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 CR efforts of the Group have been recognised in the Starbiz-ICR Malaysia Corporate Responsibility Awards 2010, where we were one of only 10 finalists in the category of companies below RM1 billion market capitalisation.

The Group's Beverage Division has also been awarded Southeast Asia Business Unit Bottler of the Year 2010 Award by PepsiCo Asia Pacific; a distinction which recognises companies which meet key criteria that includes, inter alia leadership in corporate responsibility, sales performance, market share as well as marketing/promotion innovation.

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.

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

- Juice – Tropicana Twister, a product range made with real juice and enriched with the benefits of vitamins: Orange (containing Vitamins A, C and E and real pulp), Apple (containing Vitamin C), Blackcurrant (containing Vitamin E), Lychee (containing Vitamins C and E)
- Tea – Lipton (which is a natural source of Antioxidants) and Lipton Green Tea 9 fortified with 9 natural ingredients
- Water – Bleu and Shot
- Refreshing Carbonated Beverages – Pepsi, 7Up, Mirinda, Mountain Dew, Evervess, Frost, Kickapoo
- Zero Sugar/ Zero Calorie Carbonated Beverages – Pepsi Max and Pepsi Light
- Isotonics – Revive B-Boost (enriched with Vitamins B3, B6 and B12), Revive C-Shield (enriched with Vitamin C), Excel (enriched with Vitamin C), Gatorade (that has been scientifically proven to rehydrate faster than water)
- Energy Drinks – Sting
- Coffee - Boss
- Asian Drinks – Chill available in Soya Bean, Grass Jelly and Chrysanthemum Tea (with no added preservatives or colouring)

During the year under review, 3 new healthier products were launched, Revive Lime Burst (an extension of Revive Regular) fortified with Vitamin C, Tropicana Twister Blackcurrant and Tropicana Twister Lychee. These launches add to the broad portfolio of products on offer including many healthier options for the consumer to choose from. As part of our efforts to remain relevant to the ever-evolving market, we have given 7Up and Revive Isotonic fresh looks by launching new logos and product packaging. The Revive variants have also been renamed from Revive Regular to Revive B-Boost and from Revive Lime Burst to Revive C-Shield to more explicitly and clearly communicate their functional properties.

The Group's Tap and Sanitary Ware Division also offers a comprehensive range of tap and sanitary ware from low, mid and upper-end tap and sanitary wares to specialist products such as clinical, public wash room, vandal resistant and sensor products.

The Group employs strict quality control processes and procedures to ensure that all of its products meet high quality standards. Its beverages are produced to meet PepsiCo Inc. standards, which are widely considered to be among the highest standards in the world. In addition to adhering to PepsiCo's stringent global standards, its operations are also accredited with numerous other certifications as follows:

- QMS ISO 9001:2008 issued by IQNet and SIRIM QAS International Sdn Bhd ("SIRIM")
- MS 1480:2007 - Food Safety According to Hazard Analysis and Critical Control Points (HACCP) System (First Revision) by SIRIM
- Halal certification by Halal Industry Development Corporation

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

Both the Beverage and Tap and Sanitary Ware Divisions ensure periodic benchmarking to ensure our products are affordable and fairly priced relative to competitors.

1.2 Stakeholder Engagement

The Group also focuses on continuous optimisation of its business processes, effective management and good corporate governance towards enhancing stakeholder value. The Group places great importance on engaging its stakeholders towards building strong relationship with our 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. Each division of the Group also has a dedicated website, which allows for communication of all matters relating to the company to the general public, as well as receiving feedback/complaints. Any 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. The Beverage Division holds half-yearly business review with key customers to obtain relevant and constructive feedback, where it will allow the Beverage Division to alter the various programmes to suit the customers' business. Our efforts in this area has resulted in us being awarded Beverage Supplier of the Year 2010 in the ready-to-drink/chilled category by Giant Hypermarket ("Giant"), the leading retailer in Malaysia, for our strong business relationship and sales volume growth with Giant.

