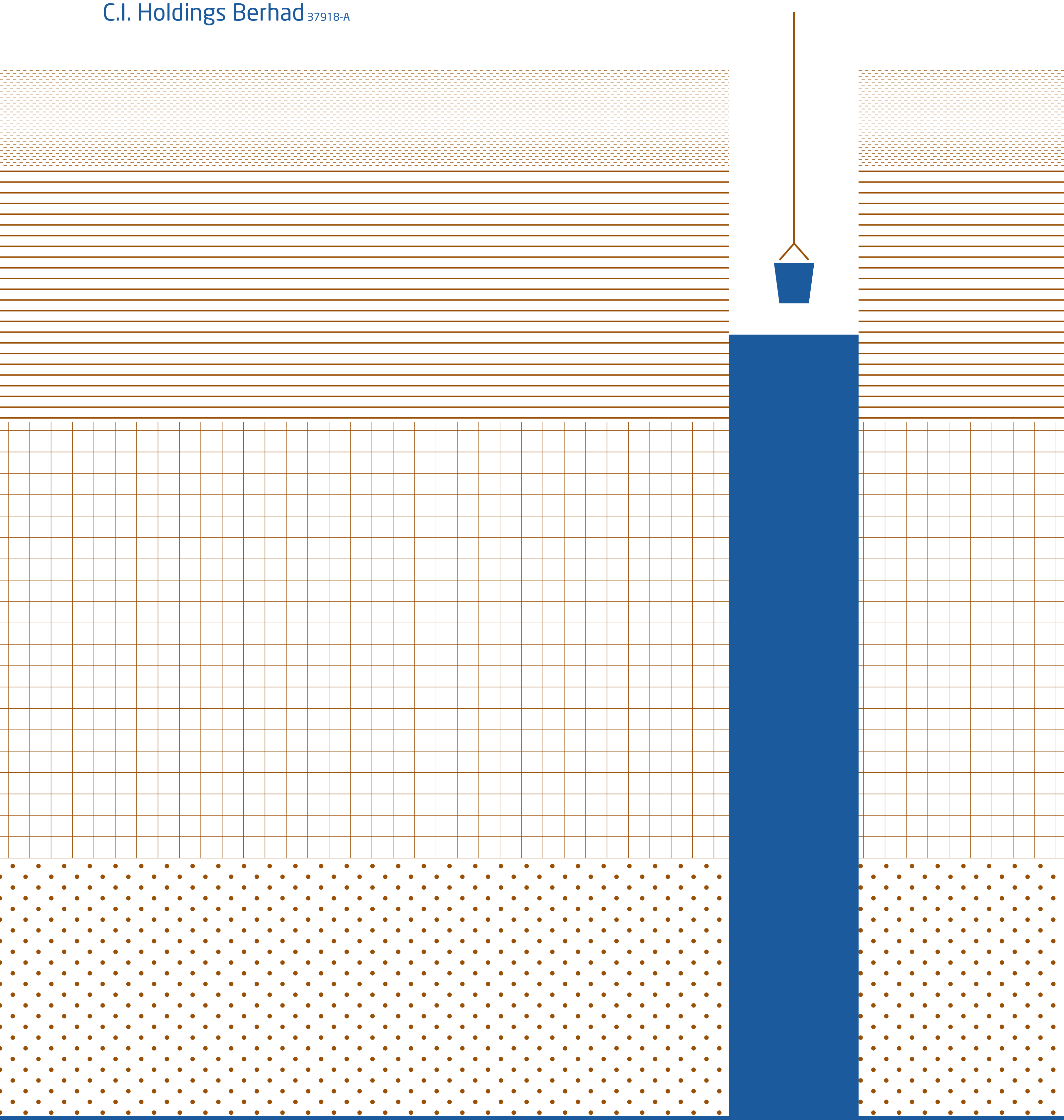
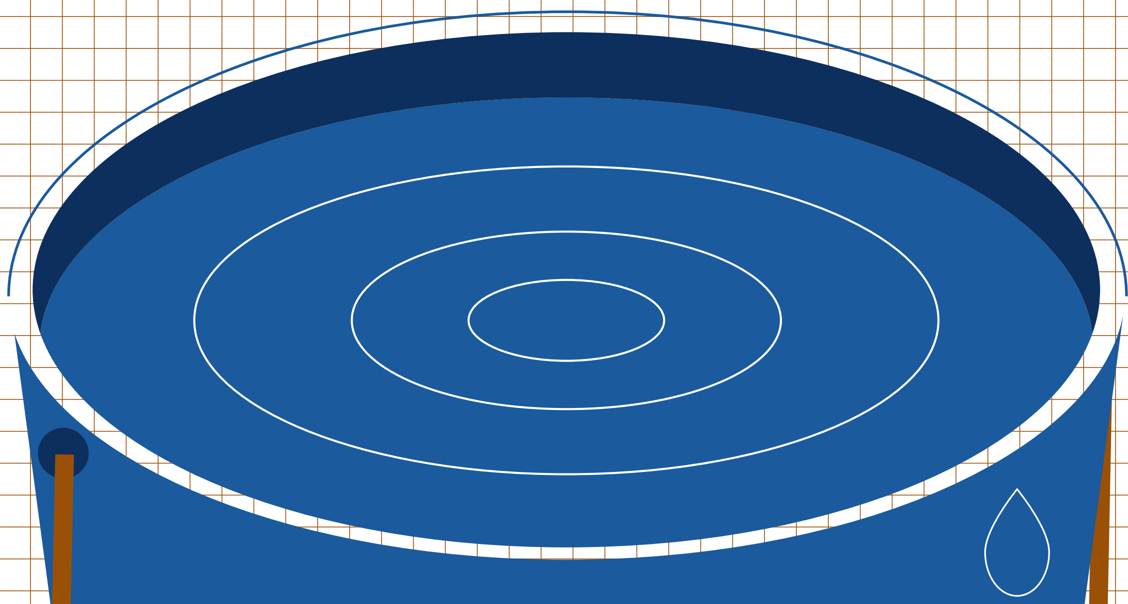
C.I. Holdings Berhad 37918-A

SOURCING FOR GROWTH



ANNUAL REPORT
LAPORAN TAHUNAN
2012



SOURCING FOR GROWTH

The well is a symbol of life and hope. It is a catchment of water that runs deep, providing communities with life's basic necessities. As we venture on into the next chapter of our company, we seek to dig into new areas of opportunities that can provide our business community – the entities that are part and parcel of C.I. Holdings Berhad – with profits by finding the next well of success.

CONTENTS

pg	
004	Corporate Information
005	Notice of Thirty-Fourth Annual General Meeting
009	Group's Financial Highlights
011	Directors' Profile
016	Chairman's Statement
019	Corporate Responsibility Statement
021	Statement on Corporate Governance
031	Audit Committee Report
035	Statement on Internal Control
037	Directors' Responsibility Statement
038	Directors' Report and Audited Financial Statement
123	List of Properties
124	Analysis of Shareholdings
126	Additional Compliance Information
	Form of Proxy

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Senior Independent Non-Executive Chairman

Datuk Johari Bin Abdul Ghani
Group Managing Director

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

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

Dato' Azmeer Bin Rashid
Independent Non-Executive Director

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

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

Teh Bee Tein *Independent Non-Executive Director*

Kasinathan A/L Tulasi
Independent Non-Executive Director

AUDIT COMMITTEE

Teh Bee Tein
Chairman, Independent Non-Executive Director

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

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

REMUNERATION COMMITTEE

Nor Hishammuddin Bin Dato' Mohd Nordin
Chairman, Independent Non-Executive Director

Datuk Johari Bin Abdul Ghani
Group Managing Director

Teh Bee Tein *Independent Non-Executive Director*

NOMINATION COMMITTEE

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Azizz
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

Syed Khalil bin Syed Ibrahim *Member*

Foo Loke Yean *Member*

Chaw Pei Yee *Member*

Teoh Kar Hoe *Risk Manager*

GROUP MANAGEMENT TEAM

Datuk Johari Bin Abdul Ghani
Group Managing Director

Syed Khalil bin Syed Ibrahim
Head of Corporate Finance, Strategy & Development

Azlan Bin Ahmad *Company Secretary*

Chaw Pei Yee *Senior Manager-Finance & Administration*

Teoh Kar Hoe *Internal Audit Manager*

Foo Loke Yean *Chief Executive Officer-Doe Group*

Wong Lip Wai
Group Financial Controller-Doe Group

Gina Teoh Guet Beng
General Manager-Marketing-Doe Group

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

Suite A-11-1, Level 11,
Hampshire Place Office 157 Hampshire
No. 1, Jalan Mayang Sari
50450 Kuala Lumpur
Tel: 03-2182 7333
Fax: 03-2166 7208

AUDITORS

BDO *(AF: 0206)*
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2616 2888
Fax: 03-2616 3190

PRINCIPAL BANKERS

Affin Islamic Bank Berhad

CIMB Bank Berhad

Malayan Banking Berhad

RHB Bank Berhad

RHB Islamic Bank Berhad

LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: CIHLDG Stock Code: 2828

NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth Annual General Meeting of the Company will be held at A-LG-1, Lower Ground Floor, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur on Wednesday, 31 October 2012 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 2012 together with the Directors' and Auditors' Reports thereon. *Please refer to Explanatory Note 1*

2. To approve the payment of Directors' fees of RM165,000.00 for the financial year ended 30 June 2012. *Ordinary Resolution 1*

3. To re-elect the following Directors who retire in accordance with Article 92 of the Company's Articles of Association:
   (i) Ms. Teh Bee Tein *Ordinary Resolution 2*
   (ii) Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee *Ordinary Resolution 3*

4. 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 4*

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 to retain the following directors, who have served the Company as board members for a cumulative term of more than nine years, in the capacity as independent directors:

5. Continuing in Office as Independent Non-Executive Directors

5.1 "THAT approval be and is hereby given to Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." *Ordinary Resolution 5*

5.2 "THAT approval be and is hereby given to Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." *Ordinary Resolution 6*

5.3 "THAT approval be and is hereby given to Encik Nor Hishammuddin Bin Dato' Mohd Nordin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." *Ordinary Resolution 7*

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

6. Special Resolution

- **Proposed Amendments to the Company's Article of Association**

THAT the Articles of Association of the Company be amended as follows:

Special Resolution

(i) Inclusion of the following new definitions under Article 2:

Words	Meanings
"Omnibus Account"	An account in which securities are held for two or more beneficial owners.
"Exempt Authorised Nominee"	An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

(ii) Amendments to Article 73 as follows:

Article 73 – Votes for Members

Subject to Article 57 and any rights or restrictions for the time being attached to any class or classes of shares, at meeting of Members or classes of Members, each Member shall be entitled to vote in person or by proxy or duly authorised representative or by attorney and on a show of hands at any general meetings in respect of any share or shares upon which all calls due to the Company have been paid. Every person present and entitled to vote who is a Member, which shall include a holder of ordinary shares or preference shares (as the case may permit) or representative or attorney or proxy of a Member shall have one (1) vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy or attorney need not be a member of the Company and shall be entitled to vote on a show of hands at any General Meeting. <u>The Proxy shall also have the same rights as the Member to speak at any General Meeting.</u>

(iii) Insertion of a new Article 76(4) immediately after Article 76(3) to read as follows:

Article 76(4) – Proxy of an Exempt Authorised Nominee

Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, such Exempt Authorised Nominee may appoint multiple proxies in respect of each Omnibus Account it holds.

The appointment of multiple proxies by the Exempt Authorised Nominee shall not be valid unless the Exempt Authorised Nominee specifies the proportion of its shareholdings to be represented by each proxy it has appointed.

AND THAT the Directors of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the amendments to the Articles of Association of the Company, with full power to assent to any condition, modification, variation and/or amendments in any manner as may be required by Bursa Malaysia Securities Berhad."

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

ANY OTHER BUSINESS

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

BY ORDER OF THE BOARD
C.I. HOLDINGS BERHAD

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

Kuala Lumpur
Date: 3 October 2012

Notes:

1. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 24 October 2012. Only a member whose name appears in the Record of Depositors as at 24 October 2012 shall be entitled to attend the Meeting and to speak and vote thereat.

2. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies 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. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

3. A member of the Company may appoint one or more than one proxy to attend the Meeting. 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 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.

5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositires) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. To be valid, the Form of Proxy must be completed, signed and deposited at the Company's registered office at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

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

EXPLANATORY NOTES TO THE AGENDA:

Item 1 of the Agenda

This item of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

Item 5.1 of the Agenda

The Nomination Committee has assessed the independence of Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

(a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.

(b) He understands the main drivers of the business in a detailed manner.

(c) He consistently challenged management in an effective and constructive manner.

(d) He actively participated in board discussion and provided an independent voice on the board.

Item 5.2 of the Agenda

The Nomination Committee has assessed the independence of Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

(a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.

(b) He has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgment for the best interest of the Company.

(c) He challenged management in an effective and constructive manner.

(d) He actively participated in board discussion and provided an independent voice on the board.

Item 5.3 of the Agenda

The Nomination Committee has assessed the independence of Encik Nor Hishammuddin Bin Dato' Mohd Nordin who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

(a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.

(b) He has vast experience in the legal field and was able to provide constructive and independent judgment from the legal perspective of the business.

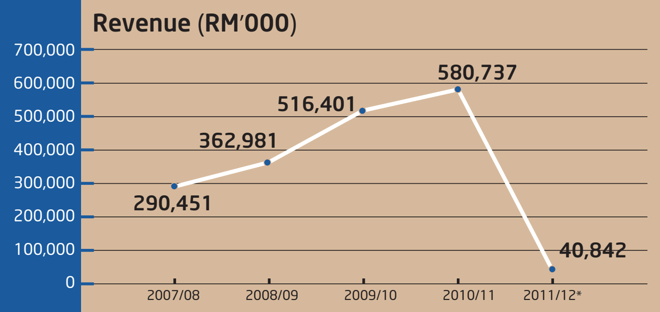
(c) He consistently challenged management in an effective and constructive manner.

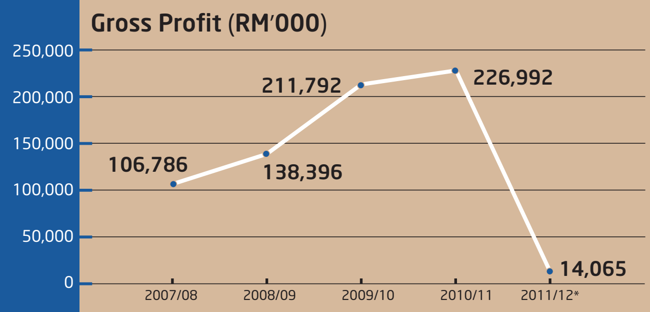
(d) He actively participated in board discussion and provided an independent voice on the board.

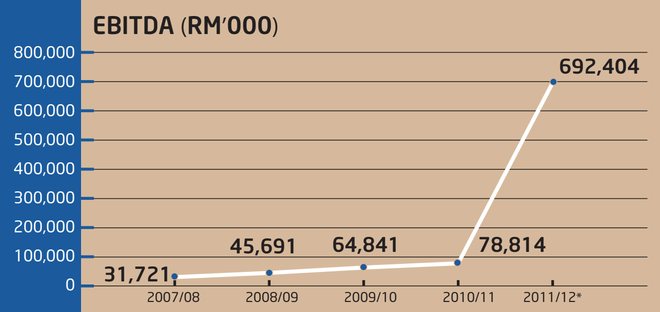
Item 6 of the Agenda

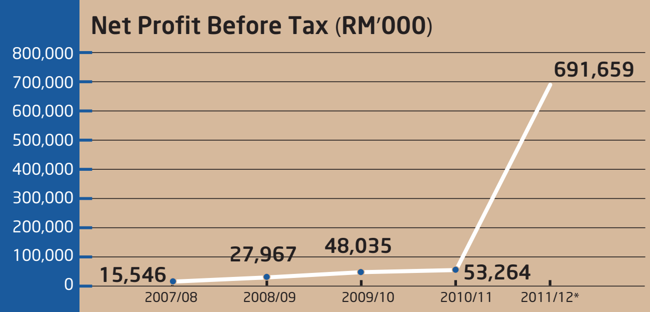
The proposed amendments to the Articles of Association of the Company are to conform with the recent amendments to Chapter 7 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to the appointment of multiple proxies by an Exempt Authorised Nominee, no restriction on proxy's qualification and to accord proxies the same rights as members to speak at general meeting.

