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C.I. HOLDINGS BERHAD [37918-A]

LAPORAN TAHUNAN 2010 ANNUAL REPORT

C.I. Holdings Berhad
37918-A

Innovating Lives

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pepsi
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SEGARNYA!


Tropicana
Twister
Tropicana
Twister
Nikmatilah
buah sebenar
Vitamin A, C & E
Dengan pulp segar
DARIPADA JENAMA
Tropicana
JUS NO1* DI DUNIA.
www.tropicanatwister.com.my
*Euromonitor: 100% Jus 2009

C.I. Holdings Berhad 37918-A
Annual Report 2010

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Board of Directors
Dato' Seri Abdul Ghani Bin Abdul Aziz
(Senior Independent Non-Executive Chairman)

Datuk Johari Bin Abdul Ghani
(Group Managing Director)

Maj Gen (R) Dato' Mohamed Isa Bin Che Kak
(Independent Non-Executive Director)

Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee
(Independent Non-Executive Director)

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

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

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

Teh Bee Tein
(Independent Non-Executive Director)

Audit Committee
Teh Bee Tein
(Chairman, Independent Non-Executive Director)

Maj Gen (R) Dato' Mohamed Isa Bin Che Kak
(Independent Non-Executive Director)

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

Remuneration Committee
Nor Hishammuddin Bin Dato' Mohd Nordin
(Chairman, Independent Non-Executive Director)

Datuk Johari Bin Abdul Ghani
(Group Managing Director)

Teh Bee Tein
(Independent Non-Executive Director)

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

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

Teh Bee Tein
(Independent Non-Executive Director)

Risk Management Committee
Teh Bee Tein
(Chairman, Independent Non-Executive Director)

Datuk Johari Bin Abdul Ghani
(Group Managing Director)

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

Erwin Selvarajah A/L Peter Selvarajah *(Member)*

Syed Khalil bin Syed Ibrahin *(Member)*

Foo Loke Yean *(Member)*

Chaw Pei Yee *(Member)*

Teoh Kar Hoe *(Risk Manager)*

Company Secretaries
Azlan Bin Ahmad (LS 0009209)
Chin Ngeok Mui (MAICSA 7003178)

Share Registrar
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000
Fax: 03-7841 8151

Registered Office
Level 10, Menara Yayasan Tun Razak
No. 200, Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: 03-2168 7333
Fax: 03-2168 7208

Auditors
BDO
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2616 2888
Fax: 03-2616 3190

Principal Bankers
Bank Islam Malaysia Berhad
Bank Muamalat Malaysia Berhad
CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad

Listing
Main Market of Bursa Malaysia Securities Berhad

NOTICE OF THIRTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Second 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 Wednesday, 27 October 2010 at 9.30 a.m. for the following purposes :-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2010 together with the Directors' and Auditors' Reports thereon. *Ordinary Resolution 1*

2. To approve the payment of a final dividend of 7.0 sen per share less tax at 25% for the financial year ended 30 June 2010 as recommended by the Directors. *Ordinary Resolution 2*

3. To approve the payment of Directors' fees of RM145,000 for the financial year ended 30 June 2010. *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) Dato' Seri Abdul Ghani Bin Abdul Aziz *Ordinary Resolution 4*

   (ii) Encik Nor Hishammuddin Bin Dato' Mohd Nordin *Ordinary Resolution 5*

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

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

   (ii) "**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Dato' Azmeer Bin Rashid, who is seventy years of age, 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 as auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. *Ordinary Resolution 8*

NOTICE OF THIRTY-SECOND ANNUAL GENERAL MEETING (cont'd)

AS SPECIAL BUSINESS

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

7. **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 9*

"**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of shareholders' mandate for Permanis Sdn Bhd ("Permanis") to enter into recurrent related party transactions of a revenue or trading nature which is necessary for Permanis's day-to-day operations in the ordinary course of business, on terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the interests of the minority shareholders of the Company with SV Beverages Holdings Sdn Bhd, details of which are set out in Section 2 of the Circular to Shareholders dated 29 September 2010.

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

8. 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 THIRTY-SECOND ANNUAL GENERAL MEETING (cont'd)

Notice of Dividend Entitlement and Payment Date

NOTICE IS HEREBY GIVEN THAT a Final Dividend of 7.0 sen per share less tax at 25% in respect of the financial year ended 30 June 2010, if approved by the shareholders at the Thirty-Second Annual General Meeting, will be paid on 19 November 2010 to Depositors whose names appear in the Records of Depositors at the close of business on 27 October 2010.

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

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 27 October 2010 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 : 29 September 2010

Notes:

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

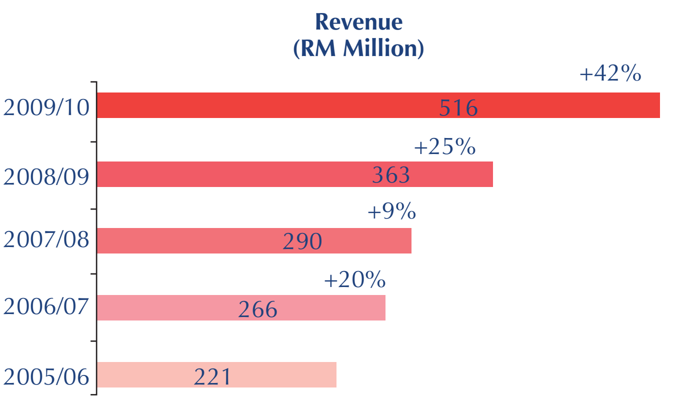
   Ordinary Resolution 9
   Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") with SV Beverages Holdings Sdn Bhd

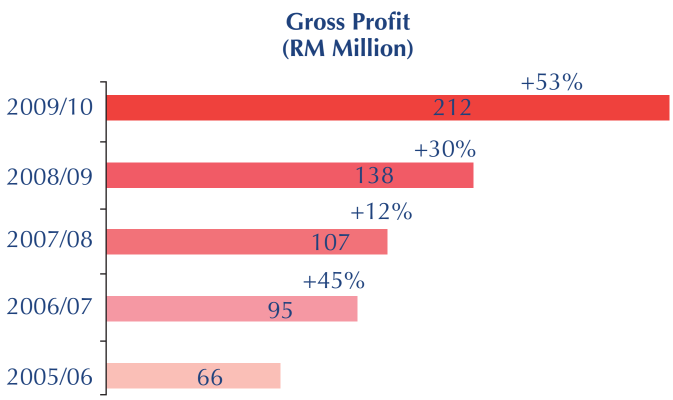
   By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time and costs associated with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

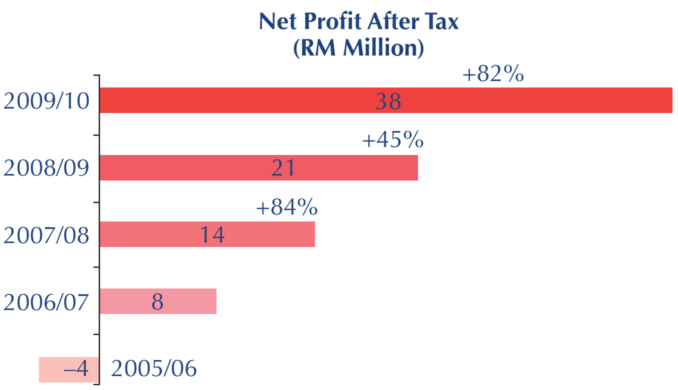
   For further information on the Proposed Renewal of Shareholders' Mandate for RRPT, shareholders are advised to refer to the Circular to Shareholders dated 29 September 2010 which is circulated with the 2010 Annual Report.

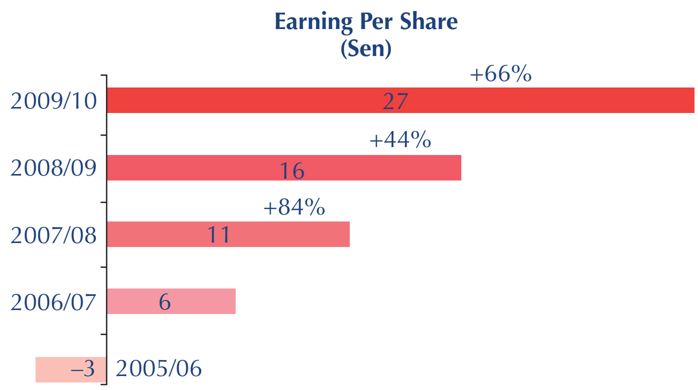
GROUP'S FINANCIAL HIGHLIGHTS

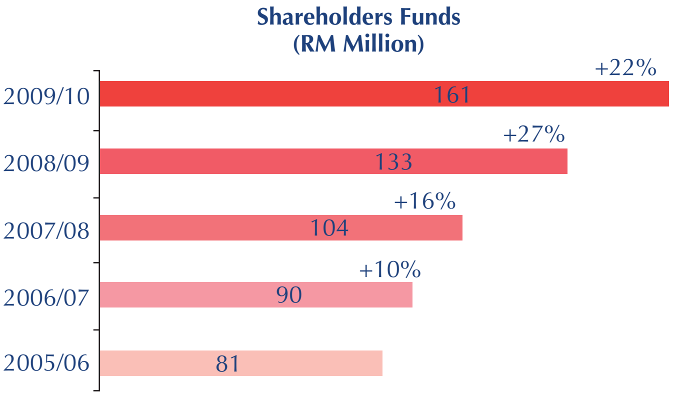
YEAR ENDED 30 JUNE	2006 RM'000	2007 RM'000 Restated	2008 RM'000	2009 RM'000	2010 RM'000
Revenue	**220,636**	**265,775**	**290,451**	**362,981**	**516,401**
Gross Profit	**65,852**	**95,476**	**106,786**	**138,396**	**211,792**
Gross Profit Margin (%)	30%	36%	37%	38%	41%
Net Profit After Tax	**(3,738)**	**7,850**	**14,445**	**20,882**	**38,044**
Net Profit After Tax Margin (%)	–1.7%	3.0%	5.0%	5.8%	7.4%
No. of Ordinary shares in issue (000s)	129,607	129,607	129,607	142,000	142,000
Earning Per Share (sen)	**(2.90)**	**6.10**	**11.22**	**16.15**	**26.85**
Shareholders Funds	**81,452**	**89,698**	**104,242**	**132,769**	**161,307**
Debt	81,192	73,975	83,565	78,357	94,654
Cash	8,963	10,280	17,019	39,898	40,434
Net Debt	72,229	63,695	66,546	38,459	54,220
Net Gearing (Ratio)	**0.89**	**0.71**	**0.64**	**0.29**	**0.34**

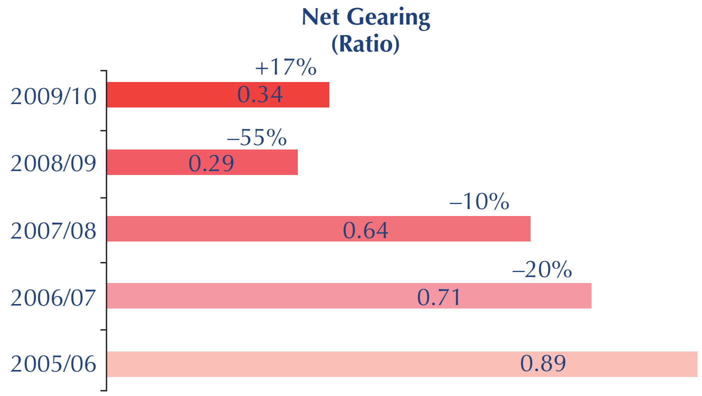












DIRECTORS' PROFILE

YBhg Dato' Seri Abdul Ghani Bin Abdul Aziz (Chairman)

YBhg Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 65, a Malaysian, was appointed to the Board as an Executive Director on 25 November 1999. On 12 July 2001, he was re-designated as a Non-Independent Non-Executive Chairman of the Company. On 1 November 2003, he qualified as an Independent Non-Executive Chairman. Subsequently, he was appointed as s Senior Independent Non-Executive Chairman on 25 August 2010. He is also the Chairman of the Nomination Committee.

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

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

YBhg Datuk Johari Bin Abdul Ghani (Group Managing Director)

YBhg Datuk Johari Bin Abdul Ghani, aged 46, a Malaysian, was appointed to the Board on 29 November 2002 as Group Managing Director. His initial entry into the Company was mainly to undertake and oversee a massive internal corporate restructuring of the Company which was successfully completed in 2004. He is a substantial shareholder of the Company since 2005.

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

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

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

DIRECTORS' PROFILE (cont'd)

YBhg Datin Mariam Prudence Binti Yusof

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

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

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

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

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

She is also the Chairman of The Ayer Molek Rubber Company Berhad. She does have family relationship with a major shareholder of the Company. She is deemed interested in recurrent related party transactions, of which a Shareholders' Mandate has been obtained in the AGM held on 12 October 2009. Detailed pertaining to these transactions are disclosed on page 107. She does not have any convictions for offences within the past 10 years other than traffic offences, if any.

Ms. Teh Bee Tein

Ms. Teh Bee Tein, aged 54, a Malaysian, was appointed to the Board on 15 April 2009 as an Independent Non-Executive Director. Currently, she is the Chairman of the Audit Committee and Risk Management Committee, and also a member of the Nomination Committee and Remuneration Committee.

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

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

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

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

YBhg Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee

YBhg Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee, aged 48, 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 is the Chairman in Tanjung Offshore Berhad, UZMA Berhad and Composites Technology Research Malaysia Sdn Bhd, a company which is controlled by the Ministry of Finance. Datuk Wira Syed Ali was a member of Dewan Negara (Senate) of Malaysia from 2003 till 2009. He is also the Chairman of Yayasan Pendidikan Cheras, Kuala Lumpur.

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

DIRECTORS' PROFILE (cont'd)

YBhg Dato' Azmeer Bin Rashid

YBhg Dato' Azmeer Bin Rashid, aged 70, a Malaysian, was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director.

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

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

Nor Hishammuddin Bin Dato' Mohd Nordin

Nor Hishammuddin Bin Dato' Mohd Nordin, aged 44, a Malaysian, was appointed to the Board as an Independent Non-Executive Director and a member of the Audit Committee on 30 May 2001. Currently, he is also the Chairman of the Remuneration Committee and a member of the Nomination Committee and Risk Management Committee.

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

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

GROUP MANAGEMENT TEAM

'Sitting (Right) :

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

'Sitting (Left) :

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

'Standing 1st from left onwards :

3. **Chaw Pei Yee**
Senior Manager
- Finance & Administration
(C.I. Holdings Berhad)

4. **Toh Lai Choy**
Vice President - Finance
(Permanis Sdn Bhd)

5. **Ng Eng Cheang**
Vice President - Sales & Marketing
(Permanis Sdn Bhd)

6. **Foo Loke Yean**
Chief Executive Officer
(Doe Industries Sdn Bhd)

7. **Syed Khalil Bin Syed Ibrahim**
Vice President - Corporate Finance & Planning
(C.I. Holdings Berhad)

8. **Azaruddin Bin Othman**
Senior Manager - Human Resource
(Permanis Sdn Bhd)

9. **Hemalatha a/p Ragavan**
Group Marketing Manager
(Permanis Sdn Bhd)

10. **Renganathan Tewagudan @ Mayan**
Vice President - Supply Chain
(Permanis Sdn Bhd)

11. **Teoh Kar Hoe**
Internal Audit Manager
(C.I. Holdings Berhad)

12. **Azlan Bin Ahmad**
Company Secretary
Vice President - Legal & Corporate Secretarial Affairs
(C.I. Holdings Berhad/ Permanis Sdn Bhd)

13. **Wong Lip Wai**
General Manager - Factory Operations & Finance
(Doe Industries Sdn Bhd)

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of C.I. Holdings Berhad, I am pleased to present the 2010 Annual Report incorporating the Financial Statements of the Group and of the Company for the financial year ended 30 June 2010.

The financial year under review marked yet another year of continued improvement in the Group's results. The Group's revenue has grown at a compound annual growth rate of 22% over the last 4 years. In doing so, it has more than doubled its turnover since FY 2005/06 and has now surpassed the half billion mark for the first time (as a beverage focused player).

I am also proud to note that the Group's compelling story and active investor relations has been recognised by the financial community through its selection to participate in the following exclusive events; Bursa Malaysia and Singapore Investor Association's Malaysia Day, CIMB's Mid Cap Conference, Maybank's Malaysian Consumer Day in Singapore, OSK's Top Malaysian Small Cap Companies, and RHB's Mid Cap Consumer Day. The additional coverage has helped generate increased interest in the Group from local and regional institutional investors.

In addition the Group was also short-listed for Malaysian Business – CIMA (Chartered Institute of Management Accounts) Corporate Governance Award Enterprise Governance Awards 2010.

FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded total revenue of RM516.40 million, an increase of 42% from RM362.98 million recorded for the previous financial year.

The improvement in Group revenue helped generate a net profit before tax of RM48.04 million, 72% higher than RM27.97 million last year. Net profit after tax of RM38.04 million, improved 82% from RM20.88 million last year.

This significant improvement is largely driven by the strong results of the Beverage Division in spite of cost and competitive pressures.

REVIEW OF OPERATIONS

A) BEVERAGE DIVISION

The Division recorded another year of record financial results and achieved revenue of RM479.93 million, a remarkable 46% higher than last year's revenue of RM327.74 million.