As for the Tap and Sanitary Ware Division, 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.

In order to be abreast with the 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.

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.

Safety and Health Committees are established at the respective divisions with the task of ensuring a safe and healthy environment as far as practicable, by preparing and updating/revising safety policies and ensuring effective implementation of the policies. 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.

In the period under review, a Health and Environment Week was held, which included a blood donation drive, 'No-smoking Day', health screening and 3R (Reduce, Reuse & Recycle) Drive. This event was successfully carried out with participation by the Company's employees and employees from Majlis Perbandaraan Kajang (MPKJ).

First Aid and Cardiopulmonary Resuscitation (CPR) training for 30 selected employees from the respective work places and shifts was conducted to ensure a trained First Aider is on hand in case of emergencies.

To the best of the Group's knowledge, there has been no accident or injury at the work place during the period 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 day's pay for a fair day's 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. For the period under review, a total of 8,871 man-hours were invested in developing employee skills and knowledge via both in-house and external progammes. 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. The Group staff's ethnic composition is 50% Malay, 30% Chinese, 13% Indian and 8% other, which is broadly in line with the Malaysian population.

To promote a healthy lifestyle and further strengthen relationship amongst the employees, a sports and recreation club was formed. The club has four bureaus– sports, recreation, welfare and community. On 3 November 2009 the club was officially registered with the Registrar of Societies.

Regular sporting and fitness activities are held frequently, including, badminton every month, futsal every month, football every fortnight and aerobics/dancing classes every week. In addition, the Group's football/futsal teams had various friendly matches against teams such as Karang Setra, Sapura, Kelab Bola Sepak Seksyen 3 Bangi and Politeknik Nilai. Its football team also participated in various tournaments such as Bangi Inter-Industry Futsal Tournament, tournaments organised by the Bangi Industry Administrative Association (BIAA) including its Futsal Tournament and its 9-a-side football tournament.

To further boost staff morale, encourage interaction amongst staff and help instil a sense of belonging the Group had organised numerous activities throughout the period under review, such as follows:

- Karnival Santai – attended by 770 staff and family members
- Annual Dinner – 'Masquerade' theme
- Treasure Hunt – 40 teams participated
- Inter-department futsal tournaments - was organised twice during the year
- Leisure futsal matches – participated by employees and their family members, inclusive of children from the orphanage home Kompleks Kebajikan Rukaiyah (KKR), Kajang

One of the other ways the Group strives to instil a sense of belonging to each employee regardless of position, is via an induction programme. The induction programme is facilitated by Human Resource Department and supported by senior management of the Group.

3. COMMUNITY

The Group is also committed to contributing positively to the community with a specific focus of promoting sports and an active and healthy lifestyle through several sponsored events throughout the year, including;

- Runs/Walks : 1Malaysia Larian Serentak, Tesco Walk For Schools Run, World Hunger Relief Walk, Botanic Klang Charity Run, Larian Keputeraan Sultan Perak, Kordel Charity Walk, Penang Malakoff Run 2011
- Basketball: USJ19 Street 5 Basketball, Gatorade Uni-College Basketball Leagues, Revive High School Basketball Leagues 2011, Balakong Community Basketball League, National Basketball League
- Football/futsal : 1Malaysia Putrajaya Futsall, Admiral Futsal 2010, RSC Junior Football Tournament, Sports Unite Unity Futsal
- Golf: CIMB Asia Pacific Open, MST I Love Golf Tournament 2010, Naza TTDI Charity Golf, Sime Darby LPGA Golf
- Others: Chinese Media Association Badminton Games, Mountain Bike Challenge Putrajaya, NST CEO Charity Tennis, Bintang Rugby Club Junior Tournament, Le Tour De Langkawi 2011, Canon Malaysian Open Bowling

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

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

The Group continues to help build its communities' intellectual capital via management trainee programme, industrial trainee programme and factory tours by schools, universities and government agencies.

