C.I. HOLDINGS BERHAD
(37918-A)

CIHB

LAPORAN TAHUNAN
ANNUAL REPORT 2008

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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)

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

Maj Gen (R) Dato' Mohamed Isa Bin Che Kak
(Independent Non-Executive Director)
(Appointed on 30 October 2007)

Datuk Johari Bin Abdul Ghani
(Managing Director)
(Resigned on 30 October 2007)

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 Islamic Bank Berhad

LISTING

Bursa Malaysia Securities Berhad (Main Board)

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirtieth Annual General Meeting of the Company will be held at Tun Rahah Grand Hall, Level 1, Menara Yayasan Tun Razak, No. 200, Jalan Bukit Bintang, 55100 Kuala Lumpur on Thursday, 30 October 2008 at 9:00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2008 together with the Directors' and Auditors' Reports thereon. **Ordinary Resolution 1**

2. To approve the payment of a first and final dividend of 4.0 sen per share less tax at 25% for the financial year ended 30 June 2008 as recommended by the Directors. **Ordinary Resolution 2**

3. To approve the payment of Directors' fees of RM103,000 for the financial year ended 30 June 2008. **Ordinary Resolution 3**

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

   i. Chan Peng Chiw **Ordinary Resolution 4**

   ii. Datuk Johari Bin Abdul Ghani **Ordinary Resolution 5**

   iii. Datin Mariam Prudence Binti Yusof **Ordinary Resolution 6**

5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

   "**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Maj Gen (R) Dato' Mohamed Isa Bin Che Kak, who is over the age of seventy years, be re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 7**

6. 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 8**

AS SPECIAL BUSINESS

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

7. **Ordinary Resolution**
   - **Authority for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **Ordinary Resolution 9**

     "**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."

8. **Ordinary Resolution**
   - **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with SV Beverages Holdings Sdn Bhd** **Ordinary Resolution 10**

   "**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of shareholders' mandate for Permanis Sdn Bhd ("Permanis"), a wholly-owned subsidiary of the Company, to enter into recurrent related party transactions of a revenue or trading nature which are necessary for Permanis's day-to-day operations in the ordinary course of business, on terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the interests of the minority shareholders of the Company with SV Beverages Holdings Sdn Bhd, details of which are set out in Section 2 of the Circular to Shareholders dated 8 October 2008.

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

   a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or

   b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

   c) revoked or varied by a resolution passed by the Company's shareholders in a general meeting

   whichever is the earliest.

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

ANY OTHER BUSINESS

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT the First and Final Dividend of 4.0 sen per share less tax at 25% in respect of the financial year ended 30 June 2008, if approved by the shareholders at the Thirtieth Annual General Meeting, will be paid on 11 November 2008 to Depositors whose names appear in the Records of Depositors at the close of business on 30 October 2008.

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

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 October 2008 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
C.I. HOLDINGS BERHAD

AZLAN BIN AHMAD (LS 0009209)

CHIN NGEOK MUI (MAICSA 7003178)

Company Secretaries

Kuala Lumpur
Date: 8 October 2008

NOTES:-

1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and vote in his(her) stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

2. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.

3. Where a member appoints two or more proxies, he(she) shall specify the proportion of his/her shareholdings to be represented by each proxy.

4. The instrument appointing a proxy must be deposited at the Company's registered office at Level 10, Menara Yayasan Tun Razak, No. 200, Jalan Bukit Bintang, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

5. **Explanatory notes on Special Business:-**

   (a) Ordinary Resolution 9

   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 total issued and paid-up share capital of the Company.

   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 10

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

   For further information on the Proposed Renewal of Shareholders' Mandate for RRPT, shareholders are advised to refer to the Circular to Shareholders dated 8 October 2008 which was circulated with the 2008 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

1. The profiles of the Directors who are standing for re-election are set out on pages 08 to 11 of the Annual Report.

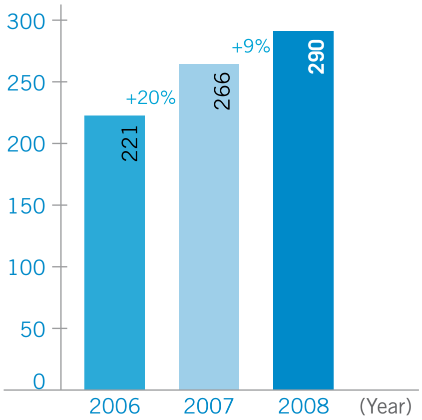
2. The details of the Directors' shareholdings in the Company are set out on page 99 of the Annual Report.

3. Unless otherwise stated herein, none of the Company's Directors have any interests in the Company's subsidiaries.

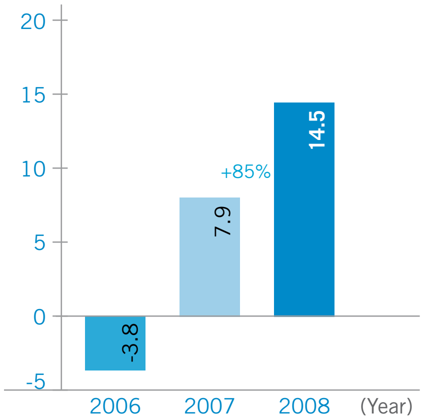
THREE-YEAR GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED 30 JUNE Summary	2006 RM'000	2007 RM'000 (Restated)	2008 RM'000	2006-2007 %	2007-2008 %
Revenue	220,636	265,775	290,451	20%	9%
Profit/(Loss) attributable to equity holders of the Company	(3,764)	7,868	14,544	n/a	85%
Shareholders Funds	81,452	89,698	104,242	10%	16%
Borrowings	81,192	73,975	83,565	-9%	13%
Cash and Cash Equivalents	8,963	10,280	17,019	15%	66%
Net Borrowings	72,229	63,695	66,546	-12%	4%
Gearing Ratio	0.89	0.71	0.64	-20%	-10%
No. of Ordinary Shares on Issue (000s)	129,607	129,607	129,607	0%	0%
Earnings per Share (sen)	(2.90)	6.1	11.22	n/a	84%

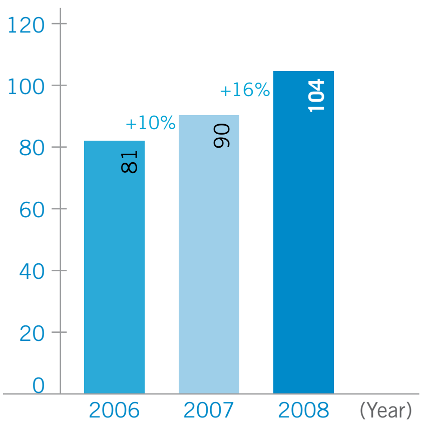
Revenue
(RM Million)



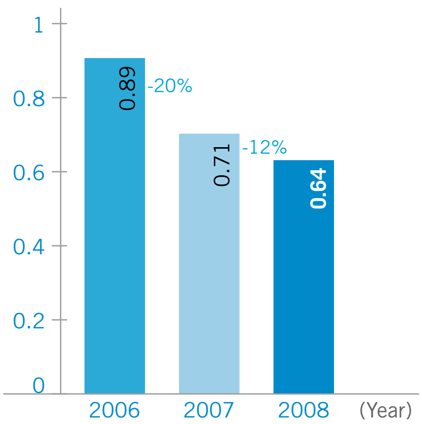
Profit/(Loss) Attributable to Equity Holders of the Company
(RM Million)



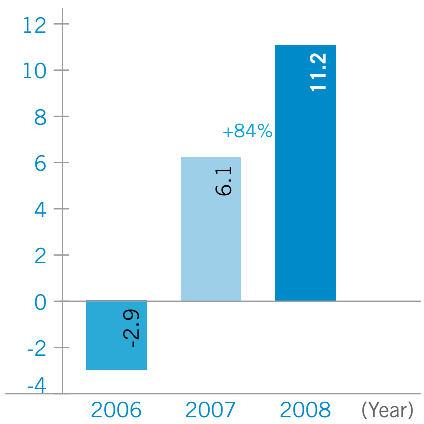
Shareholders Funds
(RM Million)



Gearing
(Ratio)



Earnings Per Share
(Sen)



DIRECTORS' PROFILE

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

YBhg Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 64, 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 44, 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 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.

DIRECTORS' PROFILE (CONT'D)

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

YBhg Maj Gen (R) Dato' Mohamed Isa Bin Che Kak, aged 73, a Malaysian, was appointed to the Board on 28 April 2003 as an Independent Non-Executive Director. Currently, he is also a member of the Audit Committee.

He graduated from the Malaysian Royal Military College and was commissioned into the Royal Malay Regiment in 1958. During his military career, he attended various military training courses such as The Joint Services Command, the Staff College in 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.

YB SENATOR DATUK WIRA SYED ALI BIN TAN SRI SYED ABBAS ALHABSHEE

YB Senator Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee, aged 46, a Malaysian, was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director.

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

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

YBHG DATO' AZMEER BIN RASHID

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

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

He 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 68, 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 42, 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 56, a Malaysian was appointed to the Board on 27 July 2005 as Non-Independent Non-Executive Director.

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

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

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

On 26 August 2002, she was appointed as a member of the National Economic Action Council (NEAC) by the Prime Minister of Malaysia, and 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. She is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate has been obtained in the AGM held on 30 October 2007. Detailed pertaining to these transactions are disclosed on page 103. 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 2008 Annual Report incorporating the Financial Statements of the Group and of the Company for the financial year ended 30 June 2008.

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

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded total revenue of RM290.45 million, an increase of 9.28% from RM265.78 million recorded for the previous financial year. The improvement in the Group revenue resulted in an 84% improvement in net profit after tax of RM14.46 million, as compared to a net profit after tax of RM7.85 million for the previous financial year.

REVIEW OF OPERATIONS

a) Beverages Division

The Division recorded another year of record financial results. It achieved revenue of RM261.30 million, an 8% growth versus the prior financial year of RM242.89 million.

The record revenue was achieved in spite of difficult consumer sentiments as a result of rising inflationary pressures. The strong performance was mainly driven by the successful remodelling of the *"Go to Market"* strategy coupled with increased frequency of purchases via the implementation of an *"Everyday Low Price"* across all channels. Aggressive advertising and promotional campaigns on all the Division's major brands also helped the growth.

The Division also recorded the highest ever profit after tax of RM13.47 million compared to a profit after tax of RM13.29 million in the previous financial year which included a legal settlement of RM8.0 million. The operating profit before tax for this financial year is RM14.06 million versus prior financial year of RM9.05 million (excluding one-time items) which represents an increase of 55%. This remarkable increase was achieved in spite of escalating raw material, energy and transportation costs which came about in the last quarter of the financial year. The Division continued to focus on prudent cost management to mitigate increases in costs.

CHAIRMAN'S STATEMENT (CONT'D)

The commissioning of the new "Hot Fill Plant" worth over RM30.0 million in February 2008 significantly assisted the Division to achieve its remarkable performance this financial year by allowing it to launch new hot fill products and progressively transition previously outsourced hot fill products to in-house manufacture.

In December 2007, the Division launched Boss Coffee in Original and Latte flavours. This Boss Coffee brand is owned by Suntory Ltd of Japan and is the leading coffee brand in Japan. In March 2008, Tropicana Twister Juice was launched in Orange and Apple variants. Tropicana is the world's number one 100% juice brand.

The Division's new launches have been receiving overwhelming responses and it will continue to build upon key brand strategies and step up investments on advertising and promotional campaigns to ensure these brands continue to remain strong and offer good future growth.

b) Tap and Sanitary Ware Division

The financial year under review was an eventful one, which witnessed the Division's entrance into the complementary and synergistic sanitary ware industry. On the 4 February 2008, the Division successfully acquired 90% equity interest in two (2) companies, namely, Potex Industries Sdn Bhd (formerly known as Suhuwang Sdn Bhd) and Potex Sdn Bhd. The combination of the sanitary ware acquisitions with the Division's existing tap ware business makes it the only 'one-stop-shop' offering locally manufactured tap ware, sanitary ware and sanitary fittings. Since the acquisition, the Division's primary focus was on turning around the newly acquired sanitary ware companies as well as leveraging cross promotional activities and extracting cost synergies in sales, marketing and management.

In the financial year under review, the Division registered an improved turnover due to the robustness of the public and private sector property development industry as well as the additional revenue contribution from the newly acquired sanitary ware subsidiaries. However, profit was slightly lower due to various one-off post merger integration costs and a slight negative contribution from the sanitary ware subsidiaries.

CHAIRMAN'S STATEMENT (CONT'D)

DIVIDEND

The Board is recommending for shareholders' approval, a first and final dividend of 4.0 sen per ordinary share of RM1.00 each less 25% Malaysian Income Tax for the financial year under review.

CURRENT FINANCIAL YEAR PROSPECT

The Group is confident to build on the positive momentum over the past two (2) financial years and register further growth in revenue in the current financial year whilst maintaining profitability.

Overall, the Group faces numerous challenging factors this financial year, most notably from rising costs and economic uncertainty. However, each division has strategies in place to mitigate the impacts of these rising costs.

