

Beyond Tomorrow



www.cih.com.my

C.I. HOLDINGS BERHAD (37918-A)

Level 10, Menara Yayasan Tun Razak, No 200, Jalan Bukit Bintang, 55100 Kuala Lumpur.
Tel: 603-2168 7333 Fax: 603-2168 7208 Email: info@cih.com.my

C.I. HOLDINGS BERHAD (37918-A)

LAPORAN TAHUNAN 2009 ANNUAL REPORT

LAPORAN TAHUNAN | 2009 | ANNUAL REPORT

CONTENTS

2	Corporate Information	12	Chairman's Statement	31	Directors' Report and Audited Financial Statement
3	Notice of thirty-first Annual General Meeting	15	Corporate Social Responsibility	95	List of Properties
6	Statement Accompanying Notice of thirty-first Annual General Meeting	17	Statement on Corporate Governance	97	Analysis of Shareholdings
7	Group Financial Highlights	24	Audit Committee Report	99	Additional Compliance Information
8	Directors' Profile	29	Statement on Internal Control		Form of Proxy
		30	Directors' Responsibility Statement		

corporate information

BOARD OF DIRECTORS

Dato' Seri Abdul Ghani Bin Abdul Aziz (Independent Non-Executive Chairman)	Datuk Johari Bin Abdul Ghani (Managing Director)	Maj Gen (R) Dato' Mohamed Isa Bin Che Kak (Independent Non-Executive Director)	Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee (Independent Non-Executive Director)
Dato' Azmeer Bin Rashid (Independent Non-Executive Director)	Nor Hishammuddin Bin Dato' Mohd Nordin (Independent Non-Executive Director)	Datin Mariam Prudence Binti Yusof (Non-Independent Non-Executive Director)	Teh Bee Tein (Independent Non-Executive Director)

Audit Committee Maj Gen (R) Dato' Mohamed Isa Bin Che Kak (Chairman, Independent Non-Executive Director) Nor Hishammuddin Bin Dato' Mohd Nordin (Independent Non-Executive Director) Teh Bee Tein (Independent Non-Executive Director)	Nomination Committee Dato' Seri Abdul Ghani Bin Abdul Aziz (Chairman, Independent Non-Executive Chairman) Nor Hishammuddin Bin Dato' Mohd Nordin (Independent Non-Executive Director) Teh Bee Tein (Independent Non-Executive Director)	Syed Khalil Bin Syed Ibrahim (Member) Foo Loke Yean (Member) Chaw Pei Yee (Member) Teoh Kar Hoe (Risk Manager) Company Secretaries Azlan Bin Ahmad (LS 0009209) Chin Ngeok Mui (MAICSA 7003178) Share Registrar Symphony Share Registrars Sdn Bhd Level 26, Menara Multi-Purpose, Capital Square No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur Tel: 03-2721 2222 Fax: 03-2721 2530 Registered Office Level 10, Menara Yayasan Tun Razak No. 200, Jalan Bukit Bintang, 55100 Kuala Lumpur Tel: 03-2168 7333 Fax: 03-2168 7208	Auditors BDO Binder 12th Floor, Menara Uni.Asia 1008, Jalan Sultan Ismail, 50250 Kuala Lumpur Tel: 03-2616 2888 Fax: 03-2616 3190 Principal Bankers Bank Islam Malaysia Berhad Bank Muamalat Malaysia Berhad CIMB Bank Berhad Malayan Banking Berhad RHB Islamic Bank Berhad RHB Bank Berhad Listing Main Market of Bursa Malaysia Securities Berhad
Remuneration Committee Nor Hishammuddin Bin Dato' Mohd Nordin (Chairman, Independent Non-Executive Director) Datuk Johari Bin Abdul Ghani (Managing Director) Teh Bee Tein (Independent Non-Executive Director)	Risk Management Committee Teh Bee Tein (Chairman, Independent Non-Executive Director) Datuk Johari Bin Abdul Ghani (Managing Director) Nor Hishammuddin Bin Dato' Mohd Nordin (Independent Non-Executive Director) Erwin Selvarajah A/L Peter Selvarajah (Member)		

notice of thirty-first annual general meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-First Annual General Meeting of the Company will be held at Tun Rahah Grand Hall, Level 1, Menara Yayasan Tun Razak, No. 200, Jalan Bukit Bintang, 55100 Kuala Lumpur on Monday, 12 October 2009 at 9.00 a.m. for the following purposes :-