4. ENVIRONMENT

The Group is principally committed to ensure that it actively minimises the impact its business operations have on the environment. The Group manages its environmental impact in the following areas; raw material utilisation, waste management, energy and water conservation and supply chain optimisation.

The Group aims to reduce raw material wastage and/or utilisation via its ongoing product wastage elimination programme and product and packaging design optimisation. In addition the Group collects and reuses wooden pallets instead of using one-way pallets. It also specifies recycled packaging products where possible. The Group aims to conserve energy and water through our ongoing optimisation of production processes.

During the period under review, the Beverage Division completed a pilot project to down-gauge its aluminium cans to reduce aluminium utilisation by 2.5%, and has commenced the usage of this new lighter-weight cans commercially. In addition, the Division continues to down-gauge the weight of polyethylene terephthalate ("PET") bottles. In the year under review, the Beverage Division implemented the down gauging of two more of its bottles. The new designs implemented have lowered the weight of the respective PET bottles by about 13%. The Beverage Division also implemented a new pallet stretch wrapping process to reduce material usage by 15% for its 600ml carbonated beverage line. It will rollout this innovation to its new process for its other lines in the future.

The Beverage Division is continuing in the second phase of its energy saving project and the steam recovery project to help reduce energy usage in the generation of steam.

In September 2011, the Beverage Division completed its investment in a new state-of-the-art German non-carbonated production line. Among the key supplier selection criterion were energy consumption, wastage and ability to down-gauge pack weight. These same criterions were also considered during the selection of suppliers for the new carbonated beverage line to be installed in the current financial year.

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

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

The Group also optimises its supply chain to further reduce its impact on the environment. Pallet configuration is optimised by product to reduce fuel consumption.

The Beverage Division worked on a project with local truck builders and its transporters to pilot a new type of truck that can accommodate 32 pallets instead of the usual 20 pallets, a remarkable 60% increase in capacity thereby reducing fuel consumption. This truck made it into the Malaysian Book of Records for 'Longest Truck'. The Division has already commenced utilising 5 such trucks and aims to progressively increase the size of its fleet in the future.

To further reduce the supply chain's carbon footprint, the Beverage Division worked with leading information technology development company MIMOS Berhad to develop an innovative Dynamic Route Planning software. The software uses GPS tagging to automate and optimise delivery route planning with the aim of reducing distance travelled and thus fuel consumption by 25%.

The Beverage Division also recently completed the acquisition of a new warehouse near the plant in Bangi, where it plans to consolidate all its overflow warehouse requirements further optimising its logistics and transportation requirements and in doing so further reducing fuel consumption and carbon footprint.

Where possible, the Group also looks to source from local suppliers to reduce the carbon footprint of inbound raw materials. For the appointment of suppliers, priority is given to suppliers with EMS 14000 certification.

To the best of our knowledge, the Group has not been issued any fines for non-compliance with any environmental laws and regulations.

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 2011, 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 2011. 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

The Group's Corporate Governance was recognised as one of the top 100 companies in the Malaysian Corporate Governance Index 2010 conducted by the Minority Shareholder Watchdog Group. It ranked 66 of 957 companies (in 2010) listed on Bursa Securities.

1. BOARD OF DIRECTORS

1.1 Board Composition and Balance

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

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

The Board as at the date of this Statement, comprises 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 7 to 11 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
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	2
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	-

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

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 four (4) times a year with additional meetings taking place when necessary.