The Beverage Division expects to face a challenging year this financial year due to dampening consumer sentiment and cost pressures from higher raw material and energy costs. Nevertheless, it is confident on building on the positive results of the past few financial years and continuing to break new financial records via leveraging its strong portfolio of both new and core brands and extensive distribution network to drive profitable growth. The Beverage Division also aims to drive continued mix shifts towards more profitable brands and package types to help support its margins. In addition, it aims to drive further improvements in production efficiencies and operating cost. This financial year's results will also be helped as it will have the first full financial year's positive impact from the "Hot fill Plant".

The Tap and Sanitary Ware Division also expects to continue to face cost pressures in energy, raw materials, components and supplies. Nevertheless, it will aim to mitigate these impacts by driving profitable growth though selective new product launches, expanding its export business as well as leveraging cross promotional opportunities between sanitary ware and tap ware businesses. In addition it will also continue to focus on managing down operating costs and synergizing overheads across the tap ware and sanitary ware businesses.

Having successful implemented the 'turnaround' of its current core businesses and subsequently posting eight (8) consecutive quarters of strong and improving results, the Group continues to actively look to invest in other synergistic new businesses to further fuel growth in both revenue and profit in the future.

APPRECIATION

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

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

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

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ
Chairman

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").

1. BOARD OF DIRECTORS

1.1 The Board

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

The Board comprises 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. The Board has also identified Chan Peng Chiw as the Senior Independent Director to whom concerns regarding 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. Apart from that, the Board has delegated specific responsibilities to four (4) sub-committees namely Audit, Nomination, Remuneration and Risk Management Committees. These 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 02 of this Annual Report.

1.2 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 2008, six (6) Board meetings were held. A summary of the attendance of each Directors at the Board meetings held during the financial year ended 30 June 2008 is as follows:-

Directors	No. of Board Meetings Attended	Percentage (%)
Dato' Seri Abdul Ghani Bin Abdul Aziz	5/6	83
Datuk Johari Bin Abdul Ghani	6/6	100
Maj. Gen. (R) Dato' Mohamed Isa Bin Che Kak	5/6	83
Chan Peng Chiw	6/6	100
Nor Hishammuddin Bin Dato' Mohd Nordin	6/6	100
Dato' Azmeer Bin Rashid	6/6	100
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	6/6	100
Datin Mariam Prudence Binti Yusof	4/6	67

1.3 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.

1.4 Appointments to the Board

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

1.5 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.

2. DIRECTORS' TRAINING

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board members. This is supplemented by visits to key locations and meetings with other key senior executives. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks.

All the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP").

In the financial year under review, the Directors attended the following in-house training programmes:-

i) High Impact Leadership Training

The purpose of such training was to provide an understanding to the participants on the changing role of leadership within an organisation as well as providing working knowledge of situational leadership concept and to ensure that participants are able to apply emotional intelligence concept in the workplace environment.

ii) Discipline and Counselling Training

The objectives of this training were to equip the Directors with knowledge and the necessary skills required to deal with disciplinary issue in an organisation and to provide a bird's eye view of areas within the organisation where issues of discipline and the need of counselling may be required.

iii) Performance Management Workshop

The workshop was designed to educate and train the participants on matters relating to Performance Management; a process which helps an individual to properly plan, execute, perform, manage and oversee respective functions and roles within the organisation and later on evaluates and properly appraise the performance of key individual within the organisation.

The Board acknowledges that continuous training is important to enable the Directors to effectively discharge their duties. The Board will, on a continuous basis, evaluate and determine the training needs of its Directors.

3. DIRECTORS' REMUNERATION

The Committee is responsible for reviewing and recommending to the Board the remuneration framework for Executive Directors including making recommendations to the Board for all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors.

The determination of the remuneration of each Director is a matter for the Board as a whole. Directors do not participate in decision regarding their own remuneration package.

Details of the aggregate remuneration of the Directors during the financial year ended 30 June 2008, 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	50	40	60	4	-	514
Non-Executive Directors							
Dato' Seri Abdul Ghani Bin Abdul Aziz	-	-	-	6	1	17	24
Chan Peng Chiw	-	-	-	15	-	16	31
Nor Hishammuddin Bin Dato' Mohd Nordin	-	-	-	15	-	14	29
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	-	-	-	7	-	14	21
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	-	-	-	6	-	14	20
Dato' Azmeer Bin Rashid	-	-	-	6	-	14	20
Datin Mariam Prudence Binti Yusof	-	-	-	4	-	14	18
Sub-Total	-	-	-	59	1	103	163
Total	**360**	**50**	**40**	**119**	**5**	**103**	**677**

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

4. 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 financial 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 also encourage 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.

Apart from the above, the Company maintains a website at http://www.cih.com.my which shareholders and the general public can access information about the Group.

5. ACCOUNTABILITY AND AUDIT

5.1 Audit Committee

The Audit Committee comprises three (3) Independent Non-Executive Directors 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 22 to 23 of this Annual Report.

5.2 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.

5.3 Internal Controls

The Directors recognise their responsibility for the Group's system of internal control and the need to review its effectiveness regularly so as to safeguard the interests of stakeholders.

The review on the systems of internal control is set out under the Statement on Internal Control on pages 24 to 25 of the Annual Report.

5.4 Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report on pages 21 to 23 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 accounting standards in Malaysia.

5.5 Relationship with the Management

The Board maintains a close and transparent relationship with all the management staff. The Board is furnished with information relating to the running of the Group's operations through various reports prepared by the management staff. This will allow them to understand the operations better and make decisions in steering the Company towards a profitable business. In addition, the Executive Directors also hold frequent monthly management meetings with the management staff in order to discuss and plan the Group's operations.

6. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Board considers that the Group has complied with the Best Principles as set out in the Code throughout the financial year ended 30 June 2008.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee's Report which lay out its activities held throughout the financial year ended 30 June 2008 in compliance with Paragraph 15.16(1) of the Listing Requirements of Bursa Malaysia Securities Berhad.

1. MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee currently comprises the following members, all of which are Independent Non-Executive Directors. 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
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak - Member *Independent Non-Executive Director* (Appointed on 30.10.2007)	2/3	67
Datuk Johari Bin Abdul Ghani - Member *Managing Director* (Resigned on 30.10.2007)	3/3	100

2. TERMS OF REFERENCE

In performing their duties and discharging their responsibilities, the Audit Committee is guided by the Terms of Reference of the Committee as follows:-

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. All members of the Audit Committee must be non-executive directors, a majority of whom shall be independent directors.

No alternate director is appointed as a member of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in the number of members reduced to below three (3), the Board shall within three (3) months appoint a new member to fill the vacancy.

2.2 Membership

At least one (1) member of the Audit 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 (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

(c) must have a degree/master/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or

(d) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or

(e) possess such other requirements relating to financial-related qualifications or experience as prescribed or approved by Bursa Malaysia Securities Berhad.

2.3 Chairman

The members of the Audit Committee shall elect a Chairman from among their members who shall be an independent non-executive director.

2.4 Quorum

The quorum of the Audit Committee meeting shall not be less than two (2), the majority of whom shall be independent non-executive directors.

2.5 Meeting

(a) the Audit Committee shall have 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 Audit Committee meeting shall be chaired by the Chairman; or in his absence, another member who is an independent non-executive director nominated by the Audit Committee;

(c) the Company Secretary shall act as Secretary of the Audit 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;

(d) the Secretary of the Audit Committee shall be entrusted to record all proceedings of meetings;

(e) the Audit Committee may invite any Board member or any member of the senior management or any employees within the Company or the Group to attend any particular Audit Committee meeting; and

(f) the Audit Committee shall report to the full Board from time to time, its recommendation for consideration and implementation and the final decision shall be the responsibility of the Board.

2.6 Voting and Proceeding of Meeting

The decision of the Audit Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Audit Committee.

2.7 Minutes

(a) The Audit Committee shall cause minutes to be duly recorded and entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Audit 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 Audit Committee meetings will be made available to all Board members. A summary of significant matters of each meeting of the Audit Committee and resolutions (if any) will be reported to the Board by the Chairman of the Audit Committee.

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

2.8 Authority

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

(a) the authority to investigate any matter within its terms of reference;

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

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

(d) direct communication channels with the external auditors and internal auditors;

(e) the right to obtain independent professional or other advice and to invite any person with relevant experience and expertise to attend the Audit Committee meeting whenever deemed necessary; and

(f) the right to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

2.9 Functions and Responsibilities

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

(a) to consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board (including the audit fees);

(b) to review with the external auditors of the Company:-

(i) the audit plan;
(ii) the audit report;
(iii) their management letter and management's response; and
(iv) the assistance given by the employees of the Company and the Group to the external auditors.

(c) to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management where necessary);

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

(e) to review the internal audit programme, processes, the reports prepared by the internal audit department and to ensure that appropriate action is taken on the recommendations of the internal audit function;

(f) to review any appraisal or assessment of the performance of members of the internal audit function;

(g) to approve any appointment or termination of senior members of the internal audit function;

(h) to be informed of any resignation of internal audit staff and provide an avenue for resigning staff to explain or submit the reasons for resignation;

(i) to review the quarterly financial results and annual audited financial statements of the Group before recommending the same for the Board's approval, focusing particularly on:-

- (i) compliance with accounting standard and any other legal requirements;
- (ii) any changes in or implementation of accounting policies and practices;
- (iii) significant and unusual events and adjustments arising from the audit; and
- (iv) the going concern assumption.

(j) 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 may raise questions on management integrity;

(k) to consider the reports, major findings and management's responses thereto on any internal investigations carried out by internal audit function;

(l) to verify, on an annual basis, the allocation of options under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's share option committee and in accordance with the By-Laws of the relevant option scheme;

(m) to promptly report to Bursa Malaysia Securities Berhad of a matter reported by the Audit Committee to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Listing Requirements; and

(n) such other functions or responsibilities as may be agreed to by the Audit Committee and the Board.

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

2.10 Review of the Audit Committee

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.

3. ACTIVITIES OF THE AUDIT COMMITTEE

The main activities undertaken by the Committee during the financial year under review were as follows:-

Financial and Operations Review

a) Reviewed the quarterly financial reports and the annual audited financial statements; and

b) Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Malaysian Code of Corporate Governance in conjunction with the preparation of the Corporate Governance and Internal Control Statements.

External Audit

a) Reviewed and approved the external auditors' scope of work and audit plan;

b) Reviewed with the external auditors the results of the audit, the audit report including management's responses on matters highlighted in the report;

c) Reviewed the conduct and considered the remuneration and re-appointment of the external auditors;

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

e) Held independent meetings (without the presence of Management) with the external auditors on significant findings in the course of their audit.

Internal Audit

a) Reviewed and approved the internal audit team's scope of work and audit plan;

b) Reviewed the Audit Committee Report for inclusion in the Annual Report 2008;

c) Reviewed the Statement of Internal Control for inclusion in the Annual Report 2008;

d) Reviewed the internal audit reports and reported to the Board on relevant issues;

e) Held independent meetings (without the presence of Management) with the internal auditors on significant findings in the course of their audit.

Related Party Transactions

The Audit Committee reviewed all related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on normal commercial terms and that internal control procedures employed are both sufficient and effective.

4. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and 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 system continues to operate satisfactorily and effectively. The costs incurred for the internal audit function in respect of the financial year ended 30 June 2008 was RM115,300.

During the financial year under review, the 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 Group Internal Audit undertakes internal audit function based on the internal audit plan. Other than the scheduled reviews, the Group Internal Audit may undertake special assignments outside the normal scope of its daily activities. Findings and recommendations for improvement as well as 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 recognises 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 organisation structure with key responsibilities clearly defined for the Board, committees of the board and the executive management of the Group's operating units.

- Authorisation 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 analysed 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.

CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of the Company views the Corporate Social Responsibility ("CSR") as an integral part of its businesses and the Board realises the need to maintain the balance between the Company's economic, social, environmental responsibilities and the interests of the Company's various stakeholders.

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

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

1. MARKETPLACE

The Group always prioritises its customers' satisfaction by offering a broad balanced and compelling portfolio of products and brands tailored to customer needs and also ensuring that its customers will enjoy affordable prices for the products.

The group's beverage division, Permanis, offers and actively promotes its balanced portfolio of products including:-

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

The above balanced portfolio offers a broad range of products including healthier options for the consumer to choose from.

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

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

The Group also focuses on continuous optimisation of its business processes, effective management and good corporate governance towards enhancing stakeholder value.

2. WORKPLACE

The Company is committed to provide a good, healthy, safe and fair working conditions as well as ensuring that its employees' welfare and personal development are taken care of.

To ensure that our workplaces are safe, all employees are trained on the necessary safety processes and provided with all the necessary safety and protective equipment.

The Group also works closely with both the in-house and national union to ensure fair labour practices are in place. Labour rates are regularly benchmarked with the industry to ensure our employees receive a fair days pay for a fair days work. The group also offers subsidised canteen and free uniforms for factory workers.

The Group also offers comprehensive training and development courses for employees to further advance their skills and knowledge and towards achieving our staff's personal development goals.

The Group prides its self on its equal opportunity employment practices, with all ethnic groups fairly represented within group. Our employment record is broadly in line with the ethnic composition of Malaysia with 50% Malays, 25% Chinese, 15% Indian and 10% other.

The Group has organised various sporting and fitness activities like badminton, futsal and football matches and aerobics to promote healthy lifestyle for the staff. The Group has always encouraged interaction amongst its staff to instill a sense of belonging via initiatives such as by holding sports day, open day, treasure hunt and other celebrations.

