CIHB

C. I. Holdings Berhad

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Laporan Tahunan
Annual Report
2007


PEPSI MAX
PEPSI
PEPSI Twist
7UP
Lipton Ice Tea
Gatorade
Mirinda
excel
Chill

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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)

Chan Peng Chiw
(Senior Independent Non-Executive Director)

Nor Hishammuddin Bin Dato' Mohd Nordin
(Independent Non-Executive Director)

Datin Mariam Prudence Binti Yusof
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Chan Peng Chiw
(Chairman, Senior Independent Non-Executive Director)

Datuk Johari Bin Abdul Ghani
(Managing Director)

Nor Hishammuddin Bin Dato' Mohd Nordin
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Chan Peng Chiw
(Chairman, Senior Independent Non-Executive Director)

Datuk Johari Bin Abdul Ghani
(Managing Director)

Nor Hishammuddin Bin Dato' Mohd Nordin
(Independent Non-Executive Director)

NOMINATION COMMITTEE

Chan Peng Chiw
(Chairman, Senior Independent Non-Executive Director)

Dato' Seri Abdul Ghani Bin Abdul Aziz
(Independent Non-Executive Chairman)

Nor Hishammuddin Bin Dato' Mohd Nordin
(Independent Non-Executive Director)

RISK MANAGEMENT COMMITTEE

Chan Peng Chiw
(Chairman, Senior 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)

Lee Peng Khoon
(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 Bank Berhad

LISTING

Bursa Malaysia Securities Berhad (Main Board)

Notice of Twenty-Ninth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth 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 Tuesday, 30 October 2007 at 9:00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2007 together with the Directors' and Auditors' Reports thereon. *Ordinary Resolution 1*

2. To approve the Directors' fees of RM89,000-00 for the financial year ended 30 June 2007. *Ordinary Resolution 2*

3. To re-elect the following Directors who are retiring in accordance with Article 92 of the Company's Articles of Association:

    i. Dato' Seri Abdul Ghani Bin Abdul Aziz *Ordinary Resolution 3*

    ii. Nor Hishammuddin Bin Dato' Mohd Nordin *Ordinary Resolution 4*

4. To consider and, if thought fit, 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 be re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." *Ordinary Resolution 5*

5. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. *Ordinary Resolution 6*

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions:

ORDINARY RESOLUTION

6. **Authority for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** *Ordinary Resolution 7*

    "**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with SV Beverages Holdings Sdn. Bhd.** *Ordinary Resolution 8*

"THAT subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to 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 3.2 of the Circular to Shareholders dated 8 October 2007.

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."

8. **Proposed Amendments to the Articles of Association of the Company** *Special Resolution 1*

"THAT the amendments to the Articles of Association of the Company as set out in Appendix I of the Circular to Shareholders dated 8 October 2007 be and is hereby approved and adopted.

THAT the Directors and Secretary of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the amendments as set out in Appendix I of the Circular to Shareholders dated 8 October 2007.

AND THAT the Directors of the Company, be and are hereby authorised to assent to any condition, modification, variation and/or amendments as may be required by Bursa Malaysia Securities Berhad."

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.

BY ORDER OF THE BOARD
C.I. HOLDINGS BERHAD

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

Kuala Lumpur
Date: 8 October 2007

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)(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.

Explanatory notes on Special Business:

(a) Ordinary Resolution 7

Authority for Directors to Allot Shares

In line with the Company's plan for expansion/diversification, the Company is actively looking into prospective areas so as to broaden the operating base and earning potential of the Company. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances, would have to call for a general meeting to approve the issue of new shares eventhough the number involved is less than 10% of the issued share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is proposed that the Directors be empowered to issue and allot shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

(b) Ordinary Resolution 8

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

For further information on the Proposed Shareholders' Mandate for RRPT, shareholders are advised to refer to the Circular to Shareholders dated 8 October 2007 which was circulated with the 2007 Annual Report.

(c) Special Resolution 1

Proposed Amendments to the Articles of Association

The Proposed Amendments to the Articles of Association will enable the Company to comply with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad. Shareholders are advised to refer to the Circular to Shareholders dated 8 October 2007 which was circulated together with the 2007 Annual Report when considering Special Resolution 1 on the Proposed Amendments to the Articles of Association.

Statement Accompanying

Notice of Twenty-Ninth Annual General Meeting

1. The profiles of the Directors who are standing for re-election are set out on pages 7 to 9 of the Annual Report.

2. The details of the Directors' shareholdings in the Company and its subsidiaries are set out on pages 27 and 95 of the Annual Report.

YBHG DATO' SERI ABDUL GHANI BIN ABDUL AZIZ (Chairman)

YBhg Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 63, 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 a member 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 of 1996. Presently he is the Chief Executive of a Joint-Venture private limited company.

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 DATUK JOHARI BIN ABDUL GHANI (Managing Director)

YBhg Datuk Johari Bin Abdul Ghani, aged 43, 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 went on to become a substantial shareholder of the Company in 2005 and continues to be today.

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 Audit Committee, Remuneration Committee and 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

YBhg Maj Gen (R) Dato' Mohamed Isa Bin Che Kak, aged 72, a Malaysian, was appointed to the Board on 28 April 2003 as an Independent Non-Executive Director.

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 Willington, India where he qualified with Pass Staff College (psc) and The Senior Officers Management Course in Naval Staff College in Monteray, 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.

YANG BERHORMAT SENATOR DATUK WIRA SYED ALI BIN TAN SRI SYED ABBAS ALHABSHEE

Yang Berhormat Senator Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee, aged 45, a Malaysian, was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director.

He obtained his Professional Diploma in Leadership and Management, New Zealand Institute of Management Inc and Post Graduate Diploma in Business Administration, Society of Business Practitioners, Cheshire-England. He started his business career since 1980 and has vast experience in the oil and gas industry. He is a member of the Instrument Society of America. He also sits on the Board of several private limited companies. He is also Ahli Dewan Negara (Senator), AJK Badan Perhubungan UMNO Wilayah Persekutuan and Ketua Bahagian UMNO Cheras.

He is currently a Board member of Tanjung Offshore 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 DATO' AZMEER BIN RASHID

YBhg Dato' Azmeer Bin Rashid, aged 68, 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 the Deputy Chairman of the Education Service Commission from 1997 to 2000.

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.

CHAN PENG CHIW

Chan Peng Chiw, aged 67, a Malaysian, was appointed to the Board on 18 May 2001 as an Independent Non-Executive Director and as the Chairman of the Audit Committee on 24 May 2001. Subsequently, he was appointed as a Senior Independent Non-Executive Director on 7 November 2002. Currently, he is also the Chairman of the Remuneration Committee, Nomination Committee and Risk Management Committee.

He has been practising as a Chartered Accountant since 1969 and is a Board member of several private limited companies.

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.

NOR HISHAMMUDDIN BIN DATO' MOHD NORDIN

Nor Hishammuddin Bin Dato' Mohd Nordin, aged 41, 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 a member of the Remuneration Committee, 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 the law firm of Messrs Hisham Yoong – K.C. Lim.

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

YBhg Datin Mariam Prudence Binti Yusof, aged 55, 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 is currently the Executive Director of Equity Market of MIDF Amanah Investment Bank Bhd.

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 is presently active in its working group.

She has no directorships in other public companies. 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 2007 Annual Report incorporating the Financial Statements of the Group for the financial year ended 30 June 2007.

FINANCIAL PERFORMANCE

For the financial year under review, the Group achieved revenue of RM265.78 million, an increase of 20.4% from RM220.64 million recorded for the previous financial year. On top of the revenue growth, the Group also returned to the black, by posting a profit after taxation of RM7.85 million compared with a loss after taxation of RM3.74 million in the previous financial year.

This excellent result for the year could have been even further improved had the Group not been required to recognize an impairment on its quarry assets. The Group's quarry assets were divested for a consideration of RM8.0 million that resulted in a net loss of the Quarries Division of RM6.23 million. Having executed the divestment, the Group can now focus on growing its remaining core businesses.

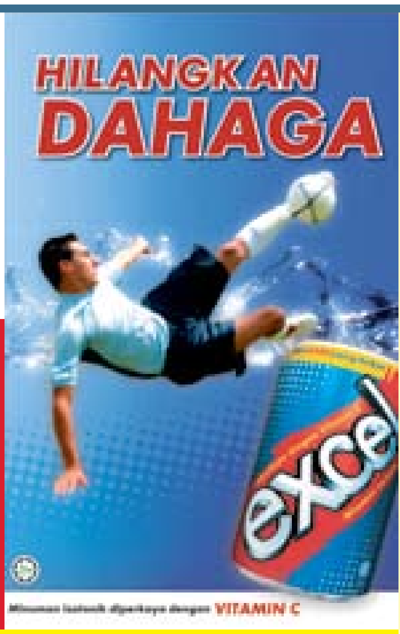
REVIEW OF OPERATIONS

A) Beverages Division

The Beverages Division recorded a remarkable performance for the year under review, registering an increase of 21.6% in turnover to RM242.89 million from RM199.70 million recorded in the previous financial year.

The significant improvement in turnover was mainly attributable to capitalizing on the momentum from the revamped "Go-To-Market" that was successfully implemented in the previous financial year. This remodeled "Go-To-Market" strategy has resulted in better market penetration and distribution points while also providing a better service to our customers. In addition, the growth in turnover was further boosted by several successful new product launches which allowed the Division to participate in new and growing beverage segment of the Malaysian beverage industry.

In August 2006, Pepsi Max, which is a great tasting cola with zero sugar, was launched. This was followed by the Division's entry into the Energy Drink category through its launch of Sting Energy Drink in September 2006. Sting was launched in great tasting Regular and Strawberry flavors, adopted unique packaging and featured the added benefits of ginseng. In March 2007, 7-Up Revive, an isotonic drink fortified with vitamins, was launched to further improve the Division's position in the large and growing isotonic drink segment.

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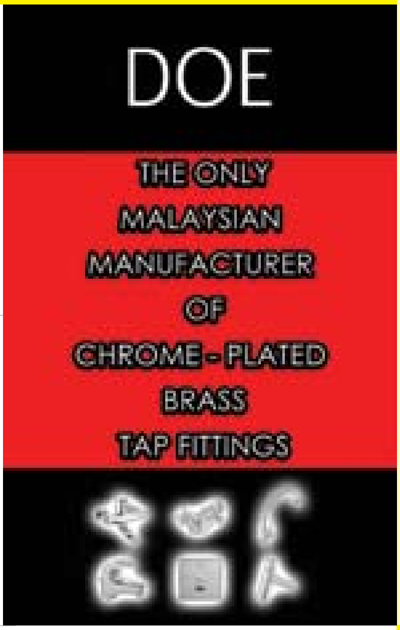

The Division's new launches have been receiving overwhelming responses and the Division is confident that these new launches will be a good source of future growth for the Division.

The Division invested in strong advertising and promotional campaigns to ensure that both its existing brands and new brands remain strong and can offer good future growth.

The significant improvement in turnover coupled with continuous focus on cost reduction resulted in a turnaround in profit for the year under review. The Division posted a profit after tax of RM13.29 million compared with a loss after tax of RM14.47 million in the previous year. A legal case settlement, partially offset by a write off of a discontinued trademark, affected the Division's profits.

The Division is mid way through the construction of its "hot fill" production lines. It is on target for commercial production in the second half of the current financial year. These lines represent an investment of more than RM30 million and will form a key part of the Division's future growth.

The Division is well poised to build on the successes it has achieved by further building on the revamped "Go-To-Market" strategy, growing product innovations and utilizing its new "hot fill" lines to enter even more new and growing beverage categories.

B) Tapware Division

The Tapware Division managed to register yet another year of improved performance by recording increases in both its revenue and profit compared to that of the previous financial year, despite challenges caused by increases in price of raw materials such as copper and zinc.

Favorable exchange rates and product mix also contributed to the Division's profit margins and helped to reduce the impact of the high cost of the raw materials.

The Division's performance was also attributed to the encouraging response for several new products that were launched during the financial year under review.

The Division foresees better revenues and profits due to expected improvements in the property sector with the implementation of the 9th Malaysia Plan.

C) Quarries Division

The Group has discontinued its operation in the quarries business through the disposal of all of the Group's quarry assets. The disposal of the quarry related subsidiaries was fully completed on 19 July 2007, while the disposal of the nine (9) parcels of lands are currently pending completion as per conditions precedent in the Sale and Purchase Agreement.

DIVIDEND

The Board did not propose a dividend for the financial year under review in order to reinvest the Group's profits to fund the growth plans for the coming years.

CURRENT YEAR PROSPECT

The Group is confident to build on the momentum of the successful turnaround and register further impressive growth in revenue and profit in the current financial year and beyond.

Having successfully implemented the 'turnaround' of its current core businesses, the Group is now actively looking to invest in other synergistic new businesses to further fuel both its revenue and profit growth 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 year.

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ
Chairman

Corporate Governance Statement

The Board of Directors is committed to ensure the highest standard of corporate governance is practised throughout C. I. Holdings Berhad and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Board of Directors is pleased to report to the shareholders the manner in which the Group has applied the principles, and the extent of compliance with the best practices and good governance as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance ("the Code").

BOARD OF DIRECTORS

The Board

C. I. Holdings Berhad is led and managed by an experience Board comprising of members with a range of experience in relevant fields such as beverages, business administration, public service, legal, accountancy and organizational development.

The Board comprises of eight (8) members, out of which six (6) are independent non-executive Directors, which is higher than the prescribed limit as recommended by the Code and the Listing Requirements. In addition, the Board has identified Chan Peng Chiw as the Senior Independent Director to whom shareholders' concerns on issues affecting the Company and the Group may be conveyed.

All Board members bring an independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct. The Board has also delegated specific responsibilities to four (4) sub-committees namely Audit, Nomination, Remuneration and Risk Management Committees. The Committees have the authority to examine specific issues and report to the Board with their recommendations. The final decision on all matters, however, lies with the entire Board.

The composition of these sub-committees is outlined on page 2 of this Annual Report.

Board Meetings and Attendance

The Board meets at least four (4) times a year and additional meetings are held as and when required.

During the financial year ended 30 June 2007, five (5) Board meetings were held. A summary of the attendance of each Director at the Board Meetings held during the financial year ended 30 June 2007 is as follows:

Directors	No. of Board Meetings Attended	Percentage (%)
Dato' Seri Abdul Ghani Bin Abdul Aziz	4/5	80
Datuk Johari Bin Abdul Ghani	5/5	100
Maj. Gen. (R) Dato' Mohamed Isa Bin Che Kak	5/5	100
Chan Peng Chiw	5/5	100
Nor Hishammuddin Bin Dato' Mohd Nordin	5/5	100
Dato' Azmeer Bin Rashid	5/5	100
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	2/5	40
Datin Mariam Prudence Binti Yusof	5/5	100

Supply of Information

All Directors are provided with an agenda and Board papers prior to every Board meeting to enable the Directors to obtain further explanations or information, where and when necessary, in order to be properly briefed before the meeting. In addition to quantitative information, the Directors are also provided with updates/information relevant to the business of the meeting, including management information on the financial and trading position of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarification on certain matters that are tabled to the Board.

There is a schedule of matters reserved specifically for the Board's decision, including the Group's financial results, the business plan, the direction of the Group, new investment and business proposals, the management/performance of the business of subsidiaries, corporate plans and annual budgets.

All Directors have access to the advice and services of the Company Secretaries and may seek independent professional advice in the furtherance of their duties.

Appointments to the Board

In compliance with the Code, the Nomination Committee has the responsibility of proposing new candidates for appointment to the Board.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being shall retire from their office and be eligible for re-election provided always that all the Directors shall retire from their office once at least in each three (3) years. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election.

Directors' Training

All the Directors have completed the Mandatory Accreditation Programme within the stipulated timeframe. The Board members continue to attend seminars, various training programmes, conferences and etc. to keep abreast with the developments in the regulations and statutes relevant to the industry and to further enhance their skills and knowledge.

DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for setting the remuneration policy framework and making recommendations to the Board on all elements of the remuneration and other terms of employment of Executive Director(s). The Board as a whole determines the fee of the Non-Executive Directors with the individual Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

Details of the aggregate remuneration of the Directors during the financial year ended 30 June 2007, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are as follows:

	Basic Salary RM'000	EPF RM'000	Leave Passage RM'000	Bonus and Allowance RM'000	Benefit-in-kind RM'000	Directors' Fees RM'000	Total RM'000
Executive							
Datuk Johari Bin Abdul Ghani	360	55	40	60	4	-	519
Non-Executive Directors							
Dato' Seri Abdul Ghani Bin Abdul Aziz	-	-	-	5	2	15	22
Chan Peng Chiw	-	-		14	-	14	28
Nor Hishammuddin Bin Dato' Mohd Nordin	-	-	-	14	-	12	26
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	-	-	-	5	-	12	17
Senator Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	-	-	-	2	-	12	14
Dato' Azmeer Bin Rashid	-	-	-	5	-	12	17
Datin Mariam Prudence Binti Yusof	-	-	-	5	-	12	17
Sub-Total	-	-	-	50	2	89	141
Total	360	55	40	110	6	89	660

RM	Executive Director	Non-Executive Directors	Total
50,000 and below	-	7	7
500,001 – 550,000	1	-	1

SHAREHOLDERS' COMMUNICATIONS AND INVESTORS RELATIONS

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. As such, the Company communicates with its shareholders, institutional and potential investors through the various announcements made during the year. In addition, the Board also ensures timely release of the financial results on a quarterly basis in order to provide its shareholders with an overview of the Group's financial and operational performance.

The Annual General Meeting ("AGM") of the Company is also a means of communication with its shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board, as well as the external auditors and legal advisers of the Company are present to answer questions raised at the meeting. The Board has also been encouraging the participation from shareholders through questions and answers session during the AGM, where the Directors are available to answer questions on the financial performances and the business operations of the Group.

ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Managing Director of which Chan Peng Chiw is the Chairman of the Committee.

Throughout the financial year under review, the Audit Committee convened five (5) meetings. During the meetings, the Committee carried out their duties as set out on pages 18 to 21 of this Annual Report.

Financial Reporting

The Board aims to present a balanced and meaningful assessment of the Group’s financial performance and prospects to the shareholders, investors and regulatory authorities, primarily through the annual financial statements, and Chairman’s Statement in the Annual Report.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy and completeness of information.

Internal Controls

The Directors recognise their responsibility for the Group’s system of internal control and the need to review its effectiveness regularly in order to safeguard shareholders’ investment and the Group’s assets. The review on the systems of internal control is set out under the Statement on Internal Control on pages 22 to 23 of the Annual Report.

Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report on page 20 of the Annual Report. The Group has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the appropriate Financial Reporting Standards in Malaysia.

Audit Committee Report

The primary objective of the Committee is to assist the Board of Directors ("Board") in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies ("the Group").

1. MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee for the financial year ended 30 June 2007 comprises the following members and a summary of their respective attendance at the Audit Committee meetings held during the financial year are as follows:

Member	Total Meeting Attended	Percentage (%)
Chan Peng Chiw (MIA 451) - Chairman *Senior Independent Non-Executive Director*	5/5	100
Nor Hishammuddin bin Dato' Mohd Nordin - Member *Independent Non-Executive Director*	5/5	100
Datuk Johari Bin Abdul Ghani - Member *Managing Director*	5/5	100

2. TERMS OF REFERENCE

2.1 Composition

The Audit Committee shall be appointed by the Board from amongst its directors and shall consist of not less than three (3) in numbers of whom a majority shall be independent directors. No alternate director is appointed as a member of the Committee and at least one (1) member of the Committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:

(i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in the committee resulting in the non-compliance of the above stated condition, the Company shall fill the vacancy within three (3) months. The Board of the Company shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

2.2 Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:

(a) have authority to investigate any matters within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information, records, properties and personnel of the Company and of the Group;

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activities;

(e) be able to convene meeting with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary; and

(f) be able to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend the Committee's meetings when considered necessary.

2.3 Meetings

(a) the Committee shall hold a minimum of at least four (4) meetings in a financial year and such additional meetings as the Chairman shall decide in order to fulfil its duties;

(b) the meeting shall be chaired by the Chairman or in his absence, another member who is an Independent Director nominated by the Committee. The quorum of the meeting shall consist of at least two (2) members, the majority of whom shall be Independent Directors. The Chairman also has the discretion to call for additional meetings as warranted:

(i) the Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting;

(ii) the Company Secretary of the Committee shall be entrusted to record all proceeding and minutes of all meetings of the Committee;

(iii) the external auditors shall be invited to attend the meeting to discuss the annual financial statement and their audit findings;

(iv) the Committee to convene meetings with external auditors without the presence of the executive directors, whenever deemed necessary;

(v) the internal auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters and the recommendations relating thereto and to follow up on relevant decisions made; and

(c) the Committee may invite any Board member or any member of the senior management or any relevant employees within the Company or the Group who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matter raised in audit report.

2.3.1 Minutes

(a) The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the Meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

(b) Minutes of the Committee's meetings will be made available to all Board members. A summary of significant matters and resolutions will be reported to the Board by the Chairman of the Committee.

The Audit Committee meetings agenda are prepared and distributed to all members in advance with sufficient documentation to enable them to read ahead of the Meeting. The Financial Controller, Internal Auditor and External Auditors are also invited at appropriate times to attend the Audit Committee meeting to brief on their respective reports and findings.

The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office of the Company, and shall be opened to the inspection of any member of the Committee and the Board.

2.4 Functions and Responsibilities

The functions and responsibilities of the Audit Committee shall include the following:

(a) to review with the external auditors:

(i) their audit plan, their evaluation of the system of internal controls and their audit report;

(ii) the assistance given by employees of the Company to them;

(b) to make recommendations concerning the appointment of external auditors and their remuneration to the Board;

(c) to review and consider the adequacy of scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(d) to review the financial condition of the Group, its internal control and audit programme, the performance and findings of internal audit staff and to recommend action to be taken thereon by management and whether or not appropriate action is taken on the recommendations of the internal audit function;

(e) to review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

(i) changes in or implementation of major accounting policy changes;

(ii) significant and unusual events; and

(iii) compliance with Financial Reporting Standards in Malaysia and other legal requirements.

(f) to review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(g) to review and report the same to the Board any letter of resignation from the external auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

(h) such other functions as may be agreed to by the Committee and the Board.

The reports of the Committee and the external and internal auditors and corrective actions taken shall be tabled for discussion by the Board.

3. ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee convened five (5) meetings during the financial year. The main activities undertaken by the Audit Committee during the financial year under review are set out below:

(a) Reviewed the quarterly financial and operational reports, interim financial results and Annual Audited Financial Statements prior to submission to the Board of Directors for consideration and approval.

(b) Prior to the commencement of the audit of the Group's financial statement, the Audit Committee reviewed and approved the external auditor's scope of work and audit plan.

(c) Reviewed with the external auditors the approved Financial Reporting Standards in Malaysia applicable to the financial statements of the Company and the Group.

(d) Reviewed the results of the Annual Audit and the Auditors' Report.

(e) Reviewed the internal audit reports and considered the major findings and management's responses thereto.

(f) Reviewed and monitored the recurrent related party transactions of a revenue or trading in nature entered into by the Group.

4. INTERNAL AUDIT FUNCTION

The Internal Audit acts independently on the activities and operations of other operating units. Their principal role is to undertake independent, regular and systematic reviews of the internal control system so as to provide reasonable assurance that the systems continue to operate satisfactorily and effectively.

During the financial year, internal auditors reviewed and assessed the operational procedures and effectiveness of internal control on all the strategic business units (SBU) of the Group. Compliance tests had also been conducted to ascertain the extent of compliance with control procedures and guidelines.

The Internal Audit Department undertakes internal audit function based on the internal audit plan. Other than the scheduled reviews, the Internal Auditors undertake special review or ad hoc assignment as and when required to do so by the Management and Audit Committee.

The Internal Audit Reports which incorporates the audit findings, recommendations and Management's response were presented to the Audit Committee and Board for further deliberation.

During the internal audit process, there were no material internal control failures or significant issues discovered during the financial year.

Statement on Internal Control

INTRODUCTION

This Statement on Internal Control is made in accordance with the Malaysian Code on Corporate Governance and paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad, which requires public listed companies to make a statement about their state of internal control, as a group, in their annual report.

THE BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility to maintain a sound system of internal controls and effective risk management practices in the Group to safeguard shareholders' investment and the Group's assets. The Board ensures continuously the adequacy and integrity of the overall internal control system for the Group. The Board also recognizes that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives of the Group. In this regard, internal control can only provide reasonable assurance but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

The Group established a formal risk management framework in year 2004 which enabled the management and the Board to share a common model in the effective communication and evaluation of all principal risks and control. The process involved Management's identification of risks, the assessment of risks and controls and the formulation of appropriate action plans. These are then submitted for the Board's review and approval.

INTERNAL AUDIT FUNCTION

The Group has an internal audit function whose primary responsibilities is to assure the Board, through the Audit Committee, that the internal control systems function as intended. In providing this assurance, the Internal Audit Department carries out regular audit activities in accordance with its annual audit plan to review the adequacy and integrity of internal control system and thereafter a report of the shortcomings together with the appropriate recommendations are made to the Head of respective SBU. The Head of respective SBU shall respond to the findings and recommendations and a follow-up audit shall be subsequently carried out to ensure that the Management's agreed action plans are implemented on a timely basis.

The Audit Committee, on behalf of the Board, reviews and holds discussion with Management to deliberate on action plans addressing the internal control issues as identified by the Internal Auditor, the External Auditors and Management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The Board provides the following guidelines to ensure success of business objectives:

- The Group has in place an organization structure with key responsibilities clearly defined for the Board, committees of the board and the executive management of the Group's operating units.
- Authorization limits are established within the Group to provide a functional framework of authority in approving revenue and capital expenditures.
- Each operation unit is to provide to the Board for approval a comprehensive annual budget.
- The results of each operation business units are reported monthly and variances are analyzed against budget and acted on in a timely manner. Budgets are revised on a semi-annual basis, if necessary, after taking into account any significant changes to business risks.

- The Managing Director conducts monthly meetings with management of all SBU within the Group. From these monthly management meetings, the Managing Director would identify area of significant risk and if necessary, request the internal audit function to review the financial and operational risks of the business unit concerned.

- The Board receives and reviews quarterly reports on the Group's business operations.

- Policies and procedures regulating financial and operating activities are clearly documented in a manual. The manual is subject to regular reviews and updates to reflect the changing business risks and to resolve operational deficiencies, if any.

CONCLUSION

The Board is of the opinion that the system of internal control, which is reviewed on an ongoing basis, is adequate for the Group to manage its risk and to achieve its business objectives.

Directors' Responsibility Statement

The Board of Directors is required under Paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining their responsibilities in the preparation of the annual financial statements.

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year in accordance with applicable approved Financial Reporting Standards in Malaysia which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the results and cash flows of the Company and of the Group for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2007, the Directors have:

i) used appropriate accounting policies and applied them consistently;

ii) made judgements and estimates that are reasonable and prudent;

iii) ensured that all applicable approved Financial Reporting Standards in Malaysia have been followed; and

iv) prepared financial statements on a going concern basis as the Directors have reasonable expectation, having made enquiries that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors took steps to ensure that the Company and the Group keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group, to prevent and to detect fraud and other irregularities.

FINANCIAL STATEMENTS

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of the quarries division as disclosed in Note 29 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year from continuing operations	14,080	(6,683)
Loss for the financial year from discontinued operation	(6,230)	-
Net profit/(loss) for the financial year	7,850	(6,683)
Attributable to:		
Equity holders of the Company	7,868	(6,683)
Minority interest	(18)	-
	7,850	(6,683)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors also do not recommend any dividend in respect of the financial year ended 30 June 2007.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

WARRANTS

A total of 57,377,835 warrants were issued by the Company in conjunction with the Renounceable Rights Issue. Each warrant is convertible into one new ordinary share of RM1.00 each at the exercise price of RM1.08 per share. The warrants are valid for a period of five years and shall expire on 23 June 2009. As at the date of the Report, none of the warrants has been exercised.

DIRECTORS

The Directors who held office since the date of the last report are:

Dato' Seri Abdul Ghani Bin Abdul Aziz
Datuk Johari Bin Abdul Ghani
Nor Hishammuddin Bin Dato' Mohd Nordin
Chan Peng Chiw
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee
Dato' Azmeer Bin Rashid
Datin Mariam Prudence Binti Yusof

DIRECTORS' INTERESTS

Except as stated below, no other Directors holding office at the end of the financial year had any beneficial interests in the ordinary shares and/or warrants of the Company and its related corporations during the financial year ended 30 June 2007, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965:

	--- Number of ordinary shares of RM1.00 each ---			
Shares in the Company	Balance as at 1.7.2006	Bought	Sold	Balance as at 30.6.2007
Direct interest				
Datuk Johari Bin Abdul Ghani	30,000,000	-	-	30,000,000
Dato' Seri Abdul Ghani Bin Abdul Aziz	60,000	-	-	60,000
Indirect interest				
Datin Mariam Prudence Binti Yusof	26,228,300	47,200	-	26,275,500

	---------------- Number of Warrants 2004/2009 ---------------				
Warrants in the Company	Balance as at 1.7.2006	Bought	Sold	Exercised	Balance as at 30.6.2007
Direct interest					
Datuk Johari Bin Abdul Ghani	13,000,000	-	-	-	13,000,000
Indirect interest					
Datin Mariam Prudence Binti Yusof	11,077,000	35,000	-	-	11,112,000

By virtue of their interest in the shares of the Company, Datuk Johari Bin Abdul Ghani and Datin Mariam Prudence Binti Yusof are also deemed to be interested in the shares of the subsidiaries of the Company to the extent of the Company's interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which he has a substantial financial interest except for certain Directors of the Company who may be deemed to derive benefits by virtue of the transactions as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the Warrants 2004/2009 issued.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) As at the end of the financial year

(a) Before the income statements and balance sheets 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 the making of provision for doubtful debts and have 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 book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) From the end of the financial year to the date of this report

(c) The Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) 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) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd):

(III) As at the date of this report

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In addition to the significant events disclosed elsewhere in the Report, other significant events are disclosed in Note 9(a), 29 and 36 to the financial statements.

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

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

....

Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

....

Datuk Johari Bin Abdul Ghani
Director

Kuala Lumpur
19 September 2007

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 32 to 91 have been drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:

(i) the state of affairs of the Group and of the Company as at 30 June 2007 and of their results for the financial year then ended; and

(ii) the cash flows of the Group and of the Company for the financial year ended 30 June 2007.

On behalf of the Board,

....
Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

....
Datuk Johari Bin Abdul Ghani
Director

Kuala Lumpur
19 September 2007

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Datuk Johari Bin Abdul Ghani, being the Director primarily responsible for the financial management of C.I. Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 91 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly	)	
declared by the abovenamed at	)	
Kuala Lumpur this	)	
19 September 2007	)	**Datuk Johari Bin Abdul Ghani**

Before me:

TEONG KIAN MENG (W147)
Commissioner for Oaths

Report of the Auditors

to the Members of C.I. Holdings Berhad

We have audited the financial statements set out on pages 32 to 91.

