under the Code and recommended appropriate proposals for the Board's implementation to ensure the Best Practices in the Code, where applicable, are observed and practised throughout the Group.
9. Reviewed the audit plan which listed out the audit programme undertaken by the external auditors.
10. Reviewed the Audit Fee for the external auditors of the Company and the Group.

### **Internal Audit Function**

The Group outsources its internal audit function to a company specialising in audit consultancy services. The consultants report directly to the Audit Committee, which approves the internal audit plan submitted. The scope of the internal audit function covers the audits of all units and operations of the Group.

The Group adopts a risk-based approach to the implementation and monitoring of controls, and the consultants have undertaken an exercise to identify and evaluate the risks associated with the Group. The risk profile will be continually updated in line with changes in the business environment and the internal audit plan is designed to continually improve the risk management process. The consultants have carried out audit assignments in accordance with the approved plan and their findings, together with any recommendations, have been reported directly to the Audit Committee.

# Internal Control Statement

## Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets whilst the Kuala Lumpur Stock Exchange ("KLSE") and its Revamped Listing Requirements on Statement on Internal Control requires listed companies to include a statement on the state of their internal controls in their annual reports.

## Responsibility

The Board of Directors affirms its overall responsibility for maintaining the Group's system of internal controls and risk management framework to safeguard shareholders' investments and the Group's assets, and for reviewing the adequacy and integrity of these systems. 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 misstatements, errors, frauds or losses.

## Risk Management Framework and Key Elements of Internal Control

During the year, the internal audit consultants has implemented a risk management framework and established a Risk Management Committee to assist the Board of Directors in identifying, evaluating and managing the significant risks affecting the Group's businesses.

The internal audit consultants, together with the assistance of executive management, have reported on the "Group Risk Profile" which covers all identified and significant risks and controls associated with the Group's businesses to the Audit Committee. In this respect an internal audit plan has been approved by the Board which focuses on the identified areas of priority towards the management of the significant risks impacting the achievement of the business objectives of the Group. The Group Risk Profile will be subjected to regular reviews in line with changes in its business environment, strategies and activities.

The Board of Directors, together with executive management and with the assistance of the internal audit consultants, are responsible to implement appropriate system of controls and strategies in order to mitigate these risks and manage the effectiveness of the control systems.

## Internal Control

The audit consultants are independent of the activities they audit and they have direct reporting responsibility to the Audit Committee. The review by the internal audit consultants covers financial and operational controls together with compliance to policies and procedures. These are designed to provide sufficient assurance of regular reviews and appraisals of the effectiveness of the system of internal controls within the Group. Dormant subsidiaries are excluded from such regular reviews including that of associate companies as the Group does not have management control over these associates.

The internal audit consultants will carry out such reviews and tests they consider appropriate and to assist the Audit Committee to review the effectiveness of the system of internal controls. The Audit Committee reviews and deliberates on quarterly basis the adequacy and integrity of the Group's internal controls systems contained in the internal audit consultant's reports after due and careful consideration of the information provided by the executive management.

The Group's key elements of internal control are structured as follows:-

- The Board has established an organization structure with clearly defined lines of accountability and delegated authority limits covering significant aspects of the operations.
- Operational management has clear responsibility for identifying and evaluating the risks facing their businesses, and for implementing procedures to mitigate and monitor such risks. Monthly reviews are carried out by the management team and issues are discussed and resolved at management meetings within the Group.
- The Group has also established internal policies and procedures covering key areas of operations i.e. risk management framework, sales marketing and purchasing. Other key areas are in the process of being formalised.
- The Audit Committee regularly reviews with management on a quarterly basis on the action taken on any internal control issues.
- There is a detailed budgeting process established which requires business units to prepare budgets annually. Key variances from budget are reported monthly and followed up by management. Comprehensive information is provided to management for monitoring performance against these budgets, covering key financial and performance indicators on a monthly basis.
- The Group has adequately qualified and experienced financial management personnel responsible for the operation and monitoring of the effectiveness of internal controls. Management accounts and reports are prepared monthly for effective monitoring and decision-making.

The Board of Directors, through the Audit Committee, has reviewed the existing system of internal controls and is of the opinion that these were satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the annual report. The Group continues to take measures to strengthen and deal with areas of improvement in the internal control environment of the Group.

## Financial Statements

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# Directors' Report

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The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2003.

## 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 4 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	(19,091)	(16,020)
Minority interests	(435)	-
Net loss for the year	<u>(19,526)</u>	<u>(16,020)</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.

## 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 2003.

## 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' 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 2002	Bought	Sold	30 June 2003
<b>The Company</b>				
Tan Sri Dato' Tan Hua Choon				
- Direct	15,605,000	-	-	15,605,000
- Indirect	33,269,000	-	-	33,269,000

Tan Sri Dato' Tan Hua Choon by virtue of his interests in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company 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.