3. COMMUNITY

The Group's beverage division, Permanis, also contributes to the community through several sponsored sporting events throughout the financial year, for example, in sponsoring 7-up Revive isotonic drinks for the Samsung Hockey Champions Trophy Men 2007, Sports Planet: Ultimate Champions League 2008, Neighbourhood Fun with the Sun celebrates Father's day, and the Group managed to be entered into the Malaysian Book of Records for the "Pepsi Longest Football Dribble".

The Group has also contributes goods and/or monetary donations to the charitable or community organisations from time to time (e.g. schools and orphanages).

The Group also aims to help build our communities intellectual capital via management trainee programs, industrial trainee program and factory tours by schools, universities and government agencies.

4. ENVIRONMENT

The Group is principally committed to ensure that it actively minimises the impact its business operations have on the environment. The Group feels that it can play its part by managing its environment impact in the following areas:-

- Raw materials - through optimising production processes and product and packaging design
- Waste management - through treating all our wastes in accordance with Department of Environment regulations
- Energy savings- through optimising production processes
- Water conservation
- Supply chain management - though optimising pallet configuration to reduce freight and logistics and via usage of recycled pallets rather than one way pallets

The Group also help its consumers minimise their impact on the environment. For example, its tap ware and sanitary ware division, Doe/Potex, actively promote its range of water saving line of products to help its Malaysian consumers save water and the environment. It also offers a range of taps specially designed to work in areas where water pressure is low preventing the need for and environmental impact of a using pump.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.27(a) of the Listing Requirements 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 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 2008, the Directors have:-

- used appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- ensured that all applicable approved accounting standards have been followed.

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 accounting standards in Malaysia.

The Directors are also responsible for taking such steps that are necessary to safeguard the assets of the Group and to prevent fraud and other irregularities.

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2008.

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 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	14,445	4,756
Attributable to:-		
Equity holders of the Company	14,544	4,756
Minority interest	(99)	-
	14,445	4,756

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors propose a final dividend of 4 sen per share, less tax at 25%, amounting to RM3,888,215 in respect of the financial year ended 30 June 2008, subject to the approval of members at the forthcoming Annual General Meeting of the Company.

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.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

WARRANTS

A total of 57,377,835 Warrants 2004/2009 were issued free by the Company during the financial year ended 30 June 2004 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. 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 held any interests in the shares and/or warrants of the Company and its related corporations during the financial year ended 30 June 2008, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia:-

	---------- Number of ordinary shares of RM1.00 each ----------			
Shares in the Company	**Balance at 1.7.2007**	**Bought**	**Sold**	**Balance at 30.6.2008**
Direct interest				
Datuk Johari Bin Abdul Ghani	30,000,000	4,000,000	-	**34,000,000**
Dato' Seri Abdul Ghani Bin Abdul Aziz	60,000	-	-	**60,000**
Indirect interest				
Datin Mariam Prudence Binti Yusof	26,275,500	-	-	**26,275,500**

	-------------------------- Number of Warrants 2004/2009 --------------------------				
Warrants in the Company	**Balance at 1.7.2007**	**Bought**	**Sold**	**Exercised**	**Balance at 30.6.2008**
Direct interest					
Datuk Johari Bin Abdul Ghani	13,000,000	-	-	-	**13,000,000**
Indirect interest					
Datin Mariam Prudence Binti Yusof	11,112,000	-	-	-	**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 Note 29 to 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 a Director of the Company who may be deemed to derive benefits by virtue of the transactions as disclosed in the Note 36(b) 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) 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 (12) 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) 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.

EVENT AFTER BALANCE SHEET DATE

The Group through Permanis Sandilands Sdn. Bhd. ("PSSB"), a wholly-owned subsidiary, had on 15 September 2008 acquired two (2) shares of RM1.00 each representing the entire equity interest in Permanis (Sabah) Sdn. Bhd., a company incorporated in Malaysia and engaged in the distribution and marketing of beverage and food products for a total consideration of RM2. The acquisition has no significant impact on the Group's earning and net assets as the subsidiary has not commenced business as at date of the Report.

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
22 September 2008

STATEMENT BY DIRECTORS
(PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 IN MALAYSIA)

In the opinion of the Directors, the financial statements set out on pages 36 to 96 have been drawn up in accordance with the applicable approved Financial Reporting Standards and provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board,

Dato' Seri Abdul Ghani Bin Abdul Aziz	**Datuk Johari Bin Abdul Ghani**
Director	Director

Kuala Lumpur
22 September 2008

STATUTORY DECLARATION
(PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965 IN MALAYSIA)

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 36 to 96 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	)	
22 September 2008	)	**Datuk Johari Bin Abdul Ghani**

Before me:-

TEONG KIAN MENG (W147)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF C.I. HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of C.I. Holdings Berhad, which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 96.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

(a) In our opinion, 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 Act.

(b) 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO Binder	**Ng Chee Hoong**
AF: 0206	2278/10/08 (J)
Chartered Accountants	Partner

Kuala Lumpur
22 September 2008

BALANCE SHEETS
AS AT 30 JUNE 2008

	Note	Group 2008 RM'000	Group 2007 RM'000 (Restated)	Company 2008 RM'000	Company 2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	**88,829**	66,824	**18**	24
Investment properties	7	**3,096**	6,803	**-**	-
Prepaid lease payments for land	8	**3,141**	1,105	**-**	-
Intangible assets	9	**47,880**	47,548	**-**	-
Investments in subsidiaries	10	**-**	-	**90,907**	90,907
Other investments	11	**21**	21	**15**	15
Deferred tax assets	12	**3,550**	3,123	**-**	-
		146,517	125,424	**90,940**	90,946
Current assets					
Inventories	13	**28,811**	19,429	**-**	-
Trade and other receivables	14	**66,591**	68,390	**25**	12
Amounts owing by subsidiaries	15	**-**	-	**4,932**	5,805
Current tax assets		**421**	122	**129**	8
Deposits placed with financial institutions	16	**6,882**	1,599	**5,000**	-
Cash and bank balances	34	**10,137**	8,681	**113**	6
		112,842	98,221	**10,199**	5,831
Non-current assets held for sale	31(b)	**5,150**	2,000	**-**	-
		117,992	100,221	**10,199**	5,831
Total assets		**264,509**	225,645	**101,139**	96,777

BALANCE SHEETS
AS AT 30 JUNE 2008 (CONT'D)

	Note	Group 2008 RM'000	Group 2007 RM'000 (Restated)	Company 2008 RM'000	Company 2007 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	17	**129,607**	129,607	**129,607**	129,607
Share premium		**1,156**	1,156	**1,156**	1,156
Special reserve	18	**-**	10,622	**-**	10,622
Accumulated losses		**(26,521)**	(51,687)	**(56,661)**	(72,039)
		104,242	89,698	**74,102**	69,346
Minority interest		**1,282**	1,062	**-**	-
Total equity		**105,524**	90,760	**74,102**	69,346
Non-current liabilities					
Borrowings	19	**31,042**	17,083	**-**	-
Retirement benefit obligations	23	**3,105**	2,732	**-**	-
Deferred tax liabilities	12	**2,567**	1,558	**-**	-
		36,714	21,373	**-**	-
Current liabilities					
Trade and other payables	24	**67,641**	54,136	**2,532**	3,755
Provisions	25	**1,925**	1,973	**-**	-
Amounts owing to subsidiaries	15	**-**	-	**24,505**	22,824
Borrowings	19	**52,523**	56,892	**-**	852
Current tax liabilities		**182**	511	**-**	-
		122,271	113,512	**27,037**	27,431
Total liabilities		**158,985**	134,885	**27,037**	27,431
TOTAL EQUITY AND LIABILITIES		**264,509**	225,645	**101,139**	96,777

The attached notes form an integral part of the financial statements

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Continuing operations					
Revenue	26	**290,451**	265,775	**8,475**	1,765
Cost of sales	27	**(183,665)**	(170,299)	**-**	-
Gross profit		**106,786**	95,476	**8,475**	1,765
Other operating income		**2,527**	10,188	**51**	214
Selling and distribution costs		**(56,142)**	(54,338)	**-**	-
Administration expenses		**(32,481)**	(27,227)	**(2,053)**	(1,859)
Other operating expenses		**(303)**	(5,380)	**(10)**	(6,745)
Finance costs		**(4,841)**	(5,182)	**(17)**	(58)
Profit/(Loss) before tax	28	**15,546**	13,537	**6,446**	(6,683)
Tax (expense)/income	30	**(1,101)**	543	**(1,690)**	-
Profit/(Loss) for the financial year from continuing operations		**14,445**	14,080	**4,756**	(6,683)
Discontinued operation					
Loss for the financial year	31(a)	**-**	(6,230)	**-**	-
Profit/(Loss) for the financial year		**14,445**	7,850	**4,756**	(6,683)
Attributable to:-					
Equity holders of the Company		**14,544**	7,868	**4,756**	(6,683)
Minority interest		**(99)**	(18)	**-**	-
		14,445	7,850	**4,756**	(6,683)
Gross dividend per ordinary share of 4 sen, less tax at 25% (2007: Nil)	32	**3,888**	-		
Basic earnings per ordinary share attributable to equity holders of the Company (sen):-					
Profit from continuing operations	33	**11.22**	10.9		
Loss from discontinued operation	33	**-**	(4.8)		
Profit for the financial year	33	**11.22**	6.1		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Group	<-- Attributable to equity holders of the Company							
		<--- Non-distributable --->			Distributable			
	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 2006	129,607	1,156	55,458	10,622	(115,391)	81,452	1,080	82,532
Effect of adopting FRS 3, Business Combinations	-	-	(55,458)	-	55,458	-	-	-
Effect of adopting FRS 140, Investment Properties	-	-	-	-	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
Acquisition of subsidiaries (Note 10(a))	-	-	-	-	-	-	319	319
Realisation of special reserve (Note 18)	-	-	-	(10,622)	10,622	-	-	-
Profit for the financial year, representing total recognised income and expense for the financial year	-	-	-	-	14,544	14,544	(99)	14,445
At 30 June 2008	**129,607**	**1,156**	-	-	**(26,521)**	**104,242**	**1,282**	**105,524**

Company		<--- Non-distributable --->		Distributable	
	Share capital RM'000	Share premium RM'000	Special reserve RM'000	Accumulated losses RM'000	Total RM'000
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
Realisation of special reserve (Note 18)	-	-	(10,622)	10,622	-
Profit for the financial year, representing total recognised income and expense for the financial year	-	-	-	4,756	4,756
At 30 June 2008	**129,607**	**1,156**	-	**(56,661)**	**74,102**

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax					
- Continuing operations		**15,546**	13,537	**6,446**	(6,683)
- Discontinued operation	31(a)	**-**	(6,846)	**-**	-
		15,546	6,691	**6,446**	(6,683)
Adjustments for:-					
Allowance for doubtful debts		**1,268**	88	**10**	6
Allowance for doubtful debts no longer required		**(185)**	(453)	**-**	-
Amortisation of intellectual property	9	**-**	320	**-**	-
Amortisation of prepaid lease payments for land	8	**45**	44	**-**	-
Bad debts written off		**1**	-	**-**	-
Compensation from legal settlement		**-**	(8,000)	**-**	-
Depreciation of property, plant and equipment	6	**11,334**	9,830	**10**	10
Dividend income	26	**-**	-	**(6,996)**	-
Excess of interest in fair value of acquirees' net identifiable assets over costs of business combination	10(a)	**(39)**	-	**-**	-
Gain arising from subsequent change in the sale consideration on the disposal of a former subsidiary		**(241)**	-	**-**	-
Gain on disposal of subsidiaries	10(b)	**-**	(5,795)	**-**	-
Impairment loss on investments in subsidiaries	10(c)	**-**	-	**-**	6,739
Impairment loss on property, plant and equipment	6	**100**	13,055	**-**	-
Intellectual property written off	9	**-**	4,880	**-**	-
Interest expense		**4,652**	4,721	**17**	58
Interest income		**(202)**	(322)	**(181)**	(58)
Inventories written off		**4,980**	7,548	**-**	-
Changes in the fair values of investment properties	7	**203**	-	**-**	-
Loss/(Gain) on disposal of property, plant and equipment		**110**	(25)	**-**	-
Property, plant and equipment written off	6	**1,073**	23	**1**	-
Provision for retirement benefits	23	**542**	378	**-**	-
Provisions for other liabilities	25	**1,663**	573	**-**	-
Provision for other liabilities no longer required	25	**(499)**	(954)	**-**	-
Share of profit margin on Islamic term borrowings		**189**	515	**-**	-
Waiver of debts		**-**	(6)	**-**	(6)
Write back of payables and accruals		**(595)**	(150)	**(51)**	(150)
Tribute in advance written off	31(a)	**-**	926	**-**	-
Unrealised loss/(gain) on foreign exchange		**288**	(15)	**-**	-
Operating profit/(loss) before working capital changes		**40,233**	33,872	**(744)**	(84)
Increase in inventories		**(12,723)**	(8,635)	**-**	-
(Increase)/Decrease in trade and other receivables		**(7,069)**	(7,693)	**(13)**	74
Increase/(Decrease) in trade and other payables		**6,865**	10,710	**(1,172)**	(91)
Cash generated from/(used in) operations		**27,306**	28,254	**(1,929)**	(101)