These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. 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 applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

   (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

   (ii) the state of affairs of the Group and of the Company as at 30 June 2007 and of their results and cash flows for the financial year then ended;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

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

Our reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

BDO Binder
AF: 0206
Chartered Accountants

Ng Chee Hoong
2278/10/08 (J)
Partner

Kuala Lumpur
19 September 2007

Balance Sheets

as at 30 June 2007

	NOTE	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	67,929	72,587	24	22
Investment properties	7	6,803	6,425	–	–
Intangible assets	8	47,548	52,748	–	–
Investments in subsidiaries	9	–	–	90,907	62,354
Other investments	10	21	21	15	15
Deferred tax assets	11	3,123	4,424	–	–
		125,424	136,205	90,946	62,391
CURRENT ASSETS					
Inventories	12	19,429	18,626	–	–
Trade and other receivables	13	69,977	53,156	12	86
Amounts owing by subsidiaries	14	–	–	5,805	39,839
Tax recoverable		122	3,849	8	287
Fixed deposits with licensed banks	15	12	986	–	–
Cash and bank balances		8,681	7,977	6	19
		98,221	84,594	5,831	40,231
Non-current assets held for sale	29	2,000	–	–	–
		100,221	84,594	5,831	40,231
TOTAL ASSETS		225,645	220,799	96,777	102,622
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	129,607	129,607	129,607	129,607
Share premium		1,156	1,156	1,156	1,156
Reserve on consolidation		–	55,458	–	–
Special reserve	17	10,622	10,622	10,622	10,622
Accumulated losses		(51,687)	(115,391)	(72,039)	(65,356)
		89,698	81,452	69,346	76,029
Minority interest		1,062	1,080	–	–
TOTAL EQUITY		90,760	82,532	69,346	76,029

as at 30 June 2007 (cont'd)

	NOTE	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
NON-CURRENT LIABILITIES					
Borrowings	18	17,083	11,493	-	-
Retirement benefit obligations	22	2,732	2,435	-	-
Deferred tax liabilities	11	1,558	5,586	-	-
		21,373	19,514	-	-
CURRENT LIABILITIES					
Trade and other payables	23	54,136	44,823	3,755	7,721
Provisions	24	1,973	3,969	-	-
Amounts owing to subsidiaries	14	-	-	22,824	18,197
Borrowings	18	56,892	69,699	852	675
Tax liabilities		511	262	-	-
		113,512	118,753	27,431	26,593
TOTAL LIABILITIES		134,885	138,267	27,431	26,593
TOTAL EQUITY AND LIABILITIES		225,645	220,799	96,777	102,622

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

Income Statements

for the financial year ended 30 June 2007

	NOTE	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
CONTINUING OPERATIONS					
Revenue	25	265,775	220,636	1,765	1,690
Cost of sales		(170,299)	(154,784)	–	-
Gross profit		95,476	65,852	1,765	1,690
Other operating income		10,188	20,177	214	10,469
Selling and distribution costs		(54,338)	(47,317)	–	-
Administration expenses		(27,227)	(37,197)	(1,859)	(1,639)
Other operating expenses		(5,380)	(411)	(6,745)	(1,533)
Finance costs		(5,182)	(5,274)	(58)	(44)
Profit/(Loss) before tax	26	13,537	(4,170)	(6,683)	8,943
Tax income	28	543	782	–	-
Profit/(Loss) for the financial year from continuing operations		14,080	(3,388)	(6,683)	8,943
DISCONTINUED OPERATION					
Loss for the financial year	29	(6,230)	(350)	–	-
Profit/(Loss) for the financial year		7,850	(3,738)	(6,683)	8,943
Attributable to:					
Equity holders of the Company		7,868	(3,764)	(6,683)	8,943
Minority interest		(18)	26	–	-
		7,850	(3,738)	(6,683)	8,943
Basic earnings per ordinary share attributable to equity holders of the Company (sen):					
Profit/(Loss) from continuing operations	30	10.9	(2.6)		
Loss from discontinued operation	30	(4.8)	(0.3)		
Profit/(Loss) for the financial year	30	6.1	(2.9)		

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

Statements of Changes in Equity

for the financial year ended 30 June 2007

<---------- Attributable to equity holders of the Company ---------->

<------ Non-distributable ------> Distributable

Group	Share capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Special reserve RM'000	Accumulated losses RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 30 June 2005	129,607	1,156	55,458	10,622	(111,627)	85,216	1,054	86,270
Loss for the financial year, representing total recognised income and expense for the financial year	-	-	-	-	(3,764)	(3,764)	26	(3,738)
As at 30 June 2006	129,607	1,156	55,458	10,622	(115,391)	81,452	1,080	82,532
Effect of adopting FRS 3 (Note 3.1(b)(ii))	-	-	(55,458)	-	55,458	-	-	-
Effect of adopting FRS 140 (Note 3.1(d))	-	-	-	-	378	378	-	378
	129,607	1,156	-	10,622	(59,555)	81,830	1,080	82,910
Profit for the financial year, representing total recognised income and expense for the financial year	-	-	-	-	7,868	7,868	(18)	7,850
At 30 June 2007	**129,607**	**1,156**	**-**	**10,622**	**(51,687)**	**89,698**	**1,062**	**90,760**

Company	Share capital RM'000	Share premium RM'000	Special reserve RM'000	Accumulated losses RM'000	Total RM'000
		Non-distributable		Distributable	
At 30 June 2005	129,607	1,156	10,622	(74,299)	67,086
Profit for the financial year, representing total recognised income and expense for the financial year	-	-	-	8,943	8,943
At 30 June 2006	129,607	1,156	10,622	(65,356)	76,029
Loss for the financial year, representing total recognised income and expense for the financial year	-	-	-	(6,683)	(6,683)
At 30 June 2007	**129,607**	**1,156**	**10,622**	**(72,039)**	**69,346**

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

Cash Flow Statements

for the financial year ended 30 June 2007

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax				
- Continuing operations	13,537	(4,170)	(6,683)	8,943
- Discontinued operation (Note 29)	(6,846)	(661)	–	–
	6,691	(4,831)	(6,683)	8,943
Adjustments for:				
Allowance for doubtful debts	88	6,887	6	–
Allowance for doubtful debts no longer required	(453)	(412)	–	(7,842)
Amortisation of intellectual property	320	320	–	–
Bad debts written off	–	41	–	–
Compensation on legal settlement	(8,000)	–	–	–
Depreciation of property, plant and equipment	9,874	11,420	10	15
Deposits written off	–	77	–	–
Gain on disposal of subsidiaries	(5,795)	–	–	–
Impairment loss on investments in subsidiaries	–	–	6,739	1,533
Impairment loss on property, plant and equipment	13,055	411	–	–
Intellectual property written off	4,880	–	–	–
Interest expense	4,721	5,080	58	44
Inventories written down	–	267	–	–
Inventories written off	7,548	5,779	–	–
Property, plant and equipment written off	23	6,047	–	6
Provision for retirement benefits (Note 22)	378	228	–	–
Provisions for other liabilities (Note 24)	573	1,636	–	–
Provision for other liabilities no longer required (Note 24)	(954)	–	–	–
Share of profit margin on Islamic term borrowings	515	262	–	–
Over accrual of:				
- consultancy fees	(150)	–	(150)	–
- legal fees	–	(383)	–	(192)
- stamping fees	–	(363)	–	(363)
Waiver of debts	(6)	(39)	(6)	–
Tribute in advance written off	926	–	–	–
Write back of interest on advances from a third party	–	(8,000)	–	–
Write back of a debt assigned by a former subsidiary in prior year	–	(1,958)	–	(1,958)
Gain on disposal of property, plant and equipment	(25)	(7,864)	–	(26)
Interest income	(322)	(90)	(58)	(44)
Unrealised gain on foreign exchange	(15)	(76)	–	–
Operating profit/(loss) before working capital changes	33,872	14,439	(84)	116
(Increase)/Decrease in inventories	(8,635)	1,449	–	–
(Increase)/Decrease in trade and other receivables	(7,693)	4,862	74	(22)
Increase/(Decrease) in trade and other payables	10,710	594	(91)	(182)
Cash generated from/(used in) operations	28,254	21,344	(101)	(88)

for the financial year ended 30 June 2007 (cont'd)

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Tax paid	(1,410)	(1,646)	279	-
Tax refund	3,581	-	-	-
Compensation on legal settlement received	4,000	-	-	-
Interest paid	(3,598)	(3,776)	-	-
Retirement benefits paid (Note 22)	(81)	(116)	-	-
Settlement of provisions for other liabilities (Note 24)	(1,436)	-	-	-
Net cash from/(used in) operating activities	29,310	15,806	178	(88)
CASH FLOWS FROM INVESTING ACTIVITIES				
(Advances to)/Repayment from subsidiaries	-	-	(1,264)	2,522
Interest received	322	90	-	1
Proceeds from disposal of property, plant and equipment	157	22,509	-	1
Purchase of property, plant and equipment (Note 6(c))	(9,933)	(7,144)	(12)	(6)
Placement of fixed deposits pledged to licensed banks	-	(642)	-	-
Uplift of fixed deposits pledged to licensed banks	621	468	-	-
Disposal of subsidiaries, net of cash (Note 9(b))	(6)	-	-	-
Net cash (used in)/from investing activities	(8,839)	15,281	(1,276)	2,518
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from/(Repayment to) subsidiaries	-	-	908	(3,627)
Repayment of hire-purchase and lease creditors	(3,981)	(4,159)	-	(3)
Repayment of borrowings	(37,365)	(15,745)	-	-
Drawdown of borrowings	25,663	1,247	-	-
Share of profit on Islamic term borrowings paid	(515)	(262)	-	-
Interest paid	(1,123)	(1,304)	-	-
Net cash (used in)/from financing activities	(17,321)	(20,223)	908	(3,630)
Net Increase/(Decrease) in Cash and Cash Equivalents	3,150	10,864	(190)	(1,200)
Cash and Cash Equivalents at Beginning of Financial Year	3,591	(7,273)	(656)	544
Cash and Cash Equivalents at End of Financial Year (Note 31)	6,741	3,591	(846)	(656)

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

30 June 2007

1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company are located at Level 10, Menara Yayasan Tun Razak, No. 200, Jalan Bukit Bintang, 55100 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the discontinuance of the quarries division as disclosed in Note 29 to the financial statements.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1 Adoption of new or revised Financial Reporting Standards ("FRS")

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved FRS in Malaysia and the provisions of the Companies Act, 1965.

The accounting policies adopted by the Group and the Company are consistent with those used in the previous financial year except for the adoption of all the following new or revised FRS that are relevant to the Group's and the Company's activities and effective for the financial year beginning 1 July 2006:

FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRS does not have any significant financial impact on the Group and the Company except for the following:

(a) FRS 101 Presentation of Financial Statements

(i) Disclosure and presentation of minority interest

FRS 101 requires disclosure, on the face of the consolidated income statement and statement of changes in equity, an allocation of an entity's profit or loss for the period attributable to minority interest and the equity holder of the Company. FRS 101 also requires minority interest to be presented within total equity on consolidated balance sheet at the balance sheet date.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

3.1 Adoption of new or revised Financial Reporting Standards ("FRS") (cont'd)

(a) FRS 101 Presentation of Financial Statements (cont'd)

(ii) Disclosure of judgements and estimates

FRS 101 requires disclosures of judgements made by management in the process of applying the Group's accounting policies that has the most significant effect in the amounts recognised in the financial statements and the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. These disclosures are made in Note 5.

(b) FRS 3 Business Combinations

(i) Goodwill on consolidation

Upon adoption of FRS 3 and FRS 136, the carrying amount of goodwill on consolidation is tested for impairment annually or more frequently if events or changes in the circumstances indicate it might be impaired.

(ii) Reserve on consolidation or excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

FRS 3 requires that, after reassessment, any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination should be recognised immediately in the profit or loss. Prior to 1 July 2006, reserve on consolidation was presented as separate item in equity. In accordance with transitional provisions of FRS 3, reserve on consolidation as at 1 July 2006 of RM55,458,000 is derecognised with a corresponding decrease in the accumulated losses.

(c) FRS 5 Non-current Assets and Discontinued Operations

In previous financial year, non-current assets (or disposal groups) held for sale were neither classified as current assets nor liabilities. There were no differences in the measurement of non-current assets (or disposal groups) held for sale and those for continuing use. Upon the adoption of FRS 5, non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included with disposal groups) and are stated at the lower of carrying amount and fair value less costs to sell. Following their reclassification as held for sale, non-current assets are not depreciated.

(d) FRS 140 Investment Property

The Group has reclassified certain properties which are held to earn rentals or for capital appreciation previously accounted for as property, plant and equipment using the cost method as allowed by International Accounting Standard 25: Accounting for Investment, to investment properties. As a result of adopting FRS 140, investment properties, which include leasehold land and buildings, are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the period in which they arise.

In accordance with the transitional provisions of FRS 140, the relevant opening balances have been adjusted to reflect the fair value of the investment properties as at 1 July 2006. As permitted by the transitional provisions, the comparative as at 30 June 2006 is not restated.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

3.1 Adoption of new or revised Financial Reporting Standards ("FRS") (cont'd)

(d) FRS 140 Investment Property (cont'd)

The change in accounting policy has the following impact on the financial statements:

	As at 1 July 2006 RM
Increase in investment properties	378
Decrease in accumulated losses	378

3.2 Summary of effects of adopting new and revised FRS on the current financial year's financial statements

The following tables provide estimates of the extend to which each of the line items in the balance sheets and income statements for the financial year ended 30 June 2007 is higher or lower than it would have been had the previous policies been applied in the current financial year.

(i) Effects on the balance sheets as at 30 June 2007

	Increase/(Decrease)			
Description of change	FRS 3 Note 3.1(b)(ii) RM'000	FRS 5 Note 3.1(c) RM'000	FRS 140 Note 3.1(d) RM'000	Total RM'000
Group				
Property, plant and equipment	-	(2,000)	(6,395)	(8,395)
Investment properties	-	-	6,803	6,803
Non-current asset held for sale	-	2,000	-	2,000
Reserve on consolidation	(55,458)	-	-	(55,458)
Accumulated losses	(55,458)	-	(408)	(55,866)

(ii) Effects on the income statements for the financial year ended 30 June 2007

Description of change	Increase/(Decrease) FRS 140 Note 3.1(d) RM'000
Group	
Administration expenses	(30)
Profit before tax	30
Profit for the financial year	30
Basic earnings per ordinary share attributable to equity holders of the Company (sen):	
Profit from continuing operations	0.1

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

3.3 New or revised FRS not adopted

The Group has not adopted the following new or revised FRS that have been issued as at the date of the authorisation of these financial statements which are not yet effective but relevant to the Group:

FRS 107 Cash Flow Statements
FRS 112 Income Taxes
FRS 117 Leases
FRS 118 Revenue
FRS 119 Employee Benefits
FRS 124 Related Party Transactions
FRS 134 Interim Financial Reporting
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The Directors do not anticipate that the application of these standards when they are effective will have a material impact on the results and the financial position of the Group and therefore, the impact on its financial statements upon first adoption of these standards as required by the paragraph 30(b) of FRS 108 is not disclosed.

In addition to the above FRS, the Group has also not adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 which the effective date is deferred to a date to be announced by the MASB. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standards as required by the paragraph 30(b) of FRS 108 is not disclosed.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention as modified by the revaluation of certain land and building unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with the applicable approved FRS in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method, the cost of business combination is measured as the aggregate fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the Group will:

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill, is recognised in the consolidated income statement.

Intra-group 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 but considered an impairment indicator of the asset.

Minority interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since then.

4.3 Property, plant and equipment and depreciation

The gross carrying amounts of property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The cost also comprises the initial estimate of dismantling and removing the item and restoring the site on which is located for which the Group and the Company is obliged to incur when the item is acquired. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Construction in-progress represents factory building under construction and plant and machinery under installation. Construction and renovation in-progress, plant and machinery under construction and freehold land are not depreciated. Leasehold land is amortised in equal instalments over period of the respective leases ranging from 50 to 99 years. Quarry improvements are written off over a period of two years. Depreciation of other property, plant and equipment is calculated to write off the cost of the assets on a straight line basis over their expected useful lives. The principal annual depreciation rates used are as follows:

Buildings	2%
Renovations	15%
Plant and machinery	5% - 15%
Office equipment, furniture and fittings	15% - 25%
Motor vehicles	20% - 25%
Access road	10% - 20%
Bottles and cases	20%

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Property, plant and equipment and depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

4.4 Impairment of non-financial assets

Goodwill on consolidation is tested for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The carrying amounts of the Group's non-financial assets, other than deferred tax assets, non-current assets held for sale and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If the recoverable amount of cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the cash-generating unit is reduced to its recoverable amount.

The impairment loss is recognised in the income statement immediately. Except for goodwill, an impairment loss is reversed and recognised as income immediately in the income statement if there has been a change in estimates used to determine the recoverable amount. An impairment loss is only reversed to the extend that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

4.5 Investments

4.5.1 Subsidiaries

A subsidiary is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiaries which are eliminated on consolidation are stated at cost less impairment losses, if any.

4.5.2 Other investments

Investment in club memberships held as long term investment is stated at cost unless in the opinion of the Directors there is a decline other than temporary in the value of such investments. Such decline is recognised as an expense in the period in which the decline is identified.

4.6 Intangible assets

4.6.1 Intellectual property

Expenditure on acquired intellectual property is capitalised and amortised using the straight line basis over their estimated useful lives but not exceeding 20 years, whichever is shorter. The carrying amount of intellectual property is reviewed annually and adjusted for any impairment in value where it is considered necessary.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 Intangible assets (cont'd)

4.6.2 Goodwill on consolidation

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.7 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and relevant experience.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow moving inventories.