### Other Statutory Information

- (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.

**Other Statutory Information (Cont'd.)**

- (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 Events**

- (a) Dissolution of wholly-owned subsidiaries

On 6 June 2003, Extraordinary General Meetings were held by Indah Nominees Sdn. Bhd., Sun Moon Star (M) Sdn. Bhd. and FT Cellular Systems Sdn. Bhd. respectively, all of which are wholly owned subsidiaries of the Company, whereby approval was obtained to strike off the respective subsidiaries from the register of Companies Commission of Malaysia in accordance to Section 308 of Companies Act, 1965. The Companies Commission of Malaysia had given a notification that at the expiration of 3 months from 7 July 2003, the respective subsidiaries will be struck off from the register of Companies Commission of Malaysia and dissolved accordingly.

- (b) Proposed renounceable two-call rights issue

Pursuant to an Extraordinary General Meeting held on 2 June 2003, the shareholders of the Company passed an ordinary resolution on the proposed 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 a first call price of RM0.30, payable in cash upon acceptance and the second call price of RM0.20 to be 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 Abridged Prospectus dated 29 September 2003 was circularised to the shareholders of the Company and the proceeds from the Rights Issue are expected to be received by the Company at early of November 2003.

**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  
20 October 2003

## 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 25 to 50 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

**TAN SRI DATO' TAN HUA CHOON**

**ONG BING YAP**

Kuala Lumpur, Malaysia  
20 October 2003

## 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 25 to 50 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	)	<b>VOON SIEW MOON</b>
at Kuala Lumpur in the Federal Territory	)	
on 20 October 2003	)	

Before me,

**SOH AH KAU** (No. W 315)  
Commissioner for Oaths  
Kuala Lumpur, Malaysia

# Report of the Auditors

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To the Members of FCW Holdings Berhad

We have audited the accompanying financial statements set out on pages 25 to 50. 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 2003 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 4 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

20 October 2003

**ONG SENG PHEOW**

No. 1021/03/05 (J/PH)

Partner



		Group		Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	10,373	10,840	5	7
Investment in subsidiaries	4	–	–	59,767	75,027
Investment in associates	5	48,634	67,796	–	–
Other investments	6	1	5	–	–
Goodwill on consolidation	7	–	–	–	–
Deferred expenditure	8	48	105	–	–
		59,056	78,746	59,772	75,034
<b>CURRENT ASSETS</b>					
Inventories	9	3,345	2,042	–	–
Due from contract customers	10	20	1,410	–	–
Trade receivables	11	6,615	5,670	–	–
Other receivables	12	1,622	1,967	737	741
Due from subsidiaries	13	–	–	109	548
Due from associates	14	222	116	–	–
Cash and bank balances	15	2,823	1,134	10	50
		14,647	12,339	856	1,339
<b>CURRENT LIABILITIES</b>					
Short term borrowings	16	18,361	15,806	800	1,400
Due to contract customers	10	283	–	–	–
Trade payables	17	2,446	3,165	–	–
Other payables	18	3,438	3,349	233	202
Due to subsidiaries	13	–	–	7,728	6,590
Due to associates	14	–	156	–	–
Tax payable		258	258	258	258
		24,786	22,734	9,019	8,450
<b>NET CURRENT LIABILITIES</b>		(10,139)	(10,395)	(8,163)	(7,111)
		48,917	68,351	51,609	67,923
<b>FINANCED BY:</b>					
Share capital	19	92,886	92,886	92,886	92,886
Reserves		(44,666)	(24,846)	(41,277)	(24,963)
Shareholders' equity		48,220	68,040	51,609	67,923
Minority interest		697	311	–	–
		48,917	68,351	51,609	67,923

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

# Income Statements

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For the year ended 30 June 2003

FCW Holdings Berhad 3116-K

		Group		Company	
		2003	2002	2003	2002
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	21	<b>39,563</b>	18,338	-	-
Other operating income	22	<b>1,046</b>	2,085	-	28
Changes in trading inventories	23	<b>1,303</b>	(1,540)	-	-
Purchases and other trading expenses		<b>(35,127)</b>	(12,716)	-	-
Staff costs	24	<b>(2,732)</b>	(3,526)	<b>(334)</b>	(311)
Depreciation		<b>(429)</b>	(575)	<b>(2)</b>	(3)
Other operating expenses		<b>(2,350)</b>	(71,625)	<b>(15,601)</b>	(126,568)
Profit/(loss) from operations	26	<b>1,274</b>	(69,559)	<b>(15,937)</b>	(126,854)
Finance cost		<b>(1,005)</b>	(1,813)	<b>(76)</b>	(330)
Share of losses of associated companies		<b>(19,162)</b>	(15,157)	-	-
Loss before taxation		<b>(18,893)</b>	(86,529)	<b>(16,013)</b>	(127,184)
Taxation	27	<b>(198)</b>	806	<b>(7)</b>	-
Loss after taxation		<b>(19,091)</b>	(85,723)	<b>(16,020)</b>	(127,184)
Minority interests		<b>(435)</b>	236	-	-
Net loss for the year		<b>(19,526)</b>	(85,487)	<b>(16,020)</b>	(127,184)
Basic loss per share	28	<b>(10.5) sen</b>	(46.0) sen		