During the financial year ended 30 June 2011, six (6) 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 (%)
Dato' Seri Abdul Ghani Bin Abdul Aziz	5/6	83.3
Datuk Johari Bin Abdul Ghani	6/6	100.0
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	6/6	100.0
Nor Hishammuddin Bin Dato' Mohd Nordin	5/6	83.3
Dato' Azmeer Bin Rashid	6/6	100.0
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee	4/6	66.7
Datin Mariam Prudence Binti Yusof	6/6	100.0
Teh Bee Tein	6/6	100.0
Kasinathan A/L Tulasi (Appointed on 8 February 2011)	2/2	100.0

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:

- Datuk Johari bin Abdul Ghani
- Datin Mariam Prudence binti Yusof

In accordance with the Article 98 of the Articles of Association of the Company, Mr. Kasinathan a/l Tulasi retires at the forthcoming AGM and being eligible, offer himself for re-election.

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

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

2. BOARD COMMITTEES

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

2.1 Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the Internal Audit 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 2011 are set out on pages 36 to 40 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 2011, 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 2011 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 2011, are as follows:-

Directors	Description	No. of Meetings Attended
Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Independent Non-Executive Chairman	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;

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 2011 and the main activities undertaken by the Committee were as follows :-

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

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

iii) the performance of individual Directors;

iv) to recommend directors to fill seats on Board Committee; and

v) 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 2011 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 2011 the Nomination Committee concluded that each board member had been competent in discharging his/her duties and responsibilities.

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

3. DIRECTORS' TRAINING

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

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

During the financial year under review, all the Directors of the Company had attended and participated in various seminars and forums in areas of finance, risk management, tax, accounting and regulatory updates. Some of the seminars or courses attended by the directors during the financial year ended 30 June 2011 includes the following:-

Directors	Description	Number of Hours Attended
Dato' Seri Abdul Ghani bin Abdul Aziz	• Financial Reporting Standard (FRS) 139 & FRS 137 Briefing	8
Datuk Johari bin Abdul Ghani	• Financial Reporting Standard (FRS) 139 & FRS 137 Briefing	8
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	• Financial Reporting Standard (FRS) 139 & FRS 137 Briefing	8
	• Controversies on Financial Reporting in Malaysia – An Educational Perspective and Reviewing the Risk and Control on the Quality of Financial Statement	8
	• Executing Change Management Initiatives	8
Nor Hishammudin bin Dato' Mohd Nordin	• Financial Reporting Standard (FRS) 139 & FRS 137 Briefing	8
Dato' Azmeer bin Rashid	• Financial Reporting Standard (FRS) 139 & FRS 137 Briefing	8
Datuk Wira Syed Ali bin Tan Sri Syed Abbas Alhabshee	• Financial Reporting Standard (FRS) 139 & FRS 137 Briefing	8
Datin Mariam Prudence Binti Yusof	• Financial Reporting Standard (FRS) 139 & FRS 137 Briefing	8
	• Making sense of the contemporary financial and accounting reports in the new reporting regime & corporate governance and reviewing the risk and control on the quality of Financial Statement	8

Directors	Description	Number of Hours Attended
Teh Bee Tein	• National Tax Conference 2010	16
	• Financial Reporting Standard (FRS) 139 & FRS 137 Briefing	8
	• 2010 Budget Seminar - Highlights & Implications	8
	• 18th World Congress of Accountants 2010	24
	• Bengkel Cukai : Cukai Pendapatan Koperasi	8
	• Taxation for Property Developers and Construction Companies	8
	• Workshop on Transfer Pricing and International Tax Planning	8
Kasinathan A/L Tulasi	• Mandatory Accreditation Programme for Directors of Public Listed Companies	16

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.

4. DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration framework for Executive Directors including making recommendations to the Board for all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors. Any salary review takes into account market rates and the performance of the individual and the Group.