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2009 together with the Directors' and Auditors' Reports thereon. | <i>Ordinary Resolution 1</i> |
| 2. To approve the payment of a final dividend of 5.0 sen per share less tax at 25% for the financial year ended 30 June 2009 as recommended by the Directors. | <i>Ordinary Resolution 2</i> |
| 3. To approve the payment of Directors' fees of RM108,000 for the financial year ended 30 June 2009. | <i>Ordinary Resolution 3</i> |
| 4. To re-elect the following Directors who retire in accordance with Article 92 of the Company's Articles of Association :- | |
| (i) Dato' Seri Abdul Ghani Bin Abdul Aziz | <i>Ordinary Resolution 4</i> |
| (ii) Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee | <i>Ordinary Resolution 5</i> |
| 5. To re-elect Ms Teh Bee Tein who retires in accordance with Article 98 of the Company's Articles of Association. | <i>Ordinary Resolution 6</i> |
| 6. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 :- | |
| "THAT pursuant to Section 129(6) of the Companies Act, 1965, Maj Gen (R) Dato' Mohamed Isa Bin Che Kak, who is over the age of seventy years, be re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." | <i>Ordinary Resolution 7</i> |
| 7. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. | <i>Ordinary Resolution 8</i> |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :-

- | | |
|--|------------------------------|
| 8. Ordinary Resolution | |
| • Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with SV Beverages Holdings Sdn Bhd | <i>Ordinary Resolution 9</i> |
| <p>"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of shareholders' mandate for Permanis Sdn Bhd ("Permanis") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for Permanis's day-to-day operations in the ordinary course of business, on terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the interests of the minority shareholders of the Company with SV Beverages Holdings Sdn Bhd, details of which are set out in Section 2 of the Circular to Shareholders dated 18 September 2009.</p> | |

notice of thirty-first annual general meeting (cont'd)

THAT the mandate granted shall continue to be in force until :

- a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or
- b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- c) revoked or varied by a resolution passed by the Company's shareholders in a general meeting

whichever is the earliest.

AND THAT the Directors of the Company be and are hereby authorised to take all steps and to do all such acts and deeds as they may consider expedient or necessary to give effect to the transactions contemplated and authorised by this resolution."

ANY OTHER BUSINESS

- 9. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

Notice of Dividend Entitlement and Payment Date

NOTICE IS HEREBY GIVEN THAT a Final Dividend of 5.0 sen per share less tax at 25% in respect of the financial year ended 30 June 2009, if approved by the shareholders at the Thirty-First Annual General Meeting, will be paid on 26 October 2009 to Depositors whose names appear in the Records of Depositors at the close of business on 12 October 2009.

A Depositor shall qualify for entitlement to the dividend only in respect of :-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 October 2009 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

C.I. HOLDINGS BERHAD

AZLAN BIN AHMAD (LS 0009209)
CHIN NGEOK MUI (MAICSA 7003178)
Company Secretaries

Kuala Lumpur
Date : 18 September 2009

notice of thirty-first annual general meeting (cont'd)

Notes:

1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and vote in his(her) stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.
3. Where a member appoints two or more proxies, he(she) shall specify the proportion of his/her shareholdings to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Company's registered office at Level 10, Menara Yayasan Tun Razak, No. 200, Jalan Bukit Bintang, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.
5. Explanatory note on Special Business:-

Ordinary Resolution 9

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") with SV Beverages Holdings Sdn Bhd

For further information on the Proposed Renewal of Shareholders' Mandate for RRPT, shareholders are advised to refer to the Circular to Shareholders dated 18 September 2009 which is circulated with the 2009 Annual Report.