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

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2003

	Share capital RM'000	Non-distributable Share premium RM'000	Capital reserve RM'000 (Note 20)	Retained profits/ (accumulated losses) RM'000	Total RM'000
<b>At 1 July 2001</b>	92,886	28,720	14,552	17,318	153,476
Net loss for the year	-	-	-	(85,487)	(85,487)
Share of deferred tax on revaluation surplus of an associate	-	-	(204)	-	(204)
Share of share premium after rights issue and effect on dilution of shareholding in an associate	-	-	255	-	255
<b>At 30 June 2002</b>	92,886	28,720	14,603	(68,169)	68,040
Expenses incurred for rights issue	-	(294)	-	-	(294)
Net loss for the year	-	-	-	(19,526)	(19,526)
<b>At 30 June 2003</b>	<b>92,886</b>	<b>28,426</b>	<b>14,603</b>	<b>(87,695)</b>	<b>48,220</b>

# Company Statement of Changes in Equity

For the year ended 30 June 2003

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FCW Holdings Berhad 3116-K

	Share capital RM'000	Non- distributable Share premium RM'000	Retained profits/ (accumulated losses) RM'000	Total RM'000
<b>At 1 July 2001</b>	92,886	28,720	73,501	195,107
Net loss for the year	-	-	(127,184)	(127,184)
<b>At 30 June 2002</b>	92,886	28,720	(53,683)	67,923
Expenses incurred for rights issue	-	(294)	-	(294)
Net loss for the year	-	-	(16,020)	(16,020)
<b>At 30 June 2003</b>	<b>92,886</b>	<b>28,426</b>	<b>(69,703)</b>	<b>51,609</b>

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

# Consolidated Cash Flow Statement

For the year ended 30 June 2003

	2003 RM'000	2002 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(18,893)	(86,529)
Adjustments for:		
Impairment of assets	66	-
Depreciation of property, plant and equipment	429	575
Property, plant and equipment written off	45	21
Inventories written down	174	935
Inventories written off	4	19
Amortisation of goodwill	-	3,615
Goodwill written off	-	65,952
Amortisation of deferred expenditure	57	57
Provision for doubtful debts	43	-
Write back of provision for doubtful debts	(547)	(1,314)
Bad debts written off	92	-
Share of associates loss	19,162	15,157
Gain on disposal of property, plant and equipment	(44)	(94)
Gain on disposal of quoted shares	(5)	-
Impairment loss of investment in quoted shares	1	-
Interest expense	1,005	1,813
Interest income	(25)	(106)
Operating profit before working capital changes	1,564	101
Changes in working capital:		
(Increase)/decrease in inventories	(1,481)	515
(Increase)/decrease in receivables	(512)	31,939
Decrease in payables	(680)	(32,270)
Net changes in amount due from/to contract customers	1,673	(1,372)
Net changes in due from associates balances	(262)	376
Cash generated from/(used in) operations	302	(711)
Interest received	25	106
Interest paid	(1,005)	(1,104)
Tax refunded/(paid)	127	(206)
Net cash used in operating activities	(551)	(1,915)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(148)	(62)
Proceeds from disposal of property, plant and equipment	119	219
Proceeds from disposal of unquoted shares	8	-
Net cash (used in)/generated from investing activities	(21)	157
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of short term borrowings	26,031	1,243
Repayment of short term borrowings	(25,285)	(8,728)
Payment of rights issue expenses	(294)	-
Dividends paid	-	(1)
Net cash generated from/(used in) financing activities	452	(7,486)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(120)	(9,244)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	661	9,905
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	541	661
Cash and cash equivalents at 30 June comprise the following:		
Cash and bank balances (Note 15)	2,823	1,134
Bank overdrafts (Note 16)	(2,282)	(473)
	541	661

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

# Company Cash Flow Statement

For the year ended 30 June 2003

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FCW Holdings Berhad 3116-K

	2003 RM'000	2002 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(16,013)	(127,184)
Adjustments for:		
Depreciation of property, plant and equipment	2	3
Impairment loss of investment in subsidiaries	15,260	126,420
Provision for doubtful debts	71	-
Bad debts written off	37	-
Interest expense	76	330
Interest income	-	(28)
Operating loss before working capital changes	(567)	(459)
Changes in working capital:		
Decrease/(increase) in receivables	4	(4)
Increase/(decrease) in payables	31	(101)
Net changes in related companies balances	1,469	4,901
Cash generated from operations	937	4,337
Interest received	-	28
Interest paid	(76)	(330)
Tax paid	(7)	-
Net cash generated from operating activities	854	4,035
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	-	(1)
Net cash used in investing activity	-	(1)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of short term borrowings	(600)	(8,128)
Payment of rights issue expenses	(294)	-
Net cash used in financing activities	(894)	(8,128)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(40)	(4,094)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	50	4,144
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	10	50
Cash and cash equivalents at 30 June comprise the following:		
Cash and bank balances (Note 15)	10	50

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

**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 4 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 the Kuala Lumpur Stock Exchange.