The Division also recorded its highest ever profit after tax of RM33.28 million, which was 88% higher than the RM17.77 million last financial year. These record results were driven mainly by continued growth in our non-carbonated portfolio including Tropicana and Lipton, strong growth in its isotonic beverage

CHAIRMAN'S STATEMENT (cont'd)

Revive, successful promotional campaigns and an aggressive distribution drive. Its historic base of carbonated brands also contributed positively. The improvements in financial results were achieved in spite of increases in many raw material costs.

In the year under review the Division launched three (3) new products namely; Mountain Dew, Lipton 9 Green Tea and Mirinda Sarsi. In addition to these new launches the Division also focused on aggressive promotions and advertising campaigns.

One such campaign was the Pepsi's football campaign featuring Pepsi's global ambassadors (including Messi, Torres, Kaka, Lampard, Drogba), special limited release 'Pepsi Goal', nationwide football road shows at colleges and shopping malls and a nationwide contest to win a Mini Cooper S. The Pepsi football campaign culminated in a 53-a-side charity match featuring a star-studded line up of players and concert.

Another successful campaign was Revive's 'Rev Up' campaign that featured contestant's photo or video submissions of their interpretation of the 'Rev Up' theme. The integrated on-line and off-line campaign activities included facebook, blogs, radio, print, and on-ground events finally culminated in an award party.

To build on the success of Tropicana Twister the Division held the 'Live, Love, Life' contest which received a record-breaking response for the grand prize of a BMW 3 Series.

As mentioned earlier, the Division also invested in distribution drive towards further improving product availability. In addition it also continued to focus on prudent cost management to ensure economies of scale are realised.

Better than expected growth of the Division's non-carbonated range of products, especially market leading brands Tropicana Twister Juice and Lipton Tea, resulted in capacity constraints for its non -carbonated production plant, commissioned in March 2008. To address capacity constraints and allow the Division to continue to grow its non-carbonated portfolio, it invested ~RM45 million in a new non-carbonated production line. The new line is expected to be operational by the second quarter of the 2010/2011 financial year.

In the year under review, the Division also invested in acquiring additional warehouse capacity with the RM29.5 million of a new warehouse site with 679K sq ft (15 acres) of land and a current warehouse with built-up area of 252K sq ft. The new warehouse site is ideally located, only ~400m from the Division's existing factory in Bangi, Selangor Darul Ehsan. The dramatic growth of the business in the past few years has led to the Division's warehouse requirements significantly exceeding

its in-house warehouse capacity. As such the Division currently utilises 3 different 'overflow' warehouses to supplement its in-house warehouse capacity. Due to shortage of appropriate warehouse space in Bangi, the current overflow warehouses are located 35-45 km away. The eventual consolidation of the Division's overflow warehouse requirements to a central and convenient location is expected to generate savings in logistics costs in the future.

CHAIRMAN'S STATEMENT (cont'd)

B) TAP-WARE AND SANITARY WARE DIVISIONS

The Divisions continues to face a very challenging Malaysian construction sector. From the lows experience in 2007 and 2008, some early signs of recovery have been observed in 2009/10. Though there have been noticeable improvements, developers remained cautious, limiting or staggering launching of new projects.

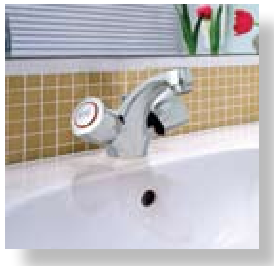
Despite these challenges, the Divisions recorded revenue of RM36.07 million, a 3% increase relative to RM35.08 million recorded last year. The Divisions recorded profit after tax of RM2.38 million, an improvement of 38% compared to RM1.73 million the previous year.

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

DIVIDEND

The Board is recommending for shareholders' approval, a final pre-tax dividend of 7.0 sen per RM1.00 ordinary share for the financial year under review. Adding the 4.0 sen per ordinary share interim pre-tax dividend paid on the 2nd of March 2010, would bring the full year total dividend to 11.0 sen per ordinary share. A full year total pre-tax dividend of 11.0 sen per share for the year ended 30 June 2010 would be 57% higher than the 7.0 sen per ordinary share paid in the previous year.

CURRENT YEAR PROSPECT



The Group is confident in building on the positive momentum over the past four (4) years and register further growth in revenue in the current financial year whilst further improving profitability.

Overall, the Group faces numerous challenges this year, most notably from continued fluctuations in commodity prices and foreign exchange. However, each division has strategies in place to help mitigate these risks.

The Beverage Division expects to face challenges from increased competition and potential fluctuations in commodity-linked costs. Nevertheless, it is confident of building on the positive results of the past few years and continued 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.

The Tap-ware and Sanitary ware Divisions also expects to continue to improve as the Malaysian Construction industry continues to recover. The Divisions will also continue to face fluctuating commodity related

CHAIRMAN'S STATEMENT (cont'd)

prices and will aim to mitigate these impacts by driving profitable growth through selective new product launches, expanding it retail presence, 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.

Having successful implemented the 'turnaround' of its current core businesses and subsequently posting sixteen (16) consecutive quarters of improving results, the Group continues to actively look to invest in other synergistic new businesses to further fuel growth in the long term.

EXCLUSIVE BOTTLING AGREEMENT RENEWAL

On the 28th of July 2010 the Group announced the renewal of its franchise bottling rights for the manufacture and sale of PepsiCo's beverage brands in Malaysia for a ten-year term until the 30th of June 2020. For the last 36 years, since Permanis Sdn Bhd began as PepsiCo's Malaysian franchisee in 1973, its agreement with PepsiCo has typically been renewed on a five yearly basis. The increased term of the agreement reflects PepsiCo's confidence in the Group as it long-term strategic growth partner for its beverage business in Malaysia.

APPRECIATION

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

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

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

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ
Chairman

CORPORATE SOCIAL RESPONSIBILITY

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

The Company and its subsidiaries (the "Group") are committed to its CSR practices and aim to have a 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 prioritizes its customers' satisfaction by offering a broad, balanced and compelling portfolio of products and brands tailored to its customer needs.

The Group's Beverage Division, Permanis Sdn Bhd, offers and actively promotes its balanced portfolio of products including:

- Juice – Tropicana Twister Orange (Natural source of Vitamins A, C and E), Apple Juice (a natural source of Vitamin C), Tropicana 100% Pure Premium Juice (with the benefit of 16 oranges per bottle), Tropicana Juice Plus fortified with Calcium boost and Antioxidants Boost
- Tea – Lipton (which is a natural source of Antioxidants) and Lipton 9 Green fortified with 9 natural ingredients
- Water – Bleu and Shot
- Refreshing Carbonated Beverages – Pepsi, 7Up, Mirinda, Mountain Dew, Evervess, Frost, Kickapoo
- Zero Sugar/ Zero Calorie Carbonated Beverages – Pepsi Max and Pepsi Light
- Isotonics – 7Up Revive (enriched with added Vitamins B3, B6 and B12), Excel (enriched with Vitamin C), Gatorade (that has been scientifically proven to rehydrate faster than water)
- Energy Drinks – Sting
- Coffee - Boss
- Asian Drinks – Chill (with no added preservatives or colouring)

During the year under review, 3 new healthier products we launched, Tropicana Juice Plus Calcium Boost, Tropicana Juice Plus Antioxidant Boost and Lipton Green Tea 9 with 9 different natural ingredients. These launches add to the broad portfolio of products on offer including many healthier options for the consumer to choose from.

Ongoing price benchmarking is performed to ensure that its products are affordable and fairly priced relative to the competitors.

The Beverage Division also employs strict quality control processes and procedures to ensure that all of its products meet high quality standards. Its beverages are produced to meet PepsiCo Inc. standards, which are widely known to be among the highest standards in the world. In addition to adhering to PepsiCo's stringent global standards its operations are also Hazard Analysis and Critical Control Points (HACCP) accredited.

The Groups' Tap-ware and Sanitary ware Divisions produces taps to meet British Standard BS5412 (also among the highest standard in the world) thus ensuring that our products have lower zinc levels than other products available in Malaysia making them safer for long term use. The Division's sanitary wares are all manufactured to quality standards set out in Malaysia Standard (MS)795, MS1522 and MS147.

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

2. WORKPLACE

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

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

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 a subsidised canteen and free uniforms for factory workers.

CORPORATE SOCIAL RESPONSIBILITY (cont'd)

Towards achieving the Group's staff's personal development goals the Group's Human Resource department conducts extensive in-house and external training and development courses for its employees to further advance their skills and knowledge.

The Group prides itself on its equal opportunity employment practices, with all ethnic groups fairly represented. The Group staff's ethnic composition is 48% Malay, 32% Chinese, 12% Indian and 8% other, which is broadly in line with the Malaysian population.

To promote a healthy lifestyle and to instil a sense of belonging for its staff, a sports and recreation club was formed. The club has four bureaus–sports, recreation, welfare and community. On 3 November 2009 the club was officially registered with the Registrar of Societies.

Regular sporting and fitness activities are held frequently, including, badminton every month, futsal every month, football every fortnight, aerobics/dancing classes every week and netball once in 2 months. In addition, the Group's football/futsal teams had various friendly matches against teams such as Majlis Daerah Ulu Langat, Active Futsal Bangi, Taman Impian Putra Bangi, UKM, Cheras Youth Team, Proton Tanjung Malim, Kajang High School Old Boys.

The Group's football team also participated in Kejohanan Bolasepak Juara Rakyat 1Malaysia, Daerah Cheras and Kejohanan Futsal Sports Barn Petaling Jaya. The Group's teams also participated in various tournaments organised by the Bangi Industry Administrative Association (BIAA) including its Futsal Tournament, its 9-a-side football tournament and its bowling tournament.

To further boost staff morale and encourage interaction amongst staff the Group also held an inter-department futsal tournament consisting of 12 teams from the various offices and functional areas.

3. COMMUNITY

The Group's also contributes to the community with a specific focus of promoting sports and an active and healthy lifestyle through several sponsored events throughout the year, including; Revive 3-on-3 Basketball tournament, ECM Libra Junior Tennis, NST CEO & Celebrity Tennis, Mizuno Wave Run, Monsoon Cup, Salomon X-Trail Run, ATP Malaysian Open, Prudential Astro Masters 2010, High School Basketball League, Admiral Futsal & Basketball, Energizer Night Run, Malaysian Golf Idol, Le Tour De Langkawi, Tesco Walk For Schools, TM Corporate Golf, Revive Sports Planet Ultimate Champions League, CIMB KL Squash Open, NASAM Fun on the Roof, SP Setia Walk, Kordel's Charity Walkathon, Bolathon Walk, Malaysian PGA Golf Classic, Her World Golf Challenge, Smart Kids Education Fair, GO Penang Fair, Golf Malaysia Eagles Championship, MENGO Go Green Treasure Hunt, Body Shop & MNS Belum Temenggor Campaign, TSM Golf Challenge, Linda Onn's Club Bowling Tournament, Malaysian Open Tennis Classic and the KL Bar Treasure Hunt.

This year, the Group also continued its extensive print and television advertorial campaign educating the public on the health benefits of drinking juice as well and the rehydrating properties of isotonic beverages.

The Group also makes regular contributions to community and charitable organisations (e.g. schools and orphanages) in the form of goods and/or monetary donations.

The Group continues to help build its 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 manages its environmental impact in the following areas; raw material utilisation, waste management, energy and water conservation and supply chain optimisation.

The Group aims to reduce raw material wastage and/or utilisation via its ongoing product wastage elimination program and product and packaging design optimisation. In the selection of equipment suppliers for the new non-carbonated production line, capabilities to reduce bottle weights and minimise production wastage were both made key selection criterion. In addition the Group collects and reuses wooden pallets instead of using one-way pallets. It also specifies recycled packaging products where possible.

CORPORATE SOCIAL RESPONSIBILITY (cont'd)

The Group aims to conserve energy and water through our ongoing optimisation of production processes.

The Beverage Division is already in the second phase of its energy saving project. It is also currently working on a steam recovery project to help reduce energy usage in the generation of steam. In the selection of equipment suppliers for the new non-carbonated production line, energy consumption was also a key selection criterion.

The Group also helps its consumers conserve water and energy. Its tap ware and sanitary ware products are designed to conserve water and conform to Singapore's WELS Index and Malaysia's recently launched Green Buildings Index. It offers an extensive range of water saving products (e.g. water saving showers and cisterns). It also offers a range of showers specially designed to work in areas where water pressure is low preventing the need for, and environmental impact of, using a pump. In addition it also redesigned its range of manual self-closing taps for public washrooms to close after only 3 seconds unlike previous models that closed after 6 seconds. Further more, only high quality closure mechanisms are used to prevent leaking and water wastage during the life of the product.

In addition to ongoing projects to reduce waste generation, the Group's waste management programmes ensure that all our wastes are treated in accordance with Department of Environment regulations

The Group also optimises its supply chain to further reduce its impact on the environment. Pallet configuration is optimized by product to reduce freight and logistics and fuel consumption. The Beverage Division also recently acquired a new warehouse where it to plans to consolidate all its overflow warehouse requirements further optimising it logistics and in doing so further reducing fuel consumption.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to ensuring that the highest standard of corporate governance is observed by C.I. Holdings Berhad and its subsidiaries (“the Group”). By upholding integrity and professionalism in its management of the affairs of the Group, the Board aims to enhance business efficacy, transparency and corporate accountability.

Thus, the Board is pleased to report that during the financial year ended 30 June 2010, it had continued to practise good corporate governance in directing and managing the business affairs of the Group and discharging its principal responsibility of protecting and enhancing long term shareholders’ value and financial performance of the Group as well as the interests of other stakeholders.

The Board of Directors considers that the Group has applied the principles and complied 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”) throughout the financial year ended 30 June 2010. In addition the Company also complied with the Listing Requirements specified in Paragraph 15.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

1. BOARD OF DIRECTORS

1.1 Board Composition and Balance

The Board, with its collective and overall responsibility in leading and directing the Company’s strategic affairs, has the ultimate responsibility for corporate governance and plays a key role in charting the vision, strategic direction, development and control of the Group as well as overseeing the investment of the Company.

The Company 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 as at the date of this Statement, comprises eight (8) members, out of which six (6) are independent non-executive Directors. The Company has thus complied with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board of Directors, whichever is higher to be independent. Profiles of the Directors are set out on pages 7 to 10 of this Annual Report. The Company also meets corporate governance international best practice by having a majority of independent board member.

Non-Independent Directors represent major shareholders on the Board of the Company. Datuk Johari Bin Abdul Ghani’s shares is represented via his board position, while Datin Mariam Prudence Binti Yusof represents shares held by Duclos Sdn Bhd, Leasing Corporation Sdn Bhd, Syed Ibrahim Sdn Bhd, Du Ain Sdn Bhd, Sisma Vest Sdn Bhd and Sisma Water Technology Sdn Bhd.

1.2 Roles and Responsibilities of the Chairman and the Managing Director

The roles of the Chairman and Managing Director are separated with a clear division of responsibilities between them to ensure balance of power and authority. The Chairman leads the strategic planning at the Board level, whilst the Managing Director is responsible for the implementation of the policies laid down by the Board and executive decision-making.

All Board members bring an independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct.

In adherence with corporate governance best practice the Chairman is an unrelated non-executive independent director.

1.3 Duties and Responsibilities of the Board

There is a schedule of matters reserved specifically for the Board’s decision, including reviewing and approving the Group’s quarterly and annual 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, acquisitions and disposals as well as material agreements, major capital expenditures and long term plans.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

1.4 Board Meetings and Attendance

Board meetings are scheduled in advance prior to the commencement of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules. To ensure effective management of the Group, the Board meets at least four (4) times a year with additional meetings taking place when necessary.

During the financial year ended 30 June 2010, six (6) Board meetings were held, to review the Group's operations, to approve the quarterly financial results and year-end financial statements and other matters such as the business plan, the direction of the Group, new investment and business proposals. A summary of the attendance of each Director at the Board meetings held during the financial year under review is as follows :-

Directors	No. of Board Meetings Attended	Percentage (%)
Dato' Seri Abdul Ghani Bin Abdul Aziz	4/6	66.7
Datuk Johari Bin Abdul Ghani	6/6	100.0
Maj. Gen. (R) Dato' Mohamed Isa Bin Che Kak	5/6	83.3
Nor Hishammuddin Bin Dato' Mohd Nordin	6/6	100.0
Dato' Azmeer Bin Rashid	5/6	83.3
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	6/6	100.0
Datin Mariam Prudence Binti Yusof	6/6	100.0
Teh Bee Tein	5/6	83.3

1.5 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.

The Company Secretary attends all Board meetings and is responsible for ensuring that the Board procedures as well as statutory and regulatory requirements relating to the duties and responsibilities of the Directors are complied with. The Company Secretary also records all deliberations including pertinent issues, the substance of inquiries and responses, Board members' suggestions and the decisions made in the minutes of the Board meetings.

In furtherance of their duties, all Directors are empowered to seek independent external professional advice at the expense of the Company.