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008 (CONT'D)

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Tax paid		**(1,169)**	(1,410)	**-**	-
Tax refunded		**78**	3,581	**8**	279
Compensation on legal settlement received	14(c)	**4,000**	4,000	**-**	-
Interest paid		**(2,558)**	(3,598)	**(17)**	-
Retirement benefits paid	23	**(169)**	(81)	**-**	-
Settlement of provisions for other liabilities	25	**(1,212)**	(1,436)	**-**	-
Net cash from/(used in) operating activities		**26,276**	29,310	**(1,938)**	178
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayments from /(Advances to) subsidiaries		**-**	-	**863**	(1,264)
Dividend received		**-**	-	**5,177**	-
Interest received		**202**	322	**181**	-
Proceeds from disposal of property, plant and equipment		**4,332**	157	**-**	-
Proceeds from disposal of subsidiaries in the previous financial year	14(c)	**6,000**	-	**-**	-
Proceed from disposal of non-current asset held for sale	31(b)	**2,000**	-	**-**	-
Proceeds received from the change in the sale consideration on the disposal of a former subsidiary		**241**	-	**-**	-
Purchase of property, plant and equipment	6(c)	**(9,301)**	(9,933)	**(5)**	(12)
Placement of additional deposit to an institutional trustee account	16(c)	**(150)**	-	**-**	-
(Placement)/Uplift of fixed deposits pledged to licensed banks		**(4)**	621	**-**	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	10(a)	**(3,865)**	-	**-**	-
Disposal of subsidiaries, net of cash and cash equivalents	10(b)	**-**	(6)	**-**	-
Net cash (used in)/ from investing activities		**(545)**	(8,839)	**6,216**	(1,276)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from subsidiaries		**-**	-	**1,681**	908
Repayment of hire-purchase and lease creditors		**(4,938)**	(3,981)	**-**	-
Repayment of borrowings		**(14,044)**	(37,365)	**-**	-
Drawdown of borrowings		**1,198**	25,663	**-**	-
Share of profit on Islamic term borrowings paid		**(189)**	(515)	**-**	-
Interest paid		**(2,094)**	(1,123)	**-**	-
Net cash (used in)/from financing activities		**(20,067)**	(17,321)	**1,681**	908
Net increase/(decrease) in cash and cash equivalents		**5,664**	3,150	**5,959**	(190)
Cash and cash equivalents at beginning of financial year		**6,741**	3,591	**(846)**	(656)
Cash and cash equivalents at end of financial year	34	**12,405**	6,741	**5,113**	(846)

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

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 ("RM"), which is also the Company's functional currency. All the financial information are presented in RM rounded to the nearest thousand (RM'000) unless otherwise stated.

These financial statements were authorised for issue by the Board of Directors on 22 September 2008.

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 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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 and the provisions of the Companies Act, 1965 in Malaysia.

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 and IC Interpretations that are relevant to the Group's and the Company's activities and effective for the current financial year:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 119_{2004}	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

Except FRS 117, the adoption of the above FRS does not result in significant change in the Group's accounting policies and only impact the form and content of disclosures presented in the financial statements.

The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represent prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 July 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses, if any.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

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

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117 and the following comparative figures at 30 June 2007 have been restated:-

At 30 June 2007 Balance Sheet	As previously reported RM'000	Effect of adopting FRS 117 RM'000	As restated RM'000
Property, plant and equipment	67,929	(1,105)	66,824
Prepaid lease payments for land	-	1,105	1,105

The following table provides estimates of the extent to which each of the line items in the balance sheet as at 30 June 2008 is higher or lower than it would have been the previous policies been applied in the current financial year.

	Increase/(Decrease) FRS 117 RM'000
Property, plant and equipment	3,141
Prepaid lease payments for land	(3,141)

3.2 Framework for the Preparation and Presentation of Financial Statements ("Framework")

The Group has adopted the Framework effective for the financial year beginning 1 July 2007. The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a Malaysian Accounting Standards Board's approved accounting standard and hence does not define standards for any particular measurement or disclosure issue.

3.3 New FRS not adopted

The Group has not early adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 of which will be effective for the financial period beginning on or after 1 January 2010. 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 except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with the applicable approved FRS and the provisions of the Companies Act, 1965 in Malaysia 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. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 business combination. At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities which 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:-

(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.

When a business combination includes more than one exchange transactions, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

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. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently or convertible exercisable are taken into consideration. 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 owned, directly or indirectly through subsidiaries, 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.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profit, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

Transactions with minority interests are treated as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment and depreciation

The gross carrying amounts of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of asset. 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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Construction in-progress represents factory building under construction and plant and machinery under installation. The depreciation of construction and renovation in-progress begin when they are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management. Freehold land has an unlimited useful life and therefore is not depreciated. 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 furniture and equipment	15% - 25%
Motor vehicles	20% - 25%
Bottles and cases	20%

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable.

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. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

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 other non-financial assets, other than deferred tax assets, investment properties measured at fair value, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Impairment of non-financial assets (cont'd)

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in the income statement immediately. An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.5 Investments

4.5.1 Subsidiaries

A subsidiary is a corporation or other entity in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments in subsidiaries which are eliminated on consolidation are stated at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

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. The intellectual property was fully written off in the previous financial year.

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 yield or for capital appreciation or for both and are not occupied by the Group. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflect market conditions at the balance sheet date, without any deduction for transaction costs that may be incurred on sale or other disposal.

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

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 financial year in which they arise.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out basis. Cost of raw materials 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.9 Income taxes

Income taxes include all taxes on taxable profits. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties, prior to 1 April 2007, if any.

Taxes in the income statements comprise current tax and deferred tax.

4.9.1 Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior financial periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Income taxes (cont'd)

4.9.2 Deferred tax

Deferred tax is recognised in full using 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.

Deferred tax assets and liabilities are measured at 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 by the balance sheet date.

4.10 Hire-purchase and lease agreements

4.10.1 Hire-purchase and finance leases

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase 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.

4.10.3 Leases of land and building

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Hire-purchase and lease agreements (cont'd)

4.10.3 Leases of land and building (cont'd)

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings, are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront payments made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis.

The buildings element is classified as a finance or operating lease in accordance with Note 4.10.1 or Note 4.10.2. If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

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.

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

4.13.1 Non-current assets held for sale

Non-current assets are classified as held for sale, 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 measured at fair value, 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Non-current assets held for sale and discontinued operation (cont'd)

4.13.2 Discontinued operation

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start up of the comparative period.

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, after eliminating sales within the Group.

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.

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 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.

4.14.5 Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

4.15 Employee benefits

4.15.1 Short-term employee benefits

Wages, salaries, social security contributions, paid annual 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Employee benefits (cont'd)

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 as 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.

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

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Financial instruments (cont'd)

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 Group and 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, deposits placed with financial institutions and other short term, highly liquid investments that are readily convertible to cash and which are subject to insignificant risk of changes in value. For the purpose of cash flow statements, the cash and cash equivalents are presented net of bank overdrafts, deposits held as pledged securities for banking facilities granted and also deposits placed with an institutional trustee in accordance with the terms and conditions as set out in the lease agreements (Note 16(c) to the financial statements).

(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 of 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 a wholly-owned 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 ("ARB"). Subsequently, the properties were leasebacked by the Group from ARB 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 the Group does not retain substantially all the risks and rewards incidental to the ownership of the said properties and the lease term does not constitute major part of the economic life of the properties. Furthermore, the sale considerations are agreed based on the fair values.

(ii) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting both internal and external legal advisors of the Group for matters in the ordinary course of business. The details of the material litigations are disclosed in the Note 41 to the financial statements.

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:-

(i) 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.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

5.2 Key sources of estimation uncertainty (cont'd)

(ii) 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 9 to the financial statements.

(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.

(v) Fair values of borrowings

The fair values of the borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and the risk inherited in its business.

6. PROPERTY, PLANT AND EQUIPMENT

Group 2008	Balance at 1 July 2007 RM'000	Additions (Note (c) below) RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Impairment loss for the financial year (Note (d) below) RM'000	Acquisition of subsidiaries (Note 10(a)) RM'000	Written off RM'000	Transfer to investment properties (Note 7) RM'000	Reclassifi-cation RM'000	Balance at 30 June 2008 RM'000
Carrying amount										
Freehold land	2,093	-	-	-	-	-	-	(788)	-	1,305
Buildings	3,717	1,035	(4,044)	(145)	(100)	4,071	-	(858)	3,216	6,892
Freehold land and buildings	1,973	-	-	(74)	-	-	-	-	-	1,899
Bottle and cases	-	-	-	-	-	-	-	-	-	-
Plant and machinery	42,359	33,829	(37)	(9,507)	-	536	(906)	-	9,257	75,531
Office furniture and equipment	3,289	784	(3)	(1,340)	-	184	(167)	-	-	2,747
Renovation	109	141	-	(33)	-	-	-	-	-	217
Motor vehicles	811	-	(358)	(235)	-	20	-	-	-	238
Construction in-progress	12,447	-	-	-	-	-	-	-	(12,447)	-
Renovation in-progress	26	-	-	-	-	-	-	-	(26)	-
	66,824	35,789	(4,442)	(11,334)	(100)	4,811	(1,073)	(1,646)	-	88,829

Group 2008	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	1,305	-	1,305
Buildings	8,925	2,033	6,892
Freehold land and buildings	2,200	301	1,899
Bottle and cases	370	370	-
Plant and machinery	170,863	95,332	75,531
Office furniture and equipment	10,561	7,814	2,747
Renovation	257	40	217
Motor vehicles	1,980	1,742	238
	196,461	107,632	88,829

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2007	Balance at 1 July 2006 RM'000	Additions (Note (c) below) RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Impairment loss for the financial year (Note (d) below) RM'000	Disposal of subsidiaries (Note 10(b)) RM'000	Written off RM'000	Transfer to non-current assets held for sale (Note 31(b)) RM'000	Balance at 30 June 2007 RM'000
Carrying amount									
Freehold land	17,205	-	-	-	(13,055)	(57)	-	(2,000)	2,093
Buildings	3,829	12	-	(124)	-	-	-	-	3,717
Freehold 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
	71,061	21,396	(132)	(9,830)*	(13,055)*	(593)	(23)	(2,000)	66,824

* Related to:-

Group 2007	Continuing operations (Note 28) RM'000	Discontinued operation (Note 31(a)) RM'000	Total RM'000
Impairment loss for the financial year	500	12,555	13,055
Depreciation charged for the financial year	9,825	5	9,830

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
Freehold land	2,593	-	500	2,093
Buildings	5,417	1,700	-	3,717
Freehold 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
	162,501	95,177	500	66,824

Company 2008	Balance at 1 July 2007 RM'000	Additions (Note (c) below) RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance at 30 June 2008 RM'000
Carrying amount					
Office furniture and equipment	24	5	(1)	(10)	18

	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	77	59	18

Company 2007	Balance at 1 July 2006 RM'000	Additions (Note (c) below) RM'000	Depreciation charge for the financial year RM'000	Balance 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

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	Group 2008 RM'000	Group 2007 RM'000
Motor vehicles	**141**	662
Plant and machinery	**20,843**	14,489
Office furniture and equipment	**1,053**	1,240
	22,037	16,391

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

	Group 2008 RM'000	Group 2007 RM'000
Freehold land	**1,305**	1,305
Buildings	**5,258**	1,047
Plant and machinery	**28,633**	-
Construction in-progress	**-**	12,447
	35,196	14,799

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

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Purchase of property, plant and equipment	**35,789**	21,396	**5**	12
Unpaid credit purchases included in other payables (Note 24)	**(4,784)**	(836)	**-**	-
Settlement of credit purchases brought forward	**836**	583	**-**	-
Financed by:-				
- hire-purchase and lease arrangement	**(7,446)**	(3,585)	**-**	-
- term loan	**(15,094)**	(7,625)	**-**	-
Cash payments on purchase of property, plant and equipment	**9,301**	9,933	**5**	12

(d) An impairment loss on certain freehold land of approximately RM100,000 (2007: RM13,055,000) 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 values which were obtained from registered independent valuers based on recent transactions for similar assets.

7. INVESTMENT PROPERTIES

	Note	Group 2008 RM'000	Group 2007 RM'000
Balance at 1 July 2007/2006		**6,803**	6,425
Effect of adopting FRS 140, Investment Properties		**-**	378
Reclassification from property, plant and equipment	6	**1,646**	-
Changes in the fair values		**(203)**	-
Transfer to non-current asset held for sale	31(b)	**(5,150)**	-
Balance at 30 June		**3,096**	6,803
Analysed as:-			
Freehold land and building		**1,646**	5,000
Freehold land		**350**	353
Leasehold land and building		**-**	350
Long term leasehold land		**1,100**	1,100
		3,096	6,803

(a) A freehold land with net book value of RM170,000 (2007: RM170,000) was previously registered in the name of a former Director of a subsidiary. During the financial year, the title deed of the freehold land was transferred to one of the existing Directors of the said subsidiary who holds the property in trust for the subsidiary.

(b) Direct operating expenses

	Group 2008 RM'000	Group 2007 RM'000
Quit rent and assessment	11	8

(c) The fair value of the investment properties at 30 June 2008, were derived from the Directors' assessment based on indicatives value obtained from latest valuation conducted by independent professional valuers.