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 2003 were 58 (2002: 75) and 3 (2002: 3) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 October 2003.

**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.

**(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.

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.

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**2. Significant Accounting Policies (Cont'd.)****(b) Basis of Consolidation (Cont'd.)****(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 reviewed 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(e).

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(e).

Freehold land is not depreciated. 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 <sup>1</sup> / <sub>3</sub> %
Motor vehicles	20%
Furniture and fittings	7 <sup>1</sup> / <sub>2</sub> % - 33 <sup>1</sup> / <sub>3</sub> %
Office equipment	10% - 33 <sup>1</sup> / <sub>3</sub> %

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.



**2. Significant Accounting Policies (Cont'd.)****(e) Impairment of Assets**

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

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

**(f) 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.

**(g) 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.

**(h) 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.

**2. Significant Accounting Policies (Cont'd.)****(i) Income Tax**

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

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

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

**(j) 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.

**(k) 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(f).

**(iii) Revenue from Services**

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

**2. Significant Accounting Policies (Cont'd.)****(l) Foreign Currency Transactions**

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

	<b>2003</b>	<b>2002</b>
Singapore Dollar	<b>2.16</b>	2.13
United States Dollar	<b>3.80</b>	3.80
Euro	<b>4.35</b>	3.39
Great Britain Pound	<b>6.28</b>	5.80

**(m) 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.

**(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.

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**2. Significant Accounting Policies (Cont'd.)****(m) Financial Instruments (Cont'd.)****(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**

	<b>Land and Buildings*</b>	<b>Plant and Machinery</b>	<b>Motor Vehicles</b>	<b>Furniture and Fittings</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>						
<b>Cost</b>						
At 1 July 2002	11,546	1,355	699	1,226	1,666	16,492
Additions	-	5	-	-	143	148
Disposals	-	-	(222)	-	(25)	(247)
Written off	-	(310)	-	(37)	(938)	(1,285)
<b>At 30 June 2003</b>	<b>11,546</b>	<b>1,050</b>	<b>477</b>	<b>1,189</b>	<b>846</b>	<b>15,108</b>
<b>Accumulated Depreciation and Impairment Losses</b>						
At 1 July 2002	1,865	1,188	451	735	1,413	5,652
Charge for the year	70	66	78	91	124	429
Disposals	-	-	(150)	-	(22)	(172)
Written off	-	(308)	-	(37)	(895)	(1,240)
Impairment losses	-	66	-	-	-	66
<b>At 30 June 2003</b>	<b>1,935</b>	<b>1,012</b>	<b>379</b>	<b>789</b>	<b>620</b>	<b>4,735</b>
<b>Net Book Value</b>						
<b>At 30 June 2003</b>	<b>9,611</b>	<b>38</b>	<b>98</b>	<b>400</b>	<b>226</b>	<b>10,373</b>
<b>At 30 June 2002</b>	<b>9,681</b>	<b>167</b>	<b>248</b>	<b>491</b>	<b>253</b>	<b>10,840</b>
<b>Depreciation charge for 2002</b>	<b>71</b>	<b>109</b>	<b>104</b>	<b>110</b>	<b>181</b>	<b>575</b>

**3. Property, Plant and Equipment (Cont'd.)****Land and Buildings\***

	<b>Freehold Land RM'000</b>	<b>Leasehold Land and Buildings RM'000</b>	<b>Total RM'000</b>
<b>Group</b>			
<b>Cost</b>			
At 1 July 2002/30 June 2003	6,788	4,758	11,546
<b>Accumulated Depreciation and Impairment Loss</b>			
At 1 July 2002	1,288*	577	1,865
Charge for the year	–	70	70
<b>At 30 June 2003</b>	<b>1,288</b>	<b>647</b>	<b>1,935</b>
<b>Net Book Value</b>			
<b>At 30 June 2003</b>	<b>5,500</b>	<b>4,111</b>	<b>9,611</b>
<b>At 30 June 2002</b>	<b>5,500</b>	<b>4,181</b>	<b>9,681</b>
<b>Depreciation charge for 2002</b>	<b>–</b>	<b>71</b>	<b>71</b>