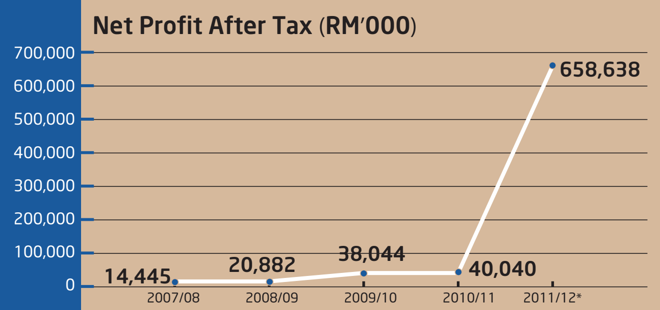
GROUP'S FINANCIAL HIGHLIGHTS

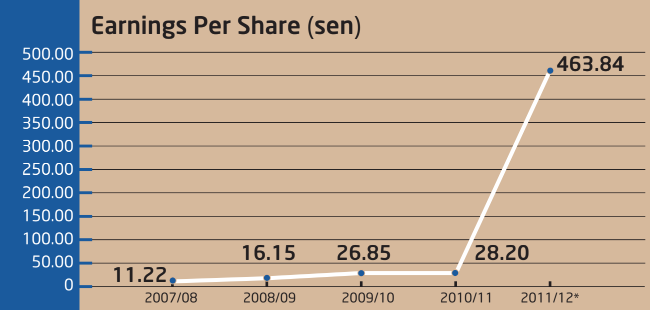


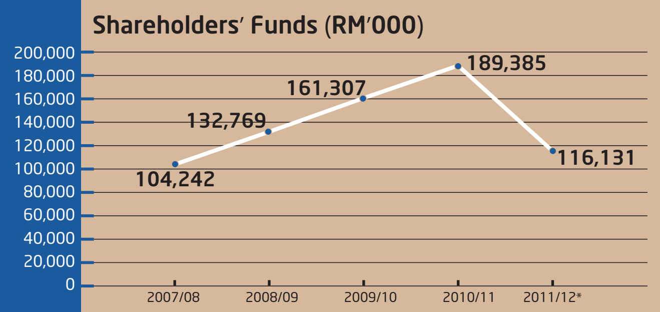


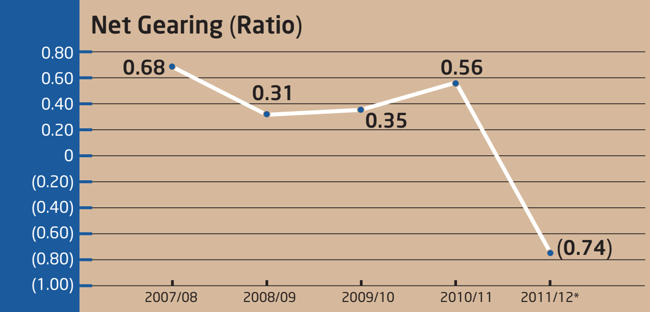










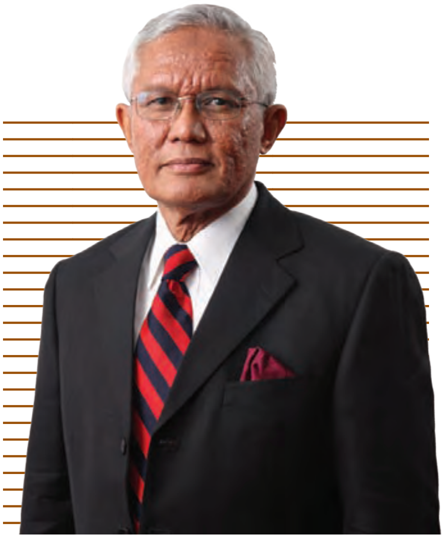


GROUP'S FINANCIAL HIGHLIGHTS (cont'd)

YEAR ENDED 30 JUNE	2007/08	2008/09	2009/10	2010/11	2011/12*
Revenue (RM'000)	**290,451**	**362,981**	**516,401**	**580,737**	**40,842**
Gross Profit (RM'000)	**106,786**	**138,396**	**211,792**	**226,992**	**14,065**
Gross Profit (%)	37%	38%	41%	39%	34%
EBITDA (RM'000)	**31,721**	**45,691**	**64,841**	**78,814**	**692,404**
EBITDA (%)	11%	13%	13%	14%	1695%
Net Profit Before Tax (RM'000)	**15,546**	**27,967**	**48,035**	**53,264**	**691,659**
Net Profit Before Tax (%)	5%	8%	9%	9%	1693%
Net Profit After Tax (RM'000)	**14,445**	**20,882**	**38,044**	**40,040**	**658,638**
Net Profit After Tax (%)	5%	6%	7%	7%	1613%
No. of Ordinary share on issue (000s)	129,607	142,000	142,000	142,000	142,000
Earnings Per Share (sen)	**11.22**	**16.15**	**26.85**	**28.20**	**463.84**
Shareholders' Funds (RM'000)	104,242	132,769	161,307	189,385	116,131
Net Gearing (Ratio)	**0.68**	**0.31**	**0.35**	**0.56**	**(0.74)**

** Results driven largely by the RM688.43 million accounting net gain from the disposal of Permanis Sdn Bhd.*

DIRECTORS' PROFILE



YBhg Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz

Senior Independent Non-Executive Chairman

YBhg Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 67, a Malaysian, was appointed to the Board as an Executive Director on 25 November 1999. On 12 July 2001, he was re-designated as a Non-Independent Non-Executive Chairman of the Company. On 1 November 2003, he qualified as an Independent Non-Executive Chairman. Subsequently, he was appointed as Senior Independent Non-Executive Chairman on 25 August 2010. He is also the Chairman of the Nomination Committee.

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

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

YBhg Datuk Johari Bin Abdul Ghani

Group Managing Director

YBhg Datuk Johari Bin Abdul Ghani, aged 48, a Malaysian, was appointed to the Board on 29 November 2002 as Managing Director. His initial entry into the Company was mainly to undertake and oversee a massive internal corporate restructuring of the Company which was successfully completed in 2004. He is a substantial shareholder of the Company since 2005.

He is a Fellow member of the Chartered Association of Certified Accountants in England. He started his career as an Auditor with KPMG, an international accounting firm and has held senior management positions in various listed and unlisted companies; notably, in the fast food, power plant, fast moving consumer goods, power cable and other manufacturing industries.

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

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

DIRECTORS' PROFILE (cont'd)

YBhg Datin Mariam Prudence Binti Yusof

Non-Independent Non-Executive Director

YBhg Datin Mariam Prudence Binti Yusof, aged 59, 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 does not have any convictions for offences within the past 10 years other than traffic offences, if any.

Ms. Teh Bee Tein

Independent Non-Executive Director

Ms. Teh Bee Tein, aged 56, 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 Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee

Independent Non-Executive Director

YBhg Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee, aged 50, a Malaysian, was appointed to the Board on 27 August 2003 as an Independent Non-Executive Director.

He was awarded a Professional Diploma in Leadership and Management by the New Zealand Institute of Management, New Zealand in 2003. He ventured into business in the early 1980s and held directorships in several private and public corporations involved in a diverse range of businesses.

Datuk Wira Syed Ali is the Chairman in Tanjung Offshore Berhad, UZMA Berhad, Asia Media Group Berhad and Composites Technology Research Malaysia Sdn Bhd, a company which is controlled by the Ministry of Finance and is also a Deputy Chairman, Non-Independent Non-Executive Director of Redtone International Berhad. He was a member of Dewan Negara (Senate) of Malaysia from 2003 till 2009. He is also the Chairman of Yayasan Pendidikan Cheras, Kuala Lumpur.

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

En. Nor Hishammuddin Bin Dato' Mohd Nordin

Independent Non-Executive Director

En. Nor Hishammuddin Bin Dato' Mohd Nordin, aged 46, 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.

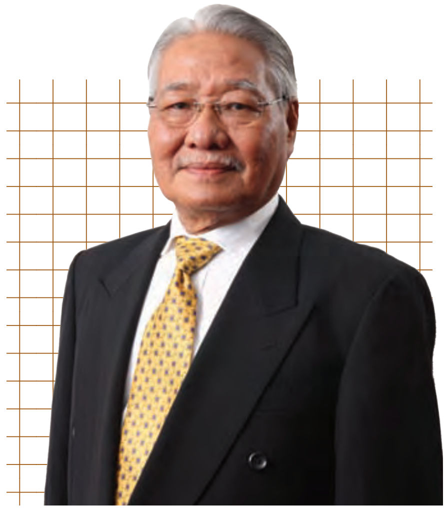
DIRECTORS' PROFILE (cont'd)

Mr. Kasinathan A/L Tulasi
Independent Non-Executive Director

Mr. Kasinathan a/l Tulasi, aged 54, a Malaysian, was appointed to the Board on 8 February 2011 as an Independent Non-Executive Director.

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

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



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

YBhg Maj Gen (R) Dato' Mohamed Isa Bin Che Kak, aged 76, 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 sits on the Board of LBS Bina Group Berhad as an Independent Non-Executive Director. 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
Independent Non-Executive Director

YBhg Dato' Azmeer Bin Rashid, aged 72, 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.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("the Board") of C.I. Holdings Berhad ("the Company"), I am pleased to present the 2012 Annual Report incorporating the Financial Statements of C.I. Holdings Berhad and its subsidiaries ("the Group") and of the Company for the financial year ended 30 June 2012.

The financial year under review was an extraordinary year for the Company given the divestment of its Beverage Division, Permanis Sdn Bhd ("Permanis") for a consideration of RM820.0 million in a deal that was acclaimed by many as one of the deals of the year. The Board believes that this divestment was timely and provided the opportunity for the Company and its shareholders to unlock the value of our investment in Permanis. Having successfully transformed Permanis, the Company was able to divest it for more than 11 times the original cost of RM72.0 million when the Company acquired it in 2005.

I am also proud to note that the Company's efforts in the areas of Investor Relations ("IR") and Corporate Responsibility ("CR") continue to be recognised. In the year under review, the Malaysia Investor Relations Association recognised the Company and its team with numerous accolades. The Company was one of the 10 shortlisted companies for the award of Best Company for Investor Relations (Small Cap). The Company's IR website was one of the 4 shortlisted for the award of Best IR Website (Small Cap). The Company's Group Managing Director, Datuk Johari Bin Abdul Ghani was among the 5 shortlisted individuals for the award of Best CEO for Investor Relations (Small Cap). The Company's Head of Corporate Finance, Strategy and Development, En. Syed Khalil Bin Syed Ibrahim was one of the 5 shortlisted individuals for the award of Best IR Professional (Small Cap). In addition, The Federation of Public Listed Companies also awarded the Company with one of the Highest Sponsorship Recognition Award for Corporate Social Responsibility (CSR) in Sports.

CHAIRMAN'S STATEMENT (cont'd)

FINANCIAL PERFORMANCE

Having excluded Permanis' disposed operations from its accounts, the Group recorded revenue of RM 40.84 million from the operations of Doe Industries Sdn Bhd and profit before tax of RM691.66 million for the financial year under review, driven largely by the RM688.43 million accounting gain from the Disposal of Permanis.

OVERVIEW OF THE DIVESTMENT OF PERMANIS SDN BHD

On 21 July 2011, the Company announced that it has signed an agreement with Asahi Group Holdings, Ltd ("Asahi") for Asahi to acquire 100% of Permanis for a price of RM820.0 million. The consideration of RM820.0 million represented more than 11 times what we acquired Permanis for in 2005, a phenomenal return by any measure. The significant value creation was attributable to sound business investments and operation made by the Company in Permanis during the period of investment.

On the 27 October 2011, the Company received its shareholders' approval for the Permanis' Disposal. On the 11 November 2011, the Company received the full proceeds of the Disposal, marking the completion of the Disposal. In line with best practice corporate governance, the Board decided to distribute the bulk of proceeds from the Disposal to the shareholders.

In total, RM724.20 million, representing 88% of gross proceeds or 99% of the net proceeds of the Disposal, was distributed to the shareholders via a combination of a special dividend and capital repayment. A Special Dividend of RM4.60 per share totaling RM653.20 million was paid on 9 December 2011. On 2 April 2012, once the necessary shareholders' approval and the High Court Order had been granted, the Company completed a capital repayment of RM0.50 per share totaling RM71.0 million.

REVIEW OF CONTINUING OPERATION

Tap And Sanitary Ware Division

The Tap and Sanitary Ware Division faced a challenging Malaysian construction sector in the year under review. The Division recorded revenue of RM35.87 million, an 18% decrease relative to RM43.49 million recorded the previous year. It recorded profit before tax of RM2.21 million, compared to RM8.42 million the previous year. It also recorded profit after tax of RM1.37 million, compared to RM6.28 million the previous year.

The Division's deterioration in revenue was due to a slowdown in the Malaysian construction sector. Both public and private sector projects continue to be delayed in light of the uncertain local and global economic environment. The deterioration in profits relative to the previous year can largely be attributed to the reduction in revenue, higher input costs and one-off write backs that improved the previous year's results.

Despite the challenges faced, in the year under review, the Division continued to focus on various strategic priorities. It continued to leverage cross-promotional activities between its tap and sanitary ware businesses. It also continued its 'retail market penetration drive' that aimed to improve brand recognition by ensuring more tap and sanitary ware retailers featured the Division's products. In addition, it continued to grow its export markets, and developed new customers in Sri Lanka, Taiwan, Brunei, Vietnam and Philippines. Within the year under review, the Division also secured new distributorships for "Azzurra" (a high-end Italian sanitary ware brand) and "Damixa" (a high-end Danish tap ware brand) to complement its own range of brands. The Division's new product development was focused in the areas of dezincification resistant tap wares and anti-bacterial sanitary wares.

CHAIRMAN'S STATEMENT (cont'd)

DIVIDEND

Having already returned 99% of net proceeds from the Disposal via the special dividend and capital repayment, the Board is not recommending any further dividend for the financial year ended 30 of June 2012. The RM5.10 per share paid via the special dividend and capital repayment is significantly higher than the full year pre-tax dividend 12 sen per share for the last financial year ended 30 June 2011.

CURRENT YEAR AND FUTURE PROSPECT

The Permanis success story has proven the Company's ability to create significant shareholders' value through driving successful transformational change in business operation. The Company aims to explore opportunities to replicate its success with new investments in the future. In the interim, our Board aims to continue to focus on building its Tap and Sanitary ware Division.

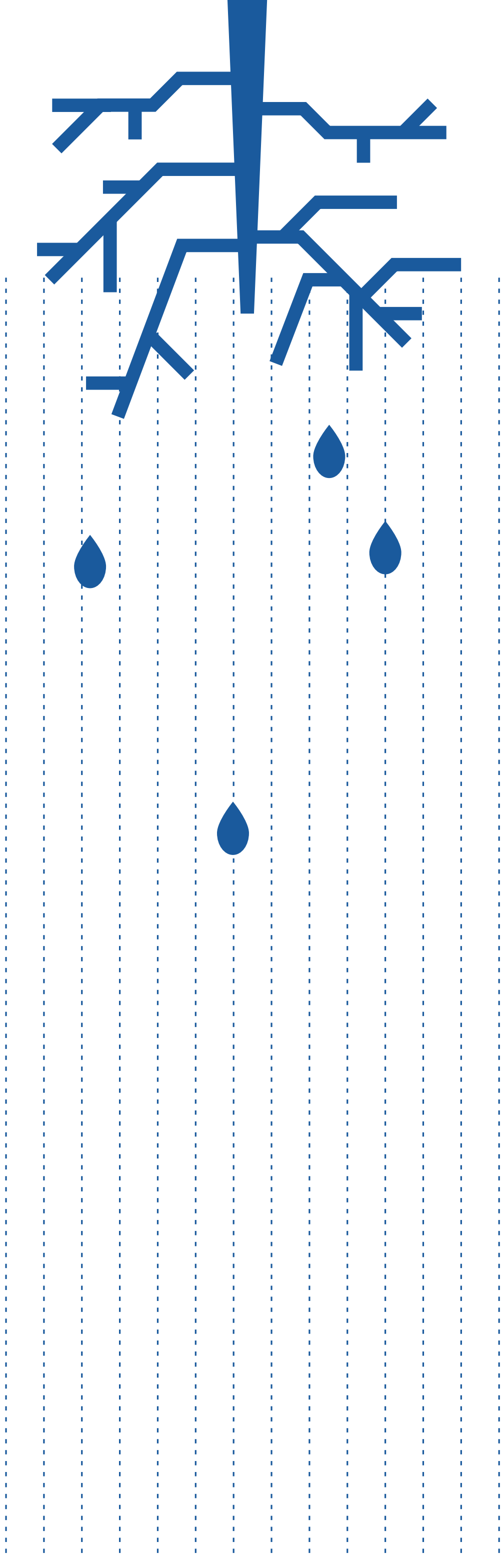
APPRECIATION

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.

TAN SRI DATO' SERI
ABDUL GHANI BIN ABDUL AZIZ
Chairman



CORPORATE RESPONSIBILITY STATEMENT

The Board of Directors of the Company views Corporate Responsibility ("CR") 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 CR goals, our CR activities are tracked on a quarterly basis.

The Company and its subsidiaries (the "Group") are committed to its CR practices and aim to have a positive impact in the marketplace, workplace, community and environment.

The Company's efforts in the areas of Investor Relations ("IR") and Corporate Responsibility ("CR") continue to be recognized. In the year under review, the Malaysia Investor Relations Association recognized the Company and its team with numerous accolades. The Company was one of the 10 shortlisted companies for the award of Best Company for Investor Relations (Small Cap). The Company's IR website was one of the 4 shortlisted for the award of Best IR Website (Small Cap). The Company's Group Managing Director, Datuk Johari Bin Abdul Ghani was among the 5 shortlisted individuals for the award of Best CEO for Investor Relations (Small Cap). The Company's Head of Corporate Finance, Strategy and Development, En. Syed Khalil Bin Syed Ibrahim was one of the 5 shortlisted individuals for the award of Best IR Professional (Small Cap). In addition, The Federation of Public Listed Companies also recognised the Company's with the one of the 10 awards for Highest Sponsorship Recognition Award for Corporate Social Responsibility (CSR) in Sports.

Given the divestment of the Beverage Division during the financial year under review, the focus of this CR review is the operations of the Group's remaining operating division, namely its Tap and Sanitary Ware Division. During the financial year, the Group continued with its CR efforts and the various CR practices are summarised as follows:

1. MARKETPLACE

1.1 Product Responsibility

The Group always prioritises its customers' satisfaction by offering a broad, balanced and compelling portfolio of products and brands tailored to its customer needs.

It also continues to develop many new and compelling products to further enhance its product offering. New products launched in the year under review include new ranges of clinical taps, low-pressure showers, dezincification resistant taps, Green Building Index compliant tap and sanitary fittings and sensor based hand dryers and soap dispensers.

It produces taps to meet British Standard BS5412 (also among the highest standard in the world) thus ensuring that our products have lower zinc levels making them safer for long-term use than other products available in Malaysia. Its sanitary wares are manufactured to quality standards set out in Malaysia Standards MS795, MS1522 and MS147 and Singapore's WELS Index.

In addition, it performs periodic benchmarking to ensure our products are affordable and fairly priced relative to competitors.

1.2 Stakeholder Engagement

Towards enhancing stakeholder value, the Group also focuses on continuous optimisation of its business processes, effective management and good corporate governance. The Group places great importance on engaging and building strong relationship with its various stakeholders. The Group believes in an active two-way communication between the Group and its stakeholders ensuring all needs and concerns are addressed in a timely manner.

In order to manage the expectations of the Group's customers, each customer is allocated a sales representative. The Group and its operating division have dedicated websites, which allows for communication of all matters relating to the company to its customers and the general public, as well as receiving questions and feedback. Any questions or feedback received is forwarded to the relevant head of department for further action.