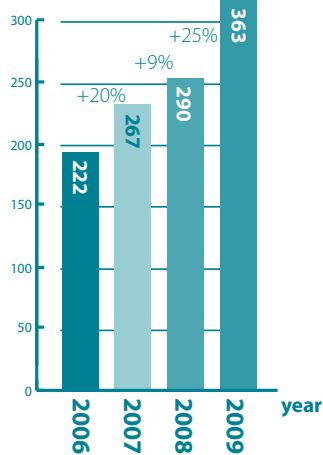
statement accompanying notice of thirty-first annual general meeting

1. The profiles of the Directors who are standing for re-election are set out on pages 8 to 11 of the Annual Report.
2. The details of the Directors' shareholdings in the Company are set out on page 97 of the Annual Report.
3. Unless otherwise stated herein, none of the Company's Directors have any interests in the Company's subsidiaries.

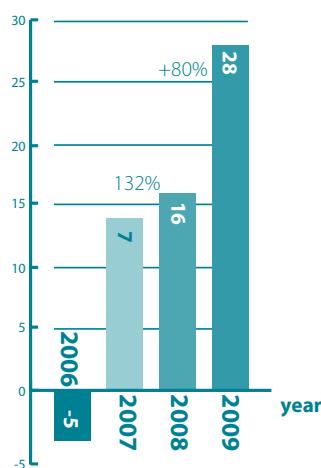
group's financial highlights

	Full Year Results				Growth		
YEAR ENDED 30 JUNE	2006 RM'000	2007 RM'000 (restated)	2008 RM'000	2009 RM'000	2006-2007 %	2007-2008 %	2008-2009 %
Revenue	222,160	266,997	290,451	362,981	20%	9%	25%
Profit Before Tax	(4,831)	6,691	15,546	27,967	n/a	132%	80%
Profit After Tax	(3,738)	7,850	14,445	20,882	n/a	84%	45%
Shareholder Funds	81,452	89,698	104,242	132,769	10%	16%	27%
Bank Borrowings	81,192	73,975	83,565	78,357	-9%	13%	-6%
Cash and Cash Equivalents	8,963	10,280	17,019	39,898	15%	66%	134%
Net Borrowings	72,229	63,695	66,546	38,459	-12%	4%	-42%
Gearing Ratio	0.89	0.71	0.64	0.29	-20%	-10%	-55%
No. of Ordinary shares in Issue (000s)	129,607	129,607	129,607	142,000	0%	0%	10%
Earnings Per Share (sen)	(2.88)	6.06	11.22	16.15	n/a	84%	44%