\* *Impairment loss*

	<b>Office Equipment RM'000</b>
<b>Company</b>	
<b>Cost</b>	
At 1 July 2002	17
Disposal	(2)
<b>At 30 June 2003</b>	<b>15</b>
<b>Accumulated Depreciation</b>	
At 1 July 2002	10
Depreciation charge for the year	2
Disposal	(2)
<b>At 30 June 2003</b>	<b>10</b>
<b>Net Book Value</b>	
<b>At 30 June 2003</b>	<b>5</b>
<b>At 30 June 2002</b>	<b>7</b>
<b>Depreciation charge for 2002</b>	<b>3</b>

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

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:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Plant and machinery	883	803	-	-
Motor vehicles	158	250	-	-
Furniture and fittings	340	252	-	-
Office equipment	370	1,015	5	4

**4. Investment in Subsidiaries**

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares, at cost	201,447	201,447
Less: Accumulated impairment losses	(141,680)	(126,420)
	<b>59,767</b>	<b>75,027</b>

Details of the subsidiaries are as follows:

Name of Companies	Paid-up Capital RM	Effective Interests Held		Principal Activities
		2003 %	2002 %	
FCW Industries Sdn. Bhd.	68,198,400	100	100	Investment holding, provision of management services and trading in telecommunications equipment
<b>Subsidiaries of FCW Industries Sdn. Bhd.:</b>				
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
Indah Nominees Sdn. Bhd.	2	100	100	Dormant and in the process of de-registration
Malco Metal Sdn. Bhd.	2	100	100	Trading of metal and alloyed metal products – ceased operation

**4. Investment in Subsidiaries (Cont'd.)**

Name of Companies	Paid-up	Effective Interests Held		Principal Activities
	Capital RM	2003 %	2002 %	
Subsidiaries of FCW Industries Sdn. Bhd. (Cont'd.):				
Teco Electrical Motor Machinery Mfg. Sdn. Berhad	2	100	100	Provision of management service – dormant
United Malaysian Steel Mills Berhad	3,000,000	77	77	Manufacturing and trading of steel products – ceased operation
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
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
Sun Moon Star (M) Sdn. Bhd.	2	100	100	Dormant and in the process of de-registration
FT Cellular Systems Sdn. Bhd.	2	100	100	Dormant and in the process of de-registration
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

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**4. Investment in Subsidiaries (Cont'd.)**

Name of Companies	Paid-up	Effective Interests Held		Principal Activities
	Capital	2003	2002	
	RM	%	%	
Subsidiary 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

**5. Investment in Associates**

	Group	
	2003 RM'000	2002 RM'000
Unquoted shares, at cost	38,003	38,003
Share of post-acquisition profits and reserves	10,631	33,932
Goodwill written off	-	(4,139)
	<b>48,634</b>	<b>67,796</b>
Represented by:		
Share of net tangible assets	50,199	69,361
Premium on acquisition	(1,565)	(1,565)
	<b>48,634</b>	<b>67,796</b>

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
		2003 %	2002 %	
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



**6. Other Investments**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Quoted investments in Malaysia, at cost	7	10
Less: Accumulated impairment losses	(6)	(5)
	<b>1</b>	<b>5</b>
Market value of quoted investments in Malaysia	<b>1</b>	<b>11</b>

**7. Goodwill on Consolidation**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Goodwill arising on consolidation	–	93,026
Reserve arising on consolidation	–	(2,672)
Less: Amortisation	–	(28,542)
Less: Goodwill written off	–	(61,812)
	<b>–</b>	<b>–</b>

**8. Deferred Expenditure**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred expenditure	286	286
Less: Accumulated amortisation of deferred expenditure	(238)	(181)
	<b>48</b>	<b>105</b>

**9. Inventories**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Trading inventories:		
– At cost	3,072	1,837
– At net realisable value	273	205
	<b>3,345</b>	<b>2,042</b>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM31,974,000 (2002: RM12,038,000).

**10. Due From/(To) Contract Customers**

	Group	
	2003 RM'000	2002 RM'000
Contract costs incurred to date	8,405	8,662
Attributable profits	2,017	1,578
	<b>10,422</b>	10,240
Less: Progress billings	(10,685)	(8,830)
	<b>(263)</b>	1,410
Due from contract customers	20	1,410
Due to contract customers	(283)	-
	<b>(263)</b>	1,410
Contract costs recognised as an expense	1,850	2,218

**11. Trade Receivables**

	Group	
	2003 RM'000	2002 RM'000
Trade receivables	10,301	11,450
Less: Provision for doubtful debts	(3,686)	(5,780)
	<b>6,615</b>	5,670

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

As at 30 June 2003, the Group has a significant concentration of credit risk in the form of outstanding balance due from a customer representing approximately 59% of the total trade receivables. Subsequent to the financial year end, 99% of the outstanding amount due from the customer has been received.