Cost of raw materials is determined on a first-in, first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress includes the cost of raw materials, direct labour and a proportion of manufacturing overheads.

4.9 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

Income tax is measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

4.9.1 Current tax expense

Current tax expense is based on taxable profits. Current tax expense also includes withholding taxes and real property gains taxes payable on disposal of properties prior to 1 April 2007, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Income tax (cont'd)

4.9.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

Deferred tax is not recognised if the temporary differences arise from goodwill or the amount of any excess over the cost of the combination of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities; or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to the same taxation authority.

4.10 Hire-purchase and lease agreements

4.10.1 Hire-purchase and finance leases

Assets acquired under hire-purchase and lease arrangements which transfer substantially all the risks and rewards of ownership to the Group and the Company are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. Any initial direct costs incurred are added to the amount recognised as an asset. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are charged to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire-purchase and lease liabilities.

4.10.2 Operating leases

Leases other than finance leases are classified as operating leases. Lease payments under operating leases are recognised as an expense in the income statements on a straight line basis over the lease period.

4.11 Foreign currency transactions and translation

A foreign currency transaction is recorded, on initial recognition in the functional currencies, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transactions.

At each balance sheet date, foreign currency monetary items are translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Foreign currency transactions and translation (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial year are recognised in profit or loss in the period in which they arise.

4.12 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.13 Non-current assets held for sale and discontinued operation

Non-current assets are classified if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. In addition, the assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets.

Immediately before initial classification as held for sale, the carrying amounts of the non-current assets are measured in accordance with applicable FRS. Then, on initial classification as held for sale, assets (other than inventories, investment properties, deferred tax assets and financial assets) are measured at the lower of carrying amount immediately prior to being classified as held for sale and fair value less costs to sell. Any differences are included in profit or loss. Following their reclassification as held for sale, non-current assets are not depreciated.

4.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

4.14.1 Sale of goods

Revenue relating to sale of goods is recognised upon the delivery of products and customer acceptance, net of sale taxes and discounts, and after eliminating sales within the Group.

4.14.2 Dividend income

Dividend income is recognised when the rights to receive the dividend payment are established.

4.14.3 Management and other fees

Management and other fees arising from services rendered are recognised as and when the services are performed.

4.14.4 Tributes receivable

Tributes are recognised on an accrual basis in accordance with the terms of agreement.

4.14.5 Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and at the effective interest rate over the period to maturity.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 Employee benefits

4.15.1 Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

4.15.2 Defined contribution plan

The Group and the Company make contributions to a statutory provident fund and recognise the contributions payable:

(i) after deducting contributions already paid as a liability; and

(ii) as an expense in the financial year in which the employees render their services.

4.15.3 Defined benefit plan

The amount recognised as a liability in respect of a defined benefit plan is the present value of the defined benefit obligations at the balance sheet date adjusted for unrecognised actuarial gains and losses and unrecognised past service cost.

The Group determines the present value of the defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

The present value of the defined benefit obligations and the related current service cost and past service cost is determined using the projected unit credit method. The rate used to discount the obligations is based on market yields at balance sheet date of government securities which have currency and terms consistent with the currency and estimated terms of the obligations.

Actuarial gains and losses may result from changes in the present value of the defined benefit obligations. They are recognised as income or expense over the expected average remaining working lives of the employees participating in that plan when the net cumulative unrecognised actuarial gains or losses exceed the 10% of the present value of the defined benefit obligations at that date.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resource will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 Contingent liabilities and contingent assets (cont'd)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

4.17 Financial instruments

4.17.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheets when the Group and the Company have 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 recognised directly in equity. Financial instruments are offset when the Company 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) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period when the shareholder's right to receive payment is established.

(ii) Receivables

Receivables are carried at anticipated receivable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection. In addition, a general allowance based on a review of average recoverability/risk profile is made to cover possible losses which are not specifically identified.

(iii) Payables

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

(iv) Borrowings

Interest bearing borrowings are recorded at the amount of proceeds received, net of transaction cost.

(v) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments that are readily convertible to cash and which are subject to insignificant risk of changes in value.

(vi) Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheets are disclosed in the individual policy associated with each item.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.17 Financial instruments (cont'd)

4.17.2 Financial instruments not recognised on the balance sheets

Foreign currency forward contracts

Foreign currency forward contracts are used to hedge foreign exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

All other gains or losses relating to hedged instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Critical judgements made in applying accounting policies

In determining and applying the accounting policies, judgement is often required in respect of items where choice of specific policy could materially affect the reported results and financial position of the Group and the Company. The following accounting policies require subjective judgement, often as a result of the need to make estimates about the effect of the matters that are inherently uncertain.

(i) Operating lease

The Company and its subsidiary ("the Group") had entered into a conditional Sale and Purchases Agreement for the sale of two plots of leasehold land together with the buildings erected thereon with Amanah Raya Berhad. Subsequently, the properties were lease backed by the Group from Amanah Raya Berhad for a lease period of ten (10) years commencing from June 2006 with the option to buy back the properties at the end of the primary lease term period. The Directors are of the opinion that the lease arrangement should be treated as operating lease as presently the management has no intention to buy back the properties at the end of the primary lease term and the lease term does not constitute major part of the economic life of the properties.

(ii) Recognition of the compensation from the legal settlement

In 2005, a wholly-owned subsidiary has commenced arbitration proceedings against Konsortium Logistik Berhad ("KLB") to claim for inventory losses amounting to a sum of RM22.71 million. During the financial year, the subsidiary and KLB have agreed to withdraw all claims made to other and the subsidiary agreed to accept a total of RM8.0 million as a full settlement by way of instalments. The management has recognised the entire compensation received and receivable of RM8.0 million in the income statement during the current financial year as the management is confident of the full collection of the agreed settlement. As at the date of this Report, KLB has remitted the agreed payment on schedule and based on the current financial position of KLB, nothing has come to the management's attention that KLB is not able to settle the remaining balance.

The details of the arbitration are disclosed in the Note 39(f).

5.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

5.2 Key sources of estimation uncertainty (cont'd)

(i) Impairment test on the investments in subsidiaries

The Directors review the material investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the value in use for operating subsidiaries and net assets as at balance sheet date for investment holding or inactive subsidiaries.

(ii) Impairment test on the goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill on consolidation is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 8.

(iii) Income taxes

Significant judgement is required in determining the capital allowances, reinvestment allowance and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iv) Depreciation of property, plant and equipment

The depreciable costs of assets are allocated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 4 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets.

6. PROPERTY, PLANT AND EQUIPMENT

Group 2007	Balance as at 1 July 2006 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Impairment loss for the financial year RM'000	Disposal of subsidiaries RM'000	Written off RM'000	Transfer to non-current asset held for sale RM'000	Balance as at 30 June 2007 RM'000
Carrying amount									
Short term leasehold land	818	-	-	(34)	-	-	-	-	784
Freehold land	17,205	-	-	-	(13,055)	(57)	-	(2,000)	2,093
Long term leasehold land	708	-	-	(10)	-	(377)	-	-	321
Buildings	3,829	12	-	(124)	-	-	-	-	3,717
Leasehold land and buildings	1,987	-	-	(14)	-	-	-	-	1,973
Bottle and cases	282	-	-	(282)	-	-	-	-	-
Plant and machinery	42,319	8,058	(43)	(7,625)	-	(350)	-	-	42,359
Office furniture and equipment	4,031	737	(21)	(1,415)	-	(43)	-	-	3,289
Renovation	146	116	-	(10)	-	(143)	-	-	109
Motor vehicles	1,262	-	(68)	(360)	-	-	(23)	-	811
Construction in-progress	-	12,447	-	-	-	-	-	-	12,447
Renovation in-progress	-	26	-	-	-	-	-	-	26
	72,587	21,396	(132)	(9,874)	(13,055)	(970)	(23)	(2,000)	67,929

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2007	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Short term leasehold land	1,691	907	-	784
Freehold land	2,593	-	500	2,093
Long term leasehold land	457	136	-	321
Buildings	5,417	1,700	-	3,717
Leasehold land and buildings	2,273	300	-	1,973
Bottle and cases	370	370	-	-
Plant and machinery	126,387	84,028	-	42,359
Office furniture and equipment	9,695	6,406	-	3,289
Renovation	117	8	-	109
Motor vehicles	3,176	2,365	-	811
Construction in-progress	12,447	-	-	12,447
Renovation in-progress	26	-	-	26
	164,649	96,220	500	67,929

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2006	Balance as at 1 July 2005 RM'000	Additions RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Impairment loss for the financial year RM'000	Reclassification to investment properties (Note 7) RM'000	Reclassification RM'000	Balance as at 30 June 2006 RM'000
Carrying amount									
Short term leasehold land	852	-	(34)	-	-	-	-	-	818
Freehold land	22,839	-	-	-	-	(411)	(5,223)	-	17,205
Long term leasehold land	1,641	-	(34)	-	-	-	(899)	-	708
Buildings	4,284	26	(481)	-	-	-	-	-	3,829
Leasehold land and buildings	16,405	-	(51)	(14,064)	-	-	(303)	-	1,987
Bottle and cases	6,404	-	(88)	-	(6,034)	-	-	-	282
Plant and machinery	40,560	6,156	(8,333)	(237)	-	-	-	4,173	42,319
Plant and machinery under construction	1,197	-	-	-	-	-	-	(1,197)	-
Office furniture and equipment	3,236	2,361	(1,324)	(1)	(13)	-	-	(228)	4,031
Renovation	60	282	(110)	(314)	-	-	-	228	146
Motor vehicles	5,681	1,139	(965)	(1,617)	-	-	-	(2,976)	1,262
Access road	-	-	-	-	-	-	-	-	-
Quarry improvements	-	-	-	-	-	-	-	-	-
	103,159	9,964	(11,420)	(16,233)	(6,047)	(411)	(6,425)	-	72,587

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2006	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Short term leasehold land	1,691	873	-	818
Freehold land	28,900	-	11,695	17,205
Long term leasehold land	907	199	-	708
Buildings	5,480	1,651	-	3,829
Leasehold land and buildings	2,200	213	-	1,987
Bottle and cases	370	88	-	282
Plant and machinery	119,223	76,904	-	42,319
Office furniture and equipment	9,091	5,060	-	4,031
Renovation	235	89	-	146
Motor vehicles	3,312	2,050	-	1,262
Access road	1,398	1,398	-	-
Quarry improvements	3,053	3,053	-	-
	175,860	91,578	11,695	72,587

Company 2007	Balance as at 1 July 2006 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2007 RM'000
Carrying amount				
Office furniture and equipment	22	12	(10)	24

	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	73	49	24

Company 2006	Balance as at 1 July 2005 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Balance as at 30 June 2006 RM'000
Carrying amount						
Office furniture and equipment	36	6	(3)	(11)	(6)	22
Motor vehicles	38	-	(34)	(4)	-	-
	74	6	(37)	(15)	(6)	22

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	70	48	22

(a) The net book values of property, plant and equipment held under hire-purchase and finance lease arrangements are as follows:

	Group 2007 RM'000	Group 2006 RM'000
Motor vehicles	850	1,069
Plant and machinery	14,479	11,753
Furniture and fittings	512	881
Office equipment	736	782
	16,577	14,485

(b) The net book values of property, plant and equipment pledged to the financial institutions for banking facilities granted to a subsidiary are as follows:

	Group 2007 RM'000	Group 2006 RM'000
Long term leasehold land	321	326
Freehold land	1,305	1,305
Buildings	1,047	1,084
Construction in-progress	12,447	-
	15,120	2,715

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(c) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Purchase of property, plant and equipment	21,396	9,964	12	6
Unpaid credit purchases included in other payables (Note 23)	(836)	(583)	-	-
Settlement of credit purchases brought forward	583	1,263	-	-
Financed by:				
- hire-purchase and lease arrangement	(3,585)	(3,500)	-	-
- term loan	(7,625)	-		
Cash payments on purchase of property, plant and equipment	9,933	7,144	12	6

(d) An impairment loss on certain freehold land and building of approximately RM13,055,000 (2006: RM411,000) was recognised during the financial year to reduce the carrying amounts of the assets to the recoverable amount. The recoverable amount of the asset was determined by reference to the considerations offered by third parties and market value or indication of value which were obtained from registered independent valuers based on recent transactions for similar assets.

7. INVESTMENT PROPERTIES

	Group	
	2007 RM'000	2006 RM'000
Balance as at 1 July 2006/2005	6,425	-
Effect of adopting FRS 140	378	-
	6,803	-
Reclassification from property, plant and equipment (Note 6)	-	6,425
Balance as at 30 June	6,803	6,425
Analysed as:		
Freehold land	5,353	5,223
Leasehold land and building	350	304
Long term leasehold land	1,100	898
	6,803	6,425

7. INVESTMENT PROPERTIES (cont'd)

(a) A freehold land with net book value of RM170,000 (2006: RM134,000) is registered in the name of a former director of a subsidiary, who holds the property in trust for the subsidiary, which is regarded as the beneficial owner. The title deed of the freehold land is in the process of being transferred to one of the directors of the subsidiary.

(b) Direct operating expenses

	Group 2007 RM'000	2006 RM'000
Quit rent and assessment	8	7

8. INTANGIBLE ASSETS

Group 2007	Balance as at 1 July 2006 RM'000	Amortisation charge for the financial year RM'000	Written off RM'000	Balance as at 30 June 2007 RM'000
Carrying amount				
Goodwill on consolidation	47,548	-	-	47,548
Intellectual property	5,200	(320)	(4,880)	-
	52,748	(320)	(4,880)	47,548

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill on consolidation	68,366	-	20,818	47,548

Group 2006	Balance as at 1 July 2005 RM'000	Amortisation charge for the financial year RM'000	Balance as at 30 June 2006 RM'000
Carrying amount			
Goodwill on consolidation	47,548	-	47,548
Intellectual property	5,520	(320)	5,200
	53,068	(320)	52,748

8. INTANGIBLE ASSETS (cont'd)

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill on consolidation	68,366	-	20,818	47,548
Intellectual property	6,400	1,200	-	5,200
	74,766	1,200	20,818	52,748

For the purpose of impairment testing, goodwill is allocated to the subsidiary which represents the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The recoverable amount of a cash-generating unit is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the Directors covering 7 years period.

The key assumptions used for value in use calculations are as follows:

Sales growth - 8% for first 5 years and 7% for the subsequent years

Discount rate - 8%, being the weighted average cost of capital of the Group

Terminal value - Budgeted carrying amount as at the end of year seven

The Directors determined budgeted gross margin and results based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. Goodwill is not impaired for the financial year.

With regard to the assessment of value in use, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to be materially different from its recoverable amount.

9. INVESTMENT IN SUBSIDIARIES

	Group 2007 RM'000	Group 2006 RM'000
Unquoted investments, at cost	244,830	209,538
Less: Accumulated impairment losses	(153,923)	(147,184)
	90,907	62,354

9. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of Company	Effective equity interest 2007 %	Effective equity interest 2006 %	Principal activities
Doe Industries Sdn. Bhd.	100	100	Manufacture and trading of water taps and other plumbing accessories
C.I. Building Industries Sdn. Bhd.	100	100	Investment holding
C.I. Construction Sdn. Bhd.	100	100	Inactive
C.I. Development Sdn. Bhd.	100	100	Dormant
C.I. Management Sdn. Bhd.	100	100	Provision of management services
C.I. Properties Sdn. Bhd.	100	100	Dormant
C.I. Marketing Sdn. Bhd.	100	100	Inactive
Mawar Seroja Sdn. Bhd.	100	100	Investment holding
C.I. Engineering Sdn. Bhd.	100	100	Investment holding
Pep Bottlers Sdn. Bhd.	100	100	Investment holding
Permanis Sdn. Bhd.	100	100	Selling, bottling and distribution of beverages
Subsidiary of Doe Industries Sdn. Bhd.			
Doe Marketing Sdn. Bhd.	100	100	Dealership and distribution of household fittings and appliances
Subsidiary of C.I. Building Industries Sdn. Bhd.			
C.I. Quarries Sdn. Bhd.	100	100	Granite quarrying and manufacture of bitumen hot premix for road surfacing
Subsidiaries of C.I. Quarries Sdn. Bhd.			
C.I. Quarrying & Marketing Sdn. Bhd.	-	100	Granite quarrying
C.I. Damansara Quarry Sdn. Bhd.	65	65	Inactive
Capital Aim Sdn. Bhd.	100	100	Investment holding
Subsidiaries of Capital Aim Sdn. Bhd.			
Mutual Prospect Sdn. Bhd.	-	100	Quarry proprietors and operators
C.I. Quarries (Nilai) Sdn. Bhd.	100	100	Extraction of granite
Subsidiary of C.I. Engineering Sdn. Bhd.			
C.I. Auto Services Sdn. Bhd.	51	51	Inactive
Subsidiaries of Permanis Sdn. Bhd.			
Permanis Sandilands Sdn. Bhd.	100	100	Marketing and distribution of beverages
Bevmac Sdn. Bhd.	100	100	Inactive
Champs Water Sdn. Bhd.	100	100	Selling, bottling and distribution of beverages
Bevmac Engineering Sdn. Bhd.	-	100	Assembling and servicing beverage refrigerators and operation of vending machine
Permanis Distributions Sdn. Bhd.	100	-	Marketing and distribution of beverage and food products

All subsidiaries are audited by BDO Binder.

9. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Acquisition of subsidiaries

2007

The Group through Permanis Sdn. Bhd. ("Permanis"), a wholly-owned subsidiary, had on 14 May 2007 acquired and subscribed for the entire 500,000 shares of RM1.00 each in Permanis Distributions Sdn. Bhd. for a total consideration of RM500,000.

2006

The Group through Doe Industries Sdn. Bhd., a wholly-owned subsidiary, had on 29 March 2006 acquired the entire two (2) shares of RM1.00 each in Doe Marketing Sdn. Bhd. for a total consideration of RM2.00.

The above acquisitions are satisfied wholly in cash and will have no significant impact on the Group's earning and net tangible assets for the respective financial years as the subsidiaries has not commenced business as at balance sheet date for the respective financial years.

(b) Disposal of subsidiaries

During the financial year, the Group disposed of the following subsidiaries:

(i) Disposal of its entire 100% equity interest in Mutual Prospect Sdn. Bhd. ("MPSB"), via its wholly-owned subsidiary, Capital Aim Sdn. Bhd., for a total consideration of RM4,000,000.

(ii) Disposal of its entire 100% equity interest in C.I. Quarrying & Marketing Sdn. Bhd. ("CIQM"), via its wholly-owned subsidiary, C.I. Quarries Sdn. Bhd., for a total consideration of RM2,000,000.

(iii) Disposal of its entire 100% equity interest in Bevmac Engineering Sdn. Bhd. ("BESB"), via its wholly-owned subsidiary, Permanis Sdn. Bhd., for a total consideration of RM1.

The effects of the disposal of the subsidiaries on the financial results of the Group for the financial year ended 30 June 2007 are as follows:

	Up to the date of disposals 2007 RM'000	2006 RM'000
Revenue	477	1,458
Cost of sales	(283)	(1,365)
Gross profit	194	93
Other operating income	570	108
Operating costs	(2,060)	(1,957)
Tax expense	(6)	(14)
Gain on disposal of subsidiaries	5,795	-
Increase/(Decrease) in Group's profit	4,493	(1,770)

9. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Disposal of subsidiaries (cont'd)

The effects of disposal of the subsidiaries on the financial position and the cash flow of the Group are as follows:

	At the date of disposals 2007 RM'000
Property, plant and equipment	970
Inventories	284
Trade and other receivables	311
Tax recoverable	237
Fixed deposit pledged to a licensed bank	53
Cash and bank balance	6
Trade and other payables	(1,658)
Borrowings	2
Net assets disposed	205
Gain on the disposal of subsidiaries	5,795
Total sale considerations	6,000
Less: Cash and bank balance disposed of	(6)
Less: Considerations yet to be received and included in other receivables (Note 13(c))	(6,000)
Disposal of subsidiaries, net of cash	(6)

As at the date of the disposal, BESB has deductible temporary differences of approximately RM1,002,000 for which no deferred tax assets have been recognised in the balance sheet.

(c) An impairment loss on investment in subsidiaries of approximately RM6,739,000 (2006: RM1,533,000) was recognised during the financial year to reduce the carrying amount of the investment in subsidiaries to the recoverable amount. The recoverable amount of the investment in subsidiaries was determined by reference to the value in use for operating subsidiaries and the net assets of the investment holding or inactive subsidiaries as at balance sheet date.

10. OTHER INVESTMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost				
Club memberships	21	21	15	15

11. DEFERRED TAX

(a) The deferred tax liabilities and deferred tax assets are made up of the following:

	Group 2007 RM'000	Group 2006 RM'000
Balance as at 1 July 2006/2005	1,162	2,740
Recognised in the income statement (Note 28)		
- Continuing operations	(2,099)	(1,396)
- Discontinued operation	(628)	(182)
	(2,727)	(1,578)
Balance as at 30 June	(1,565)	1,162
Presented after appropriate offsetting:		
Deferred tax assets, net	(3,123)	(4,424)
Deferred tax liabilities, net	1,558	5,586
	(1,565)	1,162

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group	Inventories RM'000	Provision for liabilities RM'000	Retirement benefit obligations RM'000	Unused tax losses and capital allowances RM'000	Others RM'000	Total RM'000
Deferred tax assets						
At 1 July 2006	569	819	118	5,629	71	7,206
Recognised in the income statement	(81)	540	11	(1,714)	149	(1,095)
At 30 June 2007	488	1,359	129	3,915	220	6,111
At 1 July 2005	178	501	135	3,544	190	4,548
Recognised in the income statement	391	318	(17)	2,085	(119)	2,658
At 30 June 2006	569	819	118	5,629	71	7,206

11. DEFERRED TAX (cont'd)

Group	Fair value adjustments on assets RM'000	Accelerated capital allowance RM'000	Total RM'000
Deferred tax liabilities			
At 1 July 2006	1,014	7,354	8,368
Recognised in the income statement	(845)	(2,977)	(3,822)
At 30 June 2007	169	4,377	4,546
At 1 July 2005	1,054	6,234	7,288
Recognised in the income statement	(40)	1,120	1,080
At 30 June 2006	1,014	7,354	8,368

(c) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheets are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unused tax losses	4,660	10,629	234	421
Unabsorbed capital allowances	1,746	2,231	–	–
Provision for liabilities	85	2,226	–	–
Allowance for doubtful debts	–	4,121	–	–
Other deductible temporary differences	–	73	–	–
	6,491	19,280	234	421

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profit of the Company and certain subsidiaries will be available against which the deductible temporary differences can be utilised.

12. INVENTORIES

	Group	
	2007 RM'000	2006 RM'000
At cost		
Raw materials	7,945	9,489
Work-in-progress	1,245	886
Finished goods	10,239	7,692
Spares and consumables	–	559
	19,429	18,626

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade receivables	58,669	55,991	–	-
Less: Allowance for doubtful debts	(1,757)	(8,441)	–	-
	56,912	47,550	–	-
Other receivables	10,468	2,221	–	75
Less: Allowance for doubtful debts	(382)	(781)	–	-
	10,086	1,440	–	75
Deposits	2,169	2,418	6	7
Prepayments	810	1,748	6	4
	13,065	5,606	12	86
Trade and other receivables	69,977	53,156	12	86

(a) The credit terms offered by the Group in respect of trade receivables range from 14 to 90 days from the date of invoice.

(b) The allowance for doubtful debts is net of bad debts written off as follows:

	Group	
	2007 RM'000	2006 RM'000
Trade receivables	5,805	15,137
Other receivables	290	-
	6,095	15,137

(c) Included in the other receivables are amounts of RM6,000,000 and RM4,000,000 which are receivable from the disposal of subsidiaries (Note 9(b)) and agreed settlement of a legal case (Note 39(f)) respectively.

14. AMOUNTS OWING BY/TO SUBSIDIARIES

	Company	
	2007 RM'000	2006 RM'000
Amounts owing by subsidiaries	109,731	143,759
Less: Allowance for doubtful debts	(103,926)	(103,920)
	5,805	39,839
Amounts owing to subsidiaries	22,824	18,197

14. AMOUNTS OWING BY/TO SUBSIDIARIES (cont'd)

The amounts owing by/to subsidiaries represent advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

15. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Included in the fixed deposit placed with licensed banks of the Group are:

(i) a deposit of RM12,100 (2006: RM12,100) which is pledged for an import trade financing facility and a hire-purchase arrangement granted to a subsidiary.

(ii) a deposit of RM52,682 in 2006 which is pledged to a licensed bank as a security for bank guarantee issued in favour of a third party by a subsidiary.

(iii) a deposit of RM621,000 in 2006 was pledged to a licensed bank as a security for bank guarantee issued in favour of a solicitor being the legal representative and stakeholder of the licensed bank for a legal judgement obtained on a legal suit against a subsidiary. During the financial year, the deposit was uplifted after the settlement was made to the licensed bank (Note 39(b)).

The fixed deposits placed with the licensed banks of the Group as at 30 June 2007 have maturity period of 365 days (2006: 6 to 365 days).

16. SHARE CAPITAL

	Group and Company			
	2007		2006	
	Number of shares	RM'000	Number of shares	RM'000
Ordinary shares of RM1.00 each:				
Authorised	500,000,000	500,000	500,000,000	500,000
Issued and fully paid	129,607,155	129,607	129,607,155	129,607

Warrants 2004/2009

A total of 57,377,835 warrants were issued free by the Company in conjunction with the Renounceable Rights Issue. Each warrant is convertible into one new ordinary share of RM1.00 each at the exercise price of RM1.08 per share. The warrants are valid for a period of five years and shall expire on 23 June 2009. As at the date of the Report, none of the warrants has been exercised.

17. SPECIAL RESERVE - NON-DISTRIBUTABLE

In the financial year ended 30 June 1996, the Company received approval from the High Court of Malaya to reduce the share premium account of the Company by RM43,385,000 and for such amount to be transferred to a Special Reserve Account and thereon to set off against purchased goodwill at that point in time.

18. BORROWINGS

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Non-current liabilities				
Secured:				
Islamic term borrowings (Note 20)	2,593	3,572	–	–
Hire-purchase and lease creditors (Note 21)	6,862	7,896	–	–
Term loan from licensed bank	7,625	–	–	–
	17,080	11,468	–	–
Unsecured:				
Term loan from licensed bank	3	25	–	–
	17,083	11,493	–	–
Current liabilities				
Secured:				
Bank overdrafts	789	30	–	–
Bankers' acceptance	846	–	–	–
Islamic term borrowings (Note 20)	1,076	1,109	–	–
Hire-purchase and lease creditors (Note 21)	3,736	3,098	–	–
	6,447	4,237	–	–
Unsecured:				
Bank overdrafts	1,151	4,656	852	675
Bankers' acceptance	34,272	38,413	–	–
Term loan from licensed bank	22	20	–	–
Revolving credit	15,000	22,373	–	–
	56,892	69,699	852	675
Total borrowings				
Bank overdrafts (Note (b) below)	1,940	4,686	852	675
Bankers' acceptance	35,118	38,413	–	–
Revolving credit	15,000	22,373	–	–
Term loans from licensed bank (Note 19)	7,650	45	–	–
Islamic term borrowings (Note 20)	3,669	4,681	–	–
Hire-purchase and lease creditors (Note 21)	10,598	10,994	–	–
	73,975	81,192	852	675
Maturity of borrowings (excluding hire-purchase and lease):				
Within one year	53,156	66,601	852	675
More than one year and less than five years	8,493	1,820	–	–
Five years or more	1,728	1,777	–	–
	63,377	70,198	852	675

18. BORROWINGS (cont'd)

	Group 2007 Days	Group 2006 Days
Ranges of maturity period of short term bank borrowings excluding bank overdrafts, term loan from licensed banks and Islamic term borrowings.		
Bankers' acceptance	29 - 120	113 - 120
Revolving credit	119 - 180	180

(a) All the bank borrowings are generally operated by way of a corporate guarantee and indemnity by the Company and negative pledge on the assets of the Company and certain subsidiaries.

(b) Included in the bank overdrafts is an amount of RM788,538 (2006: RM29,523), which is secured by a first party legal charge over a leasehold property of a subsidiary.

(c) Included in the bankers' acceptance is an amount of RM846,000 (2006: Nil), which is secured by a first party legal charge over a leasehold property of a subsidiary.

19. TERM LOANS FROM LICENSED BANK

	Group 2007 RM'000	Group 2006 RM'000
Unsecured:		
Term loan I (Note (a) below)	25	45
Secured:		
Term loan II (Note (b) below)	7,625	-
	7,650	45
Repayable as follows:		
Current liabilities		
- not later than one year	22	20
Non-current liabilities		
- later than one year and not later than five years	7,628	25
	7,650	45

Both term loans I and II are guaranteed by the Company.

(a) Term loan I is repayable by way of 60 equal monthly instalment of RM1,892 each until it is fully settled. It is operated by a negative pledge on the assets of the said subsidiary.

(b) Term loan II is drawn down progressively in accordance to the utilisation of funds for the construction in-progress and is repayable by 20 quarterly instalments in stages with the quarterly instalment ranging from RM500,000 to RM3,500,000 per quarter commencing on the 25th month from the date of first drawdown.

This facility is also secured by a charge over the building erected and equipment and machinery financed under the term loan.

20. ISLAMIC TERM BORROWINGS

	Group 2007 RM'000	Group 2006 RM'000
Secured		
Bai-Bithaman Ajil 1 ("BBA 1")(Note (a) below)	1,100	1,184
Bai-Bithaman Ajil II ("BBA II") (Note (b) below)	1,666	1,841
Murabahah (Note (c) below)	903	1,656
	3,669	4,681
Repayable as follows:		
Current liabilities		
- not later than one year	1,076	1,109
Non-current liabilities		
- later than one year and not later than five years	865	1,795
- later than five years	1,728	1,777
	2,593	3,572
	3,669	4,681

All the Islamic term borrowings are guaranteed by the Company.

(a) BBA 1 is repayable by way of 180 equal monthly instalment of RM11,605. It is secured by a first party legal charge over a property of the said subsidiary.

(b) BBA II is repayable by 72 monthly instalments of RM20,841 each commencing 1 August 2004. Thereafter, by 72 monthly instalments of RM21,281 each commencing upon expiry of the first 72 instalments. It is secured by BBA Property Sale and Purchase Agreements and negative pledge over assets of the said subsidiary.

(c) Murabahah Facility is repayable by 42 monthly instalments in stages with the monthly instalment ranging from RM17,500 to RM93,334 commencing 1 August 2004. It is secured by Murabahah Asset Sale and Purchase Agreements and negative pledge over assets of the said subsidiary.

21. HIRE-PURCHASE AND LEASE CREDITORS

	Group 2007 RM'000	Group 2006 RM'000
Minimum hire-purchase and lease payments:		
- not later than one year	4,458	3,976
- later than one year and not later than five years	7,438	8,792
	11,896	12,768
Less: Future interest charges	(1,298)	(1,774)
Present value of hire-purchase and lease creditors	10,598	10,994

21. HIRE-PURCHASE AND LEASE CREDITORS (cont'd)

	Group 2007 RM'000	Group 2006 RM'000
Repayable as follows:		
Current liabilities		
- not later than one year	3,736	3,098
Non-current liabilities		
- later than one year and not later than five years	6,862	7,896
	10,598	10,994

Included in the hire-purchase and lease creditors of the Group are amount of:

(i) RM6,758,107 (2006: RM9,431,822) which is guaranteed by the Company; and

(ii) RM80,579 (2006: RM92,689) which is secured by a security deposit of 10% from a purchase price of the machinery and equipment.

22. RETIREMENT BENEFIT OBLIGATIONS

The Group operates unfunded defined benefit plans for non-executive staff who are entitled to a payment calculated by reference to their length of service and earnings. Provision for retirement benefits is calculated based on the predetermined rate of basic salaries and length of service of the employees.

