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LAPORAN TAHUNAN
ANNUAL REPORT *2011*



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			Form of Proxy

Board of Directors**Dato' Seri Abdul Ghani Bin Abdul Aziz***(Senior Independent Non-Executive Chairman)***Datuk Johari Bin Abdul Ghani***(Group 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)***Kasinathan A/L Tulasi***(Independent Non-Executive Director)***Audit Committee****Teh Bee Tein***(Chairman, Independent Non-Executive Director)***Maj Gen (R) Dato' Mohamed Isa Bin Che Kak***(Independent Non-Executive Director)***Nor Hishammuddin Bin Dato' Mohd Nordin***(Independent Non-Executive Director)***Remuneration Committee****Nor Hishammuddin Bin Dato' Mohd Nordin***(Chairman, Independent Non-Executive Director)***Datuk Johari Bin Abdul Ghani***(Group Managing 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)***Risk Management Committee****Teh Bee Tein***(Chairman, Independent Non-Executive Director)***Datuk Johari Bin Abdul Ghani***(Group Managing Director)***Nor Hishammuddin Bin Dato' Mohd Nordin***(Independent Non-Executive Director)***Erwin Selvarajah A/L Peter Selvarajah** *(Member)***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 6, Symphony House

Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-7841 8000

Fax : 03-7841 8151

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

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 Bank Berhad

RHB Islamic Bank Berhad

Listing

Main Market of Bursa Malaysia Securities Berhad

Notice Of Thirty-Third Annual General Meeting



NOTICE IS HEREBY GIVEN THAT the Thirty-Third 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 Thursday, 27 October 2011 at 9.30 a.m. for the following purposes :-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2011 together with the Directors' and Auditors' Reports thereon. *Ordinary Resolution 1*
2. To approve the payment of a final dividend of 7.0 sen per share less tax at 25% for the financial year ended 30 June 2011 as recommended by the Directors. *Ordinary Resolution 2*
3. To approve the payment of Directors' fees of RM165,000 for the financial year ended 30 June 2011. *Ordinary Resolution 3*
4. To re-elect the following Directors who retire in accordance with Article 92 of the Company's Articles of Association :-
 - (i) Datuk Johari Bin Abdul Ghani *Ordinary Resolution 4*
 - (ii) Datin Mariam Prudence Binti Yusof *Ordinary Resolution 5*
5. To re-elect Mr. Kasinathan A/L Tulasi, who was appointed as a Director during the financial year and retire in accordance with Article 98 of the Company's Articles of Association. *Ordinary Resolution 6*
6. To consider and, if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965 :-
 - (i) **"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."*Ordinary Resolution 7*
 - (ii) **"THAT** pursuant to Section 129(6) of the Companies Act, 1965, Dato' Azmeer Bin Rashid, 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."*Ordinary Resolution 8*
7. To re-appoint Messrs BDO as auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. *Ordinary Resolution 9*

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** *Ordinary Resolution 10*

"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"), a wholly-owned subsidiary of the Company, to enter into recurrent related party transactions of a revenue or trading nature which is 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 5 October 2011.

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 7.0 sen per share less tax at 25% in respect of the financial year ended 30 June 2011, if approved by the shareholders at the Thirty-Third Annual General Meeting, will be paid on 18 November 2011 to Depositors whose names appear in the Records of Depositors at the close of business on 27 October 2011.

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 27 October 2011 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 : 5 October 2011

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. To be valid, the Form of Proxy must be completed, signed and 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 notes on Special Business:-