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

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

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

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 Group 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 2011, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are as follows:-

	Salary RM'000	Bonus RM'000	Leave Passage RM'000	Allowance RM'000	Benefit-in-kind RM'000	Directors' Fees RM'000	Total RM'000
Executive							
Datuk Johari Bin Abdul Ghani	617[1]	488[2]	50	120[3]	4	-	1,279
Non-Executive Directors							
Dato' Seri Abdul Ghani Bin Abdul Aziz	-	-	-	7	-	25	32
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	-	-	-	11	-	20	31
Nor Hishammuddin Bin Dato' Mohd Nordin	-	-	-	16	-	20	36
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	-	-	-	6	-	20	26
Teh Bee Tein	-	-	-	17	-	20	37
Kasinathan A/L Tulasi	-	-	-	2	-	20	22
Sub-Total	-	-	-	69	-	165	234
Total	617	488	50	189	4	165	1,513

Notes :

1 Inclusive of Company's contribution to employee provident fund

2 Bonus for financial year ended 30 June 2011

3 Car allowance in lieu of provision of company car

4 All Directors' remunerations are paid out of the Company

RM	Executive Director	Non-Executive Directors	Total
50,000 and below	-	8	8
1,250,001 – 1,300,000	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.

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

The communication between the Company and its investors is performed and managed by a dedicated investor relations ("IR") team. The establishment of a dedicated team ensures comprehensive and timely communication with investors. In addition, two (2) of the Company's IR officers are certified with the Certificate of Investor Relations (CIR) of IR Society, UK hence, providing the appropriate and sufficient required level of skill and regulatory requirements knowledge in relation to IR and communication with investors.

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 eleven (11) 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 CIR by IR Society, UK. 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 2007	8 October 2007	30 October 2007
Annual Report 2008	8 October 2008	30 October 2008
Annual Report 2009	18 September 2009	30 October 2009
Annual Report 2010	29 September 2010	30 October 2010
Annual Report 2011	5 October 2011	30 October 2011

Release of Quarterly Reports	Date of Announcement	Deadline imposed by Bursa Securities
Q1 Quarterly Report 2011	3 November 2010	30 November 2010
Q2 Quarterly Report 2011	26 January 2011	28 February 2011
Q3 Quarterly Report 2011	20 April 2011	31 May 2011
Q4 Quarterly Report 2011	25 August 2011	31 August 2011

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.

5.2 Annual General Meeting

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

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

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

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

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

5.3 Proposed Disposal of Permanis Sdn Bhd

On 21 July 2011, the Company announced that it had entered into a conditional share sale agreement with Asahi Group Holdings, Ltd ("Asahi") for the disposal of its entire equity interest in Permanis Sdn Bhd ("Permanis") for an acquisition price of RM820.0 million to Asahi ("Proposed Disposal"). The Company recognises and acknowledges that communication with its stakeholders is vital throughout this process and intends to continue to ensure that information is released in a timely manner to the extent that there is no restriction imposed by authorities, governing bodies, regulations and guidelines on such release of information.

As such, in accordance with corporate governance best practice the Company has taken proactive measures in communicating the Proposed Disposal including the timely announcements to Bursa Securities, timely response to Bursa Securities's queries, and pre-emptive announcements to respond to speculation published in the media. The following announcements were made to Bursa Securities in relation to the Proposed Disposal:

Title of Announcement	Date of Announcement
Proposed Disposal of the Entire Equity Interest in Permanis Sdn Bhd (15978-V), A Wholly-Owned Subsidiary of Company	21 July 2011
Proposed Disposal of the Entire Equity Interest in Permanis Sdn Bhd (15978-V), A Wholly-Owned Subsidiary of Company – Reply to Bursa Securities Query	25 July 2011
Clarification on News Reporting in The Edge, Financial Daily	26 July 2011

5.4 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:-

	2007/08 Full Year	2008/09 Full Year	2009/10 Full Year	2010/11 Full Year
Dividend				
Dividend (sen/share) - Before Tax	4	7	11	12*
Dividend (sen/share) - After Tax	3	5.25	8.25	9
Payout Ratio				
EPS (sen)	11.22	16.15#	26.85	28.24
Dividend Payout Ratio	27%	35%	31%	32%

Notes:

* Includes a final dividend of 7 sen less tax of 25% recommended by the Board, subject to shareholders' approval at the forthcoming AGM.