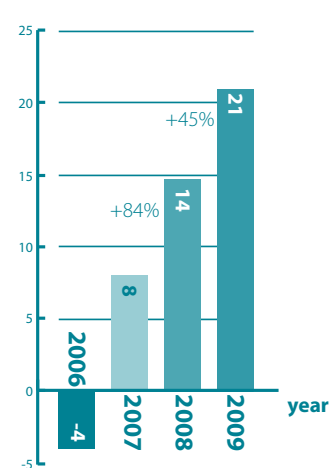
**Revenue
(RM Million)**



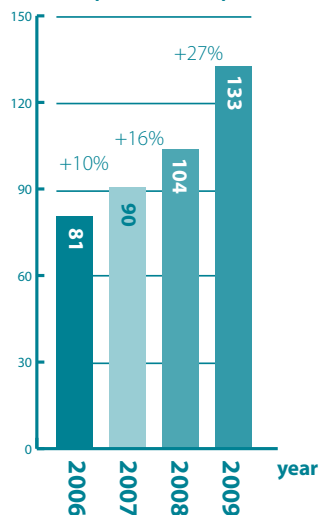
**Profit Before Tax
(RM Million)**



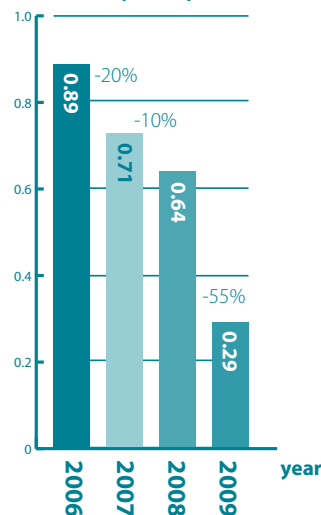
**Profit After tax
(RM Million)**



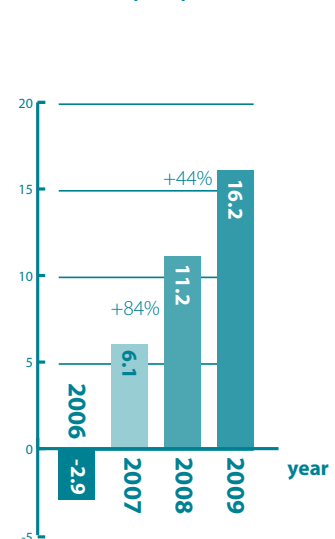
**Shareholders Funds
(RM Million)**



**Gearing
(Ratio)**



**Earning Per share
(Sen)**



directors' profile

YBHG DATO' SERI ABDUL GHANI BIN ABDUL AZIZ

CHAIRMAN



YBhg Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 65, a Malaysian, was appointed to the Board as an Executive Director on 25 November 1999. On 12 July 2001, he was re-designated as a Non-Independent Non-Executive Chairman of the Company. On 1 November 2003, he qualified as an Independent Non-Executive Chairman. He is also the Chairman of the Nomination Committee.

He holds a Master of Arts Degree in International Relations and Strategic Studies from the University of Lancaster, England, and a Master of Human Sciences (History and Civilization) from the International Islamic University, Malaysia. He had served in the Royal Malaysian Air Force (RMAF) for 32 years and attained the position of the Chief of the Air Force in 1993 before retiring in November 1996. Presently, he is the Chief Executive of a joint-venture private limited company.

He is currently a Board member of Deleum Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

YBHG DATUK JOHARI BIN ABDUL GHANI

MANAGING DIRECTOR



YBhg Datuk Johari Bin Abdul Ghani, aged 45, a Malaysian, was appointed to the Board on 29 November 2002 as Managing Director. His initial entry into the Company was mainly to undertake and oversee a massive internal corporate restructuring of the Company which was successfully completed in 2004. He was a substantial shareholder of the Company since 2005.

He is a Fellow member of the Chartered Association of Certified Accountants in England. He started his career as an Auditor with Peat Marwick & Co, an international accounting firm and has held senior positions in various listed and unlisted companies; notably, one of the biggest fast food conglomerates in Malaysia where he was the Group Managing Director from 2002 until 2005.

As the Managing Director of the Company, Datuk Johari formulates, implements and monitors the Company's overall corporate strategy. Apart from discharging his duties as the Managing Director, he is also a member of the Remuneration Committee and the Risk Management Committee of the Company.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

YBHG MAJ GEN (R) DATO' MOHAMED ISA BIN CHE KAK

INDEPENDENT NON-EXECUTIVE DIRECTOR



YBhg Maj Gen (R) Dato' Mohamed Isa Bin Che Kak, aged 74, a Malaysian, was appointed to the Board on 28 April 2003 as an Independent Non-Executive Director. Currently, he is the Chairman of the Audit Committee.

He graduated from the Malaysian Royal Military College and was commissioned into the Royal Malay Regiment in 1958. During his military career, he attended various military training courses such as The Joint Services Command, the Staff College in Wellington, India where he qualified with Pass Staff College (psc) and The Senior Officers Management Course in Naval Staff College in Monterey, California, United States of America.