The amounts recognised in the balance sheets are as follows:

	Group 2007 RM'000	Group 2006 RM'000
Present value of unfunded obligations	2,529	2,435
Unrecognised actuarial gain	203	-
	2,732	2,435

The movements during the financial year in the amounts recognised in the balance sheets in respect of the retirement benefit plans are as follows:

	Group 2007 RM'000	Group 2006 RM'000
Balance as at 1 July 2006/2005	2,435	2,323
Amounts recognised in the income statement	378	228
Contributions paid	(81)	(116)
Balance as at 30 June	2,732	2,435

22. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

The total expenses recognised in the income statement are as follows:

	Group	
	2007 RM'000	2006 RM'000
Current service cost	167	147
Past service cost	33	31
Interest cost	178	163
Actuarial loss	–	25
Over provision in prior years	–	(138)
Expenses recognised in the income statement included under administration expenses	378	228

The principal actuarial assumptions used are as follows:

	Group	
	2007 %	2006 %
Discount rate	5.6 and 7.0	7.0
Expected rate of annual salary increase	5.0	5.0 and 6.0

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade payables	22,376	20,472	–	–
Other payables	16,086	13,433	3,510	7,529
Amounts owing to suppliers of property, plant and equipment	836	583	–	–
Deposit received	1,039	565	–	–
Accruals	13,799	9,770	245	192
	31,760	24,351	3,755	7,721
Trade and other payables	54,136	44,823	3,755	7,721

(a) The credit terms available to the Group in respect of trade payables range from 30 to 120 days from the date of invoice.

(b) Other payables mainly comprise advances from third parties and amounts owing to service providers, for example transportation, marketing and warehouse.

24. PROVISIONS

GROUP	Warehouse expenses RM'000	Marketing expenses RM'000	Construction costs* (Note 39(b)) RM'000	Interest expenses* (Note 39(b)) RM'000	Pallet losses RM'000	Compen-sation (Note 39(i)) RM'000	Total RM'000
2007							
Balance as at 1 July 2006	1,498	26	1,242	712	491	-	3,969
Provision made during the financial year	-	-	-	-	280	293	573
Payment made	-	(1)	(821)	-	(614)	-	(1,436)
Provision no longer required	-	-	(242)	(712)	-	-	(954)
Reclassified to other payable	-	-	(179)	-	-	-	(179)
Balance as at 30 June 2007	**1,498**	**25**	**-**	**-**	**157**	**293**	**1,973**
2006							
Balance as at 1 July 2005	1,498	26	809	-	-	-	2,333
Provision made during the financial year	-	-	433	712	491	-	1,636
Balance as at 30 June 2006	1,498	26	1,242	712	491	-	3,969

* Related to the discontinued operation

25. REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sale of goods	**265,678**	220,478	**-**	-
Management and other fees from subsidiaries	**-**	-	**1,765**	1,690
Assembling and servicing of beverage refrigerators	**97**	158	**-**	-
	265,775	220,636	**1,765**	1,690

26. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit/(Loss) before tax is arrived at after charging:				
Allowance for doubtful debts	88	6,798	6	-
Amortisation of intellectual property	320	320	-	-
Auditors' remuneration:				
- Statutory:				
- current year	150	146	30	25
- over provision in prior year	(2)	(20)	-	(3)
- Non-statutory	8	8	8	8
Bad debts written off	-	41	-	-
Deposits written off	-	77	-	-
Depreciation of property, plant and equipment	9,869	11,400	10	15
Directors' remuneration (Note 27)	654	632	654	632
Impairment loss on investment in subsidiaries	-	-	6,739	1,533
Impairment loss on property, plant and equipment	500	411	-	-
Intellectual property written off	4,880	-	-	-
Interest expense on:				
- bank overdraft	447	758	58	43
- bankers' acceptance	1,840	1,212	-	-
- term loans	166	35	-	-
- revolving credit	1,257	1,744	-	-
- hire-purchase and lease	957	1,263	-	1
Inventories written down	-	267	-	-
Inventories written off	7,548	5,779	-	-
Lease rental	1,587	132	-	-
Provision for:				
- compensation to former employees	293	-	-	-
- retirement benefits	378	228	-	-
- pallet losses	280	491	-	-
Property, plant and equipment written off	23	6,047	-	6
Realised foreign exchange loss	43	-	-	-
Rental of equipment	1,100	1,874	-	-
Rental of motor vehicles	2	10	-	-
Rental of premises	563	1,358	139	86
Retrenchment benefits	76	972	-	-
Royalty payable	315	116	-	-
Share of profit margin on Islamic term borrowings	515	262	-	-

26. PROFIT/(LOSS) BEFORE TAX (cont'd)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
And crediting:				
Allowance for doubtful debts no longer required	453	412	–	7,842
Bad debts recovered	6	57	–	-
Compensation from legal settlement (Note 39(f))	8,000	-	–	-
Gain on disposal of property, plant and equipment	25	7,864	–	26
Gain on disposal of a subsidiary	415	-	–	-
Interest income	320	87	58	44
Over accrual of:				
- consultancy fees	150	-	150	-
- legal fees	–	383	–	192
- stamping fees	–	363	–	363
Rental income	17	28	–	-
Realised foreign exchange gain	248	228	–	-
Unrealised gain on foreign exchange	15	76	–	-
Waiver of debts	6	39	6	-
Write back of a debt assigned by a former subsidiary in prior year	–	1,958	–	1,958
Write back of interest on advances from a third party*	–	8,000	–	-

* The interest on advances from a third party was written back based on the terms and conditions stated in the settlement agreement entered into by the Company and a third party in 2004 after legal opinion has been obtained from the Company's solicitor. The interest which was previously assumed from a subsidiary has been re-assigned to the subsidiary and subsequently was written back to the income statement of the subsidiary.

27. DIRECTORS' REMUNERATION

	Group and Company	
	2007 RM'000	2006 RM'000
Directors of the Company		
Executive Director		
- salaries and allowances	460	460
- defined contribution plan	55	50
	515	510
Non-Executive Directors		
- allowances	50	47
- fees	89	75
	139	122
	654	632

27. DIRECTORS' REMUNERATION (cont'd)

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and from the Company are as follows:

	Group and Company 2007 RM'000	Group and Company 2006 RM'000
Directors of the Company		
Executive Director	4	4
Non-Executive Director	2	1
	6	5

The number of Directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of Directors 2007 Executive Director	2007 Non-Executive Directors	2006 Executive Director	2006 Non-Executive Directors
Directors of the Company				
Below RM50,000	–	7	–	7
RM500,001 - RM550,000	1	–	1	–

28. TAX INCOME

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Continuing operations				
Current tax:				
Income tax for the financial year	1,568	459	–	–
Real property gain tax	–	243	–	–
Withholding tax	3	61	–	–
Over provision in prior years	(15)	(149)	–	–
	1,556	614	–	–
Deferred tax (Note 11):				
Origination and reversal of temporary differences	1,014	(3,450)	–	–
Changes in tax rates	158	–	–	–
(Over)/Under provision in prior years	(3,271)	2,054	–	–
	(2,099)	(1,396)	–	–
Tax income from continuing operations	(543)	(782)	–	–

28. TAX INCOME (cont'd)

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Discontinued operation				
Current tax:				
Income tax for the financial year	3	3	–	–
Under/(Over) provision in prior years	9	(132)	–	–
	12	(129)	–	–
Deferred tax (Note 11):				
Origination and reversal of temporary differences	(628)	–	–	–
Over provision in prior years	–	(182)	–	–
	(628)	(182)	–	–
Tax income from discontinued operation	(616)	(311)	–	–
Total tax income	(1,159)	(1,093)	–	–

A reconciliation between the tax expense/(income) to the profit/(loss) before tax at the statutory income tax rate to tax expense/(income) at the effective tax rate of the Group and the Company is as follows:

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Profit/(Loss) before tax				
- Continuing operations	13,537	(4,170)	(6,683)	8,943
- Discontinued operation (Note 29)	(6,846)	(661)	–	–
	6,691	(4,831)	(6,683)	8,943

28. TAX INCOME (cont'd)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Taxation at statutory tax of 27% (2006: 28%)	1,807	(1,353)	(1,804)	2,504
Tax effects in respect of:				
Effect in reduction in statutory tax rate on first RM500,000 chargeable income for certain subsidiaries	(1)	(26)	–	-
Withholding tax	3	61	–	-
Income not subject to tax	(2,516)	(4,851)	(42)	(2,900)
Non-allowable expenses	7,225	1,815	1,897	474
Utilisation of reinvestment allowances	(747)	(281)	–	-
Change in the unrecognised deferred tax assets during the financial year	(3,183)	1,708	(51)	(78)
Real property gains tax	–	243	–	-
Changes in tax rates	158	-	–	-
Reversal of deferred tax on fair value adjustment on property, plant and equipment	(628)	-	–	-
(Over)/Under provision of deferred tax in prior years	(3,271)	1,872	–	-
Over provision of income tax in prior years	(6)	(281)	–	-
Tax income for the financial year	(1,159)	(1,093)	–	-

Tax savings recognised during the financial year arising from:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Utilisation of unused tax losses brought forward	1,117	194	50	180
Utilisation of unabsorbed capital allowances brought forward	1,867	194	–	129
Utilisation of reinvestment allowances	747	281	–	-

Subject to the agreement of Inland Revenue Board, the Company has unused tax losses of approximately RM249,000 (2006: RM433,000) available to set off against future taxable profits.

29. DISCONTINUED OPERATION AND NON-CURRENT ASSETS HELD FOR SALE

On 11 June 2007, the Group has entered into agreements with Batu Tiga Quarry Sdn. Bhd. for the proposed divestment of two of its wholly-owned subsidiaries, C.I. Quarrying & Marketing Sdn. Bhd. ("CIQM") and Mutual Prospect Sdn. Bhd. ("MPSB"), and 9 parcels of freehold land belonging to its wholly-owned subsidiary, C.I. Quarries Sdn. Bhd. ("CIQ") (collectively known as "Proposed Divestment") for a total consideration of RM8.0 million. The Proposed Divestment is consistent with the Group's long term strategy to maximise growth and profitability by focusing on the remaining core businesses.

Pursuant to the agreements entered,

(i) CIQ shall cause CIQM to waive or forgive the debt owing by CIQ to CIQM; and

(ii) Capital Aim Sdn. Bhd.("CA"), a wholly-owned subsidiary of the CIQ, shall cause C.I. Quarries (Nilai) Sdn. Bhd. ("CIQN"), a wholly-owned subsidiary of the CA, to waive and forgive the debt owing by MPSB to CIQN.

The disposal of the subsidiaries was completed on 11 June 2007 and upon completion of the disposal of shares, CIQM and MPSB ceased to become subsidiaries of the Group. The completion of the disposal of the freehold land is pending the approval of the Land Office for the transfer of the land titles and the freehold land was reclassified from property, plant and equipment to non-current assets held for sale.

The carrying amount of the non-current assets held for sale is stated at fair value less cost to sell at RM2,000,000.

An analysis of the result of the discontinued operation is as follows:

	Group	
	2007 RM'000	2006 RM'000
Revenue	1,222	1,524
Expenses	(8,068)	(2,185)
Loss before tax	(6,846)	(661)
Tax income (Note 28)	616	311
Loss for the financial year	(6,230)	(350)

29. DISCONTINUED OPERATION AND NON-CURRENT ASSETS HELD FOR SALE (cont'd)

The following amounts have been included in arriving at loss before tax of the discontinued operation:

	Group	
	2007 RM'000	2006 RM'000
Auditors' remuneration:		
- current year	13	19
- under provision in prior year	–	2
Allowance for doubtful debts	–	89
Depreciation of property, plant and equipment	5	20
Gain on disposal of subsidiaries	(5,380)	-
Impairment loss on property, plant and equipment	12,555	-
Interest expense on:		
- bank overdraft	54	62
- hire-purchase	–	6
Interest income	(2)	(3)
Rental of premises	7	7
Royalty payable	41	-
Provisions for:		
- construction costs	–	433
- interest expense	–	712
Provision no longer required:		
- construction costs	(242)	-
- interest expense	(712)	-
Tribute in advance written off	926	-

The cash flows attributable to the discontinued operation are as follows:

	Group	
	2007 RM'000	2006 RM'000
Operating cash flows	(782)	(306)
Investing cash flows	(3)	3
Financing cash flows	–	(23)
Total cash flows	(785)	(326)

30. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit/(loss) for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2007 RM'000	2006 RM'000
Profit/(Loss) from continuing operations attributable to ordinary equity holders of the Company	14,080	(3,388)
Loss from discontinued operation attributable to ordinary equity holders of the Company	(6,212)	(376)
Profit/(Loss) attributable to ordinary equity holders of the Company	7,868	(3,764)

	2007 '000	2006 '000
Weighted average number of ordinary shares in issue	129,607	129,607

	2007 Sen	2006 Sen
Basic earnings per share for:		
Profit/(Loss) from continuing operations	10.9	(2.6)
Loss from discontinued operation	(4.8)	(0.3)
Profit/(Loss) for the financial year	6.1	(2.9)

The fully diluted earnings per ordinary share in respect of warrants is not presented as it is anti-dilutive.

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheets amounts:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances	8,681	7,977	6	19
Fixed deposits with licensed banks	12	986	–	-
Bank overdrafts (Note 18)	(1,940)	(4,686)	(852)	(675)
	6,753	4,277	(846)	(656)
Less: Fixed deposits pledged to licensed banks (Note 15)	(12)	(686)	–	-
	6,741	3,591	(846)	(656)

32. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, foreign currency exchange risk and interest rate risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group's financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which cover the management of these risks and do not engage in speculative transactions.

(i) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by setting counterparty credit limits and ensuring that sales of products are made to customers with appropriate credit history. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

As at 30 June 2007, the Group has no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the balance sheets.

(ii) Liquidity risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by setting counterparty credit limits and ensuring that sales of products are made to customers with appropriate credit history. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

(iii) Foreign currency risk

The Group is exposed to foreign currency exchange risk as a result of foreign transactions entered into in currencies other than Ringgit Malaysia. Such exposures arise from the purchase of raw and packaging materials from suppliers and the export of goods to overseas.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts. The Group will monitor changes in the exchange rate and, where appropriate, enter into forward foreign currency exchange contracts to limit its exposure on foreign currency payables.

During the financial year, the Group entered into foreign currency forward contracts to manage exposure to the currency risk for payables which are denominated in a currency other than the functional currency of the Group. The notional amount and maturity date of the foreign currency forward contracts outstanding as at balance sheet date are as follows:

32. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(iii) Foreign currency risk (cont'd)

Group	Foreign currency	Expiry dates	Contract amounts in foreign currency	RM'000 equivalent
2007				
Forward contracts	Euro	August 2007	261,000	1,229
used to hedge trade	Euro	September 2007	43,600	198
and other payables	Euro	December 2007	250,000	1,132
	Euro	June 2008	250,000	1,130
	Euro	December 2008	250,000	1,128
	Euro	June 2009	250,000	1,128
	USD	July 2007	1,119,000	3,862
	USD	October 2007	261,000	646
2006				
Forward contracts	Euro	July 2006	39,373	183
used to hedge trade payables	USD	July 2006	72,720	268

The unrecognised gain as at 30 June 2007 on the forward contracts of approximately RM178,598 (2006: unrecognised loss RM2,511) are deferred and will be recognised when the related foreign transactions are materialised, at which time they are included in the measurement of the transactions.

The net unhedged financial assets and liabilities of the Group that are not denominated in the functional currency are as follows:

	Group	
	2007 RM'000	2006 RM'000
Trade receivables		
US Dollar	47	1,016
Other receivables		
US Dollar	–	1,288
Trade payables		
Euro	460	334
US Dollar	697	2,998
Thai Baht	–	501
Other payables		
US Dollar	789	554

(iv) Interest rate risk

The Group finances its operations through borrowings. Interest rate exposure arises from the Group's borrowings mainly through the use of fixed and floating rate debt. As the Group's income and operating cash flows are substantially independent of changes in market interest rate, the Group does not use derivative financial instruments to hedge its risk.

The Group had no substantial long term interest-bearing assets as at 30 June 2007. 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 which yield better returns than cash at bank.

32. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(iv) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective annual interest rates (WAEAIR) as at the balance sheet date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Group	WAEAIR %	Within 1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	More than 5 years RM'000	Total RM'000
At 30 June 2007								
Fixed rates								
Fixed deposit with licensed bank	2.70	12	-	-	-	-	-	12
Hire-purchase and lease creditors	7.26	3,736	3,688	2,232	582	360	-	10,598
Term loan from licensed bank	6.40	-	1,500	2,750	3,375	-	-	7,625
Islamic term borrowings	7.97	1,025	133	144	159	174	934	2,569
Floating rates								
Bankers' acceptance	3.93	35,118	-	-	-	-	-	35,118
Revolving credits	5.53	15,000	-	-	-	-	-	15,000
Term loan from licensed bank	6.60	22	3	-	-	-	-	25
Islamic term borrowings	7.57	51	58	60	66	71	794	1,100
Bank overdraft	7.75	1,940	-	-	-	-	-	1,940
At 30 June 2006								
Fixed rates								
Fixed deposit with licensed bank	2.90	986	-	-	-	-	-	986
Hire-purchase and lease creditors	7.45	3,098	3,129	3,116	1,586	65	-	10,994
Islamic term borrowings	7.97	1,065	1,095	160	160	160	857	3,497
Floating rates								
Bankers' acceptance	3.63	38,413	-	-	-	-	-	38,413
Revolving credits	5.39	22,373	-	-	-	-	-	22,373
Term loan from licensed bank	6.60	20	22	3	-	-	-	45
Islamic term borrowings	7.57	44	51	52	56	61	920	1,184
Bank overdraft	7.38	4,686	-	-	-	-	-	4,686

32. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values

The carrying amounts of financial assets and liabilities of the Group and the Company at the balance sheet date approximate their fair values except as set out below:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
30 June 2007				
Foreign currency forward contracts				
- unrecognised gain	-	179	-	-
Financial guarantees (Note 38)	-	-	-	69,284
30 June 2006				
Foreign currency forward contracts				
- unrecognised loss	-	3	-	-
Financial guarantees (Note 38)	-	53	-	78,955

The following methods and assumptions are used to determine the fair values of financial instruments:

(i) The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.

(ii) The fair values of the Group's and the Company's borrowings are estimated based on the current rates offered to the Group and the Company for borrowings of the same remaining maturities.

(iii) The fair values of forward foreign exchange contracts are the estimated amount payable or receivable on the termination of the outstanding position arising from such contracts and are determined by reference to the difference between the contracted rate and the forward exchange rate at the balance sheet date for contracts with similar quantum and maturity profile.

(iv) The fair values of the financial guarantees given to financial institutions are estimated based on the fair values of the banking and hire-purchase and lease facilities utilised by the Company's subsidiaries as at balance sheet date.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sales and distribution of goods to corporations in which a Director of the Company has deemed interest:				
- Pizza Hut Restaurants Sdn. Bhd.	–	1,210	–	–
- KFC (Peninsular Malaysia) Sdn. Bhd.	–	3,682	–	–
- Kedai Ayamas Sdn. Bhd.	–	358	–	–
- Rasa Ayamas Sdn. Bhd.	–	131	–	–
- KFC (Sarawak) Sdn. Bhd.	–	205	–	–
- KFC (Sabah) Sdn. Bhd.	–	359	–	–
Purchase of raw materials from a corporation in which a Director of the Company has deemed interest:				
- SV Beverages Holdings Sdn. Bhd.	1,464	589	–	–
Royalty payable to a corporation in which a Director of the Company has deemed interest:				
- SV Beverages Holdings Sdn. Bhd.	315	116	–	–
Directors remuneration (Note 27)	654	632	654	632
Salaries, allowances and other staff benefits paid to a full time employee who has deemed interest in the Company:				
- Syed Khalil Bin Syed Ibrahim	277	181*	277	181*

* For the period from 1 December 2005 to 30 June 2006

The transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms.

34. CAPITAL COMMITMENTS

	Group	
	2007 RM'000	2006 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- approved but not contracted for	185	32,321
- contracted but not provided	23,336	380

35. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group	
	2007 RM	2006 RM
Future minimum lease payments		
- not later than one year	1,587	1,587
- later than one year and not later than five years	6,398	6,352
- later than five years	6,396	8,029
	14,381	15,968

35. NON-CANCELLABLE OPERATING LEASE COMMITMENTS (cont'd)

The operating lease arises from the leaseback of the Group's disposed properties for lease period of ten (10) years at a rental rate of RM132,250 per month for the first five (5) years and RM136,084 per month for the remaining lease period.

36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 2 October 2006, the Company announced that Permanis Sdn. Bhd., a wholly-owned subsidiary, has on 30 September 2006 entered into a Share Sale Agreement ("SSA") with Viceast Corporation Sdn. Bhd. ("Viceast") for the disposal of its entire shareholdings in Bevmac Engineering Sdn. Bhd. ("BESB") comprising 1,000,000 ordinary shares of RM1.00 each for a cash consideration of RM1.00 ("the Sale Consideration"). In addition to the Sale Consideration, Viceast will also undertake to assume the liabilities of BESB amounting to RM1.87 million, being amount owed by BESB to third parties.

37. STAFF COSTS

The total staff costs recognised in the income statements are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Salaries and wages	24,939	25,673	1,023	941
Social security costs	50	43	4	5
Defined contribution plans	2,377	2,522	127	110
Defined benefits plans	378	228	-	-
Other staff related expenses	1,714	1,739	57	50
	29,458	30,205	1,211	1,106

38. CONTINGENT LIABILITIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Secured				
Security given by a subsidiary to a licensed bank in respect of bank guarantee granted to a third party	-	53	-	-
Unsecured				
(i) Guarantees given by the Company to financial institutions in respect of banking facilities granted to subsidiaries	-	-	62,526	69,523
(ii) Guarantees given by the Company to financial institutions in respect of hire-purchase and lease facilities granted to subsidiaries	-	-	6,758	9,432
	-	53	69,284	78,955

39. MATERIAL LITIGATIONS

(a) A former employee of the Company had obtained a High Court Judgement in September 1998 against the Company for the issue of 250,000 new shares of the Company under an Employee Share Option Scheme ("ESOS") to be allotted at an issue price of RM1.38 per share. The Company has appealed against the judgement and the former employee has cross-appealed to the Court of Appeal for damages in excess of RM2.5 million to be paid in cash in lieu of the 250,000 new shares. In addition, the former employee is also claiming reimbursement of legal fees of RM60,000.

On 21 November 2006, the Court of Appeal allowed the Company's appeal and set aside the order for specific performance and dismissed the cross-appeal lodged by the former employee.

(b) On 29 September 2000, Affin Bank Berhad ("Affin") commenced legal action against a wholly-owned subsidiary of the Company for the recovery of a sum of RM1.24 million with interest thereon and cost and obtained summary judgment against the subsidiary.

The subsidiary appealed against the High Court's decision at the Court of Appeal and went on further to appeal to the Federal Court after the appeal was dismissed at the Court of Appeal. The subsidiary's subsequent appeal to the Federal Court was also dismissed with cost.

The subsidiary and Affin have agreed to settle the judgement's sum at RM1.0 million as full and final settlement by way of an immediate payment of RM0.62 million and the remaining balance to be settled by way of instalments.

(c) On 27 June 2003, Prosper Chain Quarry Sdn. Bhd. served a Writ of Summons on a wholly-owned subsidiary of the Company for damages of RM3.06 million for wrongful termination of the extended quarry contract.

The subsidiary has filed and served a Statement of Defence on 21 August 2003. The hearing of the case management is fixed on 4 December 2007.

Based on the advice of the lawyers and the evidence available to this case, the Board of Directors is confident that the subsidiary will successfully defend this case.

(d) On 3 April 2002, CEVA Logistic Malaysia Sdn. Bhd. (formerly known as TNT Logistic (Malaysia) Sdn. Bhd.) ("CEVA") commenced a legal action against two wholly-owned subsidiaries of the Company for the unpaid invoices and damages arise from wrongful termination of contract for the sum of RM0.57 million together with interest at the rate of 12.65% per annum on the sum of RM0.56 million from 21 August 2000 until settlement, general damages to be assessed and costs. The subsidiaries have counterclaimed for damages occasioned by CEVA's breaches.

On 15 June 2007, the Arbitrator gave the Final Award in favour of CEVA and dismissed the subsidiaries' counter claim with costs. On 18 July 2007, the subsidiaries have given the instruction to the lawyers to refer the decision of the Arbitrator to the High Court.

Currently, the subsidiaries are in the midst of negotiation with CEVA in view of arriving at an out-of-court settlement. The Board of Directors is of the opinion that the case has no material impact on the subsidiaries and the case would be resolved in due time.

39. MATERIAL LITIGATIONS (cont'd)

(e) On 8 June 2005, a wholly-owned subsidiary of the Company has commenced arbitration proceedings against Konsortium Logistik Berhad ("KLB") to claim for inventory losses amounting to a sum of RM22.71 million, which arose from a Warehousing and Distribution Services Agreement dated 1 November 2000 ("the Agreement") and a Settlement and Supplemental Agreement dated 18 September 2004 made between KLB and the subsidiary. KLB has provided warehousing and distribution services to the subsidiary under the Agreement. KLB claimed a sum of RM6.50 million and damages for wrongful termination of the Agreement against the subsidiary.

The subsidiary and KLB have agreed to withdraw all claims against each other and the subsidiary has agreed to accept a total of RM8.0 million as a full and final settlement by way of instalments. As at todate, the subsidiary has received a total of RM5.0 million from KLB.

(f) KKS Trading Sdn. Bhd. ("KKS") filed a suit against a wholly-owned subsidiary of the Company at the Kuala Lumpur High Court, claiming a sum of RM3.10 million as damages suffered by reason of the subsidiary alleged wrongful termination of a distribution partner agreement. The matter is fixed for trial on 23 and 24 January 2008. Based on the advice of the lawyers and the evidence available to this case, the Board of Directors is confident that the subsidiary will successfully defend this case.

(g) Pursuant to a Kuala Lumpur High Court Commercial Division Suit, Kickapoo Malaysia Sdn. Bhd. ("Kickapoo") claimed for an injunction and damages for a purported "economic tort" allegedly carried out by two of the Company's wholly-owned subsidiaries, being the third and fourth Defendant in this suit, against Kickapoo. Kickapoo claimed that the subsidiaries had:

(i) procured or induced a breach of contract and/or interfered with the contract between Kickapoo and its purported franchisor ("the Contract");

(ii) wilfully and intentionally interfered with the Contract in view of the prospective economic advantage; and

(iii) conspired with the first and second Defendant with intent and via unlawful means caused losses to Kickapoo.

The above case arose from the fact that the subsidiaries were authorised by SV Beverages Holdings Sdn. Bhd. ("SV"), the Malaysian Franchisee of Kickapoo Joy Juice Products, to manufacture, sell and distribute the said Products.

Kickapoo applied for an Interim Injunction to prohibit the subsidiaries from producing, selling and marketing Kickapoo beverage and the Interim Injunction which was granted by the Kuala Lumpur High Court on 30 January 2007. As a result, the subsidiaries filed an appeal to the Court of Appeal against the Interim Injunction.

On 21 August 2007, the Court of Appeal overturned the High Court's decision on the Interim Injunction and therefore allowing the subsidiaries to continue to manufacture, sell and/or distribute the Kickapoo Joy Juice Products pending the conclusion of the hearing of the Writ of Summons taken out by Kickapoo against the subsidiaries.

39. MATERIAL LITIGATIONS (cont'd)

Based on the advice of the lawyers and the evidence available to this case, the Board of Directors is confident that the subsidiaries will successfully defend this case. In any event, the Board of Directors is of the opinion that the case would not have a substantial impact on the subsidiaries as the subsidiaries are fully indemnified by Monarch Beverage (Europe) Ltd., the Franchisor and SV.

(h) Teck Guan Trading Sdn. Bhd. ("TGT") filed a suit for a sum of RM1.42 million against a wholly-owned subsidiary of the Company for the wrongful termination of the Distribution Partner Agreement dated 5 August 2004 by the subsidiary on grounds of TGT's failure to meet the set performance target.

Based on the advice of the lawyers and the evidence available to this case, the Board of Directors is confident that the subsidiary will successfully defend this case.

(i) A group of former employees have separately filed legal suits against the Group for the compensation on the wrongful dismissal in 2003. The final outcomes of the industrial relation cases are pending and provision has been made based on the claims demanded by the said former employees in 2003.

40. CONTINGENT ASSET

On 12 January 2004, a subsidiary issued a letter of demand against CL Hardware Sdn. Bhd. ("CLH") for the alleged infringement of trademark and copyright and the passing off of its goodwill in respect of a wide range of sanitary fittings, bathroom accessories and other related products ("Products"). The Products were original designed, manufactured and supplied by the subsidiary under and by reference to the brand name of DOE.

On the balance of probabilities, the subsidiary's lawyers are positive about the outcome of the liability portion (as against CLH) of this litigation based on the facts that counterfeit products were in fact seized at CLH's premise and that CLH had earlier propose to resolve this matter via nominal monetary compensation to the subsidiary prior to this litigation.

41. SEGMENT INFORMATION

(a) Business segments:

The Group is organised into three major business segments:

(i) Beverages

(ii) Building and construction related products

(iii) Investment holdings

Other business segments include provision of engineering services and other operations, none of which are of a sufficient size to be reported separately.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms.

41. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd):

30 June 2007	Beverages RM'000	Building and construction related products RM'000	Investment holdings RM'000	Others RM'000	Building and construction related products RM'000	Eliminations RM'000	Consolidated RM'000
	<----------- Continuing operations			------------>	Discontinued operation		
Revenue							
External sales	242,888	22,887	-	-	1,222	-	266,997
Inter-segment sales	-	-	1,765	-	-	(1,765)	-
Total revenue	242,888	22,887	1,765	-	1,222	(1,765)	266,997
Result							
Segment results	12,667	1,848	(6,702)	(10)	5,198	6,745	19,746
Impairment losses	(500)	-	-	-	(12,555)	-	(13,055)
Profit before tax							6,691
Tax income							1,159
Profit after tax							7,850
Assets							
Segment assets	204,200	21,125	6,411	26	9,381	(18,743)	222,400
Unallocated corporate assets							3,245
Consolidated total assets							225,645
Liabilities							
Segment liabilities	120,186	11,543	16,247	1,474	5,523	(22,157)	132,816
Unallocated corporate liabilities							2,069
Consolidated total liabilities							134,885
Other information							
Capital expenditure	21,222	162	12	-	-	-	21,396
Depreciation	9,455	405	9	-	5	-	9,874
Amortisation	320	-	-	-	-	-	320
Non-cash expenses other than depreciation, amortisation and impairment losses	13,097	393	-	-	926	-	14,416

41. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd):

30 June 2006	Continuing operations: Beverages RM'000	Continuing operations: Building and construction related products RM'000	Continuing operations: Investment holdings RM'000	Continuing operations: Others RM'000	Discontinued operation: Building and construction related products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
External sales	199,703	20,933	-	-	1,524	-	222,160
Inter-segment sales	-	-	1,603	1	-	(1,604)	-
Total revenue	199,703	20,933	1,603	1	1,524	(1,604)	222,160
Result							
Segment results	(15,150)	1,891	15,919	(110)	(661)	(6,309)	(4,420)
Impairment losses	(411)	-	-	-	-	-	(411)
Loss before tax							(4,831)
Tax income							1,093
Loss after tax							(3,738)
Assets							
Segment assets	188,774	17,880	5,007	31	17,307	(16,473)	212,526
Unallocated corporate assets							8,273
Consolidated total assets							220,799
Liabilities							
Segment liabilities	119,745	8,982	15,694	1,436	6,411	(19,849)	132,419
Unallocated corporate liabilities							5,848
Consolidated total liabilities							138,267
Other information							
Capital expenditure	9,679	279	6	-	-	-	9,964
Depreciation	10,916	462	15	-	27	-	11,420
Amortisation	320	-	-	-	-	-	320
Non-cash expenses other than depreciation, amortisation and impairment losses	19,538	1,233	9	-	308	-	21,088

(b) No segment information by geographical has been presented as the Group operates predominantly in Malaysia.

42. COMPARATIVE FIGURES

(a) Certain comparative figures have been reclassified as follows:

Group	As previously reported RM'000	Reclassification FRS 116* RM'000	Reclassification FRS 140** RM'000	As presented RM'000
Balance sheet				
Property, plant and equipment	78,730	282	(6,425)	72,587
Investment properties	-	-	6,425	6,425
Bottles and cases	282	(282)	-	-
Cash flow statement				
Cash flow from operating activities				
Breakages and amortisation of bottles and cases	6,122	(6,122)	-	-
Depreciation of property, plant and equipment	11,332	88	-	11,420
Property, plant and equipment written off	13	6,034	-	6,047

* To conform with the current year's presentation

** Upon adoption of FRS 140

(b) Certain comparative figures have been reclassified following the disposal of the entire equity interest in CIQM and BESB (Note 9(b)) by the Group.