Ordinary Resolution 10

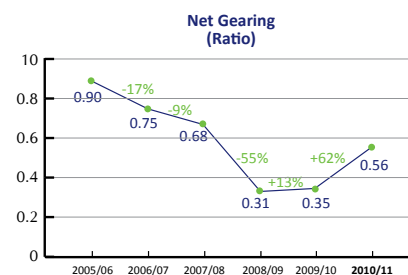
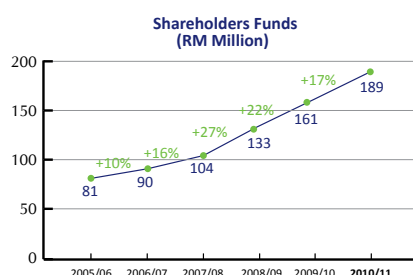
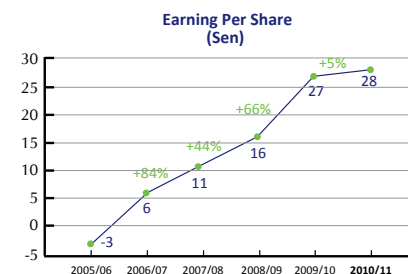
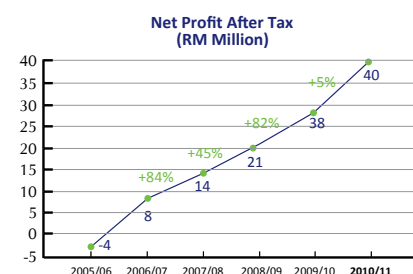
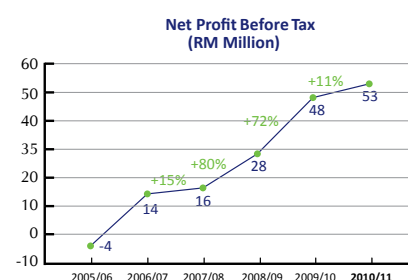
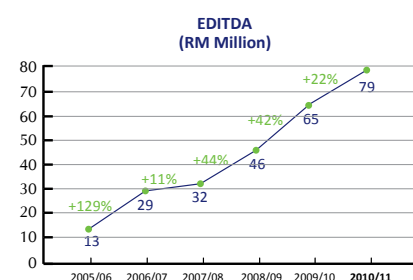
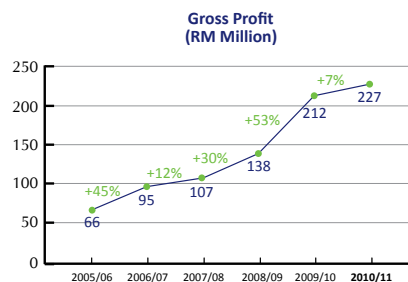
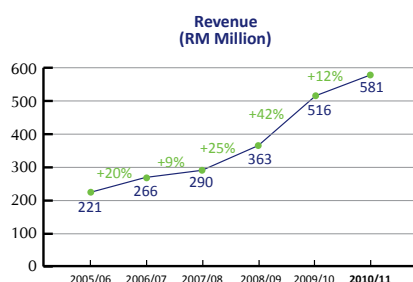
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") with SV Beverages Holdings Sdn Bhd

By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings.

For further information on the Proposed Renewal of Shareholders' Mandate for RRPT, shareholders are advised to refer to the Circular to Shareholders dated 5 October 2011 which is circulated with the 2011 Annual Report.

YEAR ENDED 30 JUNE	2005/06 RM'000	2006/07 RM'000	2007/08 RM'000	2008/09 RM'000	2009/10 RM'000	2010/11 RM'000
		Restated				
Revenue	220,636	265,775	290,451	362,981	516,401	580,737
Gross Profit	65,852	95,476	106,786	138,396	211,792	226,992
Gross Profit Margin (%)	30%	36%	37%	38%	41%	39%
EBITDA*	12,504	28,588	31,721	45,691	64,841	78,814
EBITDA Margin (%)	5.7%	10.8%	10.9%	12.6%	12.6%	13.6%
Net Profit/(Loss) Before Tax	(4,170)	13,537	15,546	27,967	48,035	53,264
Net Profit/(Loss) Before Tax Margin (%)	-1.9%	5.1%	5.4%	7.7%	9.3%	9.2%
Net Profit After Tax	(3,738)	7,850	14,445	20,882	38,044	40,040
Net Profit After Tax Margin (%)	-1.7%	3.0%	5.0%	5.8%	7.4%	6.9%
No. of Ordinary shares in issue (000s)	129,607	129,607	129,607	142,000	142,000	142,000
Earning/(Loss) Per Share (sen)	(2.60)	6.10	11.22	16.15	26.85	28.20
Shareholders Funds	81,452	89,698	104,242	132,769	161,307	189,385
Net Debt	73,215	67,234	71,160	40,803	56,169	106,607
Net Gearing (Ratio)	0.90	0.75	0.68	0.31	0.35	0.56

* Earnings Before Interest, Taxes, Depreciation and Amortisation





YBhg Dato' Seri Abdul Ghani Bin Abdul Aziz

(Senior Independent Non-Executive Chairman)

YBhg Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 66, 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. Subsequently, he was appointed as Senior Independent Non-Executive Chairman on 25 August 2010. 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

(Group Managing Director)

YBhg Datuk Johari Bin Abdul Ghani, aged 47, 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 is 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 Group 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 Datin Mariam Prudence Binti Yusof

(Non-Independent Non-Executive Director)

YBhg Datin Mariam Prudence Binti Yusof, aged 58, 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 (Formerly known as MIDF-Sisma Securities Sdn 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 Securities 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. Since 2007, she was appointed on the Tribunal of Malaysia (MATE) as Arbitrator.