In addition, the Group gauges customer feedback via sessions with all its major customers at least annually. A customer satisfaction survey is conducted annually. The areas covered in the survey include products/services, sales personnel, delivery, and documents (technical and commercial).

The engagement with the Company's shareholders and analyst community is as addressed in the Statement on Corporate Governance.

The Group also engages with its suppliers on an ongoing basis. Where possible, the Group looks to source from local suppliers.

To maintain abreast of latest developments and best practice, the Group is a member of numerous associations including, but not limited to the Federation of Public Listed Companies Berhad, Malaysian Employers Federation, Federation of Malaysian Manufacturers, Master Builders Association Malaysia, and Quality Restroom Association of Malaysia, Industry Confederation Partner of Malaysian Green Building Council.

CORPORATE RESPONSIBILITY STATEMENT (cont'd)

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.

The Health and Safety Committee is responsible for ensuring a safe and healthy working environment, as far as practicable, by preparing safety policies and ensuring effective implementation of the policies. As required, its health and safety officer has received professional certification by National Institute of Occupational Safety and Health. All employees of the Group are trained on the necessary safety processes and provided with all the necessary safety and protective equipment. The Group also ensures that regular safety checks of the equipments are conducted.

To the best of the Group's knowledge, there has been no accident or injury at the work place during the year under review.

The Group also works closely with both the in-house and national union to ensure fair labour practices are in place. The union helps ensure that the employee's welfare is taken care of, including issues such as labour rates, safety, medical benefits and leave entitlement. Labour rates are regularly benchmarked with the industry according to position and grade 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 employees.

Towards achieving the employee's personal development goals, the Group's Human Resource departments conducts extensive training and development courses for its employees to further advance their skills and knowledge. Performance appraisals are done annually group wide, where performance is measured relative to targets and Key Result Areas.

The Group prides itself on its equal opportunity employment practices, with all ethnic groups fairly represented. As at 30 June 2012, the Group staff's ethnic composition is 34% Malay, 30% Chinese, 13% Indian and 23% other.

To further boost staff morale, encourage interaction amongst staff and help instil a sense of belonging an annual dinner was held during the year under review.

3. COMMUNITY

The Group is also committed to contributing positively to the community with a specific focus on promoting water conservation.

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 and energy utilisation, waste management and supply chain optimisation.

The Group aims to reduce raw material wastage and/or utilisation via its ongoing product wastage elimination programme and product and packaging design optimisation. It also specifies recycled packaging products where possible. The Group aims to conserve energy and production inputs through our ongoing optimisation of production processes.

The Group also helps its consumers conserve water and energy. Its actively promotes its extensive range of water saving products that conform to Malaysia's Green Buildings Index and Singapore's WELS Index. 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. Furthermore, its products utilise only high quality closure mechanisms to minimise leaking and water wastage during the life of the product.

Its staff attended training sessions by the Malaysian Green Building Confederation, improving their knowledge regarding water efficiency and the Green Building index.

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.

Where possible, the Group also looks to source from local suppliers to reduce the carbon footprint of inbound raw materials.

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 ("the Company") 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 2012, 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 2012. 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").

To ensure that the Company's Corporate Governance practices continue to improve, a detailed benchmarking exercise is undertaken each year. The Company referred to the following resources during this year's benchmarking exercise:

(i) Malaysian Corporate Governance Report 2010 by the Minority Shareholder Watchdog Group.

(ii) Corporate Governance Blueprint 2011 by Securities Commission Malaysia.

(iii) Comparison against Corporate Governance related disclosures made by best practice peers.

(iv) Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

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, corporate financing and organisational development.

The Board as at the date of this Statement, comprises nine (9) members, out of which seven (7) are independent non-executive Directors and their respective number of other Directorships held are appended below. 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 011 to 015 of this Annual Report. The Company also meets corporate governance international best practice by having a majority of independent board members.

Directors	Designation	No. of other Directorships in Listed Companies
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Senior Independent Non-Executive Director	1
Datuk Johari Bin Abdul Ghani	Group Managing Director	-
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	Independent Non-Executive Director	1
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	-
Dato' Azmeer Bin Rashid	Independent Non-Executive Director	-
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	Independent Non-Executive Director	4
Datin Mariam Prudence Binti Yusof	Non-Independent Non-Executive Director	1
Teh Bee Tein	Independent Non-Executive Director	1
Kasinathan A/L Tulasi	Independent Non-Executive Director	-

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

1. BOARD OF DIRECTORS (cont'd)

1.1 Board Composition and Balance (cont'd)

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 and Sisma Water Technology Sdn Bhd.

Minority interests of the Company are represented by the Independent Directors by virtue of their independence. They play a vital role in protecting the rights of the minority shareholders and as such, none of the Independent Directors participate in the day-to-day management of the Company. This ensures that they are able to provide unbiased and independent views and judgements during evaluations of management's proposals and strategies.

1.2 Roles and Responsibilities of the Chairman and the Group Managing Director

The roles of the Chairman and the Group 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 Group 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.

Additionally, the Directors have also observed the Companies Commission of Malaysia's Code of Ethics for Company Directors in carrying out their roles and responsibilities.

1.4 Board Meetings and Attendance

Board meetings are scheduled in advance at the end of the previous financial year 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 five (5) times a year with additional meetings taking place when necessary.

During the financial year ended 30 June 2012, seven (7) Board meetings were held to review the Group's operations, to approve the quarterly financial results, 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 (%)
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	6/7	100.0
Datuk Johari Bin Abdul Ghani	7/7	100.0
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	6/7	85.7
Nor Hishammuddin Bin Dato' Mohd Nordin	7/7	100.0
Dato' Azmeer Bin Rashid	7/7	100.0
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	5/7	71.4
Datin Mariam Prudence Binti Yusof	6/7	85.7
Teh Bee Tein	7/7	100.0
Kasinathan A/L Tulasi	7/7	100.0

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

1. BOARD OF DIRECTORS (cont'd)

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 timely and relevant 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 ensures that all Board deliberations, issues and conclusions reached including the substance of inquiries and responses, Board members' suggestions and the decisions made are properly recorded and maintained 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.

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 ("AGM") and shall then be eligible for re-election.

In accordance with the Article 92 of the Articles of Association of the Company, the following Directors retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election:

- Ms. Teh Bee Tein
- Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee

Pursuant to Section 129(2) of the Companies Act, 1965, the following Directors both of who are over the age of seventy (70), are required to vacate their office at the forthcoming AGM and are eligible, to offer themselves for re-appointment:

- Maj Gen (R) Dato' Mohamed Isa Bin Che Kak
- Dato' Azmeer Bin Rashid

Both Maj Gen (R) Dato' Mohamed Isa Bin Che Kak and Dato' Azmeer Bin Rashid had indicated that they will not seek for re-appointment as Directors at the forthcoming AGM. Therefore, they shall vacate their office at the conclusion of the forthcoming AGM to be held on 31 October 2012.

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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2. BOARD COMMITTEES (cont'd)

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 Department 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 2012 are set out on pages 031 to 034 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. In accordance to the Code, the Remuneration Committee is responsible for ensuring that remuneration packages are sufficient and appropriate to attract and retain the Directors to run the Company successfully. In addition, the Committee is also responsible for recommending the framework on terms of employment and all aspects in relation to the remuneration framework of Executive Directors.

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 Committee members and the details of attendance of each individual member in respect of meeting held during the financial year ended 30 June 2012, are as follows:

Directors	Description	No. of Meetings Attended
Nor Hishammuddin Bin Dato' Mohd Nordin	Chairman, Independent Non-Executive Director	2/2
Datuk Johari Bin Abdul Ghani	Group Managing Director	2/2
Teh Bee Tein	Independent Non-Executive Director	2/2

The Remuneration Committee met twice during the course of the financial year ended 30 June 2012 and carried out its duties during the course of the financial year.

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 2012, are as follows:

Directors	Description	No. of Meetings Attended
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Senior Independent Non-Executive Director	2/2
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	2/2
Teh Bee Tein	Independent Non-Executive Director	2/2

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 indicating the criteria for the recruitment process;

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2. BOARD COMMITTEES (cont'd)

2.3 Nomination Committee (cont'd)

(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 conducting an annual review of the Board's performance 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 twice during the course of the financial year ended 30 June 2012 and the main activities undertaken by the Committee were as follows:

(i) to assess the effectiveness of the Board as a whole;

(ii) the performance of individual Directors; and

(iii) to identify and recommend to the Board the re-election/ re-appointment of the 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 2012 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 possess the required mix of skills and experience to fulfil their duties.

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 2012 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 Bursatra Sdn Bhd within the stipulated timeframe as required by the Main Market Listing Requirements of Bursa Securities.

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. During the financial year under review, no orientation programme was held as there was no appointment of new Director.

The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefed the Board on these updates regularly. Directors also, when necessary, receive continuing education sessions from time to time, particularly on relevant new laws and regulations and changing commercial risks.

During the financial year under review, the Directors of the Company had attended and participated in various seminars and forums in areas of finance, tax, accounting and regulatory updates. Some of the seminars or courses attended by the Directors during the financial year ended 30 June 2012 include the following:

- The Malaysian Code on Corporate Governance 2012.
- The new Corporate Governance Blueprint & Regulatory Updates Seminar 2011.
- Budget 2012 Proposal and Recent Developments.
- MIA-AFA Conference 2011 - Converge, Transform, Sustain: Towards World Class Excellence.

The Board acknowledges that continuous education programmes are 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 RM1,000.00 for each Board and Committee meetings attended.

The remuneration package of the Executive Director was recommended to the Board by the Remuneration Committee. The only Executive Director in the Company is the Managing Director who is also a significant shareholder, thus aligning the performance to the Company's long-term interest. As such, there is no need for the use of other long-term incentives such as an Employee Share Option Scheme to further align goals.

Details of the aggregate remuneration of the Directors, including the non-executive Directors during the financial year ended 30 June 2012, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000.00 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	552[1]	90[2]	50	120[3]	4	-	816
Non-Executive Directors							
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	-	-	-	7	-	25	32
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	-	-	-	9	-	20	29
Nor Hishammuddin Bin Dato' Mohd Nordin	-	-	-	17	-	20	37
Dato' Azmeer Bin Rashid	-	-	-	6	-	20	26
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	-	-	-	4	-	20	24
Datin Mariam Prudence Binti Yusof	-	-	-	5	-	20	25
Teh Bee Tein	-	-	-	17	-	20	37
Kasinathan A/L Tulasi	-	-	-	6	-	20	26
Sub-Total	-	-	-	71	-	165	236
Total	552	90	50	191	4	165	1,052

[1] Inclusive of Company's contribution to employee provident fund.
[2] Bonus for financial year ended 30 June 2012.
[3] Car allowance in lieu of provision of company car.

All directors' remuneration are paid out of the Company.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

4. DIRECTORS' REMUNERATION (cont'd)

RM	Executive Director	Non-Executive Directors	Total
50,000 and below	-	8	8
800,001 - 850,000	1	-	1

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.

In the year under review, the Company and its team were recognised by Malaysia Investor Relations Association with numerous accolades. The Company was one of the 10 shortlisted companies for the award of Best Company for Investor Relations (Small Cap). The Company's IR website was one of the four shortlisted for the award of Best IR Website (Small Cap). The Company's Group Managing Director, Datuk Johari Bin Abdul Ghani was among the 5 shortlisted individuals for the award of Best CEO for Investor Relations (Small Cap). The Company's Head of Corporate Finance, Strategy and Development, En. Syed Khalil Bin Syed Ibrahim was one of the 5 shortlisted individuals for the award of Best IR Professional (Small Cap).

The Company also holds regular results briefings with the financial community attended by the Chief Executive Officer and Head of Corporate Finance, Strategy & Development.

The Company has tasked its Head of Corporate Finance, Strategy & Development, En. Syed Khalil Bin Syed Ibrahim, to be key contact person responsible for investor relations matters. En. Syed Khalil Bin Syed Ibrahim is qualified with a Bachelor of Commerce and a Bachelor of Engineering from University of Western Australia and brings with him twelve (12) years of experience. Prior to joining the Company he worked for the Boston Consulting Group in their Sydney and later New York offices. He also holds the Certificate of Investor Relations (CIR) of IR Society (UK), and hence is appropriately qualified to manage communication with investors.

Any existing or prospective shareholders of the Company can forward their queries via e-mail to khalil@cih.com.my.

The Company is also an active member of the Malaysian Investor Relations Association ("MIRA"). The membership enables the Company to continuously enhance and improve its IR practices by having access to information such as industry bulletins, newsletters, conferences and surveys.

In addition, the Board also ensures timely release of the financial results in order to provide its shareholders with an overview of the Group's financial and operational performance. Both annual and quarterly reports have also been published significantly ahead of time over the past years.

Release of Annual Reports	Date of Issue	Deadline Imposed by Bursa Securities
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
Annual Report 2011	5 October 2011	30 October 2011
Annual Report 2012	3 October 2012	30 October 2012

Release of Quarterly Reports by Bursa Securities	Date of Announcement	Deadline Imposed
Q1 Quarterly Report 2012	15 November 2011	30 November 2011
Q2 Quarterly Report 2012	16 February 2012	29 February 2012
Q3 Quarterly Report 2012	25 April 2012	31 May 2012
Q4 Quarterly Report 2012	29 August 2012	31 August 2012

The Company has also taken steps to move beyond minimum reporting by providing shareholders with the addition of a new section for financial analysis in the notes of Quarterly results.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

5. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATION (cont'd)

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 Tan Sri 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. Tan Sri Dato' Seri Abdul Ghani can be contacted via the following channels:

Post : Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No.1, Jalan Mayang Sari, 50450 Kuala Lumpur.

Fax : 03-2166 7208

Email : info@cih.com.my

5.3 Dividends

Since 2008/09, the Company aimed to maintain a full year dividend payout ratio of around thirty percent (30%) to thirty five percent (35%) and has been successful in achieving its objective over the past years as follows:

	2008/09 Full Year	**2009/10 Full Year**	**2010/11 Full Year**	**2011/12 Full Year**
Dividend				
Dividend (sen/share) - Before Tax	7	11	12	460
Dividend (sen/share) - After Tax	5.25	8.25	9	460
Payout Ratio				
EPS (sen)	16.15#	26.85	28.24	486.67
Dividend Payout Ratio	35%	31%	32%	99%

 # Based on weighted average number of shares in issue during the year.

5.4 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) is 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. Additionally, to ensure that the independence of the Internal Audit Department is preserved, the Head of Internal Audit Department reports directly to the Audit Committee.

The roles and responsibilities of the Internal Audit Department are as follows:

(i) Conduct independent reviews of management control systems and practice as a basis for identifying ways of improving efficiency, effectiveness and minimising financial risk;

(ii) Review the adequacy of systems and procedures established by Management to safeguard assets and provide appropriate recommendations for improvement;

(iii) Ascertain the extent of compliance with established policies, procedures and statutory requirements;

(iv) Appraise the adequacy, integrity, security, reliability and usefulness of management information systems/ computer systems;

(v) Generate awareness of risk management effective control techniques throughout the organisation; and

(vi) Provide internal consultancy services to management.

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 41 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)

6. ACCOUNTABILITY AND AUDIT (cont'd)

6.4 Relationship with the Auditor (cont'd)

The details of audit fee payable and non-audit fee paid or payable to the External Auditors for the financial year ended 30 June 2012 are set out below:

	RM'000	% of Total Fees Paid/Payable
Audit fee payable to Messr BDO	122	74%
Non-audit fee paid/payable to Messrs BDO	43	26%

Non-audit fee paid/payable to our External Auditors represents 26%, 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 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 the 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 independent and separate access to the advice and services of the Company Secretary.

7. CODE OF ETHICS

7.1 Code of Conduct

The Company is committed to the highest standards of ethics and business conduct and has set in place a code of conduct which governs employees conduct and behaviour in carrying out their duties and responsibilities in the day-to-day business operations. The code of conduct outlines minimum standards expected of employees in dealing with conflicts of interest, supplier relationships, interests in competitors, external businesses or activities, transactions with the Company, use of the Company's property or information, disclosure of information, personal or romantic relationships, laws and regulations, condonation, business records, illegal or questionable payments and supplier obligations.

7.2 Whistle Blowing Policy

In addition to the Code of Conduct, a Whistle Blowing Policy has been put in place. The existence of the whistle blower policy provides a mechanism and offers protection for employees to report matters such as financial malpractice or impropriety or fraud, failure to comply with legal obligations or statutes, dangers to health and safety or the environment, criminal activity, improper conduct or unethical behaviour or any attempts to conceal any of the above. The protection of the employee who report breaches and non-compliances is in line with the Public Interest Disclosure Act which came into effect in 1999. The policy is disseminated to subsidiaries and is available for access by employees.

8. 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 2012.

In line with the release of MCCG 2012 in March 2012, the board is formulating and/or reviewing policies and procedures to comply with the recommendations of MCCG 2012.

This Statement was approved by the Board of Directors on 26 September 2012.

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 2012 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

The Audit Committee held five (5) meetings during the financial year ended 30 June 2012. The Group 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's external auditors attended three (3) 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 025 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.

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

AUDIT COMMITTEE REPORT (cont'd)

2. TERMS OF REFERENCE (cont'd)

2.2 Membership (cont'd)

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

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

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

2.3 Chairman

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

2.4 Quorum

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

2.5 Meeting

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

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

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

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

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

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

2.6 Voting and Proceeding of Meeting

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

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

2.7 Minutes

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

(b) Minutes of the Audit Committee meetings will be made available to all Board members. A summary of significant matters of each meeting of the Audit Committee and resolutions (if any) will be reported to the Board by the Chairman of the Audit Committee.

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

AUDIT COMMITTEE REPORT (cont'd)

2. TERMS OF REFERENCE (cont'd)

2.8 Authority

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

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

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

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

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

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

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

2.9 Functions and Responsibilities

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

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

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

(i) the audit plan;

(ii) the audit report;

(iii) their management letter and management's response; and

(iv) the assistance given by the employees of the Company and the Group to the external auditors.