1.6 Appointments to the Board

The Nomination Committee scrutinises the sourcing and nomination of suitable candidates for appointment as Director of the Company before recommending to the Board for approval. The Board appoints its members through a formal and transparent process. The selection criteria for the new candidates for directorship encompass the required mix of skills, functional knowledge, experience, integrity and professionalism to ensure that the candidates will contribute significantly to the effectiveness of the Board. New appointees will be considered and evaluated by the Nomination Committee.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

1.7 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. BOARD COMMITTEES

In order to ensure the effective discharge of its fiduciary duties and execution of specific responsibilities, the Board has established various Board Committees to assist the Board in the running of the Group. All the Committees listed below do not have executive powers but report to the Board on all matters considered and recommend the same to the Board for approval.

2.1 Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to the auditors, who in turn, have access at all times to the Chairman of the Audit Committee.

A report detailing the membership, terms of reference of the Audit Committee and its activities carried out during the financial year ended 30 June 2010 are set out on pages 28 to 32 under the Audit Committee Report.

2.2 Remuneration Committee

The Remuneration Committee comprised of three (3) members, appointed by the Board of Directors from amongst the Directors, consisting a majority of independent non-executive directors. The Committee members and the details of attendance of each individual member in respect of meeting held during the financial year ended 30 June 2010, are as follows:-

Directors	Description	No. of Meeting Attended
Nor Hishammuddin Bin Dato' Mohd Nordin	Chairman, Independent Non-Executive Director	1/1
Datuk Johari Bin Abdul Ghani	Managing Director	1/1
Teh Bee Tein	Independent Non-Executive Director	1/1

The terms of reference of the Remuneration Committee are as follows:-

i) The Remuneration Committee is responsible for recommending to the Board the remuneration packages for Executive Directors and senior management of the Company; and

ii) The remuneration package of Non-Executive Directors should be determined by the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

The Remuneration Committee met once during the course of the financial year ended 30 June 2010.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2.3 Nomination Committee

The Nomination Committee comprised of three (3) members, all of whom are Independent Non-Executive Directors. Details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2010, are as follows:-

Directors	Description	No. of Meeting Attended
Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Independent Non-Executive Chairman	1/1
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	1/1
Teh Bee Tein	Independent Non-Executive Director	1/1

The terms of reference of the Nomination Committee are as follows:-

i) To recommend to the Board for approval, candidates for all directorships to be filled by the shareholders to the Board;

ii) To consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and within the bounds of practicability by any other senior executive or any director or shareholder;

iii) To recommend to the Board, directors to fill the seats on Board Committees; and

iv) To review annually the Board's mix of skills and experience and other qualities, including core competences which non-executive directors should bring to the Board and to be disclosed in the Annual Report.

The Nomination Committee is responsible for identifying and recommending new nominees to the Board as well as Committees of the Board. In addition, the Nomination Committee is entrusted with the task of assessing annually the performance of the Board as a whole as well as its individual members, It also considers the balance of the board membership and determines the core competencies and skills required of the Board in order to discharge its duties effectively.

In accordance with corporate governance best practice, the Nomination Committee met once during the course of the financial year ended 30 June 2010 and the main activities undertaken by the Committee were as follows :-

i) to recommend to the Board the new candidate for the position of Independent Non-Executive Director;

ii) to assess the effectiveness of the Board as a whole; and

iii) the performance of individual Directors.

To assess the Board's effectiveness as a whole evaluation, criteria from "Best Practice AAX of Part II of the Malaysian Code on Corporate Governance" were used. On an annual basis the Board's performance is measured against the following criteria; adding value, conformance, stakeholder relationships, performance management. The Nomination Committee met to discuss the Board effectiveness against the aforementioned criteria and collectively completed their evaluation of the Board. The Nomination committee discussed the performance of the Board during the financial year ended 30 June 2010 and concluded that the Board of the Company has been effective in leading and advising the management of the Company. It also concluded that the Board members posses the required mix of skills and experience to fulfil their duties.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

To assess the performance of individual directors, on an annual basis, each board member is given a self assessment form that covers the following areas; integrity and ethics, governance, Strategic perspective, business acumen, judgement and decision making, teamwork, communication, leadership. In addition a set of guidelines helpful in the assessment of the respective board member's competency along the various areas was also distributed. The completed forms were then tabled to the Nomination Committee for its review and discussion. For the financial year ended 30 June 2010 the Nomination Committee concluded that each board member had been competent in discharging his/her duties and responsibilities.

All assessments and evaluations carried out by the Nomination Committee are properly documented.

3. DIRECTORS' TRAINING

All the Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by Bursa Securities within the stipulated timeframe.

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.

During the financial year under review, all the Directors of the Company had attended and participated in various seminars and forums in areas of finance, risk management, tax, accounting and regulatory updates. Some of the seminars or courses attended by the directors during the financial year ended 30 June 2010 includes the following:-

Directors	Description	Number of Hours Attended
Dato' Seri Abdul Ghani bin Abdul Aziz	• Directors' Training Towards Business Excellence • The National Accountants Conference 2009	8 16
Datuk Johari bin Abdul Ghani	• Team Building	4
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	• High Performance Leadership Programme • Modern Internal Audit for Directors, Audit Committee and Management • Understanding the Directors' Obligations (With Reference to the Corporate Governance Guide: Towards Boardroom Excellence)	8 8 4
Nor Hishammudin bin Dato' Mohd Nordin	• Effective Managerial Skills	8
Dato' Azmeer bin Rashid	• Strategic Islamic Finance	8
Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee	• Effective Managerial Skills	8
Datin Mariam Prudence Binti Yusof	• Corporate Governance and Ethics: Strengthening Professionalism Through Ethics • Financial Reporting Standards (FRS) Workshop	8 8
Teh Bee Tein	• The National Accountants Conference 2009 • National Seminar on Taxation 2009 • MICPA – Bursa Malaysia Business Forum 2009	16 8 16

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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

4. DIRECTORS' REMUNERATION

The Remuneration 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. Any salary review takes into account market rates and the performance of the individual and the Group.

The remuneration package of Non-Executive Directors is also reviewed by the Remuneration Committee and recommended to the Board thereafter. The Non-Executive Directors' remuneration comprises annual fees that reflect their expected roles and responsibilities, including any additional work and contributions required.

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.

All non-executive Directors are paid fixed annual director fees as members of the Board. In addition to fixed annual director fees, all non-executive Directors are paid a meeting attendance allowance of RM1,000 for each Board and Committee meetings attended.

Details of the aggregate remuneration of the Directors, including the non-executive Directors during the financial year ended 30 June 2010, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are as follows:-

	Salary RM'000	Bonus RM'000	Leave Passage RM'000	Allowance RM'000	Benefit-in-kind RM'000	Directors' Fees RM'000	Total RM'000
Executive							
Datuk Johari Bin Abdul Ghani	642[1]	706[2]	40	120[3]	4	–	1,512
Non-Executive Directors							
Dato' Seri Abdul Ghani Bin Abdul Aziz	–	–	–	5	–	25	30
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	–	–	–	9	–	20	29
Nor Hishammuddin Bin Dato' Mohd Nordin	–	–	–	15	–	20	35
Dato' Azmeer Bin Rashid	–	–	–	5	–	20	25
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	–	–	–	6	–	20	26
Datin Mariam Prudence Binti Yusof	–	–	–	6	–	20	26
Teh Bee Tein	–	–	–	14	–	20	34
Sub-Total	–	–	–	60	–	145	205
Total	642	706	40	180	4	145	1,717

Notes :
1 Inclusive of Company's contribution to employee provident fund
2 Bonuses for financial year ended 2009 and 2010
3 Car allowance in lieu of provision of company car

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

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

5. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATION

5.1 Communications between the Company and investors

The Board acknowledges the need to communicate with shareholders on all material business matters affecting the Group. Thus, the Company communicates with its shareholders, institutional investors and investing public at large through a number of readily accessible channels such as corporate announcements made through Bursa Securities, press release, analyst briefings, annual reports, its corporate website as well as through it annual general meeting.

The Company also holds quarterly results briefings with the financial community attended by both the Chief Executive Office and VP-Corporate Finance & Planning.

To ensure effective and active investor relations, the Company has tasked its VP-Corporate Finance & Planning, Syed Khalil bin Syed Ibrahim, to be responsible for investor relations matters. Any existing or prospective shareholders of the Company can forward their queries via e-mail to ***khalil@cih.com.my.***

In addition, the Board also ensures timely release of the quarterly financial results in order to provide its shareholders with an overview of the Group's financial and operational performance.

Release of Annual Reports	Date of Issue	Deadline imposed by Bursa Securities
Annual Report 2006	9 October 2006	30 October 2006
Annual Report 2007	8 October 2007	30 October 2007
Annual Report 2008	8 October 2008	30 October 2008
Annual Report 2009	18 September 2009	30 October 2009
Annual Report 2010	29 September 2010	30 October 2010

5.2 Annual General Meeting

The Annual General Meeting ("AGM") remain the principal forum for communication and dialogue with shareholders in which the Board reports on its stewardship to the shareholders and accounts for the Group's performance. It also provides the opportunity for interaction amongst shareholders, Directors and Management where the shareholders are at liberty to raise questions on the meeting agenda. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf without being constrained by the two-proxy rule.

Notice of the AGM and Annual Report was sent to the shareholders 28 days before the date of the meeting. The Board has ensured each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution.

Details of the results of AGM voting are announced to Bursa Securities and published on the investor relations section of our corporate website.

Members of the Board and key management of the Company as well as the external auditors of the Company are available to respond to shareholders' questions during the meeting. The Board encourages other channels of communication with shareholders. For this purpose, the Board has identified Dato' Seri Abdul Ghani bin Abdul Aziz as the Senior Independent Non-Executive Director to whom queries or concerns regarding the Group may be conveyed. Dato' Seri Abdul Ghani can be contacted via the following channels:

Post : Level 10, Menara Yayasan Tun Razak, No. 200, Jalan Bukit Bintang, 55100 Kuala Lumpur
Fax : 03-2168 7208
Email: ***info@cih.com.my***

5.3 Website

The Company strives to ensure that current shareholders, potential future shareholders, financial community and the general public would have an easy and convenient access to the Group's financial and corporate information via its website at ***http://www.cih.com.my.***

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

6. ACCOUNTABILITY AND AUDIT

6.1 Financial Reporting

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

Quarterly financial results and annual financial statements are reviewed and deliberated by the Audit Committee to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval. The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies.

Ms. Teh Bee Tein who has accounting, finance qualification and a member of the Malaysian Institute of Accountants (MIA) been appointed as the Chairman of the Audit Committee.

6.2 Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control and the need to review its effectiveness regularly via the Company's internal audit department as to safeguard the interests of stakeholders.

Further details of the Group's system of internal control are set out in the Statement on Internal Control section of this Annual Report.

6.3 Related Party Transactions

The Group has in place a procedure to ensure that the Company meets its obligations under the Main Market Listing requirements of Bursa Securities relating to related party transactions.

A list of Related Parties within the Group is disseminated to the various subsidiaries to determine the number and type of related party transactions. All related party transactions are then reviewed by the Internal Auditors and a report on the reviews conducted is submitted to the Audit Committee for their review and monitoring on a yearly basis. The report on the related party transactions enter into by the Group for the year under review are then escalated to the Board of Directors for their notation.

A list of significant related party transactions is set out in Note 35 to the Financial Statements section of this Annual Report.

6.4 Relationship with the Auditor

The Board maintains a transparent and professional relationship with the Company's Auditors both internal and external, through the Audit Committee. The Board, through the Audit Committee, seeks the external auditors' professional advice in ensuring compliance with the provisions of the Companies Act, 1965 and applicable accounting standards in Malaysia.

The Audit Committee meets regularly with the external auditors to discuss the audit plan, scope of audit before the commencement of audit, annual financial statements, and audit findings and make recommendations to the Board for approval.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The details of audit fee payable and non-audit fee paid or payable to the External Auditors are set out below:

	2010 (RM'000)
Audit fee payable to BDO	255
Non-audit fee paid/payable to BDO	45

This is well below the 50% benchmark for mix of non-audit fees to maintain independence of the External Auditors.

A summary of the activities of the Audit Committee during the year as well as the role of the Audit Committee in relation to the external auditors and internal auditors are set out in the Audit Committee section of this Annual Report.

6.5 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 Managing Director also held frequent monthly management meetings with the management staff in order to discuss and plan the Group's operations.

Management seeks Board's approval for significant changes in strategic direction, major capital expenditure items, major acquisition or divestitures as well as any other material issues.

All Directors have access to the advice and services of the Company Secretaries.

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

The Board is committed to achieving a high standard of Corporate Governance throughout the Group. 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 2010.

This Statement was approved by the Board of Directors on 21 September 2010.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee Report and its activities held throughout the financial year ended 30 June 2010 in compliance with Paragraph 15.15 of the Main Market 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. In accordance with corporate governance best practice, the Audit Committee Chairman has the necessary accounting and finance qualification. A summary of their respective attendance at the Audit Committee meetings held during the financial year are as follows:-

Member	Total Meetings Attended	Percentage (%)
Teh Bee Tein (MIA 3454) – Chairman 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	4/5	80

** During the financial year ended 30 June 2010, Maj Gen (R) Dato' Mohamed Isa Bin Che Kak was the Chairman of the Audit Committee. Ms Teh Bee Tein succeeded him as the Chairman of the Audit Committee on 25 August 2010.*

The Audit Committee held five (5) meetings during the financial year ended 30 June 2010. The Managing Director of the Company and the Head of Internal Audit attended the Audit Committee meetings upon invitation. Other senior management personnel of the Group also attended the meetings upon invitation by the Audit Committee, as and when necessary. The Company external auditors attended two (2) meetings during the financial year where they were invited to discuss matters relating to the statutory audit. They were also given the opportunity to raise areas of concern without the presence of the Management.

The Chairman of the Audit Committee undertakes a continuing process of engagement with the senior executives of the Company as well as the external auditors so that the Audit Committee is kept up-to-date with all important issues affecting the Company.

During the year, the Audit Committee members attended conferences, seminars and training programmes relevant to their roles and responsibilities. Details of the training attended by the Audit Committee member are disclosed on page 23 of the Annual Report.

The Audit Committee has the authority to examine specific issues and report to the Board with their recommendation. The final decision on all matters, however, lies with the entire Board of the Company.

2. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee as approved by the Board are 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.

AUDIT COMMITTEE REPORT (cont'd)

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.

AUDIT COMMITTEE REPORT (cont'd)

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;

AUDIT COMMITTEE REPORT (cont'd)

(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 Audit 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 approved accounting standards applicable to the financial statements of the Group and the Company;

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

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

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

AUDIT COMMITTEE REPORT (cont'd)

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 2010;

c) Reviewed the Statement of Internal Control for inclusion in the Annual Report 2010;

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

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 2010 was RM195,600.

During the financial year under review, the internal auditors reviewed and assessed the operational procedures and effectiveness of internal control on all the subsidiaries 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 the Board for further deliberation.

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

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board of Directors of C.I. Holdings Berhad is pleased to present the Statement on Internal Control of the C.I. Holdings Berhad group of companies (“Group”) pursuant to the paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities“) and in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by Bursa Securities.

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 to eliminate the risk of failure to achieve the Group’s business objectives. Accordingly, the internal control system 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 for the effective communication and evaluation of all principal risks and controls. The Risk Management Framework covers a broad variety of risks, including but not limited to business continuity issues, governance issues, financial issues and operational issues.

The Risk Management Committee (“RMC”) comprises 7 members, out of which 3 are appointed representatives from the Board, majority of which are Independent Non-Executive Directors. The Chairman of the RMC is an Independent Non-Executive Director. The others are representatives from the various operating subsidiaries. The roles and responsibilities of RMC are as follows:

- To formalise the Group’s Risk Management Policy including objectives, strategy and scope of risk management activities as well as to ensure the strategy, framework and methodology have been implemented and consistently applied.
- To ensure a well-structured and systematic process exists for the comprehensive identification, assessment and management of risks faced by the Group.
- To ensure that risk management process and culture are embedded throughout the Group.

A Risk Manager was appointed to administer the Risk Management Framework. Under the Risk Management Framework, for each risk, the root cause is first identified, then the consequence is ascertained and the risk is then classified into either controllable or inherent. Each risk is assigned into two risk scores, one measures the impact and the second measures the likelihood. These scores are used to determine a risk grade. Finally, control measures and actions plans are determined to manage, minimise or mitigate the identified risks. All of these are recorded and updated in the Risk Register and is used to develop a risk profile for each company.

The Risk Manager works in conjunction with the management of each subsidiary in accordance with the Risk Management Framework and the results are reported to the RMC on a half yearly basis. The RMC reviews and discusses the risk profiles of the various subsidiaries taking special notes of any changes and developments, the existing controls and action plans in place to manage the risks and any further actions necessary. The RMC then reports to the Board on a half yearly basis.

In addition, the Managing Director conducts monthly meetings with senior management of all subsidiaries within the Group. Amongst the issues discussed are the key risks faced by the respective subsidiaries.

Furthermore, the Board has assigned to the Audit Committee the duty of reviewing and monitoring the effectiveness of the Group’s internal control system, a critical element of effective risk management.

STATEMENT ON INTERNAL CONTROL (cont'd)

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 to identify opportunities for improvement in operational efficiency. The Audit Committee reports to the Board on its activities, significant audit results or findings and necessary recommendations or actions needed to be taken by management to rectify those issues.

The Group's Internal Audit Department performs an operational and compliance audit to ensure efficiency of operation process and effectiveness of internal controls as well as adherence to the Company's policy, procedures and guidelines. The Group's in-house ISO Audit Team conducts internal quality audit at least once a year in accordance to ISO 9001:2008.