**12. Other Receivables**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Sundry receivables	3,080	3,559	4	10
Prepayments	57	33	3	1
Deposits	12	55	5	5
Tax recoverable	1,192	1,496	725	725
	<b>4,341</b>	5,143	<b>737</b>	741
Less: Provision for doubtful debts	(2,719)	(3,176)	-	-
	<b>1,622</b>	1,967	<b>737</b>	741

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**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at bank	<b>643</b>	804	<b>10</b>	50
Deposits with licensed banks	<b>2,180</b>	330	–	–
	<b>2,823</b>	1,134	<b>10</b>	50

Deposits with licensed banks amounting to RM130,000 (2002: 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% (2002: 2.40%) per annum.

**16. Short Term Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Secured:				
Bank overdraft	<b>2,027</b>	–	–	–
Unsecured:				
Banker's acceptances	<b>5,800</b>	963	–	–
Bank overdrafts	<b>255</b>	473	–	–
Revolving credits	<b>10,279</b>	14,370	<b>800</b>	1,400
	<b>18,361</b>	15,806	<b>800</b>	1,400

The secured bank overdraft of the Group is secured by a third party time deposit. All other short term borrowings of the subsidiaries are secured by corporate guarantee from the Company.

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

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Banker's acceptances	<b>3.85</b>	4.10	–	–
Bank overdrafts	<b>6.61</b>	8.26	–	–
Revolving credits	<b>7.16</b>	6.37	<b>6.75</b>	6.75

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**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	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Advances received	34	61	-	-
Dividend payable	50	-	-	-
Sundry payables	388	233	80	28
Accruals	2,966	3,055	153	174
	<b>3,438</b>	<b>3,349</b>	<b>233</b>	<b>202</b>

**19. Share Capital**

	Number of Ordinary Share of RM0.50 Each		Amount	
	2003	2002	2003	2002
	'000	'000	RM'000	RM'000
Authorised:				
At 1 July/30 June	<b>600,000</b>	600,000	<b>300,000</b>	300,000
Issued and fully paid:				
At 1 July/30 June	<b>185,772</b>	185,772	<b>92,886</b>	92,886

**20. Capital Reserve**

	Group	
	2003	2002
	RM'000	RM'000
The capital reserve of the Group consists of the following:		
Capitalisation of earnings for bonus issues by subsidiaries	<b>2,900</b>	2,900
Share of surplus arising from revaluation of freehold land, long term leasehold land and buildings in an associate of a subsidiary	<b>11,448</b>	11,448
Share of share premium after rights issue and effect on dilution of shareholding in an associate	<b>255</b>	255
	<b>14,603</b>	<b>14,603</b>

**21. Revenue**

Revenue of the Group consists of the following:

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales, hire and servicing of telecommunications equipment and electronic goods	<b>37,864</b>	17,576
Service fee income from provision of paging services	<b>1,609</b>	744
Others	<b>90</b>	18
	<b>39,563</b>	18,338

**22. Other Operating Income**

Included in other operating income are:

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental and service income	<b>82</b>	78	-	-
Rental of equipment	<b>9</b>	35	-	-
Gain on disposal of property, plant and equipment	<b>44</b>	94	-	-
Gain on disposal of quoted shares	<b>5</b>	-	-	-
Realised gain on foreign exchange	-	12	-	-
Interest income	<b>25</b>	106	-	28
Provision for doubtful debts written back	<b>547</b>	1,314	-	-
Bad debts recovered	<b>105</b>	-	-	-

**23. Changes in Trading Inventories**

Included in changes of trading inventories of the Group are costs of inventories written down amounting to RM174,000 (2002: RM935,000).

Included in changes of inventories of trading inventories of the Group are cost of inventories written off amounting to RM4,000 (2002: RM19,000).

**24. Staff Costs**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Directors' remuneration	<b>381</b>	379	<b>257</b>	256

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 (2002: RM3,600) and RM11,100 (2002: RM11,100) respectively.

**25. Directors' Remunerations**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	<b>209</b>	208	<b>209</b>	208
Benefits-in-kind	<b>4</b>	4	<b>4</b>	4
	<b>213</b>	212	<b>213</b>	212
Non-Executive:				
Fees	<b>48</b>	48	<b>48</b>	48
<b>Other Directors</b>				
Executive:				
Salaries and other emoluments	<b>109</b>	108	-	-
Benefits-in-kind	<b>2</b>	2	-	-
Fees	<b>5</b>	5	-	-
	<b>116</b>	115	-	-
Non-Executive:				
Benefits-in-kind	<b>9</b>	9	-	-
Fees	<b>10</b>	10	-	-
	<b>19</b>	19	-	-
Total excluding benefits-in-kind (Note 24)	<b>381</b>	379	<b>257</b>	256