Company	As previously reported RM'000	Reclassification RM'000	As presented RM'000
Balance sheet			
Trade and other receivables	11	75	86
Amounts owing by subsidiaries	39,914	(75)	39,839
Trade and other payables	4,002	3,719	7,721
Amounts owing to subsidiaries	21,916	(3,719)	18,197
Cash flow statement			
Decrease/(Increase) in trade and other receivables	52	(74)	(22)
Repayment from subsidiaries	2,448	74	2,522

43. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 19 September 2007.

List of Properties

as at 30 June 2007

Tenure	Location	Approximately Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
SELANGOR DARUL EHSAN						
Freehold	Industrial Land in Daerah Hulu Langat Mukim of Semenyih at Lot 1178 1313 - 1316 1318 - 1319 1119 - 1120	3,789,023	-	Land for Quarrying	12/1994 17/06/1993 17/06/1994 30/12/1992	2,000
Freehold	Agriculture Land at Lot 6659 Jalan Kampung Bukit Cerakah Meru 41050 Klang Geran 28082 Mukim Kapar Daerah Klang, Selangor	265,716	12	Factory	24/06/2001	1,973
Leasehold 99 years expiring 2095	Land with building at HS(D) 4283 PT 9560 Mukim Dengkil, Sepang Selangor	10,499 (Built-up Area)	9	1 1/2 Storey Terrace Factory for rental	09/08/1999	350
Freehold	Land with building at HS(D) 116939 PT 6075 Mukim Sungai Buloh Daerah Petaling, Selangor	7,178 (Built-up Area)	15	3 Storey Office Building	13/07/2001	1,732
NEGERI SEMBILAN DARUL KHUSUS						
Leasehold 99 years expiring 2077	Land with building at HS(D) 658 PT 1342 Senawang Industrial Estate Seremban, Negeri Sembilan	130,680 (Built-up Area)	28	Factory for Manufacturing Tap wares	10/06/1978	945
Freehold (2 individual Lots)	Land at HS(D) 14031 PT 3272 HS(D) 14036 PT 3277 Mukim Si Rusa Daerah Port Dickson Negeri Sembilan	91,168	-	Bungalow Land for Future Development of Orchard and Building	03/11/1999	183

List of Properties

as at 30 June 2007 (cont'd)

Tenure	Location	Approximately Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
MELAKA						
Freehold	Industrial Land with building at HS(D) 3360 PT 325 Sungei Petai Daerah Alor Gajah Melaka	75,660	9	Industrial Land Warehouse	02/07/1996 17/06/1998	788 1,014
JOHOR DARUL TAKZIM						
Freehold	Industrial Land at Lot 87 G.M. 314 Mukim Tebrau Johor Bahru	285,856	-	Vacant	21/10/1997	5,000
Leasehold 60 years expiring 2028	Industrial Land with building at No. 12, Jalan Padu Larkin Industrial Estate 80350 Johor Bahru Johor Darul Takzim	111,350	29	Single Storey Factory with an Annexed Single Storey Office, warehouse, Open-side Workshop, Canteen, Pump House and Guard House	30/03/1978	2,436
PULAU PINANG						
Leasehold 999 years expiring 2876	Agriculture Land at Lot No. 682 Geran No. 47673 Lot No. 683 Geran No. 47674 Mukim 12 Dearah Seberang Perai Selatan, Negeri Pulau Pinang	 60,461 125,845	-	Vacant	07/03/1994	1,100
KEDAH DARUL AMAN						
Freehold	Agriculture Land at HS(M) 15-80 PT No. 661 (Lot 2760) Mukim Ulu Melaka Daerah Langkawi Negeri Kedah	117,067	-	Vacant	31/05/1998	170

Analysis of Shareholdings

as at 30 August 2007

Authorised share capital	:	RM500,000,000.00
Issued and fully paid-up share capital	:	RM129,607,155.00
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights by show of hand	:	One vote for every member
Voting rights by poll	:	One vote for every share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	24	0.64	483	0.00
100 - 1,000	1,546	40.95	1,464,250	1.13
1,001 - 10,000	1,925	51.00	6,958,297	5.37
10,001 - 100,000	241	6.38	6,427,200	4.96
100,001 to less than 5% of issued shares	36	0.95	47,847,000	36.92
5% and above of issued shares	3	0.08	66,909,925	51.62
Total	3,775	100.00	129,607,155	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1.	CIMSEC Nominees (Tempatan) Sdn Bhd *BCB for Datuk Johari Bin Abdul Ghani (Retail Banking)*	30,000,000	23.15	-	-
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Skim Amanah Saham Bumiputera*	23,944,000	18.47	-	-
3.	Continental Theme Sdn Bhd	12,965,925	10.00	-	-
4.	Datin Mariam Prudence Binti Yusof	-	-	26,275,500[1]	20.27
5.	Syed Khalil Bin Syed Ibrahim	-	-	26,275,500[1]	20.27

Note:

[1] Deemed interest through Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Leasing Corporation Sdn Bhd, Sisma Vest Sdn Bhd and Sisma Water Technology Sdn Bhd.

as at 30 August 2007 (cont'd)

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1.	Dato' Seri Abdul Ghani Bin Abdul Aziz	60,000	0.05	-	-
2.	Datuk Johari Bin Abdul Ghani	30,000,000	23.15	-	-
3.	Datin Mariam Prudence Binti Yusof	-	-	26,275,500[1]	20.27

Note:

[1] Deemed interest through Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Leasing Corporation Sdn Bhd, Sisma Vest Sdn Bhd and Sisma Water Technology Sdn Bhd.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Datuk Johari Bin Abdul Ghani (Retail Banking)*	30,000,000	23.15
2.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Skim Amanah Saham Bumiputera*	23,944,000	18.47
3.	Continental Theme Sdn Bhd	12,965,925	10.00
4.	Duclos Sdn Bhd	5,360,000	4.14
5.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt an for Deutsche Bank AG Singapore (PWM Asing)*	4,675,800	3.61
6.	Leasing Corporation Sdn Bhd	4,609,000	3.56
7.	Syed Ibrahim Sdn Bhd	4,540,000	3.50
8.	Du Ain Sdn Bhd	3,329,000	2.57
9.	EB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sisma Water Technology Sdn Bhd (MIMB)*	3,000,000	2.31
10.	Sisma Vest Sdn Bhd	2,900,000	2.24
11.	Potensi Berkat Sdn Bhd	2,881,400	2.22
12.	Sisma Water Technology Sdn Bhd	2,537,500	1.96
13.	HLG Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Zaharen Bin Zakaria*	2,500,000	1.93
14.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt an for EFG Bank*	2,500,000	1.93
15.	Zaharen Bin Zakaria	2,000,000	1.54
16.	Citigroup Nominees (Asing) Sdn Bhd *CBLDN for SNS Bank N.V.*	916,000	0.71
17.	Astaman Bin Abdul Aziz	750,100	0.58
18.	M & S Food Industries Sdn Bhd	604,800	0.47

Analysis of Shareholdings

as at 30 August 2007 (cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Name	No. of Shares	%
19.	MERCSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Piramid Tulin Sdn Bhd*	551,000	0.43
20.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah*	500,000	0.39
21.	Dagang Setia Sdn Bhd	427,000	0.33
22.	Citigroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vishini a/p Parmanand (470927)*	380,000	0.29
23.	OSK Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Chong Lee Fong*	315,000	0.24
24.	Erwin Selvarajah a/l Peter Selvarajah	300,000	0.23
25.	HLB Nominees (Asing) Sdn Bhd *Pledged Securities Account for Keen Capital Investments Limited (SIN 9534-6)*	283,600	0.22
26.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chung Chuan Shen*	200,000	0.15
27.	Malaysia Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for M & S Food Industries Sdn Bhd (20-00213-000)*	200,000	0.15
28.	Tay Boon Teck	200,000	0.15
29.	Tan Chong Siang	150,000	0.12
30.	Tay Ong Ngo @ Tay Boon Fang	148,000	0.11
		113,668,125	87.70

Analysis of Warrantholdings

as at 30 August 2007

No. of Warrants 2004/2009 Issued	:	57,377,835
No. of Warrants Unexercised	:	57,377,835
Voting Rights	:	One vote per Warrant in respect of Warrantholders' Meeting
Exercise price of warrants	:	RM1.08 per share

ANALYSIS BY SIZE OF WARRANTS

Size of Warrants	No. of Warrant Holders	%	No. of Warrants	%
1 - 99	1	0.21	10	0.00
100 - 1,000	119	25.27	111,700	0.19
1,001 - 10,000	244	51.80	1,075,200	1.87
10,001 - 100,000	83	17.62	2,293,000	4.00
100,001 to less than 5% of total warrants	21	4.46	17,348,700	30.24
5% and above of total warrants	3	0.64	36,549,225	63.70
Total	471	100.00	57,377,835	100.00

SUBSTANTIAL WARRANT HOLDERS

No.	Name	Direct No. of Warrants Held	%	Indirect No. of Warrants Held	%
1.	Datuk Johari Bin Abdul Ghani	13,000,000	22.66	-	-
2.	Continental Theme Sdn Bhd	12,893,825	22.47	-	-
3.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Skim Amanah Saham Bumiputera*	10,655,400	18.57	-	-

DIRECTORS' WARRANT HOLDINGS

No.	Name	Direct No. of Warrants Held	%	Indirect No. of Warrants Held	%
1.	Datuk Johari Bin Abdul Ghani	13,000,000	22.66	-	-
2.	Datin Mariam Prudence Binti Yusof	-	-	11,112,000[1]	19.37

Note:

[1] Deemed interest through Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Leasing Corporation Sdn Bhd, Sisma Vest Sdn Bhd and Sisma Water Technology Sdn Bhd.

Analysis of Warrantholdings

as at 30 August 2007 (cont'd)

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name	No. of Warrants	%
1.	Datuk Johari Bin Abdul Ghani	13,000,000	22.66
2.	Continental Theme Sdn Bhd	12,893,825	22.47
3.	Amanah Raya Nominees (Tempatan) Sdn Bhd *Skim Amanah Saham Bumiputera*	10,655,400	18.57
4.	Sisma Water Technology Sdn Bhd	2,716,000	4.73
5.	Duclos Sdn Bhd	2,680,000	4.67
6.	Syed Ibrahim Sdn Bhd	2,270,000	3.96
7.	Tai Ah Kew @ Tai Moi May	2,107,500	3.67
8.	Du Ain Sdn Bhd	1,652,000	2.88
9.	Erwin Selvarajah a/l Peter Selvarajah	1,040,000	1.81
10.	Sisma Vest Sdn Bhd	1,008,000	1.76
11.	Leasing Corporation Sdn Bhd	786,000	1.37
12.	Shamayne Leelawati Samarakkody	465,000	0.81
13.	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Moong Chiung Yau (R31 Margin)*	392,700	0.68
14.	Goh Chye Keat	282,000	0.49
15.	Lim Phee Lin	280,000	0.49
16.	M & S Food Industries Sdn Bhd	236,000	0.41
17.	Tan Soo Wan	235,900	0.41
18.	Hussein Bin Abdullah @ Chong Oon Sin	220,000	0.38
19.	Dagang Setia Sdn Bhd	198,500	0.35
20.	CK Goh Holdings Sdn Bhd	150,000	0.26
21.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Choon Tiew (CEB)*	110,000	0.19
22.	Goh Nan Kioh	104,000	0.18
23.	Chan Choy Yu	100,000	0.17
24.	Lee Yoke Hean	90,000	0.16
25.	Tong Lai Hua	80,000	0.14
26.	Lim Teng Loon	79,900	0.14
27.	Tan Siew Li	79,000	0.14
28.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chung Chuan Shen*	70,000	0.12
29.	Chong Ai Leng	66,000	0.12
30.	Ong Tok Heong	56,000	0.10
		54,103,725	94.29

Additional Compliance Information

UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year.

SHARE BUY-BACK

The Company did not carry out any share buy-backs during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, there were no options, warrants nor convertible securities issued by the Company.

NON-AUDIT FEES

The total amount of non-audit fees paid/payable to the external auditors and their affiliated companies by the Group for the financial year ended 30 June 2007 amounted to RM35,000.

VARIATION IN RESULTS

There were no material variances between the results of the financial statements for the year ended 30 June 2007 and the unaudited results previously announced.

PROFIT GUARANTEE

During the financial year, there was no profit guarantee given by the Company.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and substantial shareholders' interests during the financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of transactions with related parties undertaken by the Group during the financial year are disclosed on page 84 of the financial statements.

DISCLOSURE OF THE RESTRICTIVE COVENANT CLAUSE IN THE EXCLUSIVE BOTTLING AGREEMENTS

Permanis is the licensed bottler with sole rights to bottle, market, sell and/or distribute beverages under the trademarks of "Pepsi", "Pepsi Twist", , "Pepsi Blue", "Pepsi Max", "Gatorade", "Sting", "Mirinda", "Evervess", "Mountain Dew" and "Seven-Up" pursuant to the Exclusive Bottling Agreement dated 1 January 2007 ("EBA").

Additional Compliance Information (cont'd)

The details of the EBA are as follows:

Date	EBA and Licensors	Particulars
1 January 2007	PepsiCo, Inc. and Seven-Up International, a division of The Concentrate Manufacturing Company of Ireland ("PepsiCo EBA")	To bottle, market, sell and/or distribute beverages under the trademarks of "Pepsi", "Pepsi Twist", "Pepsi Blue", "Pepsi Max", "Gatorade", "Sting", "Mirinda", "Evervess", "Mountain Dew" and "Seven-Up" in Malaysia.

While there are no restrictions in the trading of the Company's listed shares on Bursa Malaysia Securities Berhad, Permanis is required to first obtain the consent of the respective EBA Licensors should there be any sale, transfer, change of ownership or other disposition whether directly or indirectly, and whether in a single transaction or a series of transaction, of any share, stock or other evidence of ownership held by the named major shareholders in the Company as set out in the Agreements.

However, despite such restrictions which have been imposed consistently in the past to prevent any unauthorized transfer of controlling shares in Permanis, it has thus far been able to renew the respective EBAs since the time it was first granted the licence by the Licensors over thirty (30) years ago.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year.

SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, directors or management by any regulatory bodies during the financial year.

REVALUATION POLICY ON LANDED PROPERTIES

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

C. I. Holdings Berhad

(Company No. 37918-A)
(Incorporated in Malaysia)

Form of Proxy

I/We .... NIRC No. ....

of ....

being a member of **C.I. HOLDINGS BERHAD** hereby appoint ....

of ....

or failing him/her, ...

of ....

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty-Ninth Annual General Meeting of the Company to be held at Tun Rahah Grand Hall, Level 1, Menara Yayasan Tun Razak, No. 200, Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, 30 October 2007 at 9:00 a.m. and at any adjournment thereof.

My/our proxy(ies) is/are to vote as indicated below:

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
Ordinary Resolution 1	To receive the Audited Financial Statements and Directors' and Auditors' Reports		
Ordinary Resolution 2	To approve the Directors' Fees		
Ordinary Resolution 3	Re-election of Director - Dato' Seri Abdul Ghani Bin Abdul Aziz		
Ordinary Resolution 4	Re-election of Director - Nor Hishammuddin Bin Dato' Mohd Nordin		
Ordinary Resolution 5	Re-appointment of Director - Maj Gen (R) Dato' Mohamed Isa Bin Che Kak		
Ordinary Resolution 6	Re-appointment of Auditors		
	SPECIAL BUSINESS		
Ordinary Resolution 7	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 8	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
Special Resolution 1	To approve the Proposed Amendments to the Company's Articles of Association		

(Please indicate with an "X" how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this ________ day of ______________________ 2007.

Number of Shares Held	

____
Signature/Common Seal of Shareholder(s)

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)(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.

Fold this flap for sealing

Then fold here

STAMP

The Company Secretary

C.I. HOLDINGS BERHAD

(Company No. 37918-A)
Level 10
Menara Yayasan Tun Razak
No. 200, Jalan Bukit Bintang
55100 Kuala Lumpur

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