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

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

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

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

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

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

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

(i) compliance with accounting standard and any other legal requirements;

(ii) any changes in or implementation of accounting policies and practices;

(iii) significant and unusual events and adjustments arising from the audit; and

(iv) the going concern assumption.

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

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

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

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

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

AUDIT COMMITTEE REPORT (cont'd)

2. TERMS OF REFERENCE (cont'd)

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 on 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.

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 2012;

(c) Reviewed the Statement on Internal Control for inclusion in the Annual Report 2012;

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

(e) Held independent meeting (without the presence of Management) with the internal auditor 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 from other operating units. Its 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 2012 was RM222,200.00.

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

Pursuant to the paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Securities, the Board of Directors of C.I. Holdings Berhad is pleased to present the Statement on Internal Control of the Group for the financial year ended 30 June 2012, which has been prepared 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 continuously ensures the adequacy and integrity of the overall internal control system for the Group.

However, as in any system of internal control, it is designed to manage rather than to eliminate the risk of failure to achieve the Group's business objectives and therefore, it 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 Framework covers a broad variety of risks, including but not limited to business continuity issues, governance issues, financials issues and operational issues.

The Risk Management Committee ("RMC") comprises six (6) members, out of which three (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 subsidiary companies. The roles and responsibilities of RMC include the following:

- 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.
- To ensure appropriate reporting and feedback are received from management and reporting to the Board on the Group's risk profile and any major changes to the risk profile.

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 then assigned two risk scores, one measures the impact and the second measuring the likelihood. These scores are used to determine a risk grade. Finally control measures and action plans to manage, minimise or mitigate the risks are then identified. All of this is recorded and updated in the Risk Register and are used to develop a risk profile for each company.

The Risk Manager works in conjunction with the management of each subsidiary to work through the Risk Management Framework and updates the Risk Register. The results of this exercise are then reported to the RMC, which meets on a half yearly basis. The RMC reviews and discusses the risk profiles of the various subsidiaries, taking special note of any changes and developments, the existing controls, 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 Group Managing Director conducts meetings with senior management of all subsidiaries within the Group on a monthly basis. Amongst others, the key risks facing the respective subsidiaries are discussed and monitored.

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 are functioning 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 systems 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 operational and compliance audits 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 twice a year in accordance to ISO 9001:2008.

The Internal Auditors perform their task in accordance to 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
- Objectivity
- Confidentiality
- Competency

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- An organisation structure with key responsibilities clearly defined for the Board, committees of the Board and the executive management of the Group's operating business units.
- Authorisation limits established to provide a functional framework of authority for approving expenditures.
- The requirement for each operating business unit to provide a comprehensive annual budget for the Management's approval.
- The timely monthly reporting of each operating business unit's financial results and variance to budget.
- The Board's review of quarterly reports on each operating business unit.
- The human resources function that coordinates the employees' training and development programmes as well as occupational health and safety programmes at all levels to enhance competency, work quality, ability and safety.
- An enterprise business application software which incorporates several in-built system controls, where upgrades updates are implemented when necessary, to assist the management in achieving various internal control objectives.
- Data and internal technology policy such as E-mail & Internet Access Policy and System & Data Security Policy. In addition, the Group has also put in place a back-up system and 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 statutes, 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.
- Task force unit had been established for specific activities such as disposal of old stocks and promotion of special range launches.

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 2012, 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.

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

039	Directors' Report
043	Statement By Directors
043	Statutory Declaration
044	Independent Auditors' Report
046	Statements Of Financial Position
048	Statements Of Comprehensive Income
049	Statements Of Changes In Equity
050	Statements Of Cash Flows
053	Notes To The 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 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. During the year, the Group has disposed off Permanis Sdn. Bhd. and its subsidiaries ("Permanis Group"), which are engaged in selling, bottling and distribution of beverages. Other than that, 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 from continuing operations	691,060	728,809
Loss for the financial year from discontinued operations	(32,422)	-
Profit for the financial year	658,638	728,809
Attributable to:		
Owners of the parent	658,651	728,809
Non-controlling interests	(13)	-
	658,638	728,809

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 2011: Final dividend of 7 sen per ordinary share, less tax of 25%, paid on 18 November 2011	7,455
In respect of financial year ended 30 June 2012: Special dividend of 460 sen per ordinary share, single tier, paid on 9 December 2011	653,200
	660,655

The Board of Directors do not recommend the payment of any final dividend for the current financial year.

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.

DIRECTORS' REPORT (cont'd)

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

CAPITAL REPAYMENT EXERCISE

On 2 April 2012, the Company completed capital repayment of RM71 million to the shareholders of the Company on the basis of RM0.50 for every one ordinary share of RM1.00 each held in the Company by cancelling RM0.50 from the par value of ordinary shares of RM1.00 each in the Company. Accordingly, the Company's paid-up ordinary share capital was reduced from 142,000,000 ordinary shares of RM1.00 each to 142,000,000 ordinary shares of RM0.50 each.

DIRECTORS

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

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Datuk Johari Bin Abdul Ghani
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak
Datin Mariam Prudence Binti Yusof
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee
Dato' Azmeer Bin Rashid
Nor Hishammuddin Bin Dato' Mohd Nordin
Kasinathan a/l Tulasi
Teh Bee Tein

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company during the financial year ended 30 June 2012 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	Number of ordinary shares of RM1.00 each			
	Balance at 1.7.2011	**Bought**	**Sold**	**Balance at 30.6.2012**
SHARES IN THE COMPANY				
Direct interests				
Datuk Johari Bin Abdul Ghani	42,600,000	750,000	-	43,350,000
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	60,000	-	-	60,000
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	5,000	-	(5,000)	-
Indirect interest				
Datin Mariam Prudence Binti Yusof	28,477,400	522,600	(7,577,200)	21,422,800

By virtue of their interests 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.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

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 any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as 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 those transactions as disclosed in Note 41 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) As At The End Of The Financial Year

(a) Before the statements of comprehensive income and statements of financial position 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 except for the effects arising from the disposal of subsidiaries resulting in an increase in the Group and Company's profit for the financial year by RM710,856,000 and RM748,000,000 respectively as disclosed in Note 39 to the financial statements.

(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 amounts written off for bad debts or the amount of the 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.

(III) As At The Date Of This Report

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

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

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

DIRECTORS' REPORT (cont'd)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 21 July 2011, the Company disposed off its entire equity interests in Permanis Sdn. Bhd. and its subsidiaries ("Permanis Group"), which are engaged in selling, bottling and distribution of beverages for a cash consideration of RM820 million. The disposal was completed on 11 November 2011.

AUDITORS

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

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

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Datuk Johari Bin Abdul Ghani
Director

Kuala Lumpur
26 September 2012

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 46 to 122 have been drawn up in accordance with the applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2012 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board,

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Datuk Johari Bin Abdul Ghani
Director

Kuala Lumpur
26 September 2012

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 46 to 122 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)
26 September 2012)

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 statements of financial position as at 30 June 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 121.

Directors' Responsibility For The Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2012 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF C.I. HOLDINGS BERHAD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

(c) The 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 REPORTING RESPONSIBILITIES

The supplementary information set out in Note 46 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

BDO
AF: 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
2895/08/14 (J)
Chartered Accountant

Kuala Lumpur
26 September 2012

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	7	9,148	176,063	1,123	30
Investment properties	8	-	1,280	-	-
Intangible assets	9	-	47,548	-	-
Investments in subsidiaries	10	-	-	4,300	90,614
Other investment	11	10	10	10	10
Deferred tax assets	12	446	1,552	155	-
		9,604	226,453	5,588	90,654
Current Assets					
Inventories	13	14,508	76,487	-	-
Trade and other receivables	14	11,640	122,498	221	72
Amounts owing by subsidiaries	15	-	-	4,789	12,145
Current tax assets		664	1,510	470	108
Cash and cash equivalents	16	88,762	70,820	86,411	12,163
Derivative assets	17	-	8	-	-
		115,574	271,323	91,891	24,488
Total Assets		125,178	497,776	97,479	115,142
Equity And Liabilities					
Equity attributable to owners of the parent					
Share capital	19	71,000	142,000	71,000	142,000
Share premium	20	2,147	2,147	2,147	2,147
Retained earnings/ (Accumulated losses)	20	42,984	45,238	23,479	(44,675)
		116,131	189,385	96,626	99,472
Non-Controlling Interests		989	1,056	-	-
TOTAL EQUITY		117,120	190,441	96,626	99,472

STATEMENTS OF FINANCIAL POSITION (cont'd)
AS AT 30 JUNE 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-Current Liabilities					
Borrowings	21	373	119,643	-	-
Retirement benefit obligations	25	620	3,404	-	-
Deferred tax liabilities	12	1	15,145	-	180
		994	138,192	-	180
Current Liabilities					
Trade and other payables	26	4,830	106,908	853	1,245
Provisions	27	-	4,122	-	-
Derivative liabilities	17	-	1,340	-	-
Amounts owing to subsidiaries	15	-	-	-	14,245
Borrowings	21	2,231	55,818	-	-
Current tax liabilities		3	955	-	-
		7,064	169,143	853	15,490
Total Liabilities		8,058	307,335	853	15,670
Total Equity And Liabilities		125,178	497,776	97,479	115,142

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Continuing operations					
Revenue	31	40,842	43,800	7,041	19,326
Cost of sales	32	(26,777)	(29,425)	-	-
Gross profit		14,065	14,375	7,041	19,326
Gain on disposal of subsidiaries	39	710,856	-	748,000	-
Other income		583	1,261	14,378	-
Selling and distribution costs		(1,512)	(1,593)	-	-
Administrative expenses		(9,487)	(8,258)	(3,880)	(3,316)
Other expenses		(22,603)	(5)	(36,961)	(12)
Finance costs		(243)	(339)	(10)	(11)
Profit before tax	33	691,659	5,441	728,568	15,987
Tax expense	35	(599)	(3,275)	241	(1,132)
Profit for the financial year from continuing operations		691,060	2,166	728,809	14,855
Discontinued operations					
(Loss)/Profit for the financial year from discontinued operations, net of tax	36	(32,422)	37,874	-	-
Profit for the financial year		658,638	40,040	728,809	14,855
Other comprehensive income		-	-	-	-
Total comprehensive income		658,638	40,040	728,809	14,855
Profit attributable to:					
Owners of the parent		658,651	40,094	728,809	14,855
Non-controlling interests		(13)	(54)	-	-
		658,638	40,040	728,809	14,855
Total comprehensive income attributable to:					
Owners of the parent		658,651	40,094	728,809	14,855
Non-controlling interests		(13)	(54)	-	-
		658,638	40,040	728,809	14,855
Gross dividends per ordinary share (sen)					
- Special dividend	38	460.00	-	460.00	-
- Interim dividend	38	-	5.00	-	5.00
- Final dividend	38	-	7.00	-	7.00
Earnings per ordinary share attributable to equity holders of the Company (sen) :					
Basic :					
Profit from continuing operations	37	486.67	1.57		
(Loss)/Profit from discontinued operations	37	(22.83)	26.67		
Profit for the financial year	37	463.84	28.24		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Group	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000	Non-Controlling interest RM'000	Total equity RM'000
Balance at 30 June 2010	142,000	2,147	17,160	161,307	1,110	162,417
Effect of the adoption of FRS 139	-	-	764	764	-	764
Restated balance as at 1 July 2010	142,000	2,147	17,924	162,071	1,110	163,181
Total comprehensive income	-	-	40,094	40,094	(54)	40,040
Transaction with owners						
Dividends paid (Note 38)	-	-	(12,780)	(12,780)	-	(12,780)
Total transaction with owners	-	-	(12,780)	(12,780)	-	(12,780)
Balance at 30 June 2011	142,000	2,147	45,238	189,385	1,056	190,441
Capital repayment (Note 19)	(71,000)	-	-	(71,000)	-	(71,000)
Total comprehensive income	-	-	658,651	658,651	(13)	658,638
Changes in interest in subsidiaries (Note 10)	-	-	(250)	(250)	(54)	(304)
Transaction with owners						
Dividends paid (Note 38)	-	-	(660,655)	(660,655)	-	(660,655)
Total transaction with owners	-	-	(660,655)	(660,655)	-	(660,655)
Balance at 30 June 2012	71,000	2,147	42,984	116,131	989	117,120

Company	← Non-distributable → Share capital RM'000	Share premium RM'000	← Distributable → Retained earnings/ (Accumulated losses) RM'000	Total equity RM'000
Balance at 30 June 2010	142,000	2,147	(46,750)	97,397
Total comprehensive income	-	-	14,855	14,855
Transaction with owners				
Dividends paid (Note 38)	-	-	(12,780)	(12,780)
Total transaction with owners	-	-	(12,780)	(12,780)
Balance at 30 June 2011	142,000	2,147	(44,675)	99,472
Capital repayment (Note 19)	(71,000)	-	-	(71,000)
Total comprehensive income	-	-	728,809	728,809
Transaction with owners				
Dividends paid (Note 38)	-	-	(660,655)	(660,655)
Total transaction with owners	-	-	(660,655)	(660,655)
Balance at 30 June 2012	71,000	2,147	23,479	96,626

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before tax					
Continuing operations		691,659	5,441	728,568	15,987
Discontinued operations		(30,238)	47,823	-	-
Adjustments for:					
Bad debts written off		7	12	-	-
Depreciation of property, plant and equipment	7	7,612	19,220	81	9
Dividend income	31	-	-	-	(12,950)
Fair value adjustments on derivative instruments		(55)	1,834	-	-
Gain on disposal of:					
- property, plant and equipment		(22)	(24)	-	-
- investments in subsidiaries	39	(710,856)	-	(748,000)	-
Impairment loss on:					
- amount owing by subsidiaries		-	-	224	-
- investment in a subsidiary		-	-	14,314	-
- investment property		180	-	-	-
- other investment	11	-	5	-	5
- trade and other receivables		230	717	-	7
Interest expense		2,814	5,816	12	11
Interest income		(4,326)	(475)	(3,768)	(376)
Inventories written down		75	38	-	-
Inventories written off		-	7,351	-	-
Unrealised gain on foreign exchange		(30)	(1,446)	-	-
Property, plant and equipment written off	7	168	1,853	2	-
Provision for:					
- litigation claim	27	-	3	-	-
- retirement benefits	25	125	232	-	-
- other liabilities	27	-	415	-	-
Reversal of impairment loss on trade receivables no longer required		(197)	-	-	-
Reversal of provision no longer required	27	(173)	(364)	-	-
Share of profit margin on Islamic term financing		145	514	-	-
Waiver of amounts owing to subsidiaries		-	-	(14,220)	
Operating (loss)/ profit before working capital changes		(42,792)	88,965	(22,787)	2,693

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Operating (loss)/ profit before working capital changes		(42,792)	88,965	(22,787)	2,693
Changes in working capital:					
Inventories		7,503	(31,964)	-	-
Trade and other receivables		(12,306)	(9,658)	(148)	(17)
Trade and other payables		20,304	(8,383)	13,827	160
Cash (used in)/generated from operations		(27,291)	38,960	(9,108)	2,836
Tax paid		(2,635)	(9,242)	(458)	(870)
Tax refunded		2	2	2	-
Interest paid		(31)	(1,131)	(12)	(11)
Contributions paid for retirement benefits	25	(67)	(267)	-	-
Net cash (used in)/from operating activities		(30,022)	28,322	(9,576)	1,955
Cash Flows From Investing Activities					
Repayments/Advances to subsidiaries		-	-	(7,113)	(1,842)
Dividends received		-	-	-	12,950
Interest received		4,236	475	3,768	376
Proceeds from disposal of:					
- property, plant and equipment		1,139	121	-	1
- non-current assets held for sale		-	4,500	-	-
- subsidiaries	39	750,118	-	820,000	-
Purchase of property, plant and equipment	7(d)	(13,741)	(13,260)	(1,176)	(17)
Placement of additional deposit to an institutional trustee account		-	(79)	-	-
Withdrawal of fixed deposits pledged to licensed banks		1,966	62	-	-
Net cash from/(used in) investing activities		743,718	(8,181)	815,479	11,468

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital repayment	19	(71,000)	-	(71,000)	-
Repayments of hire purchase and lease creditors		(9,516)	(4,063)	-	-
Repayments of borrowings		-	(52,932)	-	-
Drawdowns of borrowings		50,311	85,202	-	-
Share of profit on Islamic term financing paid		(145)	(514)	-	-
Dividends paid		(660,655)	(12,780)	(660,655)	(12,780)
Interest paid		(2,783)	(4,685)	-	-
Net cash (used in)/from financing activities		(693,788)	10,228	(731,655)	(12,780)
Net increase in cash and cash equivalents		19,908	30,369	74,248	643
Cash and cash equivalents at beginning of financial year		68,854	38,485	12,163	11,520
Cash and cash equivalents at end of financial year	16	88,762	68,854	86,411	12,163

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2012

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 Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.

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

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 26 September 2012.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. During the year, the Group has disposed off Permanis Sdn. Bhd. and its subsidiaries ("Permanis Group"), which are engaged in selling, bottling and distribution of beverages. Other than that, 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") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 46 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

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, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. 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. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 July 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Business combinations

<u>Business combinations from 1 July 2011 onwards</u>

Business combinations are accounted for by applying the acquisition method of accounting. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business combinations (cont'd)

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profits or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 July 2011

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. 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 is recognised as goodwill (see Note 4.8 to the financial statements on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, 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 transaction, 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.

4.4 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 the cost is incurred and it is probable that future economic benefits associated with the item will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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 a different useful life, is depreciated separately.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Buildings	2%
Leasehold land	50 - 99 years
Bottles and cases	20%
Plant and machinery	5% - 15%
Office furniture and equipment	15% - 25%
Renovations	15%
Motor vehicles	20% - 25%

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents machinery under installation and renovation-in-progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, 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 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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

4.5 Leases and hire purchase

(a) 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 finance charges and a 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.

(b) 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 on a straight-line basis over the lease term.

(c) Leases of land and buildings

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Leases and hire purchase (cont'd)

(c) Leases of land and buildings

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

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

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its 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 end of the reporting period, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair values of investment properties are arrived at by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is 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. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.7 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company have power to 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. Investments accounted for at cost shall be accounted for in accordance with *FRS 5 Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Investments in subsidiaries (cont'd)

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.8 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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.