8. PREPAID LEASE PAYMENTS FOR LAND

Group 2008	Balance at 1 July 2007 RM'000	Acquisition of a subsidiary (Note 10(a)) RM'000	Amortisation charge for the financial year RM'000	Balance at 30 June 2008 RM'000
Carrying amount				
Prepaid lease payments for land	1,105	2,081	(45)	**3,141**

8. PREPAID LEASE PAYMENTS FOR LAND (CONT'D)

	At 30 June 2008 Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Prepaid lease payments for land	**4,299**	**1,158**	**3,141**

Group 2007	Balance at 1 July 2006 RM'000	Disposal of subsidiaries (Note 10(b)) RM'000	Amortisation charge for the financial year RM'000	Balance at 30 June 2007 RM'000
Carrying amount				
Prepaid lease payments for land	1,526	(377)	(44)	1,105

	At 30 June 2007 Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Prepaid lease payments for land	2,148	1,043	1,105

	Group 2008 RM'000	Group 2007 RM'000
Analysed as:-		
Long term leasehold land	**2,390**	321
Short term leasehold land	**751**	784
	3,141	1,105

The long term leasehold land have been charged to the licensed banks for the banking facilities granted to the subsidiaries (Note 19 and Note 20 to the financial statements).

9. INTANGIBLE ASSETS

Group 2008	Balance at 1 July 2007 RM'000	Acquisition of subsidiaries (Note 10(a)) RM'000	Balance at 30 June 2008 RM'000
Carrying amount			
Goodwill on consolidation	47,548	332	**47,880**

9. INTANGIBLE ASSETS (CONT'D)

	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill on consolidation	68,698	20,818	47,880

Group 2007	Balance at 1 July 2006 RM'000	Amortisation charge for the financial year RM'000	Written off RM'000	Balance 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 impairment loss RM'000	Carrying amount RM'000
Goodwill on consolidation	68,366	20,818	47,548

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 5 financial years' period. The key assumptions used for value in use calculations are as follows:-

	-- Cash generating unit	--
Key assumptions	**Beverages**	**Building and construction related products**
Sales growth*	8% on the first 3 financial years and 7% for the subsequent financial year	5%
Discount rate	8%	8%
Terminal value	Projected carrying amount at the end of year five	10% increment on the purchase consideration paid by the Group

* 2009 budget is the base year for the cash flows projections

9. INTANGIBLE ASSETS (CONT'D)

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.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted investments, at cost	**244,830**	244,830
Less: Accumulated impairment losses	**(153,923)**	(153,923)
	90,907	90,907

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

Name of subsidiaries	Effective equity interest 2008 %	2007 %	Principal activities
Permanis Sdn. Bhd.	**100**	100	Selling, bottling and distribution of beverages
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. Engineering Sdn. Bhd.	**100**	100	Investment holding
Mawar Seroja Sdn. Bhd.	**100**	100	Inactive
Pep Bottlers Sdn. Bhd.	**100**	100	Inactive
C.I. Management Sdn. Bhd.	**100**	100	Inactive
C.I. Construction Sdn. Bhd.	**100**	100	Inactive
C.I. Marketing Sdn. Bhd.	**100**	100	Inactive
C.I. Properties Sdn. Bhd.	**100**	100	Dormant
C.I. Development Sdn. Bhd.	**100**	100	Dormant
Subsidiaries of Permanis Sdn. Bhd.			
Permanis Sandilands Sdn. Bhd.	**100**	100	Marketing and distribution of beverages
Champs Water Sdn. Bhd.	**100**	100	Selling, bottling and distribution of beverages
Permanis Distributions Sdn. Bhd.	**100**	100	Marketing and distribution of beverage and food products
Bevmac Sdn. Bhd.	**100**	100	Inactive
Subsidiaries of Doe Industries Sdn. Bhd.			
Doe Marketing Sdn. Bhd.	**100**	100	Dealership and distribution of household fittings and appliances
Potex Industries Sdn. Bhd. (formerly known as Suhuwang Sdn. Bhd.)	**90**	-	Manufacturing of ceramic sanitary wares
Potex Sdn. Bhd.	**90**	-	Trading in sanitary wares and related products

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Effective equity interest 2008 %	2007 %	Principal activities
Subsidiary of C.I. Building Industries Sdn. Bhd.			
C.I. Quarries Sdn. Bhd.	**100**	100	Inactive
Subsidiary of C.I. Engineering Sdn. Bhd.			
C.I. Auto Services Sdn. Bhd.	**51**	51	Inactive
Subsidiaries of C.I. Quarries Sdn. Bhd.			
Capital Aim Sdn. Bhd.	**100**	100	Inactive
C.I. Damansara Quarry Sdn. Bhd.	**65**	65	Inactive
Subsidiary of Capital Aim Sdn. Bhd.			
C.I. Quarries (Nilai) Sdn. Bhd.	**100**	100	Inactive

All subsidiaries are audited by BDO Binder.

(a) Acquisition of subsidiaries

2008

On 4 February 2008, the Group through its wholly-owned subsidiary, Doe Industries Sdn. Bhd., entered into a Share Sale Agreement with Khoo Soon Kwee @ Francis, Ng Hwee Lon and Orient Vector Sdn. Bhd. to acquire 13,519,800 ordinary shares of RM1.00 each representing 90% equity interest in Potex Industries Sdn. Bhd. (formerly known as Suhuwang Sdn. Bhd.) ("Potex Industries") and 225,000 ordinary shares of RM1.00 each representing 90% equity interest in Potex Sdn. Bhd. ("Potex") for a total cash consideration of RM3.0 million.

The effect of the acquisition on the financial results of the Group during the financial year is as follows:-

	From the date of acquisition RM'000
Revenue	2,729
Cost of sales	(2,045)
Gross profit	684
Other operating income	20
Administration expenses	(705)
Finance costs	(221)
Loss before tax	(222)
Tax expense	(46)
Loss for the financial period	(268)

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (cont'd)

2008 (cont'd)

The fair value of assets and liabilities and cash flow arising from the acquisition of Potex Industries and Potex are as follows:-

	Note	At the date of acquisition RM'000
Property, plant and equipment	6	4,811
Prepaid lease payments for land	8	2,081
Inventories		1,639
Trade and other receivables		2,935
Tax recoverable		56
Cash and cash equivalents		(1,572)
Trade and other payables		(2,717)
Borrowings		(4,043)
Total net assets		3,190
Less: Minority interest		(319)
Group's share of net assets		2,871
Excess of interest in fair value of acquirees' net identifiable assets over costs of business combination		(39)
Goodwill arising from acquisition	9	332
Total cost of business combination		3,164
Less: Purchase considerations yet to be settled and included in other payables in 2008	24(b)(ii)	(1,000)
Total cost of business combination satisfied by cash		2,164
Add: Cash and cash equivalents of subsidiaries acquired, net of deposits pledged to a licensed bank		1,701
Cash outflow on business combination		3,865

At the date of the acquisition, Potex Industries and Potex have unrecognised deferred tax assets of approximately RM1,868,000. Deferred tax assets have not been recognised in the financial statements as it is not probable that taxable profit of Potex Industries and Potex will be available against which the deductible temporary differences can be utilised.

It is not practicable to disclose the revenue and profit or loss of Potex Industries and Potex for the financial year as though the acquisition date effected during the financial year had been the beginning of the financial year. This is principally due to the reporting dates of Potex Industries and Potex which are different from that of the Group before they became subsidiaries of the Group and the inability to estimate the revenue and profit or loss without incurring excessive costs.

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (cont'd)

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. ("PDSB") for a total consideration of RM500,000. The acquisition was satisfied wholly in cash and has no significant impact on the Group's earning and net assets for the financial year ended 30 June 2007. Subsequently on 1 October 2007, Permanis has transferred the investments in PDSB to its wholly-owned subsidiary, Permanis Sandilands Sdn. Bhd..

(b) Disposal of subsidiaries

In the previous 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, 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:-

	Note	Up to the date of disposals 2007 RM'000
Revenue		477
Cost of sales		(283)
Gross profit		194
Other operating income		570
Operating costs		(2,060)
Tax expense		(6)
Gain on disposal of subsidiaries		
- Continuing operations	28	415
- Discontinued operation	31(a)	5,380
Increase in Group's profit		4,493

10. INVESTMENTS 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:-

	Note	At the date of disposals 2007 RM'000
Property, plant and equipment	6	593
Prepaid lease payment for land	8	377
Inventories		284
Trade and other receivables		311
Tax recoverable		237
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		
- Continuing operations	28	415
- Discontinued operation	31(a)	5,380
		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 in 2007	14(c)	(6,000)
Disposal of subsidiaries, net of cash and cash equivalents		(6)

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 was recognised in the previous 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.

11. OTHER INVESTMENTS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
At cost				
Club memberships	**21**	21	**15**	15

12. DEFERRED TAX

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

	Group	
	2008 RM'000	2007 RM'000
Balance at 1 July 2007/2006	(1,565)	1,162
Recognised in the income statement (Note 30)		
- Continuing operations	582	(2,099)
- Discontinued operation	-	(628)
	582	(2,727)
Balance at 30 June	(983)	(1,565)
Presented after appropriate offsetting:-		
Deferred tax assets, net	(3,550)	(3,123)
Deferred tax liabilities, net	2,567	1,558
	(983)	(1,565)

(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 2007	373	1,359	129	3,915	335	6,111
Recognised in the income statement	205	(52)	30	581	121	885
At 30 June 2008	578	1,307	159	4,496	456	6,996
At 1 July 2006	454	819	118	5,629	186	7,206
Recognised in the income statement	(81)	540	11	(1,714)	149	(1,095)
At 30 June 2007	373	1,359	129	3,915	335	6,111

12. 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 2007	183	4,363	4,546
Recognised in the income statement	(15)	1,482	1,467
At 30 June 2008	**168**	**5,845**	**6,013**
At 1 July 2006	1,014	7,354	8,368
Recognised in the income statement	(831)	(2,991)	(3,822)
At 30 June 2007	183	4,363	4,546

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unused tax losses	**8,136**	4,594	-	234
Unabsorbed capital allowances	**4,395**	817	-	-
Provision for liabilities	**61**	49	-	-
	12,592	5,460	-	234

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

13. INVENTORIES

	Group	
	2008 RM'000	2007 RM'000
At cost		
Raw materials	**12,058**	7,945
Work-in-progress	**1,090**	1,245
Finished goods	**15,663**	10,239
	28,811	19,429

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	67,691	58,669	-	-
Less: Allowance for doubtful debts	(2,669)	(1,757)	-	-
	65,022	56,912	-	-
Other receivables	465	10,468	7	-
Less: Allowance for doubtful debts	(382)	(382)	-	-
	83	10,086	7	-
Deposits	627	582	11	6
Prepayments	859	810	7	6
	1,569	11,478	25	12
Trade and other receivables	66,591	68,390	25	12

(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	
	2008 RM'000	2007 RM'000
Trade receivables	171	5,805
Other receivables	-	290
	171	6,095

(c) Included in the other receivables in 2007 are amounts of RM6,000,000 and RM4,000,000 which are receivable from the disposals of subsidiaries (Note 10(b)) and agreed settlement of a legal case respectively.

15. AMOUNTS OWING BY/TO SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Amounts owing by subsidiaries	108,868	109,731
Less: Allowance for doubtful debts	(103,936)	(103,926)
	4,932	5,805
Amounts owing to subsidiaries	24,505	22,824

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

16. DEPOSITS PLACED WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits placed with:-				
- Licensed banks	5,145	12	5,000	-
- Institutional trustee	1,737	1,587	-	-
	6,882	1,599	5,000	-

(a) Included in the deposits placed with licensed banks of the Group are deposits of RM145,126 (2007: RM12,100) which are pledged for banking facilities granted to certain subsidiaries.

(b) The fixed deposits placed with the licensed banks of the Group at 30 June 2008 have maturity period ranged from 30 days to 365 days (2007: 365 days).

(c) In accordance with the lease agreement entered by the Group with Amanah Raya Berhad ("ARB") (Note 5.1(i) and Note 38 to the financial statements), the Group is required to pay ARB on the commencement of the lease agreement the sum of RM1,587,000 equivalent to one (1) year's lease rental as a deposit and placed into an Institutional Trust Account ("ITA") as security for the lease agreement and shall be kept and maintained in the ITA throughout the lease term. The Group shall top up and/or increase the amount of deposit starting from year 6 to the financial year 10 of the lease term to the amount equivalent to one (1) year's lease rental for the year 6 to the year 10 of the lease term. The deposit earns investment income at 5% (2007: 5%) per annum. During the financial year, the Group has placed additional RM150,000 to the ITA in accordance with the supplement agreement entered by the Group with ARB (Note 38 to the financial statements).

During the financial year, the Group had reviewed and changed the presentation of the deposit for the financial year ended 30 June 2007. The deposit of RM1,587,000 which was previously included in trade and other receivables is now presented with deposits placed with financial institutions to conform with current financial year's presentation which better reflects the nature of deposit.

17. SHARE CAPITAL

	Group and Company			
	2008		2007	
	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

A total of 57,377,835 Warrants 2004/2009 were issued free by the Company during the financial year ended 30 June 2004 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. At the date of the Report, none of the warrants has been exercised.