The Internal Auditors perform their tasks in accordance with International Standards For The Professional Practice of Internal Auditing issued by The Institute of Internal Auditors Malaysia, which apply and uphold the following principles and rules of conduct:

- Integrity
- Objectively
- Confidentiality
- Competency

OTHER ELEMENTS OF INTERNAL CONTROL

The Board has put in place other internal control measures including:

- An organisation structure with clearly defined key responsibilities for the Board, committees of the Board and the executive management of the Group's operating units.
- Authorisation limits established to provide a functional framework of authority for approving expenditures.
- The requirement for each operation unit to provide a comprehensive annual budget for the Board's approval.
- The timely monthly reporting of the results of each operating business unit's results and variance to budget.
- The Board's review of quarterly reports on each operating business unit.
- The human resource function that coordinates the employees' training and development programs as well as occupational health and safety programs at all levels to enhance competency, work quality, ability and safety.
- An enterprise business application software which incorporates several in-built system controls is being progressively implemented to assist the management achieve various internal control objectives.
- Data and internal technology policy such as E-mail & Internet Excess Policy and System & Data Security Policy. In addition, the Group has also put in place the back-up system and the disaster recovery plan.
- The clear documentation and regular review of policies and procedures regulating financial and operating activities.
- The comprehensive Employee Handbook and Code of Conduct is in place to ensure employees observe prescribed standard of business ethics when conducting themselves at work and in their relationship with external parties.
- A Whistle Blowing Policy has been put in place to help ensure conformance to the guidelines set out in the Employee Handbook and Code of Conduct by enabling the employees of the Company to raise concerns in a responsible and effective manner. The Whistle Blowing Policy covers concerns such as; financial malpractice or impropriety or fraud, failure to comply with legal obligations or statues, dangers to health and safety or the environment, criminal activity, improper conduct or unethical behaviour or any attempts to conceal any of the above. In addition the policy outlines safeguards for the whistle blower including protection and confidentiality. Furthermore the process for making a disclosure and the process of investigating an allegation are also outlined in the policy.

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. During the financial year, there were no material losses caused by the breakdown in internal controls.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining their responsibilities in the preparation of the annual financial statements.

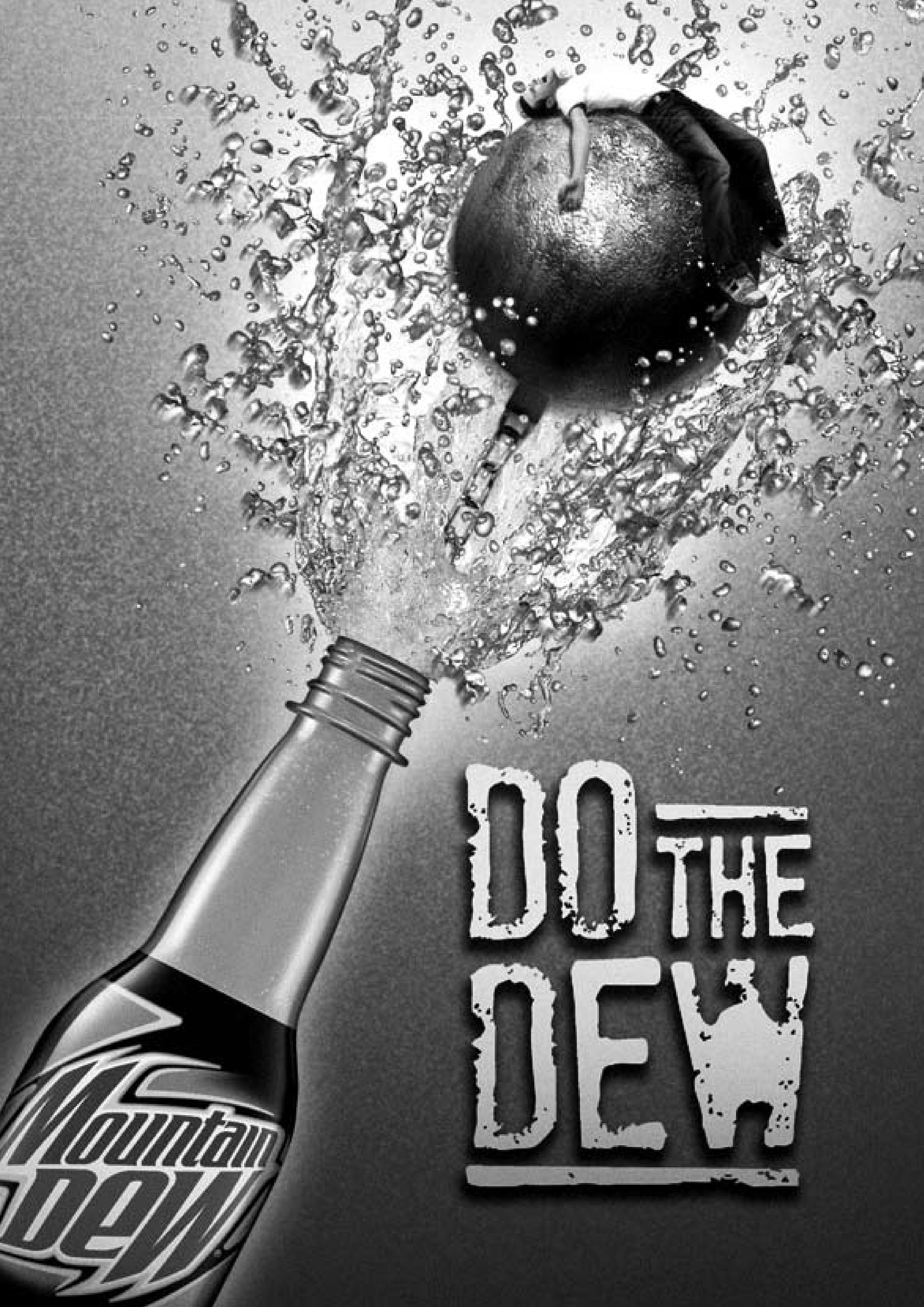
The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company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

In preparing the financial statements for the financial year ended 30 June 2010, 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 Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company 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.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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 2010.

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 11 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	38,044	17,039
Attributable to:		
Equity holders of the Company	38,123	17,039
Minority interest	(79)	–
	38,044	17,039

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM'000
In respect of financial year ended 30 June 2009:	
Final dividend of 5 sen per ordinary share, less tax of 25%, paid on 26 October 2009	5,325
In respect of financial year ended 30 June 2010:	
Interim dividend of 4 sen per ordinary share, less tax of 25%, paid on 2 March 2010	4,260
	9,585

The Directors propose a final dividend of 7 sen per share, less tax of 25%, amounting to RM7,455,000 in respect of the financial year ended 30 June 2010, 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.

DIRECTORS' REPORT (cont'd)

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 at no cost by the Company during the financial year ended 30 June 2004 in conjunction with the Renounceable Rights Issue. Each warrant was convertible into one new ordinary share of RM1.00 each at the exercise price of RM1.08 per share. In the previous financial year, 12,392,845 warrants were exercised while the remaining unexercised warrants had expired on 23 June 2009.

The Company has not issued any new warrants during the financial year.

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
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
Teh Bee Tein

DIRECTORS' INTERESTS

Except as stated below, no other Directors holding office at the end of the financial year had any interests in the ordinary shares of the Company during the financial year ended 30 June 2010, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965:

	---------– Number of ordinary shares of RM1.00 each ----------			
Shares in the Company	**Balance at 1.7.2009**	**Bought**	**Sold**	**Balance at 30.6.2010**
Direct interest				
Datuk Johari Bin Abdul Ghani	36,000,000	4,000,000	–	40,000,000
Dato' Seri Abdul Ghani Bin Abdul Aziz	60,000	–	–	60,000
Indirect interest				
Datin Mariam Prudence Binti Yusof	28,348,000	52,000	–	28,400,000

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

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefits which may be deemed to have been derived by virtue of these transactions as disclosed in Note 35(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 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; and

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

   (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

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

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

DIRECTORS' REPORT (cont'd)

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.

AUDITORS

The auditors, BDO, 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
21 September 2010

STATEMENT BY DIRECTORS
(Pursuant to Section 169(15) of the Companies Act, 1965)

In the opinion of the Directors, the financial statements set out on pages 44 to 112 have been drawn up in accordance with the applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

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

Kuala Lumpur
21 September 2010

STATUTORY DECLARATION
(Pursuant to Section 169(16) of the Companies Act, 1965)

I, Datuk Johari Bin Abdul Ghani, being the Director primarily responsible for the financial management of C.I. Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 44 to 112 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	)	
21 September 2010	)	Datuk Johari Bin Abdul Ghani

Before me
S.Ideraju (W451)
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 2010 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 44 to 112.

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 in Malaysia and the provisions of the Companies Act, 1965. 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 in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965, 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 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO	**Lim Seng Siew**
AF: 0206	2894/08/11 (J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur
21 September 2010

BALANCE SHEETS
AS AT 30 JUNE 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7	**125,243**	85,725	**22**	30
Investment properties	8	**1,280**	1,885	**–**	–
Prepaid lease payments for land	9	**3,020**	3,080	**–**	–
Intangible assets	10	**47,548**	47,548	**–**	–
Investments in subsidiaries	11	**–**	–	**90,614**	90,907
Other investments	12	**15**	21	**15**	15
Deferred tax assets	13	**1,642**	1,079	**–**	–
		178,748	139,338	**90,651**	90,952
CURRENT ASSETS					
Inventories	14	**51,912**	32,624	**–**	–
Trade and other receivables	15	**113,572**	78,040	**56**	14
Amounts owing by subsidiaries	16	**–**	–	**10,313**	4,381
Current tax assets		**219**	524	**191**	169
Cash and cash equivalents	17	**40,434**	39,898	**11,520**	22,765
		206,137	151,086	**22,080**	27,329
Non-current assets held for sale	18	**4,500**	4,500	**–**	–
		210,637	155,586	**22,080**	27,329
TOTAL ASSETS		**389,385**	294,924	**112,731**	118,281
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	**142,000**	142,000	**142,000**	142,000
Share premium		**2,147**	2,147	**2,147**	2,147
Retaind earning/(Accumulated losses)		**17,160**	(11,378)	**(46,750)**	(54,204)
		161,307	132,769	**97,397**	89,943
Minority interest		**1,110**	1,189	**–**	–
TOTAL EQUITY		**162,417**	133,958	**97,397**	89,943

BALANCE SHEETS
AS AT 30 JUNE 2010 (cont'd)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
NON-CURRENT LIABILITIES					
Borrowings	20	**50,684**	31,560	**–**	–
Retirement benefit obligations	24	**3,439**	3,332	**–**	–
Deferred tax liabilities	13	**7,313**	5,164	**–**	–
		61,436	40,056	**–**	–
CURRENT LIABILITIES					
Trade and other payables	25	**114,017**	70,329	**1,085**	551
Provisions	26	**4,068**	2,350	**–**	–
Amounts owing to subsidiaries	16	**–**	–	**14,249**	27,787
Borrowings	20	**43,970**	46,797	**–**	–
Current tax liabilities		**3,477**	1,434	**–**	–
		165,532	120,910	**15,334**	28,338
TOTAL LIABILITIES		**226,968**	160,966	**15,334**	28,338
TOTAL EQUITY AND LIABILITIES		**389,385**	294,924	**112,731**	118,281

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

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	27	**516,401**	362,981	**25,597**	10,858
Cost of sales	28	**(304,609)**	(224,585)	**–**	–
Gross profit		**211,792**	138,396	**25,597**	10,858
Other income		**3,301**	5,379	**7**	2,070
Selling and distribution costs		**(126,207)**	(74,565)	**–**	–
Administrative expenses		**(37,100)**	(34,524)	**(3,191)**	(2,358)
Other expenses		**(591)**	(1,842)	**(9)**	(10)
Finance costs		**(3,160)**	(4,877)	**(12)**	(9)
Profit before tax	29	**48,035**	27,967	**22,392**	10,551
Tax expense	31	**(9,991)**	(7,085)	**(5,353)**	(2,262)
Profit for the financial year		**38,044**	20,882	**17,039**	8,289
Attributable to:					
Equity holders of the Company		**38,123**	20,975	**17,039**	8,289
Minority interest		**(79)**	(93)	**–**	–
		38,044	20,882	**17,039**	8,289
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	32	**26.85**	16.15		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	<--- Attributable to equity holders of the Company --->					
Group	**Share capital RM'000**	**Share premium RM'000**	**(Accumulated losses) / Retained earning RM'000**	**Total RM'000**	**Minority interest RM'000**	**Total equity RM'000**
At 30 June 2008	129,607	1,156	(26,521)	104,242	1,282	105,524
Conversion of warrants (Note 19)	12,393	991	–	13,384	–	13,384
Dividends	–	–	(5,832)	(5,832)	–	(5,832)
Profit for the financial year, representing total recognised income and expense for the financial year	–	–	20,975	20,975	(93)	20,882
At 30 June 2009	142,000	2,147	(11,378)	132,769	1,189	133,958
Dividends	–	–	(9,585)	(9,585)	–	(9,585)
Profit for the financial year, representing total recognised income and expense for the financial year	–	–	38,123	38,123	(79)	38,044
At 30 June 2010	**142,000**	**2,147**	**17,160**	**161,307**	**1,110**	**162,417**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010 (cont'd)

Company	Share capital RM'000	<Non-distributable> Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
At 30 June 2008	129,607	1,156	(56,661)	74,102
Conversion of warrants (Note 19)	12,393	991	–	13,384
Dividends	–	–	(5,832)	(5,832)
Profit for the financial year, representing total recognised income and expense for the financial year	–	–	8,289	8,289
At 30 June 2009	142,000	2,147	(54,204)	89,943
Dividends	–	–	(9,585)	(9,585)
Profit for the financial year, representing total recognised income and expense for the financial year	–	–	17,039	17,039
At 30 June 2010	**142,000**	**2,147**	**(46,750)**	**97,397**

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

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**48,035**	27,967	**22,392**	10,551
Adjustments for:					
Allowance for doubtful debts		**125**	230	**9**	10
Allowance for doubtful debts no longer required		**(72)**	(21)	**–**	–
Amortisation of prepaid lease payments for land	9	**60**	61	**–**	–
Bad debts written off		**383**	100	**–**	–
Depreciation of property, plant and equipment	7	**13,646**	12,847	**9**	8
Dividend income	27	**–**	–	**(19,139)**	(9,206)
Gain on disposal of:					
– property, plant and equipment		**(371)**	(597)	**–**	–
– investment properties		**(10)**	–	**–**	–
– non-current asset held for sale		**–**	(25)	**–**	–
Impairment loss on:					
– goodwill on consolidation	10	**–**	332	**–**	–
– property, plant and equipment	7	**591**	–	**–**	–
– non-current assets held for sale	18	**–**	300	**–**	–
Interest expense		**2,704**	4,489	**12**	9
Interest income		**(506)**	(243)	**(458)**	(252)
Inventories written off		**6,920**	8,132	**–**	–
Loss on changes in the fair values of investment properties	8	**–**	1,211	**–**	–
Other investment written off		**6**	–	**–**	–
Property, plant and equipment written off	7	**1,311**	444	**–**	–
Provision for:					
– litigation claim	26	**1,600**	–	**–**	–
– retirement benefits	24	**405**	411	**–**	–
– other liabilities	26	**586**	551	**–**	–
– other liabilities no longer required	26	**(468)**	(126)	**–**	–
Share of profit margin on Islamic term borrowings		**456**	388	**–**	–
Write back of debt assigned by a former subsidiary		**–**	(2,000)	**–**	(2,000)
Forfeiture of deposits received for returnable bottles		**–**	(274)	**–**	–
Write back of impairment loss in subsidiary		**–**	–	**(7)**	–
Write back of payables and accruals		**–**	(70)	**–**	(70)
Net unrealised (gain)/loss on foreign exchange		**(152)**	74	**–**	–
Operating profit/(loss) before working capital changes		**75,249**	54,181	**2,818**	(950)
Changes in working capital:					
Inventories		**(26,208)**	(11,945)	**–**	–
Trade and other receivables		**(35,968)**	(11,758)	**(42)**	11
Trade and other payables		**43,924**	8,360	**534**	89
Cash generated from/(used in) operations		**56,997**	38,838	**3,310**	(850)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010 (cont'd)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash generated from/(used in) operations		**56,997**	38,838	**3,310**	(850)
Tax paid		**(6,178)**	(868)	**(870)**	–
Tax refunded		**121**	–	**–**	–
Interest paid		**(1,328)**	(2,360)	**(12)**	(9)
Contributions paid for retirement benefits	24	**(298)**	(184)	**–**	–
Share of profit on Islamic term borrowings paid		**–**	(30)	**–**	–
Net cash from/(used in) operating activities		**49,314**	35,396	**2,428**	(859)
CASH FLOWS FROM INVESTING ACTIVITIES					
(Advances to) / Repayments from subsidiaries		**–**	–	**(19,479)**	3,823
Dividend received		**–**	–	**14,634**	6,904
Interest received		**506**	243	**458**	252
Proceeds from disposal of:					
– property, plant and equipment		**387**	2,536	**–**	–
– non-current assets held for sale		**–**	375	**–**	–
– investment properties		**615**	–	**–**	–
– subsidiary		**–**	–	**300**	–
Purchase of property, plant and equipment	7(c)	**(50,861)**	(11,907)	**(1)**	(20)
Placement of additional deposit to an institutional trustee account		**(76)**	(74)	**–**	–
(Placement)/Withdrawal of fixed deposits pledged to licensed banks		**(2)**	85	**–**	–
Net cash (used in)/from investing activities		**(49,431)**	(8,742)	**(4,088)**	10,959
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares		**–**	13,384	**–**	13,384
Repayments to hire-purchase and lease creditors		**(4,778)**	(5,227)	**–**	–
Repayments of borrowings		**(11,014)**	(10,288)	**–**	–
Drawdowns of borrowings		**28,257**	8,945	**–**	–
Share of profit on Islamic term borrowings paid		**(456)**	(358)	**–**	–
Dividends paid		**(9,585)**	(5,832)	**(9,585)**	(5,832)
Interest paid		**(1,376)**	(2,129)	**–**	–
Net cash from/(used in) financing activities		**1,048**	(1,505)	**(9,585)**	7,552
Net increase/(decrease) in cash and cash equivalents		**931**	25,149	**(11,245)**	17,652
Cash and cash equivalents at beginning of financial year		**37,554**	12,405	**22,765**	5,113
Cash and cash equivalents at end of financial year	17	**38,485**	37,554	**11,520**	22,765

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market 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 financial information are presented in RM rounded to the nearest thousand (RM'000), unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 21 September 2010.