She is also the Chairman of The Ayer Molek Rubber Company Berhad. She does have family relationship with a 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 27 October 2010. Detailed pertaining to these transactions are disclosed on page 124. She does not have any convictions for offences within the past 10 years other than traffic offences, if any.

Ms. Teh Bee Tein

(Independent Non-Executive Director)



Ms. Teh Bee Tein, aged 55, a Malaysian, was appointed to the Board on 15 April 2009 as an Independent Non-Executive Director. Currently, she is the Chairman of the Audit Committee and Risk Management Committee, and also a member of the Nomination Committee and Remuneration 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.



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 75, a Malaysian, was appointed to the Board on 28 April 2003 as an Independent Non-Executive Director. Currently, he is the Member 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 Alhabshee

(Independent Non-Executive Director)

YBhg Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee, aged 49, 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.

Datuk Wira Syed Ali is the Chairman in Tanjung Offshore Berhad, UZMA Berhad, Asia Media Berhad and Composites Technology Research Malaysia Sdn Bhd, a company which is controlled by the Ministry of Finance and is also a Deputy Chairman, Non-Independent Non-Executive Director of Redtone International Berhad. He was a member of Dewan Negara (Senate) of Malaysia from 2003 till 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.


YBhg Dato' Azmeer Bin Rashid
(Independent Non-Executive Director)

YBhg Dato' Azmeer Bin Rashid, aged 71, 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 Hishammuddin Bin Dato' Mohd Nordin
(Independent Non-Executive Director)

Nor Hishammuddin Bin Dato' Mohd Nordin, aged 45, 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.



Mr. Kasinathan A/L Tulasi

(Independent Non-Executive Director)

Mr. Kasinathan a/l Tulasi, aged 53, a Malaysian, was appointed to the Board on 8 February 2011 as an Independent Non-Executive Director.

He holds a Bachelor of Law (LL.B) degree with honours from the University of London (external), and he is also a Barrister (Lincoln's Inn). He started his career as a Legal Executive in Messrs Shah & Burke and read in the chambers of Mr Philip Waller QC in London. Mr. Kasinathan A/L Tulasi returned to Malaysia and was called to the Malaysian Bar on 27 September 1991. Upon being called to the Bar, he joined the legal firm of Messrs Sajali, Amier & Partners. In December 1992, Mr. Kasinathan A/L Tulasi resigned from Messrs Sajali, Amier & Partners to set up the partnership of Messrs A. Zahari Thulasi now known as Messrs Affendi Zahari.

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.

Chief Executive Officer's Profile



Erwin Selvarajah A/L Peter Selvarajah

(Chief Executive Officer)

Mr. Erwin Selvarajah a/l Peter Selvarajah, aged 41, a Malaysian was appointed on 25 August 2010 as the Chief Executive Officer of C.I. Holdings Berhad and the appointment was made effective on 1 September 2010.

Mr. Erwin Selvarajah holds a Bachelor of Arts in Economics and Accounting from University of Reading, United Kingdom. Having started his career briefly in London, he returned to Malaysia and joined the auditing firm of KPMG Peat Marwick in 1992. Shortly after, he was transferred to Vietnam to help start up the KPMG office there.

In 1995, Mr. Erwin Selvarajah left KPMG and joined PepsiCo Beverages International's regional office in Thailand, gaining extensive experience in the consumer goods industry across Asia Pacific. His last position was Finance Director of South East Asia and Micronesia based in Singapore. In 1999, he returned to Malaysia and joined Permanis Sdn Bhd, a wholly-owned subsidiary of the Company, as President and Chief Executive Officer.

He owns 3,650,000 shares in the Company which represents 2.57% of the total issued paid-up capital 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

**Sitting (Right):**

1. **Datuk Johari Bin Abdul Ghani**
Group Managing Director
(C.I. Holdings Berhad)

Sitting (Left):

2. **Erwin Selvarajah a/l Peter Selvarajah**
Chief Executive Officer
(C.I. Holdings Berhad/Permanis Sdn Bhd)

Standing 1st from left onwards:

3. **Chaw Pei Yee**
Senior Manager – Finance & Administration
(C.I. Holdings Berhad)
4. **Renganathan Tewagudan @ Mayan**
Senior Vice President – Supply Chain
(Permanis Sdn Bhd)
5. **Tho Lai Choy**
Vice President – Finance
(Permanis Sdn Bhd)
6. **Syed Khalil Bin Syed Ibrahim**
Head of Corporate Finance,
Strategy & Development
(C.I. Holdings Berhad)