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

5.5 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***.

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) has been appointed as the Chairman of the Audit Committee.

6.2 Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control and the need to review its effectiveness regularly via the Company's Internal Audit Department as to safeguard the interests of stakeholders. 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 minimizing 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 39 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.

The details of audit fee payable and non-audit fee paid or payable to the external auditors for the financial year ended 30 June 2011 are set out below:

	RM'000	% of total fees paid/payable
Audit fee payable to BDO	276	97%
Non-audit fee paid/payable to BDO	8	3%

Non-audit fee paid/payable to our external auditors represents only 3%, 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 Group 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 2011.

This Statement was approved by the Board of Directors on 21 September 2011.

The Board of Directors is pleased to present the Audit Committee Report and its activities held throughout the financial year ended 30 June 2011 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	5/5	100

The Audit Committee held five (5) meetings during the financial year ended 30 June 2011. 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 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 pages 28 to 29 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

(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 employee within the Company or the Group to attend any particular Audit Committee meeting; and

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

2.6 Voting and Proceeding of Meeting

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

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

2.7 Minutes

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

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

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

2.8 Authority

The Audit Committee shall 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 standards 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.

2.10 Review of the Audit Committee

The Board of the Company shall review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

3. ACTIVITIES OF THE AUDIT COMMITTEE

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

Financial and Operations Review

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

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

External Audit

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

b) Reviewed with the external auditors the approved accounting standards applicable to the financial statements of the Group and the Company;

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

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

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

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 2011;

c) Reviewed the Statement of Internal Control for inclusion in the Annual Report 2011;

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

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

Related Party Transactions

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

4. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and the internal audit acts independently from the 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 2011 was RM213,100.00.

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.

INTRODUCTION

Pursuant to the paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("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 2011, 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") comprise of 7 members, out of which 3 are appointed representatives from the Board, majority of which are Independent Non-Executive Directors. The Chairman of the RMC is an Independent Non-Executive Director. The others are representatives from the various operating 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 assigned two risk scores, one measures the impact and the second measuring the likelihood. These scores are used to determine a risk grade. Control measures and action plans to manage, minimise or mitigate the risks are then identified. All of these are 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.

INTERNAL AUDIT FUNCTION

The Group has an internal audit function whose primary responsibilities are 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.

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 2011, the Directors have:-

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

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

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


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www.tropicanatwister.com.my
*Euromonitor: Jualan Runcit - Jus 100% 2009
Nikmatilah
Buah Sebenar

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

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 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	40,040	14,855
Attributable to:		
Owners of the parent	40,094	14,855
Non-controlling interests	(54)	-
	40,040	14,855

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 2010:	
Final dividend of 7 sen per ordinary share, less tax of 25%, paid on 19 November 2010	7,455
In respect of financial year ended 30 June 2011:	
Interim dividend of 5 sen per ordinary share, less tax of 25%, paid on 8 March 2011	5,325
	12,780

The Directors propose a final dividend of 7 sen per share, less tax of 25%, amounting to RM7,455,000 in respect of the financial year ended 30 June 2011, subject to the approval of members at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

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.

DIRECTORS

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

Dato' Seri Abdul Ghani Bin Abdul Aziz
Datuk Johari Bin Abdul Ghani
Nor Hishammuddin Bin Dato' Mohd Nordin
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak
Datuk Wira Syed Ali Bin Tan Sri Syed Abbas Alhabshee
Dato' Azmeer Bin Rashid
Datin Mariam Prudence Binti Yusof
Teh Bee Tein
Kasinathan a/l Tulasi (appointed on 8 February 2011)

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 2011 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 1.7.2010	**Bought**	**Sold**	**Balance at 30.6.2011**
Shares in the Company				
Direct interest				
Datuk Johari Bin Abdul Ghani	40,000,000	2,600,000	-	**42,600,000**
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	28,400,000	77,400	-	**28,477,400**