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965.

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 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 6 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.

4.2 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

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 (see Note 4.6 to the financial statements). 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 business 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 convertible or exercisable are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

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.

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 that date.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

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 profit or loss. 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.

4.3 Property, plant and equipment and depreciation

All items 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 carrying amount of the replaced part is derecognised. 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 are obligated to incur when the asset is acquired, if applicable. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

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.

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

Construction-in-progress represents factory building under construction and plant and machinery under installation. The depreciation for construction and renovation in-progress will begin when they are available for use. 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%
Bottles and cases	20%
Plant and machinery	5% – 15%
Office furniture and equipment	15% – 25%
Renovations	15%
Motor vehicles	20% – 25%

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. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.4 to the financial statements on impairment of assets).

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 Impairment of assets

The carrying amounts of assets, other than financial assets (excluding investments in subsidiaries), 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. If such indication exists, the asset's recoverable amount is estimated.

Goodwill on consolidation that has an indefinite useful life is tested for impairment annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible 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 profit or loss 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 profit or loss 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. Such reversals are recognised as income immediately in profit or loss.

4.5 Investments

4.5.1 Subsidiaries

A subsidiary is an entity in which the Group and the Company have 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 has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Investments (cont'd)

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.

On disposal of such investments, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.6 Goodwill on consolidation

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. 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. Investment properties are initially measured at cost, which includes transaction costs. After 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.

Fair value of investment properties were derived from the Directors' assessment based on indicatives value obtained from the latest valuation conducted by independent professional valuer with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

Gains or losses arising from a change in the fair value of investment properties are recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposals. Any gain or loss on the retirement or disposal of investment property is derecognised and the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss in the period of the retirement or disposal.

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 work-in-progress and finished goods includes the cost of raw materials, direct labour and a proportion of manufacturing overheads based on normal operating capacity of the production facilities.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Income taxes

Income taxes include all taxes on taxable profits. Income taxes also include other taxes, such as withholding taxes.

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 taxes 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.

4.9.2 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 recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of 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 profits.

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 will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Hire-purchase and lease agreements

4.10.1 Finance leases and hire-purchase

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

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense in the profit or loss on a straight line basis over the lease term.

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.

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 risks 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Foreign currency transactions and translation

4.11.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

4.11.2 Foreign currency translations and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into functional currency at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such a forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

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.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.13 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 and its sales must be highly probable.

The sale is expected to qualify for recognition as a completed sale within one year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

Immediately before initial classification as held for sale, the carrying amounts of the non-current assets are measured in accordance with applicable FRSs. 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Non-current assets held for sale are classified as current assets on the face of the balance sheet and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset (or disposal group) as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and

(b) its recoverable amount at the date of the subsequent decision not to sell.

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 and of the Company's activities. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and to the Company, and the amount of the revenue and the cost incurred or to be incurred in respect of the transaction can be measured reliably and the specific recognition criteria have been met, as follows:

4.14.1 Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.

4.14.2 Dividend income

Dividend income is recognised when the right to receive payment is 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 Employee benefits

4.15.1 Short-term employee benefits

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

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

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

4.15.2 Defined contribution plan

The Group make contributions to a statutory provident fund and recognise the contributions payable after deducting contributions already paid as a liability and 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.

4.16 Contingent liabilities

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. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

4.17.1 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.

(a) Receivables

Trade and other receivables, including any amounts owing by related parties, are classified as loans and receivables under FRS 132 *Financial Instruments: Disclosure and Presentation*.

Receivables are carried at anticipated realisable value. Known bad debts are written off and an allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

(b) 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 the cash flow statements, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and also deposits placed with an institutional trustee in accordance with the terms and conditions as set out in the lease agreements (Note 17(c)).

(c) Payables

Liabilities for trade and other amounts payable, including any amounts owing to related parties, are initially and subsequently recognised at cost. Payables are recognised when there is a contractual obligation to deliver cash and another financial asset to another entity.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.17 Financial instruments (cont'd)

4.17.1 Financial instruments recognised on the balance sheets (cont'd)

(d) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the consideration received less directly attributable costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(e) Equity instruments

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 profit or loss.

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

4.17.2 Financial instruments not recognised on the balance sheets

The Group is party to financial instruments that comprise foreign currency forward contracts and warrants. These instruments are not recognised in the financial statements on inception.

(i) 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 profit or loss in the same period as the exchange differences on the underlying hedged items.

(ii) Warrants

Warrants 2004/2009 were issued at no cost and were not recognised in the financial statements. Each warrant was convertible into one new ordinary share of RM1.00 each at the exercise price of RM1.08 per share during the exercise period and recognised as equity instrument upon conversion (see Note 4.17.1(e) on equity instruments).

4.18 Operating segments

During the previous financial year, segment reporting was presented based on business segments of the Group. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Operating segments (cont'd)

Following the adoption of FRS 8 *Operating Segments* during the current financial year, operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount of:

  (i) the combined reported profit of all operating segments that did not report a loss; and

  (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are 10 per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75 percent of the Group's revenue. Any new operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.19 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRS adopted during the current financial year

FRS 8 and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for the disclosure of information on the Group's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the Group that management uses to make decisions about operating matters. This Standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance, as elaborated in Note 4.18 to the financial statements.

In accordance with the transitional provisions of FRS 8, segment information for prior years that is reported as comparative information for the initial year of application has been restated to conform to requirements of FRS 8, as disclosed in Note 40 to the financial statements.

5.2 New FRSs not adopted

(a) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

(b) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

The Group does not expect any significant impact on the financial statements arising from the adoption of this Standard.

(c) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs not adopted (cont'd)

(d) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any significant impact on the financial statements arising from the adoption of this Interpretation.

(e) IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the balance sheet date less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

The Group does not expect any significant impact on the financial statements arising from the adoption of this Interpretation.

(f) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles "statement of financial position" and "statement of cash flows" to replace the current titles "balance sheet" and "cash flow statement" respectively. A new statement known as the "statement of comprehensive income" is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs not adopted (cont'd)

(f) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010 (cont'd).

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 Related Party Disclosures. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Group does not expect any other impact on the financial statements arising from the adoption of this Standard.

(g) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Group does not expect any significant impact on the financial statements arising from the adoption of the amendment to IC Interpretation 9.

(h) Amendments to FRS 132 *Financial Instruments: Disclosure and Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments require certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rata share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Group does not expect any significant impact on the financial statements arising from the adoption of this Standard. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 139.

(i) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this Standard specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs not adopted (cont'd)

(i) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010 (cont'd).

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory.

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of "investment property" in FRS 140 *Investment Property*. This amendment also replaces the term "net selling price" with "fair value less costs to sell", and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5.

Amendment to FRS 117 *Leases* removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. As at the reporting date, the Group has carrying amount of prepaid lease payments for land of RM3,020,000 (see Note 9 to the financial statements). The Group expects to reclassify the prepaid lease payments for land as land held in accordance with FRS 116 upon adoption of this amendment and shall present a statement of financial position as at the beginning of the earliest comparative period in accordance with FRS 101.

Amendment to FRS 118 clarifies reference made on the term "transaction costs" to the definition in FRS 139.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in this Standard by consistently applying settlement dates within twelve months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs.

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5.

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs not adopted (cont'd)

(i) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010 (cont'd).

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting.

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made.

Amendment to FRS 134 *Interim Financial Reporting* clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 *Earnings Per Share*.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in this Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of "investment property". This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier.

The Group does not expect any significant impact on the financial statements arising from the adoption of the above amendments.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs not adopted (cont'd)

(j) The following amendments to FRSs and IC Interpretations are mandatory for annual periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
Amendments to FRS 2	Share-based Payment Vesting Conditions and Cancellation
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
IC Interpretation 9	Reassessment of Embedded Derivative
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes

The above new FRS, amendments to FRSs and IC Interpretations are not relevant to the Group and the Company.

(k) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 January 2010 and 1 March 2010 in respect of the transitional provisions in accounting for compound financial instruments and classification of rights issues respectively.

These amendments remove the transitional provisions in respect of accounting for compound financial instruments issued before 1 January 2003 pursuant to FRS 132_{2004} *Financial Instruments: Disclosure and Presentation*. Such compound financial instruments shall be classified into its liability and equity components when FRS 139 first applies.

The amendments also clarifies that rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

The Group does not expect any significant impact on the financial statements arising from the adoption of these amendments.

(l) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs not adopted (cont'd)

(m) FRS 127 *Consolidated and Separate Financial Statements* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term "minority interest" with a new term "non-controlling interest" which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

As at the reporting date, the Group reports minority interests of RM1,110,000. The Group expects to reclassify this as non-controlling interests and remeasure the non-controlling interests prospectively in accordance with the transitional provisions of FRS 127.

(n) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010.

Amendments to FRS 5 clarifies that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute.

Amendments to FRS 138 clarifies that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue.

Amendments to FRS 139 remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139.

The Group does not expect any significant impact on the financial statements arising from the adoption of the above amendments.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs not adopted (cont'd)

(o) The following new FRS, amendments to FRSs and IC Interpretations are mandatory for annual periods beginning on or after 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment
Amendments to IC Interpretation 9	Reassessment of Embedded Derivative
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

The above new FRS, amendments to FRS and IC Interpretations are not relevant to the Group and the Company.

(p) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

(q) The following amendments to FRSs and IC Interpretations are mandatory for annual periods beginning on or after 1 January 2011:

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfer of Assets from Customers

The above amendments to FRSs and IC Interpretations are not relevant to the Group and the Company.

(r) IC Interpretation 15 *Agreements for Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2012. This IC Interpretation is not relevant to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 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 Purchase 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 leased back by the Group from ARB for a lease period of ten 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

The 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 39(b) to the financial statements.

(iii) Non-current assets held for sale

Non-current assets held for sale are in respect of properties which are pending disposal. Barring unforseen circumstances, the sale of such properties is intended to be completed within one year. However, the Group may continue to classify certain assets as non-current assets held for sale even though the sale has not been completed within one year if the delay is caused by circumstances beyond the Group's control and the Group remains committed to its plan to sell the assets.

6.2 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. Calculating the value-in-use amount requires management to exercise judgement in making an estimate of the expected future cash flows using a suitable discount.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

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

6.2 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 the value-in-use amount requires management to make an estimate of the expected future cash flows using a suitable discount rate in order to calculate the present value of those cash flows. Such estimate involves judgement and further details are disclosed in Note 10 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 provisions of the income tax and deferred income tax 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

Management estimates the useful lives of property, plant and equipment based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in market demands or service output of the assets. Changes in these factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(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 business risks.

(vi) Provisions

Provision for the retirement benefits is estimated based on the predetermined rate of basic salaries and length of service of employees as well as other principal assumptions, such as discount rate and expected rate of annual salary increments, by reference to the latest actuarist's report.

Other provisions are recognised based on the management's best estimation after taking into consideration of the historical data and past experience.

Where expectations differ from the original estimates, the differences will impact the carrying amount of provisions.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

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

6.2 Key sources of estimation uncertainty (cont'd)

(vii) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. The assessment requires judgement to be exercised whereby the management has to consider factors, which includes the financial position of the customers, historical collection period as well as average recoverability and risk profile.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2010	Balance at 1 July 2009 RM'000	Additions (Note (c) below) RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Impairment loss RM'000	Balance at 30 June 2010 RM'000
Carrying amount							
Buildings	6,320	–	–	(163)	–	–	6,157
Freehold land and buildings	1,855	–	–	(14)	–	(591)	1,250
Bottles and cases	–	–	–	–	–	–	–
Construction-in-progress	–	35,220	–	–	–	–	35,220
Plant and machinery	74,403	14,770	–	(11,702)	(1,310)	–	76,161
Office furniture and equipment	2,692	2,624	(2)	(1,351)	(1)	–	3,962
Renovations	274	375	–	(78)	–	–	571
Motor vehicles	181	2,093	(14)	(338)	–	–	1,922
	85,725	55,082	(16)	(13,646)	(1,311)	(591)	125,243

	------ At 30 June 2010 ------			
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Buildings	8,193	(2,036)	–	6,157
Freehold land and buildings	2,200	(359)	(591)	1,250
Bottles and cases	370	(370)	–	–
Construction-in-progress	35,220	–	–	35,220
Plant and machinery	173,598	(97,437)	–	76,161
Office furniture and equipment	14,374	(10,412)	–	3,962
Renovations	735	(164)	–	571
Motor vehicles	3,690	(1,768)	–	1,922
	238,380	(112,546)	(591)	125,243

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

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

Group 2009	Balance at 1 July 2008 RM'000	Additions (Note (c) below) RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Balance at 30 June 2009 RM'000
Carrying amount						
Freehold land	1,305	–	(1,305)	–	–	–
Buildings	6,892	20	(407)	(185)	–	6,320
Freehold land and buildings	1,899	–	–	(44)	–	1,855
Bottles and cases	–	–	–	–	–	–
Plant and machinery	75,531	10,624	(202)	(11,109)	(441)	74,403
Office furniture and equipment	2,747	1,305	(25)	(1,332)	(3)	2,692
Renovations	217	102	–	(45)	–	274
Motor vehicles	238	75	–	(132)	–	181
	88,829	12,126	(1,939)	(12,847)	(444)	85,725

	------------------- At 30 June 2009		-----------------
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	8,193	(1,873)	6,320
Freehold land and buildings	2,200	(345)	1,855
Bottles and cases	370	(370)	–
Plant and machinery	176,543	(102,140)	74,403
Office furniture and equipment	11,784	(9,092)	2,692
Renovations	359	(85)	274
Motor vehicles	1,858	(1,677)	181
	201,307	(115,582)	85,725

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

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

Company 2010	Balance at 1 July 2009 RM'000	Additions (Note (c) below) RM'000	Depreciation charge for the financial year RM'000	Balance at 30 June 2010 RM'000
Carrying amount				
Office furniture and equipment	**30**	**1**	**(9)**	**22**

	At 30 June 2010		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	**91**	**(69)**	**22**

Company 2009	Balance at 1 July 2008 RM'000	Additions (Note (c) below) RM'000	Depreciation charge for the financial year RM'000	Balance at 30 June 2009 RM'000
Carrying amount				
Office furniture and equipment	18	20	(8)	30

	At 30 June 2009		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	90	(60)	30

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

	Group	
	2010 RM'000	2009 RM'000
Motor vehicles	**1,892**	119
Plant and machinery	**13,003**	21,065
Office furniture and equipment	**408**	187
	15,303	21,371

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

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

(b) The net book values of property, plant and equipment pledged to financial institutions for banking facilities granted to subsidiaries (Note 20, 21 and 22) are as follows:

	Group	
	2010 RM'000	**2009 RM'000**
Buildings	**4,622**	4,734
Plant and machinery	**22,868**	25,664
Construction-in-progress	**35,220**	–
	62,710	30,398

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

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Purchase of property, plant and equipment	**55,082**	12,126	**1**	20
Unpaid credit purchases included in other payables (Note 25)	**(1,298)**	(1,382)	**–**	–
Settlement of credit purchases brought forward	**1,382**	4,784	**–**	–
Financed by:				
– hire-purchase and lease arrangement	**(2,091)**	(3,621)	**–**	–
– Islamic term borrowing	**(2,214)**	–	**–**	–
Cash payments on purchase of property, plant and equipment	**50,861**	11,907	**1**	20

(d) An impairment loss on freehold land and building of approximately RM591,000 was recognised during the financial year to reduce the carrying amounts of the assets to their recoverable amount. The recoverable amount of the asset was determined by reference to market values which were obtained from registered independent valuers based on recent transactions for similar assets.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

8. INVESTMENT PROPERTIES

	Group	
	2010	**2009**
	RM'000	**RM'000**
Balance at 1 July 2009/2008	**1,885**	3,096
Loss on changes in the fair values	**–**	(1,211)
Disposal	**(605)**	–
Balance at 30 June	**1,280**	1,885
Analysed as:		
Freehold land and building	**–**	605
Freehold land	**180**	180
Long term leasehold land	**1,100**	1,100
	1,280	1,885

(a) Freehold land with a net book value of RM1 (2009: RM1) was registered in the name of a Director of a subsidiary who holds the property in trust for the subsidiary.