In his more than 32 years of service in the Malaysian Army, he had served in various capacities both Regimental and Staff. Among his early appointments was the Regimental Intelligence Officer serving with the United Nation forces in the Congo. He was also appointed as the Aide De Camp (ADC) to his Majesty Yang Di-Pertuan Agong of Malaysia from 1971-1975. In recognition of his services, he was awarded with the military honour of Pahlawan Angkatan Tentera.

He is currently a Board member of Affin Holdings Berhad and LBS Bina Group Berhad. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

YBHG DATUK WIRA SYED ALI BIN TAN SRI SYED ABBAS ALHABSHE

INDEPENDENT NON-EXECUTIVE DIRECTOR



YBhg Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee, aged 47, a Malaysian, was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director.

He was awarded a Professional Diploma in Leadership and Management by the New Zealand Institute of Management, New Zealand in 2003. He ventured into business in the early 1980s and held directorships in several private and public corporations involved in a diverse range of businesses. He holds directorship in IIUM Holdings Sdn Bhd and also Chairmanships in Tanjung Offshore Berhad, UZMA Berhad and Composites Technology Research Malaysia Sdn Bhd, a company which is controlled by the Ministry of Finance. Datuk Wira Syed Ali was also appointed as a member of Dewan Negara (Senate) of Malaysia on 21 April 2003 and his tenure of office has been renewed to April 2009. He is also the Chairman of Yayasan Pendidikan Cheras, Kuala Lumpur.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

directors' profile (cont'd)

YBHG DATO' AZMER BIN RASHID

INDEPENDENT NON-EXECUTIVE DIRECTOR



YBhg Dato' Azmeer Bin Rashid, aged 69, a Malaysian, was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director.

He holds a Bachelor of Arts and Post Graduate Diploma in Public Administration from University Malaya and Master of Business Administration from University of Santa Clara, California, United States of America. He was the Deputy Chairman of Cement Industries of Malaysia Bhd. (CIMA) and a member of Muda Agricultural Development Authority. Since 1964, he had held various positions in government departments including the Secretary General of the Ministry of Lands and Cooperative Development, the State Secretary of Perlis and the President of the Municipal Council of Seberang Perai, Penang. He was a member of the Education Service Commission from 1994 to 1997 and the Deputy Chairman from 1997 to 2000.

He is not a director in any other public company. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

NOR HISHAMUDDIN BIN DATO' MOHD NORDIN

INDEPENDENT NON-EXECUTIVE DIRECTOR



Nor Hishammuddin Bin Dato' Mohd Nordin, aged 43, a Malaysian, was appointed to the Board as an Independent Non-Executive Director and a member of the Audit Committee on 30 May 2001. Currently, he is also the Chairman of the Remuneration Committee and a member of the Nomination Committee and Risk Management Committee.

He holds a Bachelor of Law (LLB) degree with honours and was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1994. He is presently the Managing Partner of Messrs Hisham Yoong – K.C. Lim, a legal firm.

He has no directorships in other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

YBHG DATIN MARIAM PRUDENCE BINTI YUSOF

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR



YBhg Datin Mariam Prudence Binti Yusof, aged 57, a Malaysian was appointed to the Board on 27 July 2005 as Non-Independent Non-Executive Director.

She graduated with BA (Honours), University of Malaya in 1974. She started her career in the field of human resource and organizational development with multinational companies, namely Motorola (M) Sdn. Bhd., Intel (M) Sdn. Bhd., Shell Malaysia Sdn. Bhd. and Nestle (M) Sdn. Bhd. In 1984, she entered the field of stockbroking and was the Executive Director of Equity Market of MIDF Amanah Investment Bank Bhd, until her retirement.

Her other previous appointments include being a Member of the Kuala Lumpur Stock Exchange Committee (KLSE), a Director of Labuan International Financial Exchange Inc. (LFX), a Director of Securities Clearing Automated Network Services Sdn. Bhd. (SCANS) and a Director of Research Institute & Investment Analyst Malaysia (RIIAM) and Trustee of the Bumiputera Training Fund of the Securities Commission (SC). She was also the Chairman of the Membership Committee of the KLSE. She has retired from the Board of KLSE and its subsidiaries on 10 April 2004.