7. **Foo Loke Yean**
Chief Executive Officer
(Doe Industries Sdn Bhd)
8. **Azaruddin Bin Othman**
Vice President – Human Resource
(Permanis Sdn Bhd)
9. **Ng Eng Cheang**
Chief Operating Officer
(Permanis Sandilands Sdn Bhd)
10. **Hemalatha a/p Ragavan**
Vice President – Marketing
(Permanis Sdn Bhd)
11. **Teoh Kar Hoe**
Internal Audit Manager
(C.I. Holdings Berhad)
12. **Azlan Bin Ahmad**
Company Secretary
Vice President-Legal & Corporate Secretarial Affairs
(C.I. Holdings Berhad/Permanis Sdn Bhd)
13. **Wong Lip Wai**
General Manager – Factory Operations & Finance
(Doe Industries Sdn Bhd)



REFRESH YOUR WORLD



On behalf of the Board of Directors of C.I. Holdings Berhad ("the Company"), I am pleased to present the 2011 Annual Report incorporating the Financial Statements of the Company and its subsidiaries ("the Group") for the financial year ended 30 June 2011.

I am also proud to note that in recognition by the financial community for the Group's compelling story and active investor relations, the Group has been given the honour of being invited to participate in the following exclusive events; Maybank's Malaysian Consumer Day in Singapore and OSK|DMG ASEAN Corporate Day also in Singapore. The additional coverage has helped generate increased interest in the Group from foreign institutional investors.

The Group is also proud to report that our corporate governance and corporate responsibility practices continue to be recognised. The Group was one of only 10 finalists for the Star Biz-ICR Malaysia Corporate Responsibility Awards (in the category of companies with market capitalisation under RM1 billion). It was also listed as one of the top 100 companies in the Malaysian Corporate Governance Index 2010 conducted by the Minority Shareholder Watchdog Group.



FINANCIAL PERFORMANCE

The financial year under review marked yet another year of continued improvement in the Group's results. The Group's revenue has grown at a compound annual growth rate of 21% since the financial year ended 30 June 2006.

For the financial year under review, the Group recorded total revenue of RM580.74 million, an increase of 12% from RM516.40 million recorded for the previous financial year.

The improvement in Group's revenue helped generate a net profit before tax of RM53.26 million, 11% higher than RM48.04 million last year. Net profit after tax of RM40.04 million improved by 5% from RM38.04 million last year.

The moderate improvement in profit was reported in spite of significant increases in raw material costs and competitive pressures.



REVIEW OF OPERATIONS

A) BEVERAGE DIVISION

The Beverage Division's performance was duly recognised by PepsiCo with the award of "South East Asia Bottler of the Year 2010" for its performance during the 2010 calendar year. It beat many other high performing South East Asian bottlers for this prestigious award.

During the financial year ended 30 June 2011, the Division achieved revenue of RM536.94 million, 12% higher than last year's revenue of RM479.93 million. This revenue growth is attributed to the continued growth in our isotonic beverage Revive and our non-carbonated portfolio, especially Tropicana Twister. Its historic base of carbonated brands continues to contribute positively.



The Division recorded profit after tax of RM31.87 million, which was 4% lower than the RM33.28 million last financial year. The decline is mainly attributed to increase in raw material prices, especially sugar. Effective 1 January 2011, for half of the period under review, the Division was impacted by the removal of the Government's sugar subsidy for Malaysia's 13 largest beverage companies. This change in policy resulted in an overnight 38% increase in the cost of sugar for the Division, and had a material impact on the Division's margins.

In the year under review the Division launched three (3) new products namely; Revive Lime Burst, Tropicana Twister Blackcurrant and Tropicana Twister Lychee. In addition to these new launches the Division also launched a refreshed packing design for both 7UP and Revive. In addition, the Division also held various promotions and advertising campaigns to help further build its focus brands.

One such campaign was "Do the Dew" which promoted Mountain Dew to active youngsters aged between 15 and 19 through association with extreme sports. The "Do the Dew" campaign featured television and radio commercials as well as activities such as the Mountain Dew Wall Climbing Speed Challenge and the Mountain Dew Skate Challenge Competition.

The Division also continued to focus on Revive's 'Rev Up' campaign with the 'Rev-Cup Battle of the States Contest' which required participants to create activities based on weekly 'Rev'd Up' themes and upload them as photos or videos on Facebook. The campaign integrated on-line and off-line aspects including Facebook, blogs, radio, print, and on-ground events and finally culminated in an award party. The Division's continued focus on Revive's via digital marketing has help build Revive's Facebook fan base to over 115,000 fans, amongst the highest of any fast moving consumer product brand in Malaysia.