4.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries), inventories, deferred tax assets, investment properties measured at fair value and non-current assets held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment 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.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

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 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 profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.10 Inventories

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

Cost is determined using the weighted average formula. The cost of raw materials comprises the all costs 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, other direct cost and a proportion of production 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.

4.11 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.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(i) Financial assets at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in *FRS 4 Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities 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.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(c) Equity (cont'd)

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.12 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.13 Borrowing costs

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

4.14 Income taxes

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

Taxes in the statement of comprehensive income comprise current tax and deferred tax.

(a) Current tax

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 Income taxes (cont'd)

(a) Current tax (cont'd)

Current tax for the current and prior periods is 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 end of the reporting period.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

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 profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits 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 income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 year 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 reporting period.

4.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and 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 the end of each reporting period 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.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more 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 resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases 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.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 Contingent liabilities and contingent assets(cont'd)

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 non-controlling interest.

4.17 Employee benefits

(a) Short term employee benefits

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

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services 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.

(b) Defined contribution plan

The Company and its subsidiaries make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(c) 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 end of reporting period 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 end of reporting period.

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 the end of reporting period 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 plan assets. They are recognised as income or expense over the expected average remaining working lives of the employees participating in that plan.

4.18 Foreign currency transactions and translation

(a) 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 also the Company's functional and presentation currency.

(b) 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 end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

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

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with the delivery of goods and services and acceptance by customers.

(b) Dividend income

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

(c) Management and other fees

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

(d) 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.

(e) Rental income

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

4.20 Non-current assets held for sale and discontinued operations

(a) 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. For this to be the case, the assets must be 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 probability of shareholders' approval (if required in the jurisdiction) is considered as part of the assessment of whether the sale is 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.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

Immediately before initial classification as held for sale, the carrying amounts of the non-current assets are measured in accordance with applicable FRSs. On initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets and financial assets carried at fair value) are measured at the lower of carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

The Group measures a non-current asset classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

Non-current assets held for sale are classified as current assets in the statement of financial position 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 as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(i) 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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 Non-current assets held for sale and discontinued operations (cont'd)

(b) Discontinued operations

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

4.21 Operating segments

Following the adoption of FRS 8 *Operating Segments* during the previous 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 Managing Director and 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. 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.

4.22 Basic earnings per share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs

5.1 New FRSs adopted during the current financial period

	Effective Date
Amendments to FRS 1 *Limited Exemption from Comparative*	
FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 *Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*	1 January 2011
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2011
Amendments to IC Interpretation 14 FRS 119	
– Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2011
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
Improvements to FRSs (2010)	1 January 2011

There is no impact upon adoption of the above new FRSs and Amendments to FRSs during the current financial year.

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Company is expected to apply the MFRS framework for the financial year ending 30 June 2013.

This would result in the Company preparing an opening MFRS statement of financial position as at 1 July 2011 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual financial performance for the financial year ending 30 June 2012 in accordance with MFRS which would form the MFRS comparatives for the financial year ending 30 June 2013.

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows:

	Effective Date
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2 *Share-based Payment*	1 January 2012
MFRS 3 *Business Combinations*	1 January 2012
MFRS 4 *Insurance Contracts*	1 January 2012
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7 *Financial Instruments: Disclosures*	1 January 2012
MFRS 8 *Operating Segments*	1 January 2012
MFRS 9 *Financial Instruments*	1 January 2015
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 11 *Joint Arrangements*	1 January 2013
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 101 *Presentation of Financial Statements*	1 January 2012
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 102 *Inventories*	1 January 2012
MFRS 107 *Statement of Cash Flows*	1 January 2012
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110 *Events After the Reporting Period*	1 January 2012

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

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

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (cont'd)

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows: (cont'd)

	Effective Date
MFRS 111 *Construction Contacts*	1 January 2012
MFRS 112 *Income Taxes*	1 January 2012
MFRS 116 *Property, Plant and Equipment*	1 January 2012
MFRS 117 *Leases*	1 January 2012
MFRS 118 *Revenue*	1 January 2012
MFRS 119 *Employee Benefits*	1 January 2012
MFRS 119 *Employee Benefits (revised)*	1 January 2013
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123 *Borrowing Costs*	1 January 2012
MFRS 124 *Related Party Disclosures*	1 January 2012
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127 *Consolidated and Separate Financial Statements*	1 January 2012
MFRS 127 *Separate Financial Statement*	1 January 2012
MFRS 128 *Investments in Associates*	1 January 2012
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131 *Interests in Joint Ventures*	1 January 2012
MFRS 132 *Financial Instruments: Presentation*	1 January 2012
MFRS 133 *Earnings Per Share*	1 January 2012
MFRS 134 *Interim Financial Reporting*	1 January 2012
MFRS 136 *Impairment of Assets*	1 January 2012
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138 *Intangible Assets*	1 January 2012
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140 *Investment Property*	1 January 2012
MFRS 141 *Agriculture*	1 January 2012
Improvements to MFRSs (2008)	1 January 2012
Improvements to MFRSs (2009)	1 January 2012
Improvements to MFRSs (2010)	1 January 2012
Amendments to MFRS 1 *Government Loans*	1 January 2013
Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
MFRS 3 *Business Combinations* (as issued by the International Accounting Standards Board ('IASB') in March 2004)	1 January 2013
MFRS 127 *Consolidated and Separate Financial Statements* (as issued by the IASB in December 2003)	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

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

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (cont'd)

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows : (cont'd)

	Effective Date
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12 *Service Concession Arrangements*	1 January 2012
IC Interpretation 13 *Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14 MFRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
IC Interpretation 107 *Introduction of the Euro*	1 January 2012
IC Interpretation 110 *Government Assistance – No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 115 *Operating Leases – Incentives*	1 January 2012
IC Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	1 January 2012
IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132 *Intangible Assets – Web Site Costs*	1 January 2012

The Group is in the process of assessing the impact of implementing the MFRS framework since the effects would only be observable for the financial year ending 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

6.2 Critical judgement 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 (10) years commencing 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 a major part of the economic life of the properties. Furthermore, the sale considerations are agreed based on the fair values. The transaction was undertaken by the subsidiary, Permanis Sdn. Bhd., which was disposed off during the financial year.

(ii) Non-current assets held for sale

Non-current assets held for sale were in respect of properties which were 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.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of property, plant and equipment and investments in subsidiaries

Property, plant and equipment and investments in subsidiaries are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Such assessment requires the Directors to make estimates of the recoverable amounts. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The Directors believe that the estimates of the recoverable amounts are reasonable.

(ii) Income taxes

Significant judgement is required in determining 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 is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) 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 (cont'd)

30 JUNE 2012

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

6.3 Key sources of estimation uncertainty (cont'd)

(iv) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying value of receivables.

(v) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(vi) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profits 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

7. PROPERTY, PLANT AND EQUIPMENT

Group 2012	Balance at 1 July 2011 RM'000	Additions (Note (d) below) RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Disposal of subsidiaries (Note 39) RM'000	Balance at 30 June 2012 RM'000
Carrying amount							
Buildings	6,002	13	-	(124)	-	(1,463)	4,428
Freehold land	1,206	-	-	-	-	(1,206)	-
Leasehold land	33,119	-	-	(263)	-	(30,577)	2,279
Construction-in-progress	1,845	4,395	-	-	-	(6,240)	-
Plant and machinery	126,464	6,756	(1,117)	(6,224)	-	(124,682)	1,197
Office furniture and equipment	3,956	1,249	-	(652)	(164)	(3,641)	748
Renovations	615	453	-	(65)	(4)	(611)	388
Motor vehicles	2,856	875	-	(284)	-	(3,339)	108
	176,063	13,741	(1,117)	(7,612)	(168)	(171,759)	9,148

	At 30 June 2012		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	5,704	(1,276)	4,428
Leasehold land	2,606	(327)	2,279
Plant and machinery	12,806	(11,609)	1,197
Office furniture and equipment	2,554	(1,806)	748
Renovations	412	(24)	388
Motor vehicles	240	(132)	108
	24,322	(15,174)	9,148

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

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

Group 2011	Balance at 1 July 2010 as restated RM'000	Additions (Note (d) below) RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Re-classification RM'000	Balance at 30 June 2011 RM'000
Carrying amount							
Buildings	6,157	8	-	(163)	-	-	6,002
Freehold land	1,250	-	-	(44)	-	-	1,206
Leasehold land	3,020	30,512	-	(413)	-	-	33,119
Bottles and cases	-	-	-	-	-	-	-
Construction-in-progress	35,220	6,872	-	(6,627)	-	(33,620)	1,845
Plant and machinery	76,161	28,224	-	(9,715)	(1,826)	33,620	126,464
Office furniture and equipment	3,962	1,551	(1)	(1,546)	(10)	-	3,956
Renovations	571	189	-	(128)	(17)	-	615
Motor vehicles	1,922	1,614	(96)	(584)	-	-	2,856
	128,263	68,970	(97)	(19,220)	(1,853)	-	176,063

	At 30 June 2011			
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Buildings	8,201	(2,199)	-	6,002
Freehold land	2,200	(403)	(591)	1,206
Leasehold land	33,559	(440)	-	33,119
Bottles and cases	370	(370)	-	-
Construction-in-progress	1,845	-	-	1,845
Plant and machinery	237,164	(110,700)	-	126,464
Office furniture and equipment	15,885	(11,929)	-	3,956
Renovations	894	(279)	-	615
Motor vehicles	5,149	(2,293)	-	2,856
	305,267	(128,613)	(591)	176,063

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

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

Company 2012	Balance at 1 July 2011 RM'000	Additions (Note (d) below) RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance at 30 June 2012 RM'000
Carrying amount					
Office furniture and equipment	30	179	(2)	(22)	185
Office renovation works	-	413	-	(21)	392
Furniture and fittings	-	584	-	(38)	546
	30	1,176	(2)	(81)	1,123

	At 30 June 2012		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	242	(57)	185
Office renovation works	413	(21)	392
Furniture and fittings	584	(38)	546
	1,239	(116)	1,123

Company 2011	Balance at 1 July 2010 RM'000	Additions (Note (d) below) RM'000	Depreciation charge for the financial year RM'000	Balance at 30 June 2011 RM'000
Carrying amount				
Office furniture and equipment	22	17	(9)	30

	At 30 June 2011		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	104	(74)	30

(a) The carrying amounts of leasehold land are analysed as follows:

	Group 2012 RM'000	Group 2011 RM'000
Long term leasehold land (unexpired period more than 50 years)	2,279	32,470
Short term leasehold land (unexpired period less than 50 years)	-	649
	2,279	33,119

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

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

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

	Group	
	2012 RM'000	2011 RM'000
Motor vehicles	108	2,679
Plant and machinery	-	13,834
Office furniture and equipment	-	230
	108	16,743

(c) The carrying amounts of property, plant and equipment pledged to financial institutions for banking facilities granted to certain subsidiaries (Notes 21, 22 and 23 to the financial statements) are as follows:

	Group	
	2012 RM'000	2011 RM'000
Buildings	4,521	4,521
Leasehold land and buildings	2,007	32,165
Plant and machinery	-	62,180
Construction-in-progress	-	1,845
	6,528	100,711

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Purchase of property, plant and equipment	13,741	68,970	1,176	17
Unpaid credit purchases included in other payables (Note 26)	-	(2,680)	-	-
Settlement of credit purchases brought forward	-	1,298	-	-
Financed by:				
- hire purchase and lease arrangement	-	(6,363)	-	-
- Islamic term financing	-	(2,742)	-	-
- term loans	-	(45,223)	-	-
Cash payments on purchase of property, plant and equipment	13,741	13,260	1,176	17

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

8. INVESTMENT PROPERTIES

	Group 2012 RM'000	Group 2011 RM'000
Balance at 1 July 2011/2010	1,280	1,280
Disposal of subsidiaries (Note 39)	(1,100)	-
Impairment loss	(180)	-
Balance at 30 June	-	1,280
Analysed as:		
Freehold land	-	180
Long term leasehold land	-	1,100
	-	1,280

(a) As at the previous financial year end, freehold land with a net book value of RM1 was registered in the name of a Director of a subsidiary, who held the property in trust for the subsidiary. The subsidiary was disposed off during the financial year.

(b) Direct operating expenses

	Group 2012 RM'000	Group 2011 RM'000
Quit rent and assessment	-	167

(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.

9. INTANGIBLE ASSETS

Group 2012	**Balance at 1 July 2011 RM'000**	**Disposal of subsidiaries (Note 39) RM'000**	**Balance at 30 June 2012 RM'000**
Carrying amount			
Goodwill on consolidation	47,548	(47,548)	-

		At 30 June 2012		
	Cost RM'000	**Accumulated impairment loss RM'000**	**Disposal of subsidiaries RM'000**	**Carrying amount RM'000**
Goodwill on consolidation	68,698	(21,150)	(47,548)	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

9. INTANGIBLE ASSETS (cont'd)

Group 2011	Balance at 1 July 2010 RM'000	Impairment loss recognised during the financial year RM'000	Balance at 30 June 2011 RM'000
Carrying amount			
Goodwill on consolidation	47,548	-	47,548

	At 30 June 2011		
	Cost RM'000	Accumulated Impairment loss RM'000	Carrying amount RM'000
Goodwill on consolidation	68,698	(21,150)	47,548

The goodwill on consolidation of RM47,548,075 is in respect of the beverage division of the Group.

During the financial year, the Group disposed off the beverage division, Permanis Sdn. Bhd. and its subsidiaries ("Permanis Group"). There was no indication of additional impairment on the goodwill on consolidation during the financial period prior to the disposal of the Permanis Group.

10. INVESTMENTS IN SUBSIDIARIES

	Group 2012 RM'000	Group 2011 RM'000
Unquoted investments, at cost	177,030	177,030
Less: Disposal of subsidiaries (Note 39)	(72,000)	-
Less: Accumulated impairment losses	(100,730)	(86,416)
	4,300	90,614

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

NAME OF SUBSIDIARIES	Effective equity interest 2012 %	Effective equity interest 2011 %	PRINCIPAL ACTIVITIES
Doe Industries Sdn. Bhd.	100	100	Manufacture and trading of water taps and other plumbing accessories
C.I. Building Industries Sdn. Bhd.	100	100	Investment holding
C.I. Engineering Sdn. Bhd.	100	100	Investment holding
C.I. Management Sdn. Bhd.	100	100	Inactive
C.I. Construction Sdn. Bhd.	100	100	Inactive
C.I. Marketing Sdn. Bhd.	100	100	Inactive
C.I. Halla Environmental Technology Sdn. Bhd. (formerly known as C.I. Development Sdn. Bhd.)	100	100	Dormant
Permanis Sdn. Bhd	-	100	Selling, bottling and distribution of beverages
Subsidiaries of Doe Industries Sdn. Bhd			
Doe Marketing Sdn. Bhd.	100	100	Dealership and distribution of household fittings and appliances
Potex Industries Sdn. Bhd.	100	90	Manufacturing of ceramic sanitary wares
Elegant Flow Sdn. Bhd. (formerly know as Potex Sdn. Bhd.)	100	90	Dealership and distribution of household fittings and appliances
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	Investment holding
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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

NAME OF SUBSIDIARIES	Effective equity interest 2012 %	2011 %	PRINCIPAL ACTIVITIES
Subsidiaries of Permanis Sdn. Bhd.			
Permanis Sandilands Sdn. Bhd.	-	100	Marketing and distribution of beverages
Champs Water Sdn. Bhd.	-	100	Selling, bottling and distribution of beverages
Permanis Mainworks Sdn. Bhd.	-	100	Inactive
Subsidiaries of Permanis Sandilands Sdn. Bhd.			
Permanis Distributions Sdn. Bhd.	-	100	Marketing and distribution of foods and beverages products
Permanis (Sabah) Sdn. Bhd.	-	100	Marketing and distribution of foods and beverages products
Permanis (Singapore) Sdn. Bhd.	-	100	Marketing and distribution of foods and beverages products. However, the subsidiary has not commenced any business activities as at the end of the reporting period
Permanis Sarawak Sdn. Bhd.	-	100	Marketing and distribution of foods and beverages products
Permanis Maintenance Sdn. Bhd.	-	100	Engaged in maintenance services of vending machines, coolers, postmix and other beverage equipment
Permanis Vending Sdn. Bhd.	-	100	Engaged in assembling, sales, servicing and carry on the business of operating vending machines, coolers, postmix and other beverage equipment

(a) During the financial year, the Company disposed off its entire equity interest in Permanis Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM820 million (Note 39).

(b) During the financial year, the Group acquired additional 4,978,000 ordinary shares of RM1.00 each and 6,000,000 3% cumulative and non-convertible redeemable preference shares 2012/2017 of RM1.00 each in Potex Industries Sdn Bhd. The acquisition was financed by way of conversion of debt amounted to RM11,290,805 and cash consideration of RM295,089. This resulted in Potex Industries Sdn. Bhd. becoming a wholly owned subsidiary of the Group.

(c) During the financial year, the Group acquired additional 25,000 ordinary shares of RM1.00 each in Elegant Flow Sdn. Bhd. (formerly known as Potex Sdn. Bhd.) for a cash consideration of RM4,911. This resulted in Elegant Flow Sdn. Bhd. becoming a wholly owned subsidiary of the Group.

(d) The impairment loss on certain investments in subsidiaries was recognised during the financial year to reduce the carrying amount of the investments in subsidiaries to their recoverable amounts. The recoverable amounts of the investments in subsidiaries were determined by reference to their value in use.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

11. OTHER INVESTMENT

	Group and Company	
	2012 RM'000	2011 RM'000
Available-for-sale financial assets		
- Club membership	15	15
Less: Impairment loss	(5)	(5)
	10	10

(a) Other investment is held by the Company under a subsidiary Director's name.

(b) Other investments have been classified into available-for-sale financial assets upon adoption of FRS 139 on 1 July 2010.

(c) Information on the fair value hierarchy is disclosed in Note 43 to the financial statements.