In year 2002, she was elected as Chairman of the Association of Stockbroking Companies of Malaysia (ASCM) with the primary role of spearheading the demutualization of KLSE to its new entity, Bursa Malaysia Berhad.

On 26 August 2002, she was appointed as a member of the National Economic Action Council (NEAC) by the Prime Minister of Malaysia, and served until recently with the election of the new Prime Minister.

She is also the Chairman of The Ayer Molek Rubber Company Berhad. She does not have any family relationship with any Director and/or major shareholder of the Company. She is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate has been obtained in the AGM held on 30 October 2008. Detailed pertaining to these transactions are disclosed on page 88. She does not have any convictions for offences within the past 10 years other than traffic offences, if any.

TEH BEE TEIN

INDEPENDENT NON-EXECUTIVE DIRECTOR

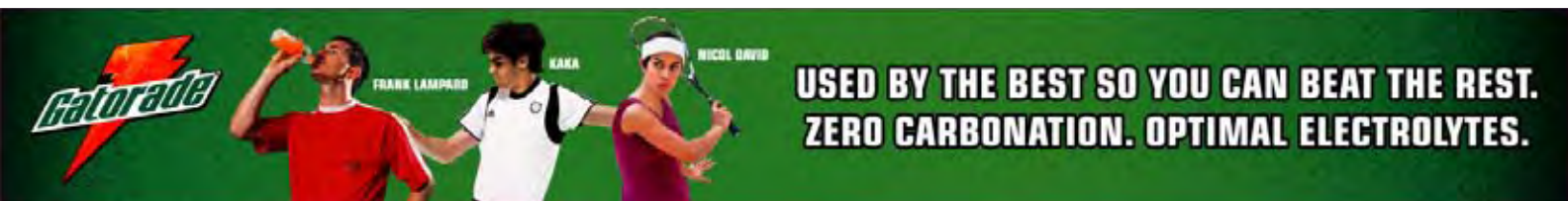


Ms. Teh Bee Tein, aged 53, a Malaysian, was appointed to the Board on 15 April 2009 as an Independent Non-Executive Director. Currently, she is also a member of the Audit Committee, Nomination Committee, Remuneration Committee and the Chairman of the Risk Management Committee.

Ms. Teh is a member of the Malaysian Institute of Accountants (MIA) and also a Fellow of the Association of Chartered Certified Accountants-United Kingdom. She spent 16 years in public accounting firms which broadened her accountancy, taxation and financial consultancy experience, both in Malaysia and the United Kingdom. She is currently the Managing Partner of B.T. Teh, Thiang & Co.-Chartered Accountants (Petaling Jaya), a partner of Thiang & Co.-Chartered Accountants (Klang) and the Managing Director of B.T. Teh Tax Services Sdn Bhd.

She is currently a Board member of LCTH Corporation Berhad. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest. She does not have any convictions for offences within the past 10 years other than traffic offences, if any.

chairman's statement



On behalf of the Board of Directors of C.I. Holdings Berhad, I am pleased to present the 2009 Annual Report incorporating the Financial Statements of the Group and of the Company for the financial year ended 30 June 2009.

The financial year under review marked yet another year of continued improvement in the Group's results. All subsidiaries of the Group continued to progress well in their respective business activities.

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded a total revenue of RM362.98 million, an increase of 25% from RM290.45 million recorded in the previous financial year. The improvement in the Group revenue helped generate an 80% improvement over the previous year's profit before tax of RM15.55 million to the current year's profit before tax of RM27.97 million. The Group's profit after tax stood at RM20.88 million, an improvement of 45% from RM14.45 million in the previous financial year. This strong improvement is in spite of challenging economic conditions and consumer sentiment due to the global economic crisis faced during the period under review.