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

	<b>Number of directors</b>	
	<b>2003</b>	<b>2002</b>
Executive Director:		
RM200,000 – RM250,000	<b>1</b>	1
Non-Executive Directors:		
Below RM50,000	<b>5</b>	5

**26. Profit/(Loss) from Operations**

Profit/(loss) from operations is stated after charging:

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration	65	67	10	10
Bad debts written off	92	-	37	-
Provision for doubtful debts	43	-	71	-
Impairment of assets	66	-	-	-
Rental of office premises	40	40	-	-
Property, plant and equipment written off	45	21	-	-
Amortisation of goodwill	-	3,615	-	-
Amortisation of deferred expenditure	57	57	-	-
Goodwill written off	-	65,952	-	-
Impairment loss of investment in quoted shares	1	-	-	-
Impairment loss of investment in subsidiary	-	-	15,260	126,420

**27. Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax expense for the year:				
- current year	191	13	-	-
- prior year under/(over) provision	7	(850)	7	-
- share of taxation of associate	-	31	-	-
	198	(806)	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:

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss before taxation	(18,893)	(86,529)	(16,013)	(127,184)
Taxation at Malaysian statutory tax rate of:				
- First RM100,000 profit taxable at 20%	20	-	-	-
- Residual profit taxable at 28%	(5,318)	(24,228)	(4,484)	(35,612)
Expenses not deductible for tax purposes	1,736	20,200	4,484	35,612
Income not subject to tax	(21)	(39)	-	-
Deferred tax assets not recognised during the year	4,172	4,508	-	-
Share of tax in associate companies	-	31	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(398)	(428)	-	-
Under/(over)provided in prior years	7	(850)	7	-
Tax expense/(income) for the year	198	(806)	7	-

30 June 2003

**27. Taxation (Cont'd.)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unabsorbed tax losses	<b>20,286</b>	20,425	<b>2,024</b>	2,024
Unutilised capital allowances	<b>1,188</b>	1,290	<b>5</b>	5
	<b>21,474</b>	21,715	<b>2,029</b>	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 no Group tax relief is available in respect of losses incurred by other subsidiaries.

**28. Basic Loss Per Share**

Basic loss per share is calculated by dividing the Group's loss after minority interest of RM19,526,000 (2002: RM85,487,000) and the number of ordinary shares in issue during the year of 185,772,800 (2002: 185,772,800).

**29. Contingent Liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unsecured:				
Corporate guarantee to financial institutions for credit facilities granted to subsidiaries	–	–	<b>58,742</b>	58,742
Bank guarantee for performance guarantee and utilities	<b>2,422</b>	1,935	–	–

**30. Significant Related Party Transactions**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Associates</b>				
Rental and service charges received from Fujikura Federal Cables Sdn. Bhd.	<b>82</b>	78	–	–
<b>Subsidiaries</b>				
Interest income	–	–	–	2
Interest expense	–	–	–	3

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 obtainable in transactions with unrelated parties.



**31. Comparatives**

The comparative figures have been audited by a firm of chartered accountants other than Ernst & Young. The following comparative amounts have been adjusted to conform with the current year's presentation:

	<b>Group</b>	
	<b>As</b>	<b>As Previously</b>
	<b>Restated</b>	<b>Stated</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Balance Sheet</b>		
Inventories	2,042	3,452
Due from contract customers	1,410	-
<b>Income Statement</b>		
Changes in trading inventories	(1,540)	180
Purchases and other trading expenses	(12,716)	(14,436)
<b>Cash Flow Statement</b>		
Decrease/(increase) in inventories	515	(857)
Net changes in amount due from contract customers	(1,372)	-

**32. 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 financial assets and financial liabilities of the Group.

**(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.

As at 30 June 2003, the Group has a significant concentration of credit risk in the form of outstanding balance due from a customer representing approximately 59% of the total trade receivables. Subsequent to the financial year end, 99% of the outstanding amount due from the customer has been received.

**(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.

30 June 2003

**32. Financial Instruments (Cont'd.)****(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 2003. 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.

**33. Significant Events****(a) Dissolution of wholly-owned subsidiaries**

On 6 June 2003, Extraordinary General Meetings were held by Indah Nominees Sdn. Bhd., Sun Moon Star (M) Sdn. Bhd. and FT Cellular Systems Sdn. Bhd. respectively, all of which are wholly owned subsidiaries of the Company, whereby approval was obtained to strike off the respective subsidiaries from the register of Companies Commission of Malaysia in accordance to Section 308 of Companies Act, 1965. The Companies Commission of Malaysia had given a notification that at the expiration of 3 months from 7 July 2003, the respective subsidiaries will be struck off from the register of Companies Commission of Malaysia and dissolved accordingly.