(b) Direct operating expenses

	Group	
	2010	**2009**
	RM'000	**RM'000**
Quit rent and assessment	**18**	19

(c) The fair values of the investment properties were derived from the Directors' assessment based on indicative values obtained from valuation conducted by independent professional valuers.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

9. PREPAID LEASE PAYMENTS FOR LAND

Group 2010	Balance at 1 July 2009 RM'000	Amortisation charge for the financial year RM'000	Balance at 30 June 2010 RM'000
Carrying amount			
Leasehold land	**3,080**	**(60)**	**3,020**

	---------- At 30 June 2010 ----------		
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Leasehold land	**4,299**	**(1,279)**	**3,020**

Group 2009	Balance at 1 July 2008 RM'000	Amortisation charge for the financial year RM'000	Balance at 30 June 2009 RM'000
Carrying amount			
Leasehold land	3,141	(61)	3,080

	---------- At 30 June 2009 ----------		
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Leasehold land	4,299	(1,219)	3,080

	Group	
	2010 RM'000	2009 RM'000
Analysed as:		
Long term leasehold land	**2,337**	2,363
Short term leasehold land	**683**	717
	3,020	3,080

The long term leasehold land have been charged to licensed banks for banking facilities granted to subsidiaries (Note 20, 21 and 22).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

10. INTANGIBLE ASSETS

Group 2010	Balance at 1 July 2009 RM'000	Impairment loss recognised during the financial year RM'000	Balance at 30 June 2010 RM'000
Carrying amount			
Goodwill on consolidation	**47,548**	**–**	**47,548**

	At 30 June 2010		
	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill on consolidation	**68,698**	**(21,150)**	**47,548**

Group 2009	Balance at 1 July 2008 RM'000	Impairment loss recognised during the financial year RM'000	Balance at 30 June 2009 RM'000
Carrying amount			
Goodwill on consolidation	47,880	(332)	47,548

	At 30 June 2009		
	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill on consolidation	68,698	(21,150)	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.

In the previous financial year, the Group recognised an impairment loss on goodwill on consolidation of RM331,648 due to the deterioration of the financial position and financial performance of a subsidiary in the tap-ware and sanitary ware segment.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

10. INTANGIBLE ASSETS (cont'd)

The balance of the goodwill on consolidation of RM47,548,075 is related to the beverage division and the recoverable amount 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, which is consistent with the last financial year. The key assumptions used for the value in use calculations are as follows:

(a) Sales growth rate of 14% for financial year 2011, 10% for financial year 2012, 8% for the financial years 2013 to 2014 and 7% for financial year 2015, from the financial year 2010 which is the base year for the cash flows projections.

(b) Discount rate of 8%, being the approximate weighted average cost of capital of the Company.

(c) Terminal value representing the projected carrying amount of the net assets of the beverage division as at the end of year five.

The Directors determined that the budgeted gross margin and results based on past performance and their expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. Based on the recoverable amount determined, goodwill on consolidation related to the beverage division is not impaired for the current financial year.

With regard to the assessment of value in use, the management believes that there are 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.

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010	**2009**
	RM'000	**RM'000**
Unquoted investments, at cost	**177,030**	244,830
Less: Accumulated impairment losses	**(86,416)**	(153,923)
	90,614	90,907

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of subsidiaries	Effective equity interest 2010 %	2009 %	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	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
Permanis Maintenance Sdn. Bhd. (formerly known as Pep Bottlers Sdn. Bhd.)	**–**	100	Inactive
Permanis Vending Sdn. Bhd. (formerly known as C.I. Properties Sdn. Bhd.)	**–**	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 Mainworks Sdn. Bhd. (formerly known as Bevmac Sdn. Bhd.)	**100**	100	Inactive
Subsidiaries of Permanis Sandilands Sdn. Bhd.			
Permanis Distributions Sdn. Bhd.	**100**	100	Marketing and distribution of foods and beverages products
Permanis (Sabah) Sdn. Bhd.	**100**	100	Marketing and distribution of foods and beverages products
Permanis (Singapore) Sdn. Bhd.	**100**	100	Marketing and distribution of foods and beverages products. However, the subsidiary has not commenced any business activities as at balance sheet date
Permanis Trading Sdn. Bhd.	**100**	100	Marketing and distribution of foods and beverages products
Permanis Maintenance Sdn. Bhd. (formerly known as Pep Bottlers Sdn. Bhd.)	**100**	–	Inactive
Permanis Vending Sdn. Bhd. (formerly known as C.I. Properties Sdn. Bhd.)	**100**	–	Engaged in assembling, sales, servicing and carry on the business of operating vending machines, coolers, postmix and other beverage equipments

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries, which are incorporated in Malaysia, are as follows (cont'd) :

	Effective equity interest		
	2010	**2009**	
Name of subsidiaries	**%**	**%**	**Principal activities**
Subsidiaries of Doe Industries Sdn. Bhd.			
Doe Marketing Sdn. Bhd.	**100**	100	Dealership and distribution of household fittings and appliances
Potex Industries Sdn. Bhd.	**90**	90	Manufacturing of ceramic sanitary wares
Potex Sdn. Bhd.	**90**	90	Inactive
Subsidiary of C.I. Engineering Sdn. Bhd.			
C.I. Auto Services Sdn. Bhd.	**51**	51	Inactive
Subsidiary of C.I. Building Industries Sdn. Bhd.			
C.I. Quarries Sdn. Bhd.	**100**	100	Inactive
Subsidiaries of C.I. Quarries Sdn. Bhd.			
Capital Aim Sdn. Bhd.	**100**	100	Investment holding
C.I. Damansara Quarry Sdn. Bhd.	**65**	65	Inactive
Subsidiary of Capital Aim Sdn. Bhd.			
C.I. Quarries (Nilai) Sdn. Bhd.	**100**	100	Inactive

* Strike off on 15 July 2010.
All subsidiaries are audited by BDO.

(a) Acquisition and disposal of subsidiaries

2010

During the financial year ended 30 June 2010, the Company disposed off its entire equity interest in Permanis Maintenance Sdn. Bhd. (formerly known as Pep Bottlers Sdn. Bhd.) and Permanis Vending Sdn. Bhd. (formerly known as C.I. Properties Sdn. Bhd.) to Permanis Sandilands Sdn. Bhd., a wholly-owned subsidiary of Permanis Sdn. Bhd., which is in turn is a wholly-owned subsidiary of the Company for a total cash consideration of RM300,002.

The above transactions have no significant impact on the earning and net assets of the Group and of the Company for the financial year ended 30 June 2010.

2009

During the financial year ended 30 June 2009, the Group through its wholly-owned subsidiary, Permanis Sandilands Sdn. Bhd., acquired the entire equity interests in the following newly incorporated subsidiaries for total cash considerations of RM6, which are all incorporated in Malaysia and engaged in the distribution and marketing of food and beverage products:

Date of acquisition	Name of newly acquired subsidiaries
15 September 2008	Permanis (Sabah) Sdn. Bhd.
21 October 2008	Permanis (Singapore) Sdn. Bhd.
29 April 2009	Permanis Trading Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Acquisition and disposal of subsidiaries (cont'd)

The above acquisitions have no significant impact on the Group's earning and net assets for the financial year ended 30 June 2009 as these subsidiaries are newly incorporated. Subsequently, Permanis Sandilands Sdn. Bhd. transferred certain business operations to these newly acquired subsidiaries.

(b) The impairment loss on certain investment in subsidiaries was recognised in the previous financial years to reduce the carrying amount of the investments in subsidiaries to their recoverable amounts. The recoverable amount of the investments 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.

12. OTHER INVESTMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At cost				
Club memberships	**15**	21	**15**	15

13. DEFERRED TAX

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

	Group	
	2010 RM'000	2009 RM'000
Balance at 1 July 2009/2008	**4,085**	(983)
Recognised in the income statement (Note 31)	**1,586**	5,068
Balance at 30 June	**5,671**	4,085
Presented after appropriate offsetting:		
Deferred tax assets, net	**(1,642)**	(1,079)
Deferred tax liabilities, net	**7,313**	5,164
	5,671	4,085

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

13. DEFERRED TAX (cont'd)

(b) The components and movements of deferred tax assets and liabilities of the Group 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 2008	578	1,307	159	4,496	456	6,996
Recognised in the income statement	(13)	356	10	(3,895)	(145)	(3,687)
At 30 June/1 July 2009	565	1,663	169	601	311	3,309
Recognised in the income statement	509	(165)	1	(42)	38	341
At 30 June 2010	**1,074**	**1,498**	**170**	**559**	**349**	**3,650**

Group	Fair value adjustments on assets RM'000	Property, plant and equipment RM'000	Unrealised gain on foreign exchange RM'000	Total RM'000
Deferred tax liabilities				
At 1 July 2008	168	5,845	–	6,013
Recognised in the income statement	(7)	1,388	–	1,381
At 30 June/1 July 2009	161	7,233	–	7,394
Recognised in the income statement	–	1,890	37	1,927
At 30 June 2010	**161**	**9,123**	**37**	**9,321**

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

	Group	
	2010 RM'000	2009 RM'000
Unused tax losses	**6,655**	5,935
Unabsorbed capital allowances	**3,221**	2,969
Provision for liabilities	**47**	61
Other deductible temporary differences	**27**	–
	9,950	8,965

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

13. DEFERRED TAX (cont'd)

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

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.

The unused tax losses and unabsorbed capital allowances of certain subsidiaries do not expire under the current tax legislation.

14. INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
At cost		
Raw materials	**24,538**	14,656
Work-in-progress	**6,745**	711
Finished goods	**20,629**	17,257
	51,912	32,624

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables	**106,826**	76,909	**42**	–
Less: Allowance for doubtful debts	**(1,649)**	(1,907)	**–**	–
	105,177	75,002	**42**	–
Other receivables	**1,231**	1,993	**–**	–
Less: Allowance for doubtful debts	**(385)**	(382)	**–**	–
	846	1,611	**–**	–
Deposits	**4,266**	692	**9**	9
Prepayments	**3,283**	735	**5**	5
	8,395	3,038	**14**	14
	113,572	78,040	**56**	14

(a) The credit terms offered by the Group in respect of trade receivables range from 14 to 90 days (2009: 14 to 90 days) from the date of invoice.

(b) The allowance for doubtful debts of trade receivables is net of bad debts written off during the financial year of RM308,220 (2009: RM971,083).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

16. AMOUNTS OWING BY/TO SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Amounts owing by subsidiaries	**13,891**	108,327
Less: Allowance for doubtful debts	**(3,578)**	(103,946)
	10,313	4,381
Amounts owing to subsidiaries	**14,249**	27,787

Amounts owing by/to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents except for an amount of RM800,000 (2009: RM800,000), which bears interest at 8% (2009: 8%) per annum.

The allowance for doubtful debts is net of bad debts written off during the financial year of RM100,377,264 (2009: RM Nil).

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances	**24,936**	33,627	**420**	18,865
Deposits placed with financial institutions	**15,498**	6,271	**11,100**	3,900
As per balance sheets	**40,434**	39,898	**11,520**	22,765
Less: Bank overdrafts (Note 20)	**–**	(473)	**–**	–
Deposits pledged to licensed banks (Note (a) below)	**(62)**	(60)	**–**	–
Deposits placed with institutional trustee (Note (c) below)	**(1,887)**	(1,811)	**–**	–
As per cash flow statements	**38,485**	37,554	**11,520**	22,765

(a) Included in the deposits placed with licensed banks of the Group are deposits of RM62,000 (2009: RM60,000) which are pledged for banking facilities granted to certain subsidiaries (Note 20 and 22).

(b) The fixed deposits placed with the licensed banks of the Group at 30 June 2010 have maturity period ranging from 30 days to 365 days (2009: 30 days to 365 days).

(c) In accordance with the lease agreement entered by the Group with Amanah Raya Berhad ("ARB") (Note 6.1(i) and 37), the Group is required to pay ARB on the commencement of the lease agreement the sum of RM1,587,000, which is equivalent to one 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 six to year ten of the lease term to the amount equivalent to one year's lease rental for the year six to the year ten of the lease term. The deposit earns investment income at 5% (2009: 5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

18. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2010 RM'000	**2009 RM'000**
Balance at 1 July 2009/2008	**4,500**	5,150
Impairment loss	**–**	(300)
Disposal	**–**	(350)
Balance at 30 June	**4,500**	4,500

Non-current assets held for sale as at 30 June 2010 is in respect of the sale of an investment property where the transfer of legal title has yet to be completed. The sale was completed in July 2010 when the transfer of legal title was effected.

19. SHARE CAPITAL

	Group and Company			
	2010		**2009**	
	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:				
Balance as at 1 July 2009/2008	**142,000,000**	**142,000**	129,607,155	129,607
Conversion of warrants	**–**	**–**	12,392,845	12,393
Balance as at 30 June	**142,000,000**	**142,000**	142,000,000	142,000

In the previous financial year, the issued and paid-up share capital of the Company was increased from RM129,607,155 to RM142,000,000 by way of issuance of 12,392,845 new ordinary shares of RM1.00 each for cash pursuant to the conversion of 12,392,845 Warrants 2004/2009 at the exercise price of RM1.08 per share. The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company.

Warrants

A total of 57,377,835 Warrants 2004/2009 were issued at no cost by the Company during the financial year ended 30 June 2004 in conjunction with the Renounceable Rights Issue. Each warrant was convertible into one new ordinary share of RM1.00 each at the exercise price of RM1.08 per share. In the previous financial year, 12,392,845 warrants were exercised while the remaining unexercised warrants had expired on 23 June 2009.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

20. BORROWINGS

	Group 2010 RM'000	Group 2009 RM'000
Non-current liabilities		
Secured:		
Term loans	**16,188**	21,017
Islamic term borrowings	**28,997**	3,440
Hire-purchase and lease creditors	**5,499**	7,103
	50,684	31,560
Current liabilities		
Secured:		
Bank overdrafts	**–**	473
Bankers' acceptances	**–**	554
Term loans	**4,500**	2,459
Islamic term borrowings	**2,789**	1,451
Hire-purchase and lease creditors	**3,332**	4,415
	10,621	9,352
Unsecured:		
Bankers' acceptances	**23,028**	22,265
Revolving credits	**10,321**	15,180
	43,970	46,797
Total borrowings		
Bank overdrafts (Note (b) below)	**–**	473
Bankers' acceptances (Note (c) below)	**23,028**	22,819
Revolving credits	**10,321**	15,180
Term loans (Note 21)	**20,688**	23,476
Islamic term borrowings (Note 22)	**31,786**	4,891
Hire-purchase and lease creditors (Note 23)	**8,831**	11,518
	94,654	78,357
Maturity of borrowings		
Within one year	**43,970**	46,797
More than one year and less than five years	**46,593**	31,560
Five years or more	**4,091**	–
	94,654	78,357

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

20. BORROWINGS (cont'd)

	Group 2010 Days	Group 2009 Days
Ranges of maturity period of short term bank borrowings (excluding bank overdrafts)		
Bankers' acceptances	**69 – 95**	30 – 120
Revolving credits	**180**	180
Islamic acceptance bills	**58 – 120**	150

(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) In the previous year, bank overdraft of RM472,927 was secured by a first party legal charge over a leasehold land and building of a subsidiary (Note 7 and 9).

(c) In the previous year, bankers' acceptance of RM554,000 was secured by a first party legal charge over a leasehold land and building of a subsidiary (Note 7 and 9).

21. TERM LOANS

	Group 2010 RM'000	Group 2009 RM'000
Secured:		
Term loan	**20,688**	23,476
Repayable as follows:		
Current liabilities		
– not later than one year	**4,500**	2,459
Non-current liabilities		
– later than one year and not later than five years	**16,188**	21,017
	20,688	23,476

Term loan is drawn down progressively to finance the costs incurred for plant and machinery and is repayable by 20 quarterly instalments in stages with the quarterly instalments ranging from RM500,000 to RM3,500,000 per quarter commencing on the 25th month from the date of first drawdown, in November 2006.

This facility is secured by a charge over the plant and machinery financed under the term loan (Note 7) and is guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

22. ISLAMIC TERM BORROWINGS

	Group 2010 RM'000	2009 RM'000
Secured		
Bai-Bithaman Ajil ("BBA")	**2,214**	–
Murabahah	**25,257**	–
Ijarah	**3,502**	4,402
Islamic acceptance bills	**813**	489
	31,786	4,891
Repayable as follows:		
Current liabilities		
– not later than one year	**2,789**	1,451
Non-current liabilities		
– later than one year and not later than five years	**24,906**	3,440
– later than five years	**4,091**	–
	28,997	3,440
	31,786	4,891

(a) Murabahah, Ijarah and Islamic acceptance bills are guaranteed by the Company.

(b) BBA is repayable by way of 54 equal monthly instalments of RM107,042 each commencing October 2010. It is guaranteed by the Company and a subsidiary.

(c) Murabahah is drawn down progressively to part finance a new production line which includes related machinery, equipment, installation and construction cost. The principal sum of Murabahah shall be repayable by way of 22 quarterly principal payments commencing November 2012.