REVIEW OF OPERATIONS

A) BEVERAGE DIVISION

Despite challenging economic conditions and consumer sentiment, the Beverage Division posted yet another record year with a revenue of RM327.74 million, a 25% growth versus the prior year's RM261.30 million. The Division recorded the highest ever profit after tax of RM17.77 million, a 32% improvement over the RM13.47 million reported in the previous year. The operating profit before tax for the year was RM24.09 million, an improvement of 71% from RM14.06 million in the previous financial year. This remarkable increase was achieved in spite of significant fluctuations in foreign exchange, raw material commodities prices and transportation costs.

The strong performance was mainly driven by the continued success of the Division's two pronged beverage strategies, namely; continuous improvement in the carbonated beverage business to safeguard the Division base, and aggressive growth and investment in the Division non-carbonated beverage business.

The financial year under review saw the Division continue to push its non-carbonated products such as tea and juice. The Division's non-carbonated range is now manufactured largely in-house at the new non-carbonated production plant, which was commissioned in February 2008. The Division managed to continue the strong growth of Lipton Tea, maintaining its number one position in the ready to drink tea market. Despite only launching Tropicana Twister in March 2008, the world's #1 Juice brand is also now the Malaysia's #1 in chilled ready to drink juice. The Division achieved this juicy milestone just 10 months after launch.





In the financial year under review, the Division also launched three (3) new non-carbonated products. To capitalise on the success of Tropicana Twister, the Division launched Tropicana 100% Pure Premium Orange Juice with the benefit of sixteen (16) Florida oranges. For the true sportsmen and women, the Division also expanded the Gatorade line-up with the launch of Gatorade Grapefruit and golf star Tiger Woods' enhanced Gatorade Tiger (in grape flavour). Gatorade is the world's #1 isotonic drink and is the isotonic of choice of sports stars the world over including Malaysia's own world #1 squash player Nicole David.

In addition to these new launches the Division also focused on aggressive promotions, advertising campaigns, and distribution initiatives to ensure the Division's brands continue to remain strong and offer good future growth. It will also continue to focus on prudent cost management to ensure economies of scale.

B) TAP-WARE AND SANITARY WARE DIVISIONS

The financial year under review was a year of consolidation for the Tap-ware and Sanitary ware Divisions. The Divisions continued to focus on turning around the newly acquired sanitary ware companies as well as leveraging cross promotional activities and achieving cost synergies in sales, marketing and management across the Tap-ware and Sanitary ware Divisions.

Despite facing a very challenging building sector in Malaysia, as well as a slight negative contribution from the recently acquired sanitary ware subsidiary, the Division nevertheless posted improved results with revenue of RM34.95 million, a 21% growth versus the prior year and profit after tax of RM1.73 million, a 24% improvement versus the prior year.

DIVIDEND

The Board is recommending to the shareholders for an approval of a final dividend of 5.0 sen per ordinary share of RM1.00 each less 25% Malaysian Income Tax for the financial year under review. Together with the interim dividend of 2 sen per ordinary share of RM1.00 each paid in 20 February 2009, this would bring the full year total dividend to 7.0 sen per ordinary share of RM1.00 each less 25% Malaysian Income Tax.



chairman's statement (cont'd)



CURRENT YEAR PROSPECT

The Group is confident in building on the positive momentum over the past three (3) years and register further growth in revenue in the current financial year whilst further improving profitability.

Overall, the Group faces numerous challenging factors this financial year, most notably from continued fluctuations in commodity prices and foreign exchange as well as economic uncertainty. However, each division has strategies in place to help mitigate these risks.

The Beverage Division expects to face a challenging year this financial year due to uncertain consumer sentiment and raw material costs. Nevertheless, the Beverage Division is confident of building on the positive results of the past few years and continuing to break new financial records. The Beverage Division seeks to leverage its strong portfolio of both new and core brands and extensive distribution network to achieve profitable growth. The Beverage Division also aims to drive continued mix shifts towards more profitable brands and package types to help support its margins. In addition, the Division aims to attain further improvements in production efficiencies and operating cost. Building on the success of previous investments in non-carbonated beverages, the Beverage Division aims to make further investments in both the non-carbonated brands and production capacity.