18. SPECIAL RESERVE - NON-DISTRIBUTABLE

In the financial year ended 30 June 1996, the Company obtained 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 and goodwill on consolidation of RM32,763,000 and RM10,622,000 respectively at that point in time.

The balance of the Special Reserve Account of RM10,622,000 was adjusted to the accumulated losses of the Company during the financial year as all the subsidiaries related to the goodwill on consolidation as mentioned above have been disposed off in the previous financial years.

19. BORROWINGS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-current liabilities				
Secured:-				
Term loans from licensed banks	**21,892**	7,625	-	-
Islamic term borrowings (Note 21)	**981**	2,593	-	-
Hire-purchase and lease creditors (Note 22)	**8,169**	6,862	-	-
	31,042	17,080	-	-
Unsecured:-				
Term loans from licensed banks	-	3	-	-
	31,042	17,083	-	-
Current liabilities				
Secured:-				
Bank overdrafts	**2,609**	789	-	-
Bankers' acceptance	**1,072**	846	-	-
Term loans from licensed banks	**2,111**	-		
Islamic term borrowings (Note 21)	**59**	1,076	-	-
Hire-purchase and lease creditors (Note 22)	**4,955**	3,736	-	-
	10,806	6,447	-	-
Unsecured:-				
Bank overdrafts	**123**	1,151	-	852
Bankers' acceptance	**26,591**	34,272	-	-
Term loans from licensed banks	**3**	22	-	-
Revolving credit	**15,000**	15,000	-	-
	52,523	56,892	-	852

19. BORROWINGS (CONT'D)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Total borrowings				
Bank overdrafts (Note (b) below)	**2,732**	1,940	-	852
Bankers' acceptance (Note (c) below)	**27,663**	35,118	-	-
Revolving credit	**15,000**	15,000	-	-
Term loans from licensed banks (Note 20)	**24,006**	7,650	-	-
Islamic term borrowings (Note 21)	**1,040**	3,669	-	-
Hire-purchase and lease creditors (Note 22)	**13,124**	10,598	-	-
	83,565	73,975	-	852
Maturity of borrowings				
(excluding hire-purchase and lease):-				
Within one year	**47,568**	53,156	-	852
More than one year and less than five years	**21,942**	8,493	-	-
Five years or more	**931**	1,728	-	-
	70,441	63,377	-	852

	Group	
	2008 Days	2007 Days
Ranges of maturity period of short term bank borrowings excluding bank overdrafts, term loans from licensed banks and Islamic term borrowings.		
Bankers' acceptance	**30 - 120**	29 - 120
Revolving credit	**177 - 180**	119 - 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 are amounts of:-

(i) RM1,076,054 (2007: RM788,538), which is secured by a first party legal charge over a leasehold property of a subsidiary;

(ii) RM1,456,653 (2007: Nil), which is secured by legal charge over the leasehold property and fixed deposit of a subsidiary; and

(iii) RM76,446 (2007: Nil), which is secured by third party deed of agreement over a condominium of a subsidiary's Director.

(c) Included in the bankers' acceptance are amounts of:-

(i) RM965,000 (2007: RM846,000), which is secured by a first party legal charge over a leasehold property of a subsidiary; and

(ii) RM107,000 (2007: Nil), which is secured by third party deed of agreement over a condominium of a subsidiary's Director.

20. TERM LOANS FROM LICENSED BANKS

	Group 2008 RM'000	Group 2007 RM'000
Unsecured:-		
Term loan I (Note (a) below)	3	25
Secured:-		
Term loan II (Note (b) below)	22,718	7,625
Term loan III (Note (c) below)	724	-
Term loan IV (Note (d) below)	561	-
	24,006	7,650
Repayable as follows:-		
Current liabilities		
- not later than one year	2,114	22
Non-current liabilities		
- later than one year and not later than five years	21,664	7,628
- later than five years	228	-
	21,892	7,628
	24,006	7,650

(a) Term loan I is repayable by 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 to finance the cost incurred 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 secured by a charge over the equipment and machinery financed under the term loan.

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

(c) Term loan III repayable by 120 equal monthly instalment of RM11,741 each commencing from March 2005.

(d) Term loan IV repayable by 30 equal monthly instalment of RM46,300 each commencing from September 2006.

Both term loans III and IV are operated by:-

(i) a legal charge over the leasehold property of the said subsidiary;

(ii) a debenture of RM5 million over all present and future fixed and floating assets of the said subsidiary;

(iii) joint and several guarantees from the Directors of the subsidiary for RM5 million; and

(iv) a pledge on the fixed deposit of the said subsidiary.

21. ISLAMIC TERM BORROWINGS

	Group 2008 RM'000	Group 2007 RM'000
Secured		
Bai-Bithaman Ajil I ("BBA I") (Note (a) below)	-	1,100
Bai-Bithaman Ajil II ("BBA II") (Note (b) below)	1,040	1,666
Murabahah (Note (c) below)	-	903
	1,040	3,669
Repayable as follows:-		
Current liabilities		
- not later than one year	59	1,076
Non-current liabilities		
- later than one year and not later than five years	278	865
- later than five years	703	1,728
	981	2,593
	1,040	3,669

All the Islamic term borrowings are guaranteed by the Company.

(a) BBA I 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. The Group has made early settlement of BBA I during the financial year.

(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. The Murabahah was fully settled during the financial year.

22. HIRE-PURCHASE AND LEASE CREDITORS

	Group 2008 RM'000	Group 2007 RM'000
Minimum hire-purchase and lease payments:-		
- not later than one year	5,716	4,458
- later than one year and not later than five years	8,872	7,438
	14,588	11,896
Less: Future interest charges	(1,464)	(1,298)
Present value of hire-purchase and lease creditors	13,124	10,598

22. HIRE-PURCHASE AND LEASE CREDITORS (CONT'D)

	Group	
	2008 RM'000	2007 RM'000
Repayable as follows:-		
Current liabilities		
- not later than one year	**4,955**	3,736
Non-current liabilities		
- later than one year and not later than five years	**8,169**	6,862
	13,124	10,598

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

(i) RM5,965,913 (2007: RM6,758,107) which is guaranteed by the Company; and

(ii) RM80,579 in 2007 which was secured by a security deposit of 10% from a purchase price of the machinery and equipment.

23. 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 sheet are as follows:-

	Group				
	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000
Present value of unfunded obligations	**2,917**	2,529	2,435	2,323	2,035
Unrecognised actuarial gain	**188**	203	-	-	-
	3,105	2,732	2,435	2,323	2,035

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

	Group	
	2008 RM'000	2007 RM'000
Balance at 1 July 2007/2006	**2,732**	2,435
Amounts recognised in the income statement	**542**	378
Contributions paid	**(169)**	(81)
Balance at 30 June	**3,105**	2,732

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	Group	
	2008 RM'000	2007 RM'000
Current service cost	181	167
Past service cost	31	33
Interest cost	153	178
Actuarial loss	177	-
Expenses recognised in the income statement included under administration expenses	542	378

The principal actuarial assumptions used are as follows:-

	Group	
	2008 %	2007 %
Discount rate	5.0 and 5.6	5.6 and 7.0
Expected rate of annual salary increase	5.0 and 6.0	5.0

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables	22,643	22,376	-	-
Other payables	21,281	16,086	2,164	3,510
Amounts owing to suppliers of property, plant and equipment (Note 6(c))	4,784	836	-	-
Deposit received	1,137	1,039	-	-
Accruals	17,796	13,799	368	245
	44,998	31,760	2,532	3,755
Trade and other payables	67,641	54,136	2,532	3,755

(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. Included in the other payables in 2008 are amounts of:-

(i) RM1,261,846 representing advances from the third parties to a newly acquired subsidiary of the Group, which are unsecured, repayable on demand and bear interest at rates ranging from 0.013% to 2.20% per annum; and

(ii) RM1,000,000 owing to third parties for the acquisition of 90% equity interest in Potex Industries Sdn. Bhd. and Potex Sdn. Bhd. (Note 10 (a) to the financial statements).

25. PROVISIONS

Group 2008	Warehouse expenses (Note 41(b)) RM'000	Marketing expenses (Note (a)) RM'000	Pallet losses (Note (b)) RM'000	Employees compensation (Note 41(f)) RM'000	Market returns (Note (c)) RM'000	Total RM'000
Balance at 1 July 2007	1,498	25	157	293	-	1,973
Provision made during the financial year	-	-	59	-	1,604	1,663
Payment made	(1,000)	-	(90)	(122)	-	(1,212)
Provision no longer required	(498)	-	-	(1)	-	(499)
Balance at 30 June 2008	-	25	126	170	1,604	1,925

Group 2007	Warehouse expenses (Note 41(b)) RM'000	Marketing expenses (Note (a)) RM'000	Construction costs* (Note (d)) RM'000	Interest expenses* (Noted (d)) RM'000	Pallet losses (Note (b)) RM'000	Employees compensation (Note 41(f)) RM'000	Total RM'000
Balance 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 at 30 June 2007	1,498	25	-	-	157	293	1,973

* Related to the discontinued operation (Note 31(a))

(a) Marketing expenses are payable for various promotion activities or events conducted by the Group and the provision is recognised at the financial year end based on the management's best estimation.

(b) Provision for pallet loss is recognised based on the estimated obligation to compensate the supplier on the damaged or loss of rented pallets which were used in the daily operations throughout the country. The provision is recognised based on the current usage and the historical data on the pallet loss.

(c) Provision for market returns is recognised based on the estimated liabilities arising from the returns of the damaged, infected or expired products by the customers. The estimated liability is made after taking into consideration of the historical market returns data and the products life cycle.

(d) Provisions for construction and interest expenses were recognised in the previous financial years based on the legal claims made by a licensed bank against a wholly-owned subsidiary. The subsidiary and the licensed bank have agreed to settle the judgement's sum at RM1.0 million as full and final settlement in the previous financial year.

26. REVENUE

Continuing operations	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Sale of goods	290,451	265,678	-	-
Management and other fees from subsidiaries	-	-	1,298	1,765
Dividend income	-	-	6,996	-
Interest income	-	-	181	-
Assembling and servicing of beverage refrigerators	-	97	-	-
	290,451	265,775	8,475	1,765

27. COST OF SALE

Cost of sales represent of cost of inventories sold.

28. PROFIT/(LOSS) BEFORE TAX

Continuing operations	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Profit/(Loss) before tax is arrived at after charging:-					
Allowance for doubtful debts		1,268	88	10	6
Amortisation of intellectual property	9	-	320	-	-
Amortisation of prepaid lease payment for land	8	45	44	-	-
Auditors' remuneration:-					
- Statutory:-					
- current financial year		208	150	35	30
- under/(over) provision in prior financial year		1	(2)	-	-
- Non-statutory		8	8	8	8
Bad debts written off		1	-	-	-
Depreciation of property, plant and equipment	6	11,334	9,825	10	10
Directors' remuneration	29	672	654	672	654
Impairment loss on investment in subsidiaries	10(c)	-	-	-	6,739
Impairment loss on property, plant and equipment	6	100	500	-	-
Interest expense on:-					
- bank overdraft		164	447	17	58
- bankers' acceptance		1,509	1,840	-	-
- term loans		1,089	166	-	-
- revolving credit		835	1,257	-	-
- hire-purchase and lease		1,005	957	-	-
- others		50	-	-	-
Intellectual property written off	9	-	4,880	-	-
Inventories written off		4,980	7,548	-	-

28. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Continuing operations	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Lease rental		**1,731**	1,587	**-**	-
Loss on changes in the fair values of investment properties	7	**203**	-	**-**	-
Loss on disposal of property, plant and equipment		**110**	-	**-**	-
Provision for:-					
- compensation to former employees	25	**-**	293	**-**	-
- retirement benefits	23	**542**	378	**-**	-
- pallet losses	25	**59**	280	**-**	-
- market returns	25	**1,604**	-	**-**	-
Property, plant and equipment written off	6	**1,073**	23	**1**	-
Realised foreign exchange loss		**109**	43	**-**	-
Rental of equipment		**556**	597	**-**	-
Rental of motor vehicles		**146**	2	**-**	-
Rental of premises		**1,136**	1,066	**139**	139
Retrenchment benefits		**740**	76	**-**	-
Royalty paid and payable	36(b)	**419**	315	**-**	-
Share of profit margin on Islamic term borrowings		**189**	515	**-**	-
Unrealised foreign exchange loss		**316**	-	**-**	-
And crediting:-					
Allowance for doubtful debts no longer required		**185**	453	**-**	-
Bad debts recovered		**149**	6	**-**	-
Compensation from legal settlement		**-**	8,000	**-**	-
Excess of interest in fair value of acquirees' net identifiable assets over cost of business combination	10(a)	**39**	-	**-**	-
Gain arising from subsequent change in the sale consideration on the disposal of a former subsidiary		**241**	-	**-**	-
Gain on disposal of property, plant and equipment		**-**	25	**-**	-
Gain on disposal of a subsidiary	10(b)	**-**	415	**-**	-
Gross dividends received from subsidiaries	26	**-**	-	**6,996**	-
Interest income		**202**	320	**181**	58
Provision for other liabilities no longer required:-					
- warehouse expenses	25	**498**	-	**-**	-
- compensation	25	**1**	-	**-**	-
Rental income		**10**	17	**-**	-
Realised foreign exchange gain		**188**	248	**-**	-
Unrealised foreign exchange gain		**28**	15	**-**	-
Waiver of debts		**-**	6	**-**	6
Write back of payables and accruals		**595**	150	**51**	150