12. DEFERRED TAX

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Balance as at 30 June 2011/2010	13,593	5,671	180	-
Tax effects of adoption of FRS 139	-	125	-	-
Restated balance as at 1 July 2011/2010	13,593	5,796	180	-
Recognised in profit or loss:				
Continuing operations (Note 35)	(249)	198	(335)	180
Discontinued operations	505	7,599	-	-
Disposal of subsidiaries	(14,294)	-	-	-
Balance as at 30 June 2012/2011	(445)	13,593	(155)	180
Presented after appropriate offsetting:				
Deferred tax assets, net	(446)	(1,552)	(155)	-
Deferred tax liabilities, net	1	15,145	-	180

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

12. DEFERRED TAX (cont'd)

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

Group	Inventories RM'000	Provision for liabilities RM'000	Retirement benefit obligations RM'000	Unused tax losses and capital allowances RM'000	Fair value adjustments on derivative instruments RM'000	Others RM'000	Total RM'000
Deferred tax assets							
At 1 July 2011	1,074	1,498	170	559	-	349	3,650
Recognised in profit or loss	(176)	(76)	350	(559)	368	(348)	(441)
At 30 June/ 1 July 2011	898	1,422	520	-	368	1	3,209
Recognised in profit or loss	(898)	(831)	(520)	-	(368)	(1)	(2,618)
At 30 June 2012	-	591	-	-	-	-	591

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 2010	161	9,123	37	9,321
Recognised in profit or loss	(161)	7,231	411	7,481
At 30 June/1 July 2011	-	16,354	448	16,802
Recognised in profit or loss	-	(16,208)	(448)	(16,656)
At 30 June 2012	-	146	-	146

Company	Others RM'000	Total RM'000
Deferred tax liabilities/ (assets)		
At 1 July 2010	-	-
Recognised in profit or loss	180	180
At 30 June/1 July 2011	180	180
Recognised in profit or loss	(335)	(335)
At 30 June 2012	(155)	(155)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

12. DEFERRED TAX (cont'd)

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

	Group 2012 RM'000	Group 2011 RM'000
Unused tax losses	6,554	6,107
Unabsorbed capital allowances	3,518	3,396
Provision for liabilities	-	36
Other deductible temporary differences	-	13
	10,072	9,552

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the 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.

13. INVENTORIES

	Group 2012 RM'000	Group 2011 RM'000
At cost		
Raw materials	2,456	46,464
Work-in-progress	1,032	1,252
Finished goods	10,907	28,733
	14,395	76,449
At net realisable value		
Finished goods	113	38
	14,508	76,487

Inventories recognised in cost of sales amounted to RM20,289,703 (2011: RM25,730,562).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables	10,324	114,309	53	56
Less: impairment loss	(397)	(1,788)	-	-
	9,927	112,521	53	56
Other receivables	1,310	2,050	-	-
Less: impairment loss	(384)	(390)	-	-
	926	1,660	-	-
Deposits	296	6,795	151	9
Less: impairment loss	(2)	-	-	-
	294	6,795	151	9
Prepayments	493	1,522	17	7
	11,640	122,498	221	72

(a) The credit terms offered by the Group in respect of trade receivables range from 14 to 90 days (2011: 14 to 90 days) from the date of invoice. They are recognised at their original invoice amounts, which represents their fair values on initial recognition.

(b) The ageing analysis of trade receivables of the Group is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Neither past due nor impaired	3,868	73,548	53	56
Past due, not impaired				
1 to 30 days	2,915	26,579	-	-
31 to 60 days	1,923	8,705	-	-
61 to 90 days	1,170	2,253	-	-
More than 90 days	51	1,436	-	-
	6,059	38,973	-	-
Past due and impaired	397	1,788	-	-
	10,324	114,309	53	56

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

<u>Receivables that are past due but not impaired</u>

Trade receivables that are past due but not impaired mainly arose from customers where the Group has a healthy business relationship with, whereby the management is of the view that the amounts are recoverable based on past payments history.

The trade receivables of the Group that are past due but not impaired are unsecured in nature.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

14. TRADE AND OTHER RECEIVABLES (cont'd)

(b) The ageing analysis of trade receivables of the Group is as follows (cont'd):

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired	
	2012	**2011**
Group	**RM'000**	**RM'000**
Trade receivables, gross	397	1,788
Less: Impairment loss	(397)	(1,788)
	-	-

The reconciliation of movements in the impairment loss on trade receivables is as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
At 1 July 2011/2010	(1,788)	(1,649)
Charge for the financial year	(228)	(712)
Provision no longer required	197	-
Written off	-	573
Disposal of subsidiaries	1,422	-
At 30 June 2012/2011	(397)	(1,788)

Trade receivables that are individually determined to be impaired at the end of the previous reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(c) Currency exposure of trade receivables of the Group are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables				
US Dollar	62	174	-	-
Singapore Dollar	36	-	-	-
Ringgit Malaysia	9,829	112,347	53	56
Other receivables				
US Dollar	899	-	-	-
Ringgit Malaysia	814	9,977	168	16
	11,640	122,498	221	72

(d) Information on financial risks of trade and other receivables are disclosed in Note 44 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

15. AMOUNTS OWING BY/TO SUBSIDIARIES

	Company	
	2012 RM'000	2011 RM'000
Amounts owing by subsidiaries	8,553	15,730
Less: Impairment loss	(3,764)	(3,585)
	4,789	12,145
Amounts owing to subsidiaries	-	14,245

(a) 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 owing by a subsidiary of RM800,000 (2011: RM800,000), which bears interest at 8% (2011: 8%) per annum.

(b) Information on financial risks of amount owing by/to subsidiaries is disclosed in Note 44 to the financial statements.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	2,639	56,204	361	163
Deposits placed with financial institutions	86,123	14,616	86,050	12,000
Cash and cash equivalents as reported in the statements of financial position	88,762	70,820	86,411	12,163
Less: Deposits placed with an institutional trustee (Note (b) below)	-	(1,966)	-	-
Cash and cash equivalents as reported in the statements of cash flows	88,762	68,854	86,411	12,163

(a) The fixed deposits placed with the licensed banks of the Group and the Company as at 30 June 2012 have maturity periods ranging from 90 days to 365 days (2011: 40 days to 90 days).

(b) In accordance with the lease agreement entered into by the Group with Amanah Raya Berhad ("ARB") (Note 6.2(i) and 29 to the financial statements) in previous financial years, 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 (1) year's lease rental as a deposit and placed into an Institutional Trust Account ("ITA") as security for the lease agreement and shall be kept and maintained in the ITA throughout the lease term. The Group shall top up and/or increase the amount of deposit starting from year six (6) to year ten (10) of the lease term to the amount equivalent to one year's lease rental for the year six (6) to the year ten (10) of the lease term. This arrangement was undertaken by the subsidiary, Permanis Sdn. Bhd., which was disposed off during the financial year.

(c) Information on financial risks of cash and cash equivalents is disclosed in Note 44 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

17. DERIVATIVE FINANCIAL INSTRUMENTS

Group 2011	Contracts/ Notional amounts RM'000	Assets RM'000	Liabilities RM'000
Forward currency contracts	1,660	8	-
Cross currency swap contracts	113,955	-	1,340

(a) Forward currency contracts

Forward currency contracts have been entered into to operationally hedge forecast sales denominated in foreign currencies that are expected to occur at various dates within three (3) months from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components have been determined based on the difference between quarterly future rates and the strike rate discounted at the convenience yield of the instruments involved.

(b) Currency swap contracts

Currency swap contracts are used to hedge foreign currency exposures of borrowings. The fair value of a currency swap contract is the amount that would be payable or receivable upon termination of the position at the end of the reporting period, and is calculated as the difference between the present value of the estimated future cash flows at the contracted rate compared to that calculated at the spot rate as at the end of the reporting period.

(c) As at the previous financial year end, the Group recognised total losses of RM1,833,822 arising from fair value changes of derivative financial assets and liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange and interest rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 43 to the financial statements.

(d) The balances from derivative financial instruments arose from the disposed subsidiary, Permanis Sdn. Bhd.

18. NON-CURRENT ASSET HELD FOR SALE

	Group 2012 RM'000	 2011 RM'000
Balance at 1 July 2011/2010	-	4,500
Disposal	-	(4,500)
Balance at 30 June 2012/2011	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

19. SHARE CAPITAL

	Group and Company			
	2012		2011	
	Number of shares RM'000	RM'000	Number of shares RM'000	RM'000
Ordinary shares of RM0.50 each				
(2011: RM1.00) each:				
Authorised	500,000	250,000	500,000	500,000
Issued and fully paid:				
Balance as at 1 July 2011/2010	142,000	142,000	142,000	142,000
Capital repayment of RM71 million on the basis of RM0.50 for every one ordinary share of RM1.00 each	-	(71,000)	-	-
Balance as at 30 June 2012/2011	142,000	71,000	142,000	142,000

(a) On 2 April 2012, the Company completed capital repayment of RM71 million to the shareholders of the Company on the basis of RM0.50 for every one ordinary share of RM1.00 each held in the Company by cancelling RM0.50 from the par value of ordinary shares of RM1.00 each in the Company. Accordingly, the Company's paid-up ordinary share capital was reduced from 142,000,000 ordinary shares of RM1.00 each to 142,000,000 ordinary shares of RM0.50 each.

(b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

20. RESERVES

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Share premium	2,147	2,147	2,147	2,147
Distributable:				
Retained earnings/ (Accumulated losses)	42,984	45,238	23,479	(44,675)
	45,131	47,385	25,626	(42,528)

Effective from 1 January 2008, the Company is given the option to make an irrecoverable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

The Company has elected to adopt a single tier system during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

21. BORROWINGS

	Group 2012 RM'000	Group 2011 RM'000
Non-current liabilities		
Secured:		
Term loans	-	107,801
Islamic term financing	281	4,775
Hire purchase and lease creditors	92	7,067
	373	119,643
Current liabilities		
Secured:		
Bankers' acceptances	451	362
Term loans	-	4,753
Islamic term financing	1,749	3,048
Hire purchase and lease creditors	31	4,064
	2,231	12,227
Unsecured:		
Bankers' acceptances	-	38,582
Revolving credits	-	5,009
	2,231	55,818
Total borrowings		
Bankers' acceptances	451	38,944
Revolving credits	-	5,009
Term loans (Note 22)	-	112,554
Islamic term financing (Note 23)	2,030	7,823
Hire purchase and lease creditors (Note 24)	123	11,131
	2,604	175,461
Maturity of borrowings		
Within one year	2,231	55,818
More than one year and less than five years	373	57,679
Five years or more	-	61,964
	2,604	175,461

	Group 2012 Days	Group 2011 Days
Ranges of maturity period of short term bank borrowings (excluding bank overdrafts)		
Bankers' acceptances	104 - 119	70 - 105
Revolving credits	-	120
Islamic acceptance bills	86 - 120	56 - 120

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

(b) All borrowings are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

22. TERM LOANS

	Company 2012 RM'000	Company 2011 RM'000
Secured:		
Term loan I	-	52,891
Term loan II	-	59,663
Term loans	-	112,554
Repayable as follows:		
Current liabilities		
- not later than one year	-	4,753
Non-current liabilities		
- later than one year and not later than five years	-	107,801
	-	112,554

(a) Term loan I was drawn down to refinance a term loan and Murabahah Islamic term financing (Note 23 to the financial statements) and was repayable quarterly by 26 instalments commencing 30 September 2011. This facility was secured by a charge over the related plant and machinery (Note 7 to the financial statements) financed under a term loan and Murabahah Islamic term financing previously.

Term loan II was drawn down in June 2011 to finance the acquisition of new leasehold land and the purchase of plant and machinery. This facility was secured by a charge over the leasehold land as well as plant and machinery (Note 7 to the financial statements) financed under the term loan. The facility was guaranteed by the Company.

This facility has been undertaken by the Permanis Group, which was disposed off during the financial year.

(b) In connection with the term loan agreements, the Group had agreed to certain significant covenants, subject to the consent of the lenders, which include the following:

(i) The borrower shall remain as a wholly-owned subsidiary of the Company throughout the tenure of the loan;

(ii) The borrower shall not incur any borrowings;

(iii) The borrower shall not dispose any of its core business, assets, undertaking, acquiring new business or assets not related to food and beverage industry;

(iv) The borrower shall not pay dividends exceeding 30% of the profit before tax; and

(v) In the event of termination of bottling license with Pepsico International, the Bank has the right to recall the entire facilities.

(c) Information on financial risks of borrowings is disclosed in Note 44 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

23. ISLAMIC TERM FINANCING

	Group	
	2012	2011
	RM'000	RM'000
Secured		
Bai-Bithaman Ajil ("BBA")	-	4,263
Ijarah	1,437	2,519
Islamic acceptance bills	593	1,041
	2,030	7,823
Repayable as follows:		
Current liabilities		
- not later than one year	1,749	3,048
Non-current liabilities		
- later than one year and not later than five years	281	4,775
- later than five years	-	-
	281	4,775
	2,030	7,823

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

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

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

(d) Both Ijarah and Islamic acceptance bills are secured by third party legal charge over leasehold land and building of a subsidiary (Note 7 to the financial statements).

(e) Information on financial risks of borrowings is disclosed in Note 44 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

24. HIRE PURCHASE AND LEASE CREDITORS

	Group 2012 RM'000	Group 2011 RM'000
Minimum hire purchase and lease payments:		
- not later than one year	37	4,636
- later than one year and not later than five years	98	7,688
	135	12,324
Less: Future interest charges	(12)	(1,193)
Present value of hire purchase and lease creditors	123	11,131
Repayable as follows:		
Current liabilities		
- not later than one year	31	4,064
Non-current liabilities		
- later than one year and not later than five years	92	7,067
	123	11,131

(a) Included in the hire purchase and lease creditors of the Group is an amount of RM Nil (2011: RM483,823), which is guaranteed by the Company.

(b) Information on financial risks of borrowings is disclosed in Note 44 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

25. 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 statement of financial position are determined as follows:

	Group				
	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
Present value of unfunded defined benefit obligations	620	3,065	3,196	3,146	2,917
Unrecognised actuarial gain	-	339	243	186	188
	620	3,404	3,439	3,332	3,105

The total expenses recognised in profit or loss are as follows:

	Group	
	2012 RM'000	2011 RM'000
Current service cost	-	151
Past service cost	125	(40)
Interest cost	-	129
Amortisation of unrecognised gain	-	(1)
Actuarial loss	-	(7)
Expenses recognised in the statements of comprehensive income included under administrative expenses	125	232

The movements during the financial year in the amounts recognised in the statement of financial position in respect of the defined benefit plans are as follows:

	Group	
	2012 RM'000	2011 RM'000
Balance at 1 July 2011/2010	3,404	3,439
Recognised in the statements of comprehensive income	125	232
Contributions paid	(67)	(267)
Disposal of subsidiaries (Note 39)	(2,842)	-
Balance as at 30 June 2012/2011	620	3,404

The principal actuarial assumptions used are as follows:

	Group	
	2012 %	2011 %
Discount rates	5.5	5.5 and 6.3
Expected rates of salary increases	6.0	6.0 and 4.5

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	2,224	38,491	-	-
Other payables	970	27,049	186	188
Amounts owing to suppliers of property, plant and equipment (Note 7(d))	-	2,680	-	-
Deposit received	-	1,947	-	-
Accruals	1,636	36,741	667	1,057
	2,606	68,417	853	1,245
	4,830	106,908	853	1,245

(a) The credit terms available to the Group in respect of trade payables ranged from 30 to 120 days (2011: 30 to 120 days) from the date of invoice.

(b) As at the end of the previous financial year, included in trade and other payables of the Group is an amount owing of RM760,652 to a corporation in which a Director of the Company has deemed interest as at the end of reporting period, which is unsecured, interest-free and repayable based on normal credit term.

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

(d) Currency exposure for trade and other payables are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables				
Euro	28	155	-	-
US Dollar	372	3,557	-	-
Singapore Dollar	-	73	-	-
Ringgit Malaysia	1,824	34,706	-	-
Other payables				
Euro	-	1,500	-	-
US Dollar	-	139	-	-
Singapore Dollar	-	40	-	-
Ringgit Malaysia	2,606	66,738	853	1,245
	4,830	106,908	853	1,245

(e) Information on financial risks of trade and other payables are disclosed in Note 44 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

27. PROVISIONS

Group	Marketing expenses (Note (a)) RM'000	Pallet losses (Note (b)) RM'000	Employees compen-sation (Note (c)) RM'000	Market Returns (Note (d)) RM'000	Litigation claim (Note (e)) RM'000	Total RM'000
2012						
Balance as at 1 July 2011	25	190	173	2,134	1,600	4,122
Provision no longer required	-	-	(173)	-	-	(173)
Disposal of subsidiaries (Note 39)	(25)	(190)	-	(2,134)	(1,600)	(3,949)
Balance as at 30 June 2012	-	-	-	-	-	-
2011						
Balance as at 1 July 2010	25	518	170	1,755	1,600	4,068
Provision made during the financial year	-	-	3	415	-	418
Provision no longer required	-	(328)	-	(36)	-	(364)
Balance as at 30 June 2011	25	190	173	2,134	1,600	4,122

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

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

The above provisions arose from the disposed subsidiary, Permanis Sdn. Bhd.

28. CAPITAL COMMITMENTS

	Group 2012 RM'000	Group 2011 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- contracted but not provided for	-	44,283

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

29. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Future minimum lease payments				
- not later than one year	712	3,851	478	37
- later than one year and not later than five years	894	11,256	836	-
	1,606	15,107	1,314	37

30. CONTINGENT LIABILITIES

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

	Company	
	2012 RM'000	2011 RM'000
Unsecured:		
Banking facilities granted to subsidiaries	2,481	161,610
Hire purchase and lease facilities granted to subsidiaries	-	484
	2,481	162,094

The Directors are of the view that the fair value of the corporate guarantee is negligible as the chances of the financial institutions to call upon the gurantees are remote.

31. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000
Sale of goods	35,865	43,488	-	-
Management and other fees from subsidiaries	-	-	2,000	6,000
Management fees	1,273	-	1,273	-
Dividend income (gross) from a subsidiary	-	-	-	12,950
Interest income from:				
- a subsidiary	-	-	64	64
- fixed deposits	362	312	362	312
- short term investment	3,342	-	3,342	-
	40,842	43,800	7,041	19,326

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

32. COST OF SALES

Cost of sales represents cost of inventories sold.