To build on the success of Tropicana Twister the Division held the 'Live, Love, Life' contest for the third consecutive year. The contest's grand prize was a BMW 3 Series with an additional weekly prizes of a gold coins.

Better than expected growth of the Division's non-carbonated range of products, especially market leading brands Tropicana Twister Juice and Lipton Tea, resulted in capacity constraints for its non-carbonated production plant, commissioned in March 2008. To address capacity constraints and allow the Division to continue to grow its non-carbonated portfolio, it invested ~RM45 million in a new non-carbonated production line that was commissioned in August 2010.

In the year under review, the dramatic growth of the business has led to corresponding increases in the Division's warehouse requirements. To meet this need, the Division has completed the acquisition of additional warehouse capacity with the RM29.5 million acquisition of a new warehouse site with 679K sq ft (~15 acres) of land. The new warehouse site is ideally located, only ~400m from the Division's existing factory in Bangi.

Faced with capacity constraints on its PET 600ml bottle carbonated soft drink production line, the Division has committed to invest in an additional PET bottle production line. This project is already under way and the new line is expected to be operational during the course of the current financial year.

B) TAP AND SANITARY WARE DIVISION

In tandem with improvements in the Malaysian construction sector, the Tap and Sanitary Ware Division recovered strongly following a challenging prior year. The Division recorded revenue of RM43.49 million, a 20% increase relative to RM36.07 million recorded last year. It recorded profit before tax of RM8.42 million, an improvement of 142% compared to RM3.48 million the previous year. It also recorded profit after tax of RM6.28 million, an improvement of 164% compared to RM2.38 million the previous year.

The Division's significant improvement in profits can largely be attributed to economies of scale contributing to improved revenues as well as improved gross profit margins, and, from being more focused on the higher margin segments within the industry.

In the year under review, the Division continued to focus on leveraging cross-promotional activities between its tap and sanitary ware subsidiaries. It also focused its 'retail market penetration drive' that aimed to improve brand recognition by ensuring more tap and sanitary ware retailers feature the Division's products. Historically the Division focused largely on the developer market.



DIVIDEND

The Board is recommending for shareholders' approval, a final pre-tax dividend of 7 sen per RM1.00 ordinary share for the financial year under review. Adding the 5 sen per ordinary share interim pre-tax dividend paid on the 8 March 2011, would bring the full year total pre-tax dividend to 12 sen per ordinary share. A full year total pre-tax dividend of 12 sen per share for the year ended 30 June 2011 represents a 32% payout ratio and is 9% higher than the 11 sen per ordinary share pre-tax paid the previous year.



PROPOSED DISPOSAL OF BEVERAGE DIVISION

On the 21 July 2011 the Company announced that it had signed an agreement with Asahi Group Holdings, Ltd for the disposal of 100% of its Beverage subsidiary, Permanis Sdn Bhd ("Permanis") for an acquisition price of RM820.0 million ("Proposed Disposal"). The Proposed Disposal is subject to regulatory, PepsiCo and other third party approvals, as well as the approval of the Company's shareholders.

Since acquiring Permanis in April 2004 for RM72.0 million, the Company has successfully transformed the business into what it is today. It is as a result of these efforts that the Company now has the opportunity to realise more than 11 times its initial purchase consideration.

The Board believes that the Proposed Disposal is timely and provides the opportunity for the Company to unlock the value of its investment in Permanis at an attractive valuation.

CURRENT YEAR AND FUTURE PROSPECT

As mentioned, the Proposed Disposal is subject to regulatory, PepsiCo and other third party approvals, as well as the approval of the shareholders of the Company. Whilst waiting for the requisite approvals, we will continue to focus on driving further improvements in both the Tap and Sanitary Ware Division and the Beverage Division.

In the event that the Proposed Disposal is concluded, the Board intends to distribute part of the net proceeds to our shareholders via a cash dividend with the balance earmarked for the acquisition of viable asset(s) or business(es) and working capital.

The Company has proven its capability to drive the successful transformation and explosive growth of both its Beverage Division and its Tap and Sanitary ware Division. Between the financial year ended 30 June 2005 and the financial year ended 30 June 2011, the Group has been able to deliver 116% revenue growth and 334% profit before tax growth for its Beverage Division and 146% revenue growth and 9426% profit before tax growth for its Tap and Sanitary Ware Division. The Group aims to explore opportunities to replicate its success through new investments.

In the interim, our Board expects the Company's core earnings to be driven primarily by the Tap and Sanitary Ware Division after the Proposed Disposal. The Tap and Sanitary Ware Division has grown to become materially sized and profitable business with revenues of RM43.49 million and net profit before tax of RM8.42 million in the financial year ended 30 June 2011.

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 year.

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ
Chairman