29. DIRECTORS' REMUNERATION

	Group and Company 2008 RM'000	Group and Company 2007 RM'000
Directors of the Company		
Executive Director		
- salaries and allowances	460	460
- defined contribution plan	50	55
	510	515
Non-Executive Directors		
- allowances	59	50
- fees	103	89
	162	139
	672	654

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 2008 RM'000	Group and Company 2007 RM'000
Directors of the Company		
Executive Director	4	4
Non-Executive Director	1	2
	5	6

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 2008 Executive Director	2008 Non-Executive Directors	2007 Executive Director	2007 Non-Executive Directors
Directors of the Company				
Below RM50,000	-	7	-	7
RM500,001 - RM550,000	1	-	1	-

30. TAX EXPENSE/(INCOME)

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Continuing operations				
Current tax:-				
Income tax for the financial year	579	1,568	1,690	-
Withholding tax	1	3	-	-
Over provision in prior financial years	(61)	(15)	-	-
	519	1,556	1,690	-
Deferred tax (Note 12):-				
Origination and reversal of temporary differences	3,560	1,014	-	-
Changes in corporate tax rate (Note (a) below)	37	158	-	-
Over provision in prior financial years	(3,015)	(3,271)	-	-
	582	(2,099)	-	-
Tax expense/(income) from continuing operations	1,101	(543)	1,690	-
Discontinued operation				
Current tax:-				
Income tax for the financial year	-	3	-	-
Under provision in prior financial years	-	9	-	-
	-	12	-	-
Deferred tax (Note 12):-				
Origination and reversal of temporary differences	-	(628)	-	-
Tax income from discontinued operation (Note 31(a))	-	(616)	-	-
Total tax expense/(income)	1,101	(1,159)	1,690	-

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 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Profit/(Loss) before tax				
- Continuing operations	15,546	13,537	6,446	(6,683)
- Discontinued operation (Note 31(a))	-	(6,846)	-	-
	15,546	6,691	6,446	(6,683)

30. TAX EXPENSE/(INCOME) (CONT'D)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Taxation at statutory tax of 26% (2007: 27%)	**4,042**	1,807	**1,676**	(1,804)
Tax effects in respect of:-				
Effect in reduction in statutory tax rate on first RM500,000 chargeable income for certain subsidiaries	**(32)**	(1)	**-**	-
Withholding tax	**1**	3	**-**	-
Income not subject to tax	**(87)**	(2,516)	**(13)**	(42)
Non-allowable expenses	**260**	7,225	**88**	1,897
Utilisation of reinvestment allowances (Note (b) below)	**(30)**	(747)	**-**	-
Change in the unrecognised deferred tax assets during the financial year	**(14)**	(3,183)	**(61)**	(51)
Changes in corporate tax rate (Note (a) below)	**37**	158	**-**	-
Reversal of deferred tax on fair value adjustment on property, plant and equipment	**-**	(628)	**-**	-
Over provision of deferred tax in prior financial years	**(3,015)**	(3,271)	**-**	-
Over provision of income tax in prior financial years	**(61)**	(6)	**-**	-
Tax expense/(income) for the financial year	**1,101**	(1,159)	**1,690**	-

(a) The Malaysian income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated taxable profit for the fiscal year. The Malaysian statutory tax rate has been reduced to 26% from the previous year's rate of 27% for the fiscal year of assessment and to 25% for fiscal year of assessment 2009 onwards. The computation of deferred tax as at 30 June 2008 has reflected these changes.

(b) Tax savings recognised during the financial year arising from the utilisation of:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unused tax losses brought forward	**3,467**	1,117	**61**	51
Unabsorbed capital allowances brought forward	**31**	1,867	**-**	-
Reinvestment allowances	**30**	747	**-**	-
	3,528	3,731	**61**	51

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

(a) Discontinued operation

On 11 June 2007, the Group has entered into agreements with Batu Tiga Quarry Sdn. Bhd. for the 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 "The Divestment") for a total consideration of RM8.0 million. The Divestment is consistent with the Group's long term strategy to maximise growth and profitability by focusing on the remaining core businesses.

31. DISCONTINUED OPERATION AND NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

(a) Discontinued operation (cont'd)

Pursuant to the agreements entered,

(i) CIQ shall cause CIQM to waive or forgive the debts 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 disposal of the freehold land of RM2,000,000 was completed on 18 December 2007 (Note 31(b) below).

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

	Group 2007 RM'000
Revenue	1,222
Expenses	(8,068)
Loss before tax	(6,846)
Tax income (Note 30)	616
Loss for the financial year	(6,230)

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

	Note	Group 2007 RM'000
Auditors' remuneration		13
Depreciation of property, plant and equipment	6	5
Gain on disposal of subsidiaries	10(b)	(5,380)
Impairment loss on property, plant and equipment	6	12,555
Interest expense on bank overdraft		54
Interest income		(2)
Rental of premises		7
Royalty payable		41
Provision no longer required:-		
- construction costs	25	(242)
- interest expense	25	(712)
Tribute in advance written off		926

The cash flows attributable to the discontinued operation are as follows:-	
Operating cash flows	(782)
Investing cash flows	(3)
Financing cash flows	-
Total cash flows	(785)

31. DISCONTINUED OPERATION AND NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

(b) Non-current assets held for sale

	Note	2008 RM'000	2007 RM'000
Balance at 1 July 2007/2006		**2,000**	-
Transfer from property, plant and equipment	6	**-**	2,000
Transfer from investment properties	7	**5,150**	-
Disposal		**(2,000)**	-
Balance at 30 June		**5,150**	2,000

Non-current assets held for sale in 2008 are in respect of investment properties where the disposals have yet to be concluded and pending approvals from the relevant authorities as well as bankers for the finance arrangements undertaking by the buyers. The disposals are expected to be completed in the financial year ending 30 June 2009.

The disposal of the non-current asset held for sale in 2007 was completed on 18 December 2007 (Note 31(a) above).

32. DIVIDEND

	Group and Company			
	2008		2007	
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
Final dividend proposed	**4.0**	**3,888**	-	-

The Directors propose a final dividend of 4 sen per share, less tax at 25%, amounting to RM3,888,215 in respect of the financial year ended 30 June 2008, subject to the approval of members at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2009.

33. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the Group's profit 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.

	Group	
	2008 RM'000	2007 RM'000
Profit/(loss) attributable to ordinary equity holders of the Company from:-		
Continuing operations	**14,544**	14,080
Discontinued operation	**-**	(6,212)
Profit for the financial year	**14,544**	7,868

33. EARNINGS PER SHARE (CONT'D)

	2008 '000	2007 '000
Weighted average number of ordinary shares in issue	**129,607**	129,607

	2008 Sen	2007 Sen
Basic earnings per share for:-		
Profit from continuing operations	**11.22**	10.9
Loss from discontinued operation	-	(4.8)
Profit for the financial year	**11.22**	6.1

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

34. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	**10,137**	8,681	**113**	6
Deposits placed with financial institutions (Note 16)	**6,882**	1,599	**5,000**	-
Bank overdrafts (Note 19)	**(2,732)**	(1,940)	-	(852)
	14,287	8,340	**5,113**	(846)
Less:-				
Deposits pledged to licensed banks (Note 16(a))	**(145)**	(12)	-	-
Deposits placed with institutional trustee (Note 16(c))	**(1,737)**	(1,587)	-	-
	12,405	6,741	**5,113**	(846)

35. 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.

35. FINANCIAL INSTRUMENTS (CONT'D)

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

(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.

The Group is not exposed to major concentrations of credit risk due to the diversed customer base. The Group considers the allowance for doubtful debts as at balance sheet date to be adequate to cover the potential financial loss.

(ii) Liquidity risk

It is the Group's policy to maintain sufficient fund to meet its long and short term financial obligations. The availability of funding is from the tightening of credit control to ensure that receivables are collected within the credit terms as well as through an adequate amount of committed bank facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(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:-

Group	Foreign currency	Expiry dates	Contract amounts in foreign currency	RM'000 equivalent
2008				
Forward contracts	Euro	July 2008	250,000	1,130
used to hedge	Euro	December 2008	250,000	1,128
other payables	Euro	June 2009	250,000	1,128
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

35. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Foreign currency risk (cont'd)

The unrecognised gain as at 30 June 2008 on the forward contracts of RM478,975 (2007: RM178,598) 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	
	2008 RM'000	2007 RM'000
Trade receivables		
US Dollar	**372**	47
Trade payables		
Euro	**249**	460
US Dollar	**883**	697
Other payables		
Euro	**260**	-
US Dollar	**521**	789

(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 at 30 June 2008. 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.

35. 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") 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 2008								
Fixed rates								
Deposits placed with financial institutions	3.63	6,882	-	-	-	-	-	6,882
Other payables (Note 24(b)(i))	1.30	1,262	-	-	-	-	-	1,262
Hire-purchase and lease creditors	6.37	4,955	3,767	2,222	1,738	442	-	13,124
Term loans from licensed bank	8.75	610	125	98	107	116	228	1,284
Floating rates								
Bankers' acceptance	4.05	27,663	-	-	-	-	-	27,663
Revolving credits	5.50	15,000	-	-	-	-	-	15,000
Terms loan from licensed banks	5.12	1,504	2,750	4,500	5,750	8,218	-	22,722
Islamic term borrowings	7.57	59	61	67	72	78	703	1,040
Bank overdrafts	8.08	2,732	-	-	-	-	-	2,732
At 30 June 2007								
Fixed rates								
Deposit placed with financial institutions	2.70	1,599	-	-	-	-	-	1,599
Hire-purchase and lease creditors	7.26	3,736	3,688	2,232	582	360	-	10,598
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 loans from licensed banks	6.40	22	1,503	2,750	3,375	-	-	7,650
Islamic term borrowings	7.57	51	58	60	66	71	794	1,100
Bank overdrafts	7.75	1,940	-	-	-	-	-	1,940

35. 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 2008				
Foreign currency forward contracts				
-unrecognised gain	-	479	-	-
Financial guarantees (Note 40)	-	-	-	69,849
30 June 2007				
Foreign currency forward contracts				
-unrecognised gain	-	179	-	-
Financial guarantees (Note 40)	-	-	-	69,284

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 borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and the risk inherited in its business.

(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.

36. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

36. RELATED PARTY DISCLOSURES (CONT'D)

(a) Identities of related parties (cont'd)

Related parties of the Group include:-

(i) Direct and indirect subsidiaries as disclosed in the Note 10 to the financial statements;

(ii) Datuk Johari Bin Abdul Ghani and Datin Mariam Prudence Binti Yusof, the major shareholders of the Company;

(iii) Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

(iv) Corporations in which Directors of the Company have substantial financial interests.

(b) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
A corporation in which a Director of the Company has deemed interest				
- Purchases of raw materials	2,202	1,464	-	-
- Royalty paid and payable	419	315	-	-
Subsidiaries				
- Interest income	-	-	24	57
- Dividend income	-	-	6,996	-
- Management fee	-	-	1,298	1,765

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

Significant balances with subsidiaries as at balance sheet date are disclosed in Note 15 to the financial statements. The amount owing to a corporation in which a Director of the Company has deemed interest as at the balance sheet date, which include the accrual of the royalty amounted to RM955,277 (2007: RM426,423), which is unsecured, interest- free and repayable based on normal credit term.

(c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year was as follows:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term employee benefits	4,977	3,297	899	876
Contributions to defined contribution plans	366	343	83	88
	5,343	3,640	982	964

37. CAPITAL COMMITMENTS

	Group	
	2008 RM'000	2007 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:-		
- approved but not contracted for	-	185
- contracted but not provided	**5,739**	23,336

38. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Future minimum lease payments				
- not later than one year	**2,068**	2,310	**35**	138
- later than one year and not later than five years	**7,686**	6,579	**-**	35
- later than five years	**5,696**	6,395	**-**	-
	15,450	15,284	**35**	173

Included in the non-cancellable operating lease commitments of the Group is an operating lease arising 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 of five (5) years.

During the financial year, the Group has been reimbursed for the costs incurred on the construction of additional lettable area within the said disposed properties from the lessor. Upon the reimbursement, the rental rate has been revised to RM157,250 per month from 1 February 2008 to 31 May 2011 and RM162,751 per month for the remaining lease period of five (5) years.

39. STAFF COSTS

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Salaries and wages	**26,191**	24,939	**1,284**	1,023
Social security costs	**45**	50	**5**	4
Defined contribution plans	**2,435**	2,377	**142**	127
Defined benefits plans	**598**	378	**-**	-
Other staff related expenses	**2,297**	1,714	**55**	57
	31,566	29,458	**1,486**	1,211

40. CONTINGENT LIABILITIES

	Company 2008 RM'000	2007 RM'000
Unsecured		
Guarantees given by the Company to financial institutions in respect of:-		
(i) Banking facilities granted to subsidiaries	**63,902**	62,526
(ii) Hire-purchase and lease facilities granted to subsidiaries	**5,947**	6,758
	69,849	69,284

41. MATERIAL LITIGATIONS

(a) 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 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.

(b) On 3 April 2002, CEVA 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 20 September 2007, CEVA has agreed to accept the sum of RM1 million as full and final settlement which was subsequently paid by a wholly-owned subsidiary on 2 October 2007. Subsequently, both parties have withdrawn all the legal proceedings with no order as to costs.