33. PROFIT BEFORE TAX

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- Statutory:					
- current financial year		109	276	50	55
- over provision in prior financial years		-	(23)	-	-
- Non-statutory		13	8	13	8
Bad debts written off		7	12	-	-
Depreciation of property, plant and equipment	7	7,612	19,220	81	9
Directors' remuneration	34	1,048	1,509	1,048	1,509
Fair value adjustment on derivative instruments		-	1,834	-	-
Impairment loss on:					
- investment property	8	180	-	-	-
- investment in a subsidiary		-	-	14,314	-
- other investment	11	-	5	-	5
- trade receivables		228	712	-	7
- other receivables		2	5	-	-
- amounts owing by subsidiaries		-	-	224	-
Interest expense on:					
- bank overdrafts		31	19	10	11
- bankers' acceptances		20	867	-	-
- bill payables		39	48	-	-
- term loans		-	3,602	-	-
- revolving credits		-	197	-	-
- hire purchase and lease creditors		2,722	694	-	-
- others		2	389	2	-
Inventories written down		75	38	-	-
Inventories written off		-	7,351	-	-
Islamic term financing costs		145	514	-	-
Lease rental		-	1,893	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

33. PROFIT BEFORE TAX (cont'd)

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging (cont'd):					
Loss on disposal of property, plant and equipment		158	-	-	-
Property, plant and equipment written off	7	168	1,853	2	-
Provision for:					
- litigation claim	27	-	3	-	-
- retirement benefits	25	125	232	-	-
- market returns	27	-	415	-	-
Realised foreign exchange loss		1	-	-	-
Rental of equipment		10	723	-	-
Rental of motor vehicles		-	316	-	-
Rental of premises		652	8,783	213	147
Royalty paid and payable		-	654	-	-
Settlement of legal litigation		-	90	-	-
And crediting:					
Bad debts recovered		7	262	-	-
Fair value adjustment on derivative instruments		55	-	-	-
Gain on disposal of:					
- property, plant and equipment		22	24	-	-
- investments in subsidiaries		710,856	-	748,000	-
Interest income from fixed deposits		16	19	-	-
Reversal of provisions for other liabilities no longer required:					
- employee compensation	27	173	364	-	-
- market returns	27	-	36	-	-
- pallet loss	27	-	328	-	-
Rental income		836	1,300	-	-
Realised gain on foreign exchange		287	1,624	-	-
Reversal of impairment loss on trade receivables no longer required	14	197	-	-	-
Sale from inventory previously written off		-	688	-	-
Unrealised gain on foreign exchange		30	1,446	-	-
Writeback of impairment loss on amount owing by a subsidiary		45	-	45	-
Waiver of amounts owing to subsidiaries		-	-	14,200	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

34. DIRECTORS' REMUNERATION

	Group and Company	
	2012	2011
Directors of the Company	**RM'000**	**RM'000**
Executive Director		
- salaries, bonus and allowances	730	1,138
- defined contribution plan	82	137
	812	1,275
Non-Executive Directors		
- allowances	71	69
- fees	165	165
	236	234
	1,048	1,509

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 RM3,600 (2011: RM3,600).

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			
	2012		2011	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
Directors of the Company				
Below RM50,000	-	8	-	8
RM800,000 - 850,000	1	-	-	-
RM1,250,001 - RM1,300,000	-	-	1	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

35. TAX EXPENSE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current tax expense				
- Based on profit for the financial year	865	3,126	110	885
(Over)/Under provision in prior years	(17)	(49)	(16)	67
	848	3,077	94	952
Deferred tax (Note 12):				
Relating to origination and reversal of temporary differences	90	14	25	5
(Over)/Under provision in prior years	(339)	184	(360)	175
	(249)	198	(335)	180
Total tax expense from continuing operations	599	3,275	(241)	1,132
Discontinued operations				
Current tax expense				
- Based on profit for the financial year	1,679	3,707	-	-
(Over)/Under provision in prior years	-	(1,348)	-	-
Withholding tax	-	(9)	-	-
	1,679	2,350	-	-
Deferred tax (Note 12):				
Relating to origination and reversal of temporary differences	505	6,375	-	-
(Over)/Under provision in prior years	-	1,224	-	-
	505	7,599	-	-
Total tax expense from discontinued operations	2,184	9,949	-	-

Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

35. TAX EXPENSE (cont'd)

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax	691,659	5,441	728,568	15,987
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	172,915	1,360	182,142	3,997
Tax effects in respect of:				
Income not subject to tax	(180,162)	1,498	(185,824)	(3,238)
Non-allowable expenses	8,072	192	3,817	131
Double deductions	-	-	-	-
Utilisation of reinvestment allowances	-	-	-	-
Change in the unrecognised deferred tax assets during the financial year	130	90	-	-
	955	3,140	135	890
(Over)/Under provision of deferred tax in prior financial years	(339)	184	(360)	175
(Over)/Under provision of income tax in prior financial years	(17)	(49)	(16)	67
	599	3,275	(241)	1,132

Tax savings of the Group are arising from the utilisation of:

	Group	
	2012 RM'000	2011 RM'000
Unused tax losses brought forward	-	49
Reinvestment allowances	-	1,115
	-	1,164

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

36. DISCONTINUED OPERATIONS

On 21 July 2011, the Company disposed off its entire equity interests in Permanis Sdn. Bhd. and its subsidiaries ("Permanis Group"), which are engaged in selling, bottling and distribution of beverages, for a cash consideration of RM820 million. The disposal was completed on 11 November 2011 (see Note 39 to the financial statements).

An analysis of the results of the discontinued operations are as follows:

	Group	
	2012	**2011**
	RM'000	**RM'000**
Revenue	199,268	536,937
Cost of sales	(122,454)	(324,320)
Gross profit	76,814	212,617
Other operating income	1,723	5,084
Selling and distribution costs	(50,740)	(122,007)
Administrative expenses	(13,721)	(40,046)
Other expenses	(41,600)	(1,834)
Finance costs	(2,714)	(5,991)
Profit before tax	(30,238)	47,823
Tax expense (Note 35)	(2,184)	(9,949)
(Loss)/Profit for the financial period /year	(32,422)	37,874

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

	Group	
	2012	**2011**
	RM'000	**RM'000**
Realised gain on foreign exchange	(142)	(816)
Gain on disposal of property, plant and equipment	(13)	(37)
Interest income	(516)	(144)
Rental income	(836)	(1,291)
Impairment loss on trade and other receivables	203	758
Marketing expenses	41,000	4,000
Depreciation of property, plant and equipment	7,110	18,697

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

	Group	
	2012	**2011**
	RM'000	**RM'000**
Operating activities	(7,712)	54,156
Investing activities	(20,159)	(8,181)
Financing activities	42,422	10,229
	14,551	56,204

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

37. EARNINGS PER SHARE

Basic earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2012 RM'000	Group 2011 RM'000
Profit from continuing operations attributable to equity holders of the parent	691,073	2,220
(Loss)/Profit from discontinued operations attributable to equity holders of the parent	(32,422)	37,874
Profit attributable to equity holders of the parent	658,651	40,094
	Unit'000	**Unit'000**
Weighted average number of ordinary shares in issue	142,000	142,000
	Sen	**Sen**
Basic earnings per share for:		
Profit from continuing operations	486.67	1.57
(Loss)/Profit from discontinued operations	(22.83)	26.67
Basic earnings per share	463.84	28.24

38. DIVIDENDS

	Group and Company 2012 Gross dividend per share Sen	2012 Amount of dividend, single tier RM'000	2011 Gross dividend per share Sen	2011 Amount of dividend, net of tax RM'000
Special dividend paid	460.0	660,655	-	-
Interim dividend paid	-	-	5.0	5,325
Final dividend proposed	-	-	7.0	7,455
	460.0	660,655	12.0	12,780

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

39. DISPOSAL OF SUBSIDIARIES

On 11 November 2011, the Company completed the disposal of its entire equity interests in Permanis Sdn. Bhd. and its subsidiaries ("Permanis Group"), which are engaged in selling, bottling and distribution of beverages for a cash consideration of RM820 million (Note 36). The gain on disposal of the subsidiaries during the financial year is as follows:

Group	2012 RM'000
Property, plant and equipment	171,759
Investment properties	1,100
Deferred tax assets	1,143
Inventories	54,401
Trade and other receivables	123,131
Provisions	(3,949)
Derivative assets	63
Cash and bank balances	69,882
Goodwill on consolidation	47,548
Trade and other payables	(122,518)
Derivative liabilities	(1,340)
Borrowings	(213,797)
Retirement benefits obligations	(2,842)
Deferred tax liabilities	(15,437)
Net assets	109,144
Add: Gain on disposal	710,856
Net proceeds from disposal	820,000
Less: Cash and cash equivalents of the subsidiaries disposed	69,882
Net cash inflows of the Group on disposal	750,118

Company	2012 RM'000
Cost of investment	72,000
Net proceeds from disposal	820,000
Gain on disposal	748,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

40. EMPLOYEE BENEFITS

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	6,662	43,907	1,869	2,099
Social security contributions	66	304	6	5
Contributions to defined contribution plan	751	3,810	223	255
Defined benefits plans	47	200	-	-
Other benefits	1,301	2,358	191	140
	8,827	50,579	2,289	2,499

41. 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 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 10 to the financial statements;

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

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

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

(b) Related party transactions

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Corporations in which a Director of the Company has deemed interest				
- Purchases of raw materials	47	3,322	-	-
- Royalty paid and payable	168	654	-	-
Subsidiaries				
- Interest income	-	-	64	64
- Dividend income	-	-	-	12,950
- Management and other fees	-	-	2,000	6,000

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

41. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions (cont'd)

Significant balances with subsidiaries as at the end of reporting period are disclosed in Note 15 to the financial statements. The amount owing to a corporation in which a Director of the Company has deemed interest as at the end of reporting period amounted to RMNil (2011: RM760,652), which is unsecured, interest-free and repayable based on normal credit term.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Short term employee benefits	1,455	5,171	966	1,790
Contributions to defined contribution plan	140	569	82	187
	1,595	5,740	1,048	1,977

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

42. OPERATING SEGMENTS

The Group has arrived at three reportable segments that are organised and managed separately according to the business segments, which requires different business and marketing strategies. The reportable segments are summarised as follows:

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
Beverage	Selling, bottling and distribution of beverage products

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. 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 Group evaluates performance on the basis of profit or loss from operations before taxation not including non-recurring losses, such as restructuring costs and goodwill impairment.

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. Inter-segment revenue is eliminated in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

42. OPERATING SEGMENTS (cont'd)

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities and retirement benefit obligations. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the group position.

2012	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Beverage RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	35,910	7,041	199,268	-	242,219
Inter-segment revenue	(45)	(2,064)	-	-	(2,109)
Revenue from external customers	35,865	4,977	199,268	-	240,110
Interest income	16	3,704	516	-	4,236
Finance costs	(233)	(12)	(2,714)	-	(2,959)
Net finance expenses	(217)	3,692	(2,198)	-	1,277
Depreciation of property, plant and equipment	(421)	(81)	(7,110)	-	(7,612)
Segment profit/(loss) before income tax	2,212	692,776	(30,238)	(3,329)	661,421
Income tax expense	(840)	241	(2,184)	-	(2,783)
Other material non-cash items:					
- Impairment loss on investment property	-	-	-	180	180
- Impairment losses on trade and other receivables	25	2	203	2	230
- Inventories written off	76	-	-	-	76
- Property, plant and equipment written off	-	168	-	-	168
Additions to non-current assets other than financial instruments and deferred tax assets	215	1,176	12,350	-	13,741
Segment assets	36,236	87,780	-	52	124,068
Segment liabilities	7,006	859	-	188	8,053

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

42. SEGMENT INFORMATION (cont'd)

2011	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Beverage RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	43,487	19,327	536,937	-	599,751
Inter-segment revenue	-	(19,014)	-	-	(19,014)
Revenue from external customers	43,487	313	536,937	-	580,737
Interest income	19	312	144	-	475
Finance costs	(328)	(11)	(5,991)	-	(6,330)
Net finance expenses	(309)	301	(5,847)	-	(5,855)
Depreciation of property, plant and equipment	(514)	(9)	(18,697)	-	(19,920)
Segment profit/(loss)					
before income tax	8,487	2,973	41,823	(19)	53,264
Income tax expenses	(2,143)	(1,132)	(9,949)	-	(13,224)
Other material non-cash items:					
- Fair value adjustments on					
derivative instruments	-	-	1,834	-	1,834
- Impairment losses on trade					
and other receivables	55	-	662	-	717
- Inventories written off	-	-	7,351	-	7,351
- Property, plant and equipment					
written off	-	-	1,853	-	1,853
- Provisions	(40)	-	326	-	286
Additions to non-current					
assets other than					
financial instruments					
and deferred tax assets	577	17	68,376	-	68,970
Segment assets	38,501	12,278	443,699	236	494,714
Segment liabilities	10,183	1,252	279,438	362	291,235

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

42. SEGMENT INFORMATION (cont'd)

Reconciliations of reportable profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2012 RM'000	2011 RM'000
Revenue		
Total revenue for reportable segments	242,219	599,751
Elimination of inter-segmental revenues	(2,109)	(19,014)
Discontinued operations (Note 36)	(199,268)	(536,937)
Group's revenue per consolidated statement of comprehensive income	40,842	43,800
Depreciation		
Total depreciation for reportable segments	(7,612)	(19,920)
Discontinued operations (Note 36)	7,110	18,697
Group's depreciation for continuing operations	(502)	(1,223)
Profit for the financial year		
Total profit for reportable segments	661,421	53,264
Discontinued operations (Note 36)	32,422	(37,874)
Income tax expense	(2,783)	(13,224)
Profit for the financial year from continuing operations	691,060	2,166
Assets		
Total assets for reportable segments	124,068	494,714
Tax assets	1,110	3,062
Group's assets	125,178	497,776
Liabilities		
Total liabilities for reportable segments	8,053	291,235
Tax liabilities	5	16,100
Group's liabilities	8,058	307,335

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

43. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2011.

The Group manages its capital structure and makes adjustments to it, as deemed appropriate. In order to maintain or adjust the capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, issue new shares and redeem debts, where necessary. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2012 and 30 June 2011.

(b) Financial instruments

Categories of financial instruments

Group 2012	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Held to maturity RM'000	Total RM'000
Financial assets					
Trade and other receivables,					
net of prepayment	11,147	-	-	-	11,147
Cash and cash equivalents	88,762	-	-	-	88,762
Other investment	-	-	10	-	10
	99,909	-	10	-	99,919

Group 2012	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities			
Borrowings	-	2,604	2,604
Trade and other payables	-	4,830	4,830
	-	7,434	7,434

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

43. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Categories of financial instruments (cont'd)

Company 2012	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Held to maturity RM'000	Total RM'000
Financial assets					
Trade and other receivables, net of prepayments	204	-	-	-	204
Amounts owing by subsidiaries	4,789	-	-	-	4,789
Cash and cash equivalents	86,411	-	-	-	86,411
Other investment	-	-	10	-	10
	91,404	-	10	-	91,414

Company 2012	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities			
Trade and other payables	-	853	853

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

43. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Categories of financial instruments (cont'd)

Group 2011	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Held to maturity RM'000	Total RM'000
Financial assets					
Trade and other receivables, net of prepayments	120,976	-	-	-	120,976
Cash and cash equivalents	70,820	-	-	-	70,820
Other investment	-	-	10	-	10
Derivative assets	-	8	-	-	8
	191,796	8	10	-	191,814

Group 2011	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities			
Borrowings	-	175,461	175,461
Trade and other payables	-	106,908	106,908
Derivative liabilities	1,340	-	1,340
	1,340	282,369	283,709

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

43. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Categories of financial instruments (cont'd)

Company 2011	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Held to maturity RM'000	Total RM'000
Financial assets					
Trade and other receivables, net of prepayments	65	-	-	-	65
Amounts owing by subsidiaries	12,145	-	-	-	12,145
Cash and cash equivalents	12,163	-	-	-	12,163
Other investment	-	-	10	-	10
	24,373	-	10	-	24,383

Company 2011	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities			
Amounts owing to subsidiaries	-	14,245	14,245
Trade and other payables	-	1,245	1,245
	-	15,490	15,490

(c) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

	Group	
2012	Carrying amount RM'000	Fair value value
Recognised		
Financial liabilities:		
Hire purchase and lease creditors	123	109
2011		
Financial liabilities:		
Hire purchase and lease creditors	11,131	10,481

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

43. FINANCIAL INSTRUMENTS (cont'd)

(d) Determination of fair values

Methods and assumptions used to estimate fair values

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(ii) Hire purchase and lease creditors

The fair values of these borrowings are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

(iii) Other investment

The fair value of club membership is determined by reference to comparable market value of similar investment.

(iv) Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

The fair value of a currency swap contract is the amount that would be payable or receivable upon termination of the position at the end of the reporting period, and is calculated as the difference between the present value of the estimated future cash flows at the contracted rate compared to that calculated at the spot rate as at the end of the reporting period.

(e) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

43. FINANCIAL INSTRUMENTS (cont'd)

(e) Fair value hierarchy (cont'd)

As at 30 June 2012, the Group held the following financial instruments carried at fair values on the statement of financial position:

Assets measured at fair values

Group	2012 RM RM'000	Level 1 RM RM'000	Level 2 RM RM'000	Level 3 RM RM'000
Available-for-sale financial asset				
- Club membership	10	-	10	-

During the reporting period ended 30 June 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

As at 30 June 2011, the Group held the following financial instruments carried at fair values on the statement of financial position:

Group	2011 RM RM'000	Level 1 RM RM'000	Level 2 RM RM'000	Level 3 RM RM'000
Financial assets at fair value through profit or loss				
- Forward currency contracts	8	-	8	-
Available-for-sale financial asset				
- Club membership	10	-	10	-

Group	2011 RM RM'000	Level 1 RM RM'000	Level 2 RM RM'000	Level 3 RM RM'000
Financial liabilities at fair value through profit or loss				
- Cross currency swap	1,340	-	1,340	-

During the reporting period ended 30 June 2011, there were no transfers between Level 1 and Level 2 fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk arises in the normal course of the Group's businesses. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

The Group's overall business strategies, its tolerance of risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. Financial risk management is carried out through risk review, internal control systems and adherence to the Group's financial risk management policies. The Group does not have financial instruments for trading purposes.