This facility is secured by way of first debenture incorporating a specific fixed charge over the construction-in-progress to be financed under the facility (Note 7).

(d) Ijarah is repayable by 60 equal monthly instalments of RM101,382 each commencing first drawdown date, September 2008.

(e) Both Ijarah and Islamic acceptance bills are secured by third party legal charge over leasehold land and building as well as fixed deposit of a subsidiary (Note 7, 9 and 17).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

23. HIRE-PURCHASE AND LEASE CREDITORS

	Group	
	2010	**2009**
	RM'000	**RM'000**
Minimum hire-purchase and lease payments:		
– not later than one year	**3,792**	5,085
– later than one year and not later than five years	**5,881**	7,664
	9,673	12,749
Less: Future interest charges	**(842)**	(1,231)
Present value of hire-purchase and lease creditors	**8,831**	11,518
Repayable as follows:		
Current liabilities		
– not later than one year	**3,332**	4,415
Non-current liabilities		
– later than one year and not later than five years	**5,499**	7,103
	8,831	11,518

Included in the hire-purchase and lease creditors of the Group is an amount of RM848,327 (2009: RM2,764,616), which is guaranteed by the Company.

24. 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 benefit obligations 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				
	2010	**2009**	**2008**	**2007**	**2006**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Present value of unfunded obligations	**3,196**	3,146	2,917	2,529	2,435
Unrecognised actuarial gain	**243**	186	188	203	–
	3,439	3,332	3,105	2,732	2,435

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

24. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

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

	Group 2010 RM'000	Group 2009 RM'000
Balance at 1 July 2009/2008	**3,332**	3,105
Recognised in the income statement	**405**	411
Contributions paid	**(298)**	(184)
Balance at 30 June	**3,439**	3,332

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

	Group 2010 RM'000	Group 2009 RM'000
Current service cost	**183**	184
Past service cost	**32**	31
Interest cost	**133**	126
Actuarial loss	**57**	70
Expenses recognised in the income statement included under administrative expenses	**405**	411

The principal actuarial assumptions used are as follows:

	Group 2010 %	Group 2009 %
Discount rates	**5.0 and 5.6**	5.0 and 5.6
Expected rates of annual salary increase	**5.0 and 6.0**	5.0 and 6.0

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Trade payables	**34,039**	22,498	**–**	–
Other payables	**40,061**	21,228	**178**	171
Amounts owing to suppliers of property, plant and equipment (Note 7(c))	**1,298**	1,382	**–**	–
Deposit received	**1,117**	1,208	**–**	–
Accruals	**37,502**	24,013	**907**	380
	79,978	47,831	**1,085**	551
	114,017	70,329	**1,085**	551

(a) The credit terms available to the Group in respect of trade payables range from 30 to 120 days (2009:30 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 is an amount of RM842,425 (2009: RM1,000,000) owing to third parties for the acquisition of 90% equity interest in Potex Industries Sdn. Bhd. and Potex Sdn. Bhd.

(c) Accruals are mainly made for transportation, sales and marketing expenses and staff costs.

26. PROVISIONS

Group 2010	**Marketing expenses (Note (a)) RM'000**	**Pallet losses (Note (b)) RM'000**	**Employees compensation (Note (c)) RM'000**	**Market returns (Note (d)) RM'000**	**Litigation claim (Note (e)) RM'000**	**Total RM'000**
Balance at 1 July 2009	**25**	**–**	**170**	**2,155**	**–**	**2,350**
Provision made during the financial year	**–**	**518**	**–**	**68**	**1,600**	**2,186**
Provision no longer required	**–**	**–**	**–**	**(468)**	**–**	**(468)**
Balance at 30 June 2010	**25**	**518**	**170**	**1,755**	**1,600**	**4,068**
2009						
Balance at 1 July 2008	25	126	170	1,604	–	1,925
Provision made during the financial year	–	–	–	551	–	551
Provision no longer required	–	(126)	–	–	–	(126)
Balance at 30 June 2009	25	–	170	2,155	–	2,350

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

26. PROVISIONS (cont'd)

(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 was 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 was made based on the current usage and the historical data on pallet losses.

(c) The provision for compensation to former employees is in connection with industrial relation cases between the Company and its subsidiaries and a group of former employees who were dismissed in 2003.

(d) Provision for market returns is recognised based on the estimated liabilities arising from the returns of 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.

(e) Provision for litigation claim is in respect of the claim made by a distributor against a wholly-owned subsidiary for the wrongful termination of the Distribution Partner Agreement.

27. REVENUE

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Sale of goods	**516,006**	362,818	**–**	–
Management and other fees from subsidiaries	**–**	–	**6,000**	1,400
Dividend income	**–**	–	**19,139**	9,206
Interest income	**395**	163	**458**	252
	516,401	362,981	**25,597**	10,858

28. COST OF SALES

Cost of sales represents cost of inventories sold.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

29. PROFIT BEFORE TAX

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax is arrived at after changing :					
Allowance for doubtful debts		**125**	230	**9**	10
Amortisation of prepaid lease payments for land	9	**60**	61	**–**	–
Auditors' remuneration:					
– Statutory:					
– current financial year		**247**	227	**48**	40
– under/(over) provision in prior financial years		**1**	(10)	**–**	–
– Non-statutory		**8**	8	**8**	8
Bad debts written off		**383**	100	**–**	–
Depreciation of property, plant and equipment	7	**13,646**	12,847	**9**	8
Directors' remuneration	30	**1,713**	852	**1,713**	852
Impairment loss on:					
– goodwill on consolidation	10	**–**	332	**–**	–
– non-current assets held for sale	18	**–**	300	**–**	–
– property, plant and equipment	7	**591**	–	**–**	–
Interest expense on:					
– bank overdrafts		**12**	77	**12**	9
– bankers' acceptances		**724**	1,308	**–**	–
– bill payables		**40**	–	**–**	–
– term loans		**748**	1,237	**–**	–
– revolving credits		**551**	948	**–**	–
– hire-purchase and lease		**628**	892	**–**	–
– others		**1**	27	**–**	–
Inventories written off		**6,920**	8,132	**–**	–
Lease rental		**1,887**	1,887	**–**	–
Loss on changes in the fair values of investment properties	8	**–**	1,211	**–**	–
Other investment written off		**6**	–	**–**	–
Provision for:					
– litigation claim	26	**1,600**	–	**–**	–
– retirement benefits	24	**405**	411	**–**	–
– pallet losses	26	**518**	–	**–**	–
– market returns	26	**68**	551	**–**	–
Property, plant and equipment written off	7	**1,311**	444	**–**	–
Rental of equipment		**1,081**	513	**–**	–
Rental of motor vehicles		**244**	194	**–**	–
Rental of premises		**2,437**	1,697	**147**	145
Royalty paid and payable		**562**	494	**–**	–
Share of profit margin on Islamic term borrowings		**456**	388	**–**	–
Unrealised foreign exchange loss		**–**	74	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

29. PROFIT BEFORE TAX (cont'd)

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
And crediting:					
Allowance for doubtful debts no longer required		**72**	21	**–**	–
Bad debts recovered		**20**	3	**–**	–
Gain on disposal of:					
– property,plant and equipment		**371**	597	**–**	–
– non-current asset held for sale		**–**	25	**–**	–
– investment properties		**10**	–	**–**	–
Gross dividends received from subsidiaries	27	**–**	–	**19,139**	9,206
Interest income from:					
– a subsidiary		**–**	–	**64**	89
– fixed deposits		**329**	243	**217**	163
– short-term investment		**177**	–	**177**	–
Provisions for other liabilities no longer required:					
– pallet losses	26	**–**	126	**–**	–
– market returns	26	**468**	–	**–**	–
Rental income		**9**	–	**–**	–
Realised foreign exchange gain		**600**	515	**–**	–
Unrealised foreign exchange gain		**152**	–	**–**	–
Write back of debt assigned by a former subsidiary*		**–**	2,000	**–**	2,000
Forfeiture of deposits received for returnable bottles		**–**	274	**–**	–
Write back of payables and accruals		**–**	70	**–**	70

* A long outstanding amount of RM2,000,000 in respect of debt assigned by a former subsidiary was written back in the previous financial year as the creditors were unable to provide documentary evidence to substantiate the debt and based upon legal advice obtained from the Company's solicitor.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

30. DIRECTORS' REMUNERATION

	Group and Company	
	2010 RM'000	2009 RM'000
Directors of the Company		
Executive Director		
– salaries, bonus and allowances	**1,346**	610
– defined contribution plan	**162**	78
	1,508	688
Non-Executive Directors		
– allowances	**60**	56
– fees	**145**	108
	205	164
	1,713	852

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and from the Company amounted to RM4,000 (2009: RM4,000).

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			
	2010		2009	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
Directors of the Company				
Below RM50,000	**–**	**7**	–	8
RM650,001 – RM700,000	**–**	**–**	1	–
RM1,500,000 – RM1,550,000	**1**	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

31. TAX EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax:				
Income tax for the financial year	**8,815**	1,979	**5,360**	2,250
Withholding tax	**9**	4	**–**	–
(Over)/Under provision in prior financial years	**(419)**	34	**(7)**	12
	8,405	2,017	**5,353**	2,262
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences	**1,535**	5,177	**–**	–
Under/(Over) provision in prior financial years	**51**	(109)	**–**	–
	1,586	5,068	**–**	–
	9,991	7,085	**5,353**	2,262

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax	**48,035**	27,967	**22,392**	10,551
Tax at Malaysian statutory tax rate of 25% (2009: 25%)	**12,009**	6,992	**5,598**	2,638
Tax effects in respect of:				
Withholding tax	**9**	4	**–**	–
Income not subject to tax	**(1,364)**	(744)	**(324)**	(500)
Non-allowable expenses	**2,873**	738	**86**	112
Utilisation of reinvestment allowances	**(3,414)**	(3)	**–**	–
Change in the unrecognised deferred tax assets during the financial year	**246**	173	**–**	–
	10,359	7,160	**5,360**	2,250
Under/(Over) provision of deferred tax in prior financial years	**51**	(109)	**–**	–
(Over)/Under provision of income tax in prior financial years	**(419)**	34	**(7)**	12
	9,991	7,085	**5,353**	2,262

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

31. TAX EXPENSE (cont'd)

Tax savings during the financial year are arising from the utilisation of:

	Group	
	2010 **RM'000**	**2009** **RM'000**
Unused tax losses brought forward	**64**	3,777
Reinvestment allowances	**3,414**	3
	3,478	3,780

32. 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 outstanding during the financial year.

	Group	
	2010 **RM'000**	**2009** **RM'000**
Profit attributable to ordinary equity holders of the Company	**38,123**	20,975
	'000	**'000**
Weighted average number of ordinary shares in issue	**142,000**	129,845
	Sen	**Sen**
Basic earnings per share	**26.85**	16.15

The diluted earnings per ordinary share in respect of warrants was not presented in 2009 as it was anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

33. DIVIDENDS

	Group and Company			
	2010		2009	
	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
Interim dividend paid	**4.0**	**4,260**	2.0	1,944
Final dividend proposed	**7.0**	**7,455**	5.0	5,325
	11.0	**11,715**	7.0	7,269

The Directors propose a final dividend of 7 sen per share, less tax of 25%, amounting to RM7,455,000 in respect of the financial year ended 30 June 2010, 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 2010.

34. 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 and cash flow 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 the 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. Information on the management of the related exposures are detailed below.

(i) Credit risk

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

As at balance sheet date, the Company has significant concentration of credit risk in respect of amounts owing by subsidiaries but the Group is not exposed to major concentrations of credit risk due to its diverse customer base. The Group considers the allowance for doubtful debts as at balance sheet date to be adequate to cover the potential financial loss. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(ii) Liquidity and cash flow risk

It is the Group's policy to maintain sufficient funds 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

34. FINANCIAL INSTRUMENTS (cont'd)

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

(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 mainly 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. 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
2010				
Forward contracts	EURO	July 2010	900,000	2,895
used to hedge	EURO	August 2010	300,000	959
trade payables	USD	July 2010	967,177	4,364
	USD	August 2010	300,000	1,198
2009				
Forward contracts	USD	July 2009	1,705,000	6,036
used to hedge	USD	August 2009	1,400,000	4,960
trade payables	USD	September 2009	655,000	2,312
	USD	October 2009	725,000	2,558
	USD	November 2009	830,000	2,932
	USD	December 2009	980,000	3,464

The unrecognised loss/(gain) as at 30 June 2010 on the forward contracts of RM462,689 (2009: (RM25,895)) are deferred and will be recognised when the related foreign transactions materialised, at which time they are included in the measurement of the transactions.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

34. FINANCIAL INSTRUMENTS (cont'd)

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

(iii) Foreign currency risk (cont'd)

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

	Group	
	2010 RM'000	**2009 RM'000**
Trade receivables		
US Dollar	**101**	385
Trade payables		
Euro	**455**	191
US Dollar	**3,787**	972
Other payables		
US Dollar	**1,884**	71

(iv) Interest rate risk

Interest rate exposure arises from the Group's borrowings mainly through the use of fixed and floating rate debt. The Group's fixed-rate deposits and borrowings are exposed to a risk of changes in their fair values due to changes in interest rates. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. There is no formal hedging policy with respect to interest rate exposure.

The Group had no substantial long term interest-bearing assets at 30 June 2010. 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

34. 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 and the Company's financial instruments that are exposed to interest rate risk:

	Note	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
Group									
At 30 June 2010									
Fixed rate instruments									
Deposits placed with financial institutions	17	2.35	15,498	–	–	–	–	–	15,498
Hire-purchase and lease creditors	23	6.49	3,332	2,937	1,604	813	145	–	8,831
Floating rate instruments									
Bankers' acceptances	20	3.02	23,028	–	–	–	–	–	23,028
Revolving credits	20	4.00	10,321	–	–	–	–	–	10,321
Term loans	21	3.91	4,500	5,750	10,438	–	–	–	20,688
Islamic acceptance bills	22	5.22	813	–	–	–	–	–	813
Islamic term borrowings	22	5.73	1,976	2,966	5,525	7,079	9,336	4,091	30,973
Company									
At 30 June 2010									
Fixed rate instruments									
Amount owing by a subsidiary	16	8.00	800	–	–	–	–	–	800
Deposits placed with financial institutions	17	2.15	11,100	–	–	–	–	–	11,100

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

34. FINANCIAL INSTRUMENTS (cont'd)

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

(iv) Interest rate risk (cont'd)

	Note	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
Group									
At 30 June 2009									
Fixed rate instruments									
Deposits placed with financial institutions	17	3.37	6,271	–	–	–	–	–	6,271
Hire-purchase and lease creditors	23	6.99	4,415	2,918	2,489	1,254	442	–	11,518
Floating rate instruments									
Bankers' acceptances	20	2.48	22,819	–	–	–	–	–	22,819
Revolving credits	20	4.11	15,180	–	–	–	–	–	15,180
Term loans	21	5.76	2,750	4,500	5,750	10,476	–	–	23,476
Islamic acceptance bills	22	5.03	489	–	–	–	–	–	489
Islamic term borrowings	22	6.70	962	1,034	1,100	1,176	130	–	4,402
Bank overdrafts	20	6.25	473	–	–	–	–	–	473
Company									
At 30 June 2009									
Fixed rate instruments									
Amount owing by a subsidiary	16	8.00	800	–	–	–	–	–	800
Deposits placed with financial institutions	17	3.12	3,900	–	–	–	–	–	3,900

(b) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company, which are classified as current assets and current liabilities, approximate fair values due to the relatively short term maturity of these financial instruments.

In respect of long term borrowings on floating rates, the carrying amounts approximate fair values as they are on floating rates and they reprice to market interest rates for liabilities with similar risk profiles.

The Company provides financial guarantees to financial institutions for banking facilities extended to certain subsidiaries (Note 39). The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the Directors are of the view that the fair values of the unsecured corporate guarantees are negligible.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values (cont'd)

It is not practical to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial instruments together with the carrying amounts shown in the balance sheets, are as follows:

	2010		2009	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Hire-purchase and lease creditors	**8,831**	**8,831**	11,518	11,518
Foreign currency forward contracts:				
– unrecognised (loss)/gain	**–**	**(463)**	–	26

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

(i) The fair values of hire-purchase and lease creditors 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 business risks.

(ii) The fair values of forward foreign exchange contracts are the estimated amount payable 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.

35. 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.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in the Note 11 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

35. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions

The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Corporations in which a Director of the Company has deemed interest				
– Purchases of raw materials	**1,566**	772	**–**	–
– Issuance of new shares of the Company pursuant to the conversion of warrants	**–**	2,160	**–**	2,160
– Royalty paid and payable	**562**	494	**–**	–
Director				
– Issuance of new shares of the Company pursuant to the conversion of warrants	**–**	950	**–**	950
Subsidiaries				
– Interest income	**–**	–	**64**	89
– Dividend income	**–**	–	**19,139**	9,206
– Management and other fee	**–**	–	**6,000**	1,400

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 16 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 amounted to RM681,398 (2009: RM453,571), 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term employee benefits	**5,761**	4,950	**2,025**	1,034
Contributions to defined contribution plan	**424**	385	**185**	116
	6,185	5,335	**2,210**	1,150

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

36. CAPITAL COMMITMENTS

	Group	
	2010 RM'000	2009 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
– approved but not contracted for	**–**	1,490
– contracted but not provided for	**21,074**	6,549
	21,074	8,039

37. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Future minimum lease payments				
– not later than one year	**3,007**	2,983	**147**	147
– later than one year and not later than five years	**9,710**	10,903	**37**	184
– later than five years	**–**	1,790	**–**	–
	12,717	15,676	**184**	331

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 a lease period of ten years at a rental rate of RM132,250 per month for the first five years and RM136,084 per month for the remaining lease period of five years.