By virtue of their interest in the ordinary shares of the Company, Datuk Johari Bin Abdul Ghani and Datin Mariam Prudence Binti Yusof are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent 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 of the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefits which may be deemed to have been derived by virtue of those transactions as disclosed in Note 39(b) to the financial statements.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) 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.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

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

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

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

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

(d) In the opinion of the Directors:

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

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 21 July 2011, the Company entered into a conditional share sale agreement with Asahi Group Holdings Ltd. ("Asahi") for the disposal of the entire equity interest in Permanis Sdn. Bhd. to Asahi for a total cash consideration of RM820 million.

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.

Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Datuk Johari Bin Abdul Ghani
Director

Kuala Lumpur
21 September 2011

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 53 to 142 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 2011 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board,

Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Datuk Johari Bin Abdul Ghani
Director

Kuala Lumpur
21 September 2011

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 53 to 142 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
21 September 2011)

Datuk Johari Bin Abdul Ghani

Before me
S.Ideraju (W451)
Commissioner for Oaths

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 2011 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 53 to 141.

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 applicable approved Financial Reporting Standards and the provisions of 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 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

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

(c) 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

Lim Seng Siew
2894/08/13 (J)
Chartered Accountant

Kuala Lumpur
21 September 2011

Statements Of Financial Position

As At 30 June 2011

		Group		Company	
		2011	2010 (Restated)	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7	**176,063**	128,263	**30**	22
Investment properties	8	**1,280**	1,280	**-**	-
Intangible assets	9	**47,548**	47,548	**-**	-
Investments in subsidiaries	10	**-**	-	**90,614**	90,614
Other investments	11	**10**	15	**10**	15
Deferred tax assets	12	**1,552**	1,642	**-**	-
		226,453	178,748	**90,654**	90,651
CURRENT ASSETS					
Inventories	13	**76,487**	51,912	**-**	-
Trade and other receivables	14	**122,498**	113,572	**72**	56
Amounts owing by subsidiaries	15	**-**	-	**12,145**	10,313
Current tax assets		**1,510**	219	**108**	191
Cash and cash equivalents	16	**70,820**	40,434	**12,163**	11,520
Derivative assets	17	**8**	-	**-**	-
		271,323	206,137	**24,488**	22,080
Non-current assets held for sale	18	**-**	4,500	**-**	-
		271,323	210,637	**24,488**	22,080
TOTAL ASSETS		**497,776**	389,385	**115,142**	112,731
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	19	**142,000**	142,000	**142,000**	142,000
Share premium	20	**2,147**	2,147	**2,147**	2,147
Retained earnings/(Accumulated losses)	20	**45,238**	17,160	**(44,675)**	(46,750)
		189,385	161,307	**99,472**	97,397
Non-controlling interests		**1,056**	1,110	**-**	-
TOTAL EQUITY		**190,441**	162,417	**99,472**	97,397

Statements Of Financial Position (cont'd)

As At 30 June 2011

		Group		Company	
		2011	2010 (Restated)	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES					
Borrowings	21	**119,643**	50,684	**-**	-
Retirement benefit obligations	25	**3,404**	3,439	**-**	-
Deferred tax liabilities	12	**15,145**	7,313	**180**	-
		138,192	61,436	**180**	-
CURRENT LIABILITIES					
Trade and other payables	26	**106,908**	114,017	**1,245**	1,085
Provisions	27	**4,122**	4,068	**-**	-
Derivative liabilities	17	**1,340**	-	**-**	-
Amounts owing to subsidiaries	15	**-**	-	**14,245**	14,249
Borrowings	21	**55,818**	43,970	**-**	-
Current tax liabilities		**955**	3,477	**-**	-
		169,143	165,532	**15,490**	15,334
TOTAL LIABILITIES		**307,335**	226,968	**15,670**	15,334
TOTAL EQUITY AND LIABILITIES		**497,776**	389,385	**115,142**	112,731