**(b) Proposed renounceable two-call rights issue**

Pursuant to an Extraordinary General Meeting held on 2 June 2003, the shareholders of the Company passed an ordinary resolution on the proposed 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 a first call price of RM0.30, payable in cash upon acceptance and the second call price of RM0.20 to be 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 Abridged Prospectus dated 29 September 2003 was circularised to the shareholders of the Company and the proceeds from the Rights Issue are expected to be received by the Company at early of November 2003.

**34. Segmental Reporting**

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

**A. Share Capital**

Authorised Share Capital	–	RM300,000,000 (600,000,000 ordinary shares of RM0.50 each)
Issued & Paid-up Share Capital	–	RM92,886,400 (185,772,800 ordinary shares of RM0.50 each)
Voting Rights	–	One vote for each ordinary share held

**B. Distribution of Shareholdings**

Size of Holdings	No. of Holders	No. of Shares	% of Shareholdings
1 - 99	205	4,602	0.00
100 - 1,000	4,451	4,221,383	2.27
1,001 - 10,000	7,644	31,223,969	16.81
10,001 - 100,000	1,191	30,363,040	16.35
100,001 to less than 5% of issued shares	67	62,623,806	33.71
5% and above of issued shares	4	57,336,000	30.86
	<b>13,562</b>	<b>185,772,800</b>	<b>100.00</b>

**C. Thirty Largest Shareholders as at 28 October, 2003**

No.	Name of Shareholders	No. of Shares	% of Shareholdings
1.	Employees Provident Fund Board	15,723,000	8.46
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.	Ong Huey Peng	7,618,000	4.10
6.	Tan Ching Ching	7,261,000	3.91
7.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	6,423,816	3.46
8.	Lembaga Tabung Haji	5,521,339	2.97
9.	Chew Boon Seng	5,114,000	2.75
10.	Lim Siew Sooi	3,368,600	1.81
11.	Cheong Siew Yoong	2,490,000	1.34
12.	Wong Chee Choon	1,919,600	1.03
13.	Wong Chee Choon	1,718,000	0.93
14.	Ong Har Hong	1,697,000	0.91
15.	Low Cheng Peng	1,429,000	0.77
16.	Universiti Malaya	1,056,000	0.57
17.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,000,000	0.54
18.	Ong Huey Peng	1,000,000	0.54

## ANALYSIS OF SHAREHOLDINGS

as at 28 October, 2003

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**C. Thirty Largest Shareholders as at 28 October, 2003 (Cont'd.)**

No.	Name of Shareholders	No. of Shares	% of Shareholdings
19.	Lim Eng Huat	932,000	0.50
20.	Ho Mook Leong	800,000	0.43
21.	Sin Len Moi	764,000	0.41
22.	Ke-Zan Nominees (Asing) Sdn Bhd Kim Eng Ong Asia Securities Pte Ltd for Exquisite Holdings Limited	698,900	0.38
23.	Chong Wah Lee	676,600	0.36
24.	Menteri Kewangan Malaysia Section 29 (SICDA)	589,038	0.32
25.	Ong Har Hong	582,000	0.31
26.	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management S/B for Alpha-Grace Sdn Bhd	485,400	0.26
27.	Tong Kim Fatt @ Allen Tong	481,200	0.26
28.	Permodalan Nasional Berhad	478,254	0.26
29.	Ong Wee Lieh	444,200	0.24
30.	Yee Shia Ming	440,000	0.24
<b>Total</b>		<b>112,323,947</b>	<b>60.45</b>

**D. Substantial Shareholders as at 28 October, 2003**

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

Name of Shareholders	No. of Shares	% of Shareholdings
Employees Provident Fund Board	15,723,000	8.46
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

\* Y Bhg. 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.

**E. Directors' Shareholdings**

Name of Director	No. of Shares	% of Shareholdings
Tan Sri Dato' Tan Hua Choon	15,605,000	8.40

## List of Properties

as at 30 June, 2003

Location	Description	Existing Use	Tenure	Net Book Value as at 30 June 2003 (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)	4,110,772.06	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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I/We \_\_\_\_\_  
(full name in capital)

of \_\_\_\_\_  
(full address)

being a Member of the abovenamed Company, hereby appoint \_\_\_\_\_  
(full name in capital)

of \_\_\_\_\_  
(full address)

or failing him, \_\_\_\_\_  
(full name in capital)

of \_\_\_\_\_  
(full address)

or failing him/her, the **Chairman of the Meeting**, as my/our proxy for me/us on my/our behalf, at the Forty-Eighth Annual General Meeting 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 Friday, 12 December, 2003 at 11.00 a.m. or any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting 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	
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Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2003 \_\_\_\_\_  
Signature/Seal

**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 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 Panama Resources Sdn Bhd  
23, Jalan Sri Hartamas 7,  
Sri Hartamas,  
50480 Kuala Lumpur.

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