In previous financial years, the Group had 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 had 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 years.

38. EMPLOYEE BENEFITS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Salaries and wages	**37,142**	31,515	**2,177**	1,363
Social security contributions	**262**	231	**5**	5
Contributions to defined contribution plan	**3,260**	2,816	**258**	181
Defined benefits plans	**405**	410	**–**	–
Other benefits	**1,695**	1,172	**47**	48
	42,764	36,144	**2,487**	1,597

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

39. CONTINGENT LIABILITIES – UNSECURED

(a) Guarantees given by the Company to financial institutions in respect of:

	Company	
	2010 RM'000	**2009 RM'000**
Banking facilities granted to subsidiaries	**82,808**	58,824
Hire-purchase and lease facilities granted to subsidiaries	**848**	2,764
	83,656	61,588

(b) Material litigations

(i) 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.

This case was settled during the year when the subsidiary accepted RM30,000 as full and final settlement with no order as to costs and interest and without liberty to file afresh on 12 October 2009.

(ii) 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 full trial on 13 to 15 December 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.

(iii) 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.

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 ("Products"), to manufacture, sell and distribute the said Products.

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.

During the financial year, the Group had successfully defended the suit filed by Kickapoo Malaysia Sdn. Bhd. on the above matter. On 17 December 2009, the parties involved had agreed to enter into a consent order and the court adjudged without admission of liability by any of the parties.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

40. OPERATING SEGMENTS

The Group has three reportable segments that are organised and managed separately according to the nature of products and services. The reportable segments are summarised as follows:

Beverage	Selling, bottling and distribution of beverage products
Tap-ware and sanitary ware	Manufacture and trading of household fittings and appliances such as water taps, plumbing accessories and sanitary wares
Investment holdings	Investment activities

Other operating 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 accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The management evaluates performance on the basis of profit or loss from operations.

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.

30 June 2010	Beverage RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	**479,930**	**36,077**	**394**	**–**	**–**	**516,401**
Inter-segment revenue	**–**	**–**	**25,203**	**–**	**(25,203)**	**–**
Total revenue	**479,930**	**36,077**	**25,597**	**–**	**(25,203)**	**516,401**
Results						
Segment results	**44,599**	**3,817**	**21,939**	**(4)**	**(19,071)**	**51,280**
Interest income	**80**	**30**	**460**	**–**	**(64)**	**506**
Finance costs	**(2,772)**	**(440)**	**(12)**	**–**	**64**	**(3,160)**
Impairment loss on property, plant and equipment	**(591)**	**–**	**–**	**–**	**–**	**(591)**
Profit before tax						**48,035**
Tax expense	**(8,038)**	**(1,105)**	**(5,353)**	**–**	**4,505**	**(9,991)**
Profit after tax						**38,044**
Assets						
Segment assets	**336,324**	**39,697**	**21,784**	**15**	**(14,796)**	**383,024**
Non-current assets held for sale	**4,500**	**–**	**–**	**–**	**–**	**4,500**
Unallocated assets						
– tax assets						**1,861**
Consolidated total assets						**389,385**

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

40. OPERATING SEGMENTS (cont'd)

30 June 2010	Beverage RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Liabilities						
Segment liabilities	**207,844**	**20,206**	**4,185**	**1,407**	**(17,464)**	**216,178**
Unallocated liabilities – tax liabilities						**10,790**
Consolidated total liabilities						**226,968**
Other information						
Capital expenditure	**54,821**	**260**	**1**	**–**	**–**	**55,082**
Depreciation	**12,926**	**622**	**9**	**–**	**–**	**13,557**
Amortisation	**33**	**27**	**–**	**–**	**–**	**60**
Impairment loss on property, plant and equipment	**591**	**–**	**–**	**–**	**–**	**591**
Non-cash expenses other than depreciation, amortisation, impairment losses and loss on changes in fair values of investment properties	**11,260**	**97**	**9**	**–**	**(9)**	**11,357**

30 June 2009	Beverage RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	327,742	35,076	163	–	–	362,981
Inter-segment revenue	–	–	10,695	–	(10,695)	–
Total revenue	327,742	35,076	10,858	–	(10,695)	362,981
Results						
Segment results	29,839	3,495	10,317	(8)	(9,199)	34,444
Interest income	65	28	239	–	(89)	243
Finance costs	(4,302)	(655)	(9)	–	89	(4,877)
Loss on changes in fair values of investment properties	(1,211)	–	–	–	–	(1,211)
Impairment losses	(300)	(332)	–	–	–	(632)
Profit before tax						27,967
Tax expense	(6,323)	(801)	(2,262)	–	2,301	(7,085)
Profit after tax						20,882

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2010 (cont'd)

40. OPERATING SEGMENTS (cont'd)

30 June 2009	Beverage RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets						
Segment assets	247,358	36,781	27,213	16	(22,547)	288,821
Non-current assets held for sale	4,500	–	–	–	–	4,500
Unallocated assets						
– tax assets						1,603
Consolidated total assets						294,924
Liabilities						
Segment liabilities	141,204	19,636	16,910	1,402	(24,784)	154,368
Unallocated liabilities						
– tax liabilities						6,598
Consolidated total liabilities						160,966
Other information						
Capital expenditure	11,884	222	20	–	–	12,126
Depreciation	12,200	639	8	–	–	12,847
Amortisation	34	27	–	–	–	61
Non-cash expenses other than depreciation, amortisation, impairment losses and loss on changes in fair values of investment properties	10,049	82	7	–	(7)	10,131

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

LIST OF PROPERTIES
AS AT 30 JUNE 2010

Tenure	Location	Approximate Land Area (sq ft)	Approximately Age of Buildings Year)	Description	Date of Acquisition	2010 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	15	Factory	24/06/2001	1,250
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)	31	Factory for Manufacturing Tap wares	10/06/1978	1,047
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						
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)	15	Factory for Manufacturing Sanitary wares	03/11/1995	5,914
JOHOR DARUL TAKZIM						
Freehold	Industrial Land at Lot 87 G.M. 314 Mukim Tebrau, Johor Bahru	285,856	–	Vacant	21/10/1997	4,500
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	32	Single Storey Factory with an Annexed Single Storey Office, Warehouse, Open-side Workshop, Canteen, Pump House and Guard House	30/03/1978	2,216
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	–

ANALYSIS OF SHAREHOLDERS
AS AT 17 SEPTEMBER 2010

Authorised share capital	:	RM500,000,000.00
Issued and fully paid-up share capital	:	RM142,000,000.00
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	39	1.11	810	0.00
100 - 1,000	1,297	37.04	1,195,318	0.84
1,001 - 10,000	1,832	52.31	7,014,372	4.94
10,001 - 100,000	273	7.80	7,579,300	5.34
100,001 to less than 5% of issued shares	58	1.66	57,084,300	40.20
5% and above of issued shares	3	0.08	69,125,900	48.68
Total	**3,502**	**100.00**	**142,000,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

NO.	NAME	DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1.	Datuk Johari Bin Abdul Ghani	42,600,000	30.00	-	-
2.	Continental Theme Sdn Bhd	14,822,100	10.44	-	-
3.	Permodalan Nasional Berhad	11,703,800	8.24	-	-
4.	Datin Mariam Prudence Binti Yusof	-	-	28,477,400[1]	20.05[1]
5.	Syed Khalil Bin Syed Ibrahim	-	-	14,822,100[2]	10.44[2]
6.	Yayasan Pelaburan Bumiputra	-	-	11,703,800[3]	8.24[3]

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 by virtue of his substantial shareholding in Continental Theme Sdn Bhd.
3. 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	0.04	-	-
2.	Datuk Johari Bin Abdul Ghani	42,600,000	30.00	-	-
3.	Datin Mariam Prudence Binti Yusof	-	-	28,477,400[1]	20.05[1]

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 SHAREHOLDERS
AS AT 17 SEPTEMBER 2010 (cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	Johari Bin Abdul Ghani	42,600,000	30.00
2.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for Continental Theme Sdn Bhd*	14,822,100	10.44
3.	Permodalan Nasional Berhad	11,703,800	8.24
4.	Duclos Sdn Bhd	5,360,000	3.77
5.	Leasing Corporation Sdn Bhd	4,686,400	3.30
6.	Syed Ibrahim Sdn Bhd	4,540,000	3.20
7.	HSBC Nominees (Asing) Sdn B hd *Exempt an for Credit Suisse*	4,196,900	2.96
8.	CIMB Group Nominees (Tempatan) Sdn Bhd *Exempt an for BHLB Trustee Berhad*	4,000,000	2.82
9.	Sisma Vest Sdn Bhd	3,900,000	2.75
10.	Sisma Water Technology Sdn Bhd	3,662,000	2.58
11.	Du Ain Sdn Bhd	3,329,000	2.34
12.	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Sisma Water Technology Sdn Bhd*	3,000,000	2.11
13.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Erwin Selvarajah A/L Peter Selvarajah*	1,880,000	1.32
14.	Erwin Selvarajah A/L Peter Selvarajah	1,650,000	1.16
15.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt an for EFG Bank AG (HongKong)*	1,250,000	0.88
16.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust*	1,190,500	0.84
17.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kong Goon Khing*	1,000,000	0.70
18.	HSBC Nominees (Asing) Sdn Bhd *Exempt an for KAS Bank Effectenbewaarbedrijf N.V.*	766,000	0.54
19.	Astaman Bin Abdul Aziz	750,100	0.53
20.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK-UOB Growth and Income Focus Trust*	720,800	0.51
21.	Neoh Choo Ee & Company, Sdn. Berhad	700,000	0.49
22.	M & S Food Industries Sdn Bhd	604,800	0.43
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Joo Theam*	565,000	0.40
24.	Citigroup Nominees (Tempatan) Sdn Bhd *Nomura Asset Management Msia for Kumpulan Wang Persaraan (Diperbadankan)*	556,800	0.39
25.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK-UOB Emerging Opportunity Unit Trust*	494,000	0.35
26.	Amsec Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for Apex Dana AL-Sofi-I*	477,000	0.34
27.	Dagang Setia Sdn Bhd	427,000	0.30
28.	Amanahraya Trustees Berhad *Public Savings Fund*	408,500	0.29
29.	Dynaquest Sdn. Berhad	400,000	0.28
30.	Cartaban Nominees (Tempatan) Sdn Bhd *AXA Affin General Insurance Berhad*	399,000	0.28
		120,039,700	84.54

ADDITIONAL COMPLIANCE INFORMATION

Corporate Proposals and Utilisation of Proceeds

There were no corporate proposals carried out by the Company during the financial year ended 30 June 2010.

Share Buy-Back

The Company did not carry out any share buy-back during the financial year ended 30 June 2010.

Options, Warrants or Convertible Securities

There were no options, warrants nor convertible securities issued by the Company during the financial year ended 30 June 2010.

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 2010 was RM45,240.

Variation in Results

There were no material variances between the results of the financial statements for the year financial ended 30 June 2010 and the unaudited results previously announced.

Profit Guarantee

The Company did not give nor receive any profit guarantee during the financial year ended 30 June 2010.

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 ended 30 June 2010.

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 C.I. Holdings Berhad Group during the financial year ended 30 June 2010 pursuant to the shareholders' mandate obtained on 12 October 2009 are as follows :-

Related Party	**Transacting Party**	**Nature of Transaction**	**Actual (RM'000)**
SV Beverages Holdings Sdn Bhd ("SVB")	Permanis Sdn Bhd ("Permanis")	Purchase of raw materials by Permanis from SVB	1,566
		Royalty payable by Permanis to SVB	562

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

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 Max", "Gatorade", "Sting", "Mirinda", "Evervess", "Tropicana", "Tropicana Twister", "Tropicana Essentials", "Mountain Dew" and "Seven-Up" in Malaysia pursuant to the Exclusive Bottling Agreement ("EBA") which was renewed on 1 July 2010.

The details of the EBA are as follows:

Date	EBA and Licensors	Particulars
1 July 2010	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 Max", "Gatorade", "Sting", "Mirinda", "Evervess", "Tropicana", "Tropicana Twister", "Tropicana Essentials", "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 unauthorised 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-six (36) 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 ended 30 June 2010.

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 ended 30 June 2010.

Revaluation Policy on Landed Properties

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

C.I. Holdings Berhad 37918-A
(Incorporated in Malaysia)

29 September 2010

Dear Shareholder,

IMPLEMENTATION OF ELECTRONIC DIVIDEND PAYMENT ("eDIVIDEND")

The Board of Directors is pleased to inform you that C.I. Holdings Berhad ("the Company") will be providing eDividend to shareholders in line with the announcement of Bursa Malaysia Securities Berhad to promote greater efficiency of the dividend payment system, among others, with effect from 1 September 2010. The eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders' bank accounts.

The main objectives of implementing eDividend are, amongst others, to promote greater efficiency of the dividend payment system and to put the Malaysian market on par with practices in other regional markets in relation to the receipt of dividend proceeds by shareholders. At the same time, the move towards eDividend is a further step towards the national agenda of migrating to electronic payments as well as adherence to G-30's recommendation on best practices of a paperless environment and zero-intervention process.

1. Benefits of eDividend

1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques and unauthorized deposit of dividend cheques.

1.2 For those shareholders who have previously opt for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:-

(a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and

(b) the option to consolidate the dividends from all your Central Depository System ("CDS") accounts into one bank account for better management.

2. Registration for eDividend

2.1 Registration for eDividend has commenced on 19 April 2010 for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the I year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") through your stock broker, your bank account number and other information by completing the prescribed from. This form can be obtained in due course from your stock broker's office where your CDS account is maintained, or downloaded from Bursa Malaysia's website at http://www.bursamalaysia.com.

2.2 You need to submit to your stock broker's office where your CDS account is maintained, the duly completed prescribed form and the following for registration:-

(a) Individual depositor : Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker's verification.

Corporate depositor : Certified true copy of the Certificate of Incorporation/Certificate of Registration; and

IMPLEMENTATION OF ELECTRONIC DIVIDEND PAYMENT ("eDIVIDEND") (Cont'd)

(b) Copy of your bank statement / bank savings book / details of your bank account obtained from your banks website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysia Embassy/High Commission.

3. Notification of eDividend payment after registration

3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and email address, if any. This is to enable the Company to issue electronic notification to you either e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if your provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. Additional information for shareholders

4.1 Your savings or current account, must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website:

http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer

1. Affin Bank Berhad
2. Alliance Bank Malaysia Berhad
3. AmBank (M) Berhad
4. Bank Islam Malaysia Berhad
5. Bank Muamalat Malaysia Berhad
6. Bank Kerjasama Rakyat Malaysia Berhad
7. Bank of America
8. Bank Simpanan Nasional Berhad
9. CIMB Bank Berhad
10. Citibank Berhad
11. Deutsche Bank Berhad
12. EON Bank Berhad
13. Hong Leong Bank Berhad
14. HSBC Bank Malaysia Berhad
15. Malayan Banking Berhad
16. OCBC Bank (Malaysia) Berhad
17. Public Bank Berhad
18. RHB Bank Berhad
19. Standard Chartered Bank Malaysia Berhad
20. The Royal Bank of Scotland Berhad
21. United Overseas Bank (Malaysia) Bhd

IMPLEMENTATION OF ELECTRONIC DIVIDEND PAYMENT ("eDIVIDEND") (Cont'd)

4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

4.3 Once you have registered for eDividend, any cash dividend entitlement of which the book closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any query relating to our eDividend service, please do not hesitate to contact our share registrars, Symphony Share Registrars Sdn Bhd at 03-7841 8000.

Thank you.

Yours faithfully

For and on behalf of the Board

C.I. HOLDINGS BERHAD

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ
Chairman

CIHB

C.I. Holdings Berhad 37918-A
(Incorporated in Malaysia)

Form of Proxy

CDS Account No.	
No. of Shares Held	

Thirty-Second Annual General Meeting

I/We*____________________ NRIC/Company No. __________
of ______________________________

being a member of C.I. HOLDINGS BERHAD hereby appoint ________________
NRIC No. ______________ of ________________
______________________________ or
failinghim/her,____________________ NRIC No. __________
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 Thirty-Second 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 Wednesday, 27 October 2010 at 9.30 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 final dividend of 7.0 sen per share less tax at 25%		
Ordinary Resolution 3	To approve the payment of Directors' Fees		
Ordinary Resolution 4	To re-elect Dato' Seri Abdul Ghani Bin Abdul Aziz as Director		
Ordinary Resolution 5	To re-elect Encik Nor Hishammuddin Bin Dato' Mohd Nordin as Director		
Ordinary Resolution 6	To re-appoint Maj Gen (R) Dato' Mohamed Isa Bin Che Kak as Director		
Ordinary Resolution 7	To re-appoint Dato' Azmeer Bin Rashid as Director		
Ordinary Resolution 8	To re-appoint Messrs BDO as Auditors of the Company		
	SPECIAL BUSINESS		
Ordinary Resolution 9	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 cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this ________ day of __________ 2010

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

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