The Tap-ware and Sanitary ware Divisions also expect to continue to face fluctuating commodity related prices. Nevertheless, it will aim to mitigate these impacts by pushing for profitable growth through selective new product launches, expanding its export business as well as leveraging cross promotional opportunities between tap-ware and sanitary ware businesses. In addition it will also continue to focus on managing down operating costs.

Having successfully implemented the 'turnaround' of its current core businesses and subsequently posting twelve (12) consecutive quarters of improving results, the Group continues to actively look to invest in other synergistic new businesses to further fuel growth in both revenue and profit in the future.

APPRECIATION

On behalf of the Board of Directors, I would like to express our gratitude and thanks to the management and staff of the Group for their continued commitment and dedication.

My appreciation also goes to our loyal shareholders, business associates, and bankers for their continued support, confidence and assistance given to us.

Finally, I would like to thank my fellow colleagues on the Board for their counsel, contribution and support throughout the financial year.

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ

Chairman



*Cum sociis natoque penatibus et magnis dis
parturient montes, nascetur ridiculus mus.
Donec quam felis, ultricies nec*



corporate social responsibility

The Board of Directors of the Company views the Corporate Social Responsibility ("CSR") as an integral part of its businesses and the Board realises the need to maintain the balance between the Company's economic, social, environmental responsibilities and the interests of the Company's various stakeholders. To ensure that we progress towards our CSR goals, our CSR activities are tracked and reported on a half-yearly basis.

The Company and its subsidiaries (the "Group") are committed to its CSR practices and believes that the practices will bring positive impact in the marketplace, workplace, community and environment.

During the financial year, the Group has undertaken various CSR practices which are summarised as follows:-



1. MARKETPLACE

The Group always prioritises its customers' satisfaction by offering a broad balanced and compelling portfolio of products and brands tailored to its customer needs. The Group also performs ongoing price benchmarking to ensure that its products are affordable and fairly priced relative to the competitors.

The Group's Beverage Division, Permanis Sdn Bhd, offers and actively promotes its balanced portfolio of products to cater for varying needs and taste of the consumers in terms of lifestyle and health :

- Refreshing Carbonated Beverages – Pepsi, 7Up, Mirinda, Evervess, Frost, Kickapoo
- Zero Sugar/ Zero Calorie Carbonated Beverages – Pepsi Max and Pepsi Light
- Energy Drinks – Sting
- Coffee – Boss
- Water – Bleu and Shot
- Tea – Lipton (which is a natural source of Antioxidants)
- Isotonics – 7Up Revive (enriched with added Vitamins B3, B6 and B12), Excel (enriched with Vitamin C), Gatorade (that has been scientifically proven to rehydrate faster than water)
- Juice – Tropicana Twister Orange (Natural source of Vitamins A, C and E), Apple Juice (a natural source of Vitamin C), Tropicana 100% Pure Premium Juice (with the benefit of 16 oranges per bottle)
- Asian Drink – Chill Soya (with no added preservatives or colouring)



The Beverage Division also employs strict quality control processes and procedures to ensure that all of its products meet high quality standards. Our beverages are produced to meet PepsiCo Inc. standards, which are widely known to be among the highest standards in the world.

The Group's Tap-ware and Sanitary ware Divisions produce taps to meet British Standard BS5412 (also among the highest standard in the world) thus ensuring that our products have lower zinc levels than other products available in Malaysia. Long term exposure to excessive zinc levels can be detrimental to the health, thus, unlike many of our competitor's products, our products are safe for long term use.

2. WORKPLACE

The Group is committed to provide good, healthy, safe and fair working condition. In addition the Group strives to ensure that its employees' welfare and personal development are taken care of.

All the Group's employees are trained on the necessary safety processes and provided with all the necessary safety and protective equipment.