(c) 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 case management on 16 December 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.

(d) 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 3rd and 4th 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.

41. MATERIAL LITIGATIONS (CONT'D)

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

An Interim Injunction was granted by the Kuala Lumpur High Court on 30 January 2007 to prohibit the subsidiaries from producing, selling and marketing Kickapoo beverage. On 21 August 2007, the Court of Appeal overturned the High Court's decision on the Interim Injunction pending the conclusion of the hearing of the Writ of Summons taken out by Kickapoo against the subsidiaries.

On 18 April 2008, the Chief Justice directed that the case be heard in the High Court Dagang 5 (Intellectual Property Court) and that Monarch Beverage (Europe) Ltd., the owner of the Kickapoo Brand be joined as a party to the case. An interim application to strike out the case was filed by the 2nd, 3rd and 4th Defendants. On 16 May 2008, the interim injunction was dismissed by the Judge with costs.

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 SVB.

(e) 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 the ground of TGT's failure to meet the set performance target. The trial of this case has been fixed on 15 February 2010.

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.

(f) A group of former employees have separately filed legal suits against the Group for the compensation on the wrongful dismissal in 2003. During the financial year, the Group has paid RM122,000 for out of court settlements with these former employees except for an industrial relation case which is still on going and provision has been made based on the claims previously demanded by the said former employee in 2003.

42. CONTINGENT ASSET

On 12 January 2004, a wholly-owned 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.

43. EVENT AFTER BALANCE SHEET DATE

The Group through Permanis Sandilands Sdn. Bhd. ("PSSB"), a wholly-owned subsidiary, had on 15 September 2008 acquired two (2) shares of RM1.00 each representing the entire equity interest in Permanis (Sabah) Sdn. Bhd., a company incorporated in Malaysia and engaged in the distribution and marketing of beverage and food products for a total consideration of RM2. The acquisition has no significant impact on the Group's earning and net assets as the subsidiary has not commenced business as at date of the Report.

44. 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 subsidiaries principally engaged in the provision of engineering services and other operations, where none of which are of a sufficient size to be reported separately. Nevertheless, these subsidiaries have ceased operations in the previous financial years and remained inactive.

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.

44. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd):-

30 June 2008	<------------------- Continuing operations			------------------->		
	Beverages RM'000	Building and construction related products RM'000	Investment holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	261,302	29,149	-	-	-	290,451
Inter-segment sales	-	-	8,318	-	(8,318)	-
Total revenue						290,451
Result						
Segment results	14,358	1,769	6,687	27	(6,992)	15,849
Change in fair value	(200)	(3)	-	-	-	(203)
Impairment losses	(100)	-	-	-	-	(100)
Profit before tax						15,546
Tax expense						(1,101)
Profit after tax						14,445
Assets						
Segment assets	225,517	38,360	10,111	22	(18,622)	255,388
Non-currents held for sale	4,800	350	-	-	-	5,150
Unallocated corporate assets						3,971
Consolidated total assets						264,509
Liabilities						
Segment liabilities	137,476	23,753	15,605	1,444	(22,042)	156,236
Unallocated corporate liabilities						2,749
Consolidated total liabilities						158,985
Other information						
Capital expenditure	35,482	303	4	-	-	35,789
Depreciation	10,856	468	10	-	-	11,334
Amortisation	32	13	-	-	-	45
Non-cash expenses other than depreciation, amortisation and impairment losses	9,239	381	5	-	(4)	9,621

44. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd):-

30 June 2007	<---- Continuing operations			---->	Discontinued operation		
	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
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	7,381	(18,743)	220,400
Non-current asset held for sale	-	-	-	-	2,000	-	2,000
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	9,421	395	9	-	5	-	9,830
Amortisation	354	10	-	-	-	-	364
Non-cash expenses other than depreciation, amortisation and impairment losses	13,097	393	-	-	926	-	14,416

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

LIST OF PROPERTIES

AS AT 30 JUNE 2008

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	Agriculture Land at Lot 6659 Jalan Kampung Bukit Cerakah Meru 41050 Klang Geran 28082 Mukim Kapar Daerah Klang, Selangor	265,716	13	Factory	24/06/2001	1,899
Leasehold 99 years expiring 2095	Land with building at HS(D) 4283 PT 9560 Mukim Dengkil Sepang, Selangor	10,499 (Built-up Area)	10	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)	16	3 Storey Office Building	13/07/2001	1,722
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)	29	Factory for Manufacturing Tap wares	10/06/1978	1,108
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	180
MELAKA						
Freehold	Industrial Land with building at HS(D) 3360 PT 325 Sungei Petai Daerah Alor Gajah, Melaka	75,660	10	Industrial Land Warehouse	02/07/1996 17/06/1998	788 858
Leasehold 99 years expiring 2101	Land with building at Lot No. 6672 - 6674 PM No. 567 - 569, Lot No. 6667 - 6669 PM No. 571 - 573 Mukim Sungei Baru Tengah Daerah Alor Gajah, Melaka	93,099 (Built-up Area)	13	Factory for Manufacturing Sanitary wares	03/11/1995	6,126

LIST OF PROPERTIES

AS AT 30 JUNE 2008 (CONT'D)

Tenure	Location	Approximately Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
JOHOR DARUL TAKZIM						
Freehold	Industrial Land at Lot 87 G.M. 314 Mukim Tebrau Johor Bahru	285,856	-	Vacant	21/10/1997	4,800
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	30	Single Storey Factory with an Annexed Single Storey Office, Warehouse, Open-side Workshop, Canteen, Pump House and Guard House	30/03/1978	2,382
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 29 AUGUST 2008

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	23	0.76	475	0.00
100 - 1,000	1,233	40.54	1,160,660	0.90
1,001 - 10,000	1,570	51.63	5,587,097	4.31
10,001 - 100,000	176	5.79	4,933,600	3.81
100,001 to less than 5% of issued shares	36	1.18	46,762,600	36.08
5% and above of issued shares	3	0.10	71,162,723	54.90
Total	**3,041**	**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 *CIMB Bank for Datuk Johari Bin Abdul Ghani (Banking)*	34,000,000	26.23	-	-
2.	Permodalan Nasional Berhad	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
6.	Yayasan Pelaburan Bumiputra	-	-	23,944,000 [2]	18.47

Notes:-

[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.

[2] Deemed interest through its shareholding of 100% less one share of Permodalan Nasional Berhad by virtue of Section 6A of the Companies Act, 1965.

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	34,000,000	26.23	-	-
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 (Banking)*	34,000,000	26.23
2.	Permodalan Nasional Berhad	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.	Leasing Corporation Sdn Bhd	4,609,000	3.56
6.	Syed Ibrahim Sdn Bhd	4,540,000	3.50
7.	HLG Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Zaharen Bin Zakaria*	4,010,700	3.09
8.	BHLB Trustee Berhad *Exempt an*	4,000,000	3.09
9.	Du Ain Sdn Bhd	3,329,000	2.57
10.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Sisma Water Technology Sdn Bhd (MIMB)*	3,000,000	2.31
11.	Sisma Vest Sdn Bhd	2,900,000	2.24
12.	Sisma Water Technology Sdn Bhd	2,537,500	1.96
13.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt an for EFG Bank (Hongkong)*	2,500,000	1.93
14.	Zaharen Bin Zakaria	1,140,400	0.88
15.	Citigroup Nominees (Asing) Sdn Bhd *CBLDN for SNS Bank N. V.*	916,000	0.71
16.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt an for Deutsche Bank AG Singapore (PWM Asing)*	763,000	0.59
17.	Astaman Bin Abdul Aziz	750,100	0.58
18.	M & S Food Industries Sdn Bhd	604,800	0.47
19.	A. A. Anthony 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.	Lekhraj Pursoomal Samtani	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.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chung Chuan Shen*	213,000	0.16
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.	Potensi Berkat Sdn Bhd	169,400	0.13
30.	Tan Chong Siang	150,000	0.12
		115,559,425	**89.16**

ANALYSIS OF WARRANTHOLDINGS
AS AT 29 AUGUST 2008

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 Warrant	No. of Warrant	%	No. of Warrants Holders	%
1 - 99	1	0.20	10	0.00
100 - 1,000	113	22.87	106,800	0.19
1,001 - 10,000	227	45.95	1,006,900	1.75
10,001 - 100,000	114	23.08	4,314,600	7.52
100,001 to less than 5% of total warrants	36	7.29	22,430,700	39.09
5% and above of total warrants	3	0.61	29,518,825	51.45
Total	**494**	**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.	Tai Ah Kew @ Tai Moi May	3,625,000	6.32	-	-

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 29 AUGUST 2008 (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.	Tai Ah Kew @ Tai Moi May	3,625,000	6.32
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.	Du Ain Sdn Bhd	1,652,000	2.88
8.	Lim Phee Lin	1,300,000	2.27
9.	Ong Joo Theam	1,250,000	2.18
10.	Erwin Selvarajah a/l Peter Selvarajah	1,040,000	1.81
11.	Sisma Vest Sdn Bhd	1,008,000	1.76
12.	Leasing Corporation Sdn Bhd	786,000	1.37
13.	Malacca Securities Sdn Bhd *PDT (012-P01) Kwong Ming Mean*	548,800	0.96
14.	Shamayne Leelawati Samarakkody	501,000	0.87
15.	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Moong Chiung Yau (R31 Margin)*	422,700	0.74
16.	Ng Kim Lai @ Ng Kim Ping	421,300	0.73
17.	Leong Nyu Kuan	405,000	0.71
18.	Abdullah Nawawi Bin Mohamed	355,900	0.62
19.	Goh Chye Keat	282,000	0.49
20.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chung Seng Kong*	273,000	0.48
21.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Low Peng Kuan (STA 1)*	270,200	0.47
22.	M & S Food Industries Sdn Bhd	236,000	0.41
23.	Tan Soo Wan	235,900	0.41
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheah Boon Ho (800981)*	230,000	0.40
25.	Trade Pioneer Limited	220,400	0.38
26.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Koon Teck*	220,000	0.38
27.	Hussein Bin Abdullah @ Chong Oon Sin	220,000	0.38
28.	Tan Ah Loy @ Tan May Ling	200,000	0.35
29.	Dagang Setia Sdn Bhd	198,500	0.35
30.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Beh Khoon Seng (E-BMM)*	193,200	0.33
		49,654,725	**86.54**

ADDITIONAL COMPLIANCE INFORMATION

CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS

There were no corporate proposals carried out by the Company during the financial year.

SHARE BUY-BACK

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants nor convertible securities issued by the Company during the financial year.

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 2008 amounted to RM84,510.

VARIATION IN RESULTS

There were no material variances between the results of the financial statements for the year ended 30 June 2008 and the unaudited results previously announced.

PROFIT GUARANTEE

The Company did not give any profit guarantee during the financial year.

MATERIAL CONTRACTS

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

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The breakdown of the aggregate value of the recurrent related party transactions of a revenue or trading nature carried out by the C.I. Holdings Berhad Group during the financial year ended 30 June 2008 pursuant to the shareholders' mandate obtained on 30 October 2007 are as follows:-

Related Party	Transacting Party	Nature of Transaction	Actual (RM)
SV Beverages Holdings Sdn Bhd ("SVB")	Permanis Sdn Bhd ("Permanis")	Purchase of raw materials by Permanis from SVB	2,202,000
		Royalty payable by Permanis to SVB	419,000

DISCLOSURE OF THE RESTRICTIVE COVENANT CLAUSE IN THE EXCLUSIVE BOTTLING AGREEMENTS

Permanis is the licensed bottler manufacturer and distributor with exclusive 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" in Malaysia pursuant to the Exclusive Bottling Agreement dated 1 January 2007 ("EBA").

DISCLOSURE OF THE RESTRICTIVE COVENANT CLAUSE IN THE EXCLUSIVE BOTTLING AGREEMENTS (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-four (34) 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.

IMPOSITION OF SANCTIONS AND/OR PENALTIES

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 did not adopt any revaluation policy on landed properties during the financial year.

FORM OF PROXY

Number of Shares Held	

CIHB

C. I. Holdings Berhad

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

I/We .... NRIC 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 Thirtieth 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 Thursday, 30 October 2008 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 a first and final dividend of 4.0 sen per share less tax at 25%		
Ordinary Resolution 3	To approve the payment of Directors' Fees		
Ordinary Resolution 4	To re-elect Chan Peng Chiw as Director		
Ordinary Resolution 5	To re-elect Datuk Johari Bin Abdul Ghani as Director		
Ordinary Resolution 6	To re-elect Datin Mariam Prudence Binti Yusof as Director		
Ordinary Resolution 7	To re-appoint Maj Gen (R) Dato' Mohamed Isa Bin Che Kak as Director		
Ordinary Resolution 8	To re-appoint Messrs BDO Binder as Auditors of the Company		
	Special Business		
Ordinary Resolution 9	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 10	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with SV Beverages Holdings Sdn Bhd		

(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 ______________________________ 2008

____
(Signature/Common Seal of Shareholder)

Notes:-

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

Fold this flap for sealing

Then fold here

STAMP

The Company Secretary
C.I. HOLDINGS BERHAD
Level 10
Menara Yayasan Tun Razak
No. 200, Jalan Bukit Bintang
55100 Kuala Lumpur

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