The Group's management policies for managing each of the financial risk are summarised below:

(i) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

The Group's primary exposure to credit risk arises through its trade receivables. The carrying amount of financial assets as recorded in the financial statements, grossed up for any impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Credit risk concentration profile

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than the amounts owing by subsidiaries of RM4,789,420 (2011: RM12,145,332).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits with licensed banks, that are neither past due nor impaired are placed with or entered into with financial institutions with good standing.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, the management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and development activities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Liquidity and cash flow risk (cont'd)

	2012			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial liabilities:				
Trade and other payables	4,830	-	-	4,830
Borrowings	2,231	373	-	2,604
Total undiscounted financial liabilities	7,061	373	-	7,434
Company				
Financial liabilities:				
Trade and other payables	853	-	-	853
Total undiscounted financial liabilities	853	-	-	853

	2011			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial liabilities:				
Trade and other payables	106,908	-	-	106,908
Borrowings	68,047	72,109	68,496	208,652
Derivative liabilities	1,340	-	-	1,340
Total undiscounted financial liabilities	176,295	72,109	68,496	316,900
Company				
Financial liabilities:				
Trade and other payables	1,245	-	-	1,245
Total undiscounted financial liabilities	1,245	-	-	1,245

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is subject to foreign exchange fluctuations through the import of raw materials and packaging materials and export of finished goods. The Group periodically uses foreign currency forward contracts to protect against the volatility associated with foreign currency transactions for receivables denominated in currencies other than the functional currency of the operating entities within the Group.

Group	Foreign currency	Expiry dates	Contract amounts in foreign currency	RM'000 equivalent
2011				
Forward contracts used	USD	July 2011	200,000	607
to hedge trade payables	USD	August 2011	350,000	1,052

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

	Group 2012 RM'000	Group 2011 RM'000
Trade receivables		
US Dollar	62	174
Singapore Dollar	36	-
Other receivables		
US Dollar	899	1,294
Trade payables		
Euro	28	155
US Dollar	372	3,557
Singapore Dollar	-	73
Other payables		
Euro	-	1,500
US Dollar	-	139
Singapore Dollar	-	40

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a 3% change in the US Dollar, Euro and Singapore Dollar exchange rates against the Ringgit Malaysia respectively, with all other variables held constant. 3% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(iii) Foreign currency risk (cont'd)

The sensitivity analysis includes only significant outstanding balances denominated in foreign currencies.

If the relevant foreign currency strengthens by 3% against the functional currency of the Group as at the end of the reporting period, profit for the financial year would decrease by the following amounts, mainly due to period end exposure on monetary balances denominated in the respective foreign currencies.

	Group	
	30.6.2012	**30.6.2011**
	RM'000	**RM'000**
	Profit after tax	**Profit after tax**
USD/RM	13	50
EUR/RM	1	37
SGD/RM	-	3

If the relevant foreign currency weakens by 3% against the functional currencies as mentioned, impact on the profit for the financial year would be vice versa.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the interest-bearing borrowings on floating rates. The Group does not use derivative financial instruments to hedge this risk.

<u>Sensitivity analysis for interest rate risk</u>

As at 30 June 2012, if interest rates at the date had been 100 basis points lower with all other variables held constant, post-tax profit for the year would have been RM4,886 higher, arising mainly as a result of lower interest expense on variable borrowings. If interest rates had been 100 basis points higher, with all other variables held constant, post-tax profit would have been RM4,886 lower, arising mainly as a result of higher interest expense on variable borrowings.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(iv) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEAIR") as at the end of the reporting period 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 2012									
Fixed rate instruments									
Deposits placed with financial institutions	16	3.60	86,123	-	-	-	-	-	86,123
Hire purchase and lease creditors	24	4.55	31	31	61	-	-	-	123
Floating rate instruments									
Bankers' acceptances	21	3.43	451	-	-	-	-	-	451
Islamic acceptance bills	23	4.40	593	-	-	-	-	-	593
Islamic term financing	23	7.85	1,156	281	-	-	-	-	1,437
Company									
At 30 June 2012									
Fixed rate instruments									
Amount owing by a subsidiary	15	8.00	4,789	-	-	-	-	-	4,789
Deposits placed with financial institutions	16	3.06	86,050	-	-	-	-	-	86,050

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 JUNE 2012

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(iv) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEAIR") as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to 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 2011									
Fixed rate instruments									
Deposits placed with financial institutions	16	3.11	12,650	-	-	-	-	-	12,650
Deposits placed with an institutional trustee	16	4.20	1,966	-	-	-	-	-	1,966
Hire purchase and lease creditors	24	5.90	4,064	2,820	2,110	1,532	605	-	11,131
Floating rate instruments									
Bankers' acceptances	21	3.41	38,944	-	-	-	-	-	38,944
Revolving credits	21	4.70	5,009	-	-	-	-	-	5,009
Term loans	22	4.32	4,753	5,862	8,681	15,342	15,952	61,964	112,554
Islamic acceptance bills	23	5.08	1,041	-	-	-	-	-	1,041
Islamic term financing	23	9.73	2,007	2,459	1,099	1,189	28	-	6,782
Company									
At 30 June 2011									
Fixed rate instruments									
Amount owing by a subsidiary	15	8.00	800	-	-	-	-	-	800
Deposits placed with financial institutions	16	3.14	12,000	-	-	-	-	-	12,000

45. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 21 July 2011, the Company disposed off its entire equity interests in Permanis Sdn. Bhd. and its subsidiaries ("Permanis Group"), which are engaged in selling, bottling and distribution of beverages for a cash consideration of RM820 million. The disposal was completed on 11 November 2011.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
30 JUNE 2012

46. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained profits/(accumulated losses) as at the end of the reporting period may be analysed as follows:

	2012	
	Group RM'000	**Company RM'000**
Total accumulated losses of C.I. Holdings Berhad and its subsidiaries:		
- Realised	(121,427)	23,634
- Unrealised	1,843	(155)
	(119,584)	23,479
Less: Consolidation adjustments	162,568	-
Total group/company retained profits as per consolidated accounts	42,984	23,479

	2011	
	Group RM'000	**Company RM'000**
Total accumulated losses of C.I. Holdings Berhad and its subsidiaries:		
- Realised	(145,426)	(44,495)
- Unrealised	(15,932)	(180)
	(161,358)	(44,675)
Less: Consolidation adjustments	206,596	-
Total group/company retained profits/ (accumulated losses) as per consolidated accounts	45,238	(44,675)

LIST OF PROPERTIES

PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2012

Tenure	Location	Approximate Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
NEGERI SEMBILAN DARUL KHUSUS						
Leasehold	Land with building at	130,680	33	Factory for	10/06/1978	990
99 years	HS(D) 658, PT 1342	(Built-up		Manufacturing		
expiring 2077	Senawang Industrial Estate	Area)		Tap wares		
	Seremban, Negeri Sembilan					
Freehold	Land at	91,168	-	Bungalow	03/11/1999	-
(2 individual Lots)	HS (D) 14031, PT 3272			Land for		
	HS (D) 14036, PT 3277			Future		
	Mukim Si Rusa			Developement		
	Daerah Port Dickson			of Orchard		
	Negeri Sembilan			and building		
MELAKA						
Leasehold	Land with building at	93,099	17	Factory for	03/11/1995	5,717
99 years	Lot No. 6672 - 6674	(Built-up		Manufacturing		
expiring 2101	PM No. 567 - 569	Area)		Sanitary wares		
	Lot No. 6667 - 6669					
	PM No. 571 - 573					
	Mukim Sungei Baru Tengah					
	Daerah Alor Gajah, Melaka					
						6,707

ANALYSIS OF SHAREHOLDINGS
AS AT 14 SEPTEMBER 2012

Authorised share capital	:	RM250,000,000.00
Issued and fully paid-up share capitaL	:	RM71,000,000.00
Class of shares	:	Ordinary shares of RM0.50 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	51	1.40	1,128	0.00
100 - 1,000	1,094	30.14	963,280	0.68
1,001 - 10,000	2,005	55.23	8,715,992	6.14
10,001 - 100,000	423	11.65	11,570,300	8.15
100,001 to less than 5% of issued shares	54	1.49	55,349,900	38.98
5% and above of issued shares	3	0.08	65,399,400	46.06
Total	3,630	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	43,350,000	30.53	-	-
2.	Continental Theme Sdn Bhd	14,922,100	10.51	-	-
3.	Datin Mariam Prudence Binti Yusof	-	-	21,422,800[1]	15.09[1]
4.	Syed Khalil Bin Syed Ibrahim	-	-	14,992,100[2]	10.51[2]

Notes:

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

[2] Deemed interest by virtue of his substantial shareholding in Continental Theme Sdn Bhd.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name	Direct No. Of Shares Held	%	Indirect No. Of Shares Held	%
1.	Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	60,000	0.04	-	-
2.	Datuk Johari Bin Abdul Ghani	43,350,000	30.53	-	-
3.	Datin Mariam Prudence Binti Yusof	-	-	21,422,800[1]	15.09[1]

Note:

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

ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 14 SEPTEMBER 2012

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 14 SEPTEMBER 2012

No.	Name	No. of Shares	%
1	Datuk Johari Bin Abdul Ghani	43,350,000	30.53
2	Cimsec Nominees (Tempatan) Sdn Bhd	14,922,100	10.51
	CIMB for Continental Theme Sdn Bhd		
3	HSBC Nominees (Asing) Sdn Bhd	7,127,300	5.02
	Exempt an for Credit Suisse		
4	Izzat Bin Othman	5,401,200	3.80
5	Duclos Sdn Bhd	5,360,000	3.78
6	Leasing Corporation Sdn Bhd	4,686,400	3.30
7	Syed Ibrahim Sdn Bhd	4,540,000	3.20
8	Octave Interest Sdn Bhd	3,550,000	2.50
9	Sisma Water Technology Sdn Bhd	3,507,400	2.47
10	Du Ain Sdn Bhd	3,329,000	2.34
11	Cimsec Nominees (Tempatan) Sdn Bhd	2,500,000	1.76
	Bank of Singapore Ltd for Erwin Selvarajah A/L Peter Selvarajah		
12	Mohd Nazasli Bin Abdul Aziz	2,030,000	1.43
13	Maybank Nominees (Tempatan) Sdn Bhd	2,020,000	1.42
	Pledged Securities Account for Erwin Selvarajah A/L Peter Selvarajah		
14	HDM Nominees (Tempatan) Sdn Bhd	1,880,000	1.32
	UOB Kay Hian Pte Ltd for Susanna Lam Quay Mui @ Lim Kwi Mui		
15	Mohd Nazasli Bin Abdul Aziz	1,720,000	1.21
16	Tiger Vest Sdn Bhd	1,355,800	0.96
17	RDS Network Sdn Bhd	1,200,000	0.85
18	Cimsec Nominees (Tempatan) Sdn Bhd	1,109,200	0.78
	CIMB for Syed Khalil Bin Syed Ibrahim		
19	HSBC Nominees (Asing) Sdn Bhd	1,000,000	0.70
	CS Zurich for Mohamed Sahaheldin Mohamed Sami Abdelkader		
20	Alliancegroup Nominees (Tempatan) Sdn Bhd	984,000	0.69
	Pledged Securities Account for Ong Joo Theam		
21	Citigroup Nominees (Asing) Sdn Bhd	950,000	0.67
	Exempt an for UBS AG Singapore		
22	M & S Food Industries Sdn Bhd	674,800	0.48
23	A. A. Anthony Nominees (Asing) Sdn Bhd	550,000	0.39
	Pledged Securities Account for Jimmy Phua Swee Pah		
24	Citigroup Nominees (Tempatan) Sdn Bhd	453,000	0.32
	Kumpulan Wang Persaraan (Diperbadankan)		
25	Azri Bin Abdul Ghani	432,000	0.30
26	Amsec Nominees (Asing) Sdn Bhd	400,000	0.28
	Pledged Securities Account for Jimmy Phua Swee Pah		
27	Chaw Joon Shyan	381,100	0.27
28	HSBC Nominees (Asing) Sdn Bhd	357,500	0.25
	Exempt an for USB AG		
29	HLG Nominee (Tempatan) Sdn Bhd	316,100	0.22
	Pledged Securities Account for Ong Joo Theam		
30	HSBC Nominees (Asing) Sdn Bhd	315,100	0.22
	Exempt an for KAS Bank Effectenbewaarbedrijf N. V.		
		116,402,000	**81.97**

ADDITIONAL COMPLIANCE INFORMATION

CORPORATE PROPOSALS

The Company has carried out the following corporate exercises during the financial year ended 30 June 2012:

(i) Proposed disposal of 70 million ordinary shares of RM1.00 each, representing 100% of the issued and paid up share capital of Permanis Sdn Bhd, a wholly-owned subsidiary of the Company ("Proposed Disposal")

Date	Particulars
21 July 2011	The Company entered into a conditional Share Sale Agreement with Asahi Group Holdings, Ltd for the proposed disposal of 70 million ordinary shares of RM1.00 each, representing 100% of the issued and paid up share capital of Permanis Sdn Bhd, a wholly-owned subsidiary of the Company ("Disposal"), for total cash consideration of RM820.0 million.
12 October 2011	The Company obtained an approval from the Ministry of International Trade and Industry (MITI) for the Disposal.
27 October 2011	Shareholders' approval obtained for the Disposal.
11 November 2011	The Company received the full proceeds of the Disposal, marking the completion of the Disposal. On the same day, the Company announced that the entitlement date for the Special Dividend been fixed on 29 November 2011.
9 December 2011	Special Dividend was paid to the shareholders.

(ii) Proposed Capital Repayment of RM0.50 per ordinary shares of RM1.00 each ("Proposed Capital Repayment")

Date	Particulars
18 January 2012	The Company obtained the approval from its shareholders for the Proposed Capital Repayment of RM0.50 per ordinary shares of RM1.00 each and the amendment to its Memorandum of Association to facilitate the implementation of the Proposed Capital Repayment.
19 January 2012	The Company filed the application to the High Court for the court order in respect of the Proposed Capital Repayment.
28 February 2012	The Company granted an order from the High Court approving the Capital Repayment under Section 64 of the Companies Act, 1965.
5 March 2012	The Company announced that the entitlement date for the Capital Repayment has been fixed on 20 March 2012.
2 April 2012	The Company announced that the Proposed Capital Repayment has been completed.

UTILISATION OF PROCEEDS

Particulars	Total Proceeds (RM'000)	Utilised (RM'000)	Unutilised (RM'000)
Special Dividend Payment	653,200	653,200	-
Capital Repayment Distribution	71,000	71,000	-
Expenses Incurred in relation to the Disposal	22,423	22,423	-
Expenses Incurred in relation of the Capital Repayment Distribution	399	399	-
Placement in Fixed Deposits for Future Investment/ Working Capital	72,978	72,978	-
Total Proceeds from Disposal	820,000	820,000	-

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

SHARE BUY-BACK

The Company did not carry out any share buy-back during the financial year ended 30 June 2012.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants nor convertible securities issued by the Company during the financial year ended 30 June 2012.

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 2012.

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 2012.

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 2012 was RM73,200.00.

VARIATION IN RESULTS

There were no material variances between the results of the financial statements for the year ended 30 June 2012 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 2012.

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 2012.

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 2012 pursuant to the shareholders' mandate obtained on 27 October 2011 are as follows:

Related Party	**Transacting Party**	**Nature of Transaction**	**Actual (RM'000)**
SV Beverages Holdings Sdn Bhd (661536-U) ("SVB")	Permanis Sdn Bhd (15978-V) ("Permanis")	Purchase of raw materials by Permanis from SVB	47
		Royalty payable by Permanis to SVB	168

The above recurrent related party transactions of a revenue or trading nature ceased when the Company disposed off Permanis on 11 November 2011.

Form of Proxy

C.I. HOLDINGS BERHAD 37918-A

CDS Account No.	
Number of Shares Held	

Thirty-Fourth Annual General Meeting

I/We ____

(NRIC No./ Passport No./ Company No.) ____

of ____

being a member of C.I. HOLDINGS BERHAD ("the Company") hereby appoint ____________________

____________________ (NRIC No./ Passport No.) ____________________

of ____

or failing him/her, ____________________ (NRIC No./ Passport No.) ____________________

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company to be held at A-LG-1, Lower Ground Floor, Hampshire Place Office, 157 Hampshire, No.1, Jalan Mayang Sari, 50450 Kuala Lumpur on Wednesday, 31 October 2012 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 approve the payment of Directors' Fees		
Ordinary Resolution 2	To re-elect Ms. Teh Bee Tein as Director		
Ordinary Resolution 3	To re-elect Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee as Director		
Ordinary Resolution 4	To re-appoint Messrs BDO as Auditors of the Company		
	SPECIAL BUSINESS		
Ordinary Resolution 5	To retain Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz as an Independent Non-Executive Director		
Ordinary Resolution 6	To retain Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee as an Independent Non-Executive Director		
Ordinary Resolution 7	To retain Nor Hishammuddin Bin Dato' Mohd Nordin as an Independent Non-Executive Director		
Special Resolution	To approve the Proposed Amendments to the Company's Article of Association		

(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 October, 2012

____
(Signature/Common Seal of Shareholder)

Notes:

1. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 24 October 2012. Only a member whose name appears in the Record of Depositors as at 24 October 2012 shall be entitled to attend the Meeting and to speak and vote thereat.
2. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies 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. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. A member of the Company may appoint one or more than one proxy to attend the Meeting. 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 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.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositires) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. To be valid, the Form of Proxy must be completed, signed and deposited at the Company's registered office at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 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. HOLDING BERHAD

(Company no. 37918-A)

Suite A-11-1, Level 11,
Hampshire Place Office,
157 Hampshire,
No. 1, Jalan Mayang Sari,
50450 Kuala Lumpur

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