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

Statements Of Comprehensive Income

For The Financial Year Ended 30 June 2011

		Group		Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	31	**580,737**	516,401	**19,326**	25,597
Cost of sales	32	**(353,745)**	(304,609)	**-**	-
Gross profit		**226,992**	211,792	**19,326**	25,597
Other income		**6,345**	3,301	**-**	7
Selling and distribution costs		**(123,600)**	(126,207)	**-**	-
Administrative expenses		**(48,304)**	(37,100)	**(3,316)**	(3,191)
Other expenses		**(1,839)**	(591)	**(12)**	(9)
Finance costs		**(6,330)**	(3,160)	**(11)**	(12)
Profit before tax	33	**53,264**	48,035	**15,987**	22,392
Tax expense	35	**(13,224)**	(9,991)	**(1,132)**	(5,353)
Profit for the financial year		**40,040**	38,044	**14,855**	17,039
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**40,040**	38,044	**14,855**	17,039
Profit attributable to:					
Owners of the parent		**40,094**	38,123	**14,855**	17,039
Non-controlling interests		**(54)**	(79)	**-**	-
		40,040	38,044	**14,855**	17,039
Total comprehensive income attributable to:					
Owners of the parent		**40,094**	38,123	**14,855**	17,039
Non-controlling interests		**(54)**	(79)	**-**	-
		40,040	38,044	**14,855**	17,039
Gross dividends per ordinary share (sen)					
- Interim dividend	37	**5.00**	4.00	**5.00**	4.00
- Final dividend		**7.00**	7.00	**7.00**	7.00
Earnings per ordinary share attributable to equity holders of the Company (sen)					
- Basic	36	**28.24**	26.85		

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

Statements Of Changes In Equity

For The Financial Year Ended 30 June 2011

Group	<------ Attributable to equity holders of the Company ------> Share capital RM'000	Share premium RM'000	(Accumulated losses)/ Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Balance at 30 June 2009	142,000	2,147	(11,378)	132,769	1,189	133,958
Total comprehensive income	-	-	38,123	38,123	(79)	38,044
Transaction with owners						
Dividends paid (Note 37)	-	-	(9,585)	(9,585)	-	(9,585)
Total transaction with owners	-	-	(9,585)	(9,585)	-	(9,585)
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 37)	-	-	(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**

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

Company	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
		<Non-distributable>		
Balance at 30 June 2009	142,000	2,147	(54,204)	89,943
Total comprehensive income	-	-	17,039	17,039
Transaction with owners				
Dividends paid (Note 37)	-	-	(9,585)	(9,585)
Total transaction with owners	-	-	(9,585)	(9,585)
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 37)	-	-	(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**

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

Statements Of Cash Flows

For The Financial Year Ended 30 June 2011

		Group		Company	
		2011	2010 (Restated)	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**53,264**	48,035	**15,987**	22,392
Adjustments for:					
Bad debts written off		**12**	383	**-**	-
Depreciation of property, plant and equipment	7	**19,220**	13,706	**9**	9
Dividend income	31	**-**	-	**(12,950)**	(19,139)
Fair value adjustments on derivative instruments		**1,834**	-	**-**	-
Gain on disposal of:					
- property, plant and equipment		**(24)**	(371)	**-**	-
- investment properties		**-**	(10)	**-**	-
Impairment loss on:					
- other investment	11	**5**	-	**5**	-
- property, plant and equipment	7	**-**	591	**-**	-
- trade and other receivables		**717**	125	**7**	9
Interest expense		**5,816**	2,704	**11**	12
Interest income		**(475)**	(506)	**(376)**	(458)
Inventories written down		**38**	-	**-**	-
Inventories written off		**7,351**	6,920	**-**	-
Net unrealised gain on foreign exchange		**(1,446)**	(152)	**-**	-
Other investment written off		**-**	6	**-**	-
Property, plant and equipment written off	7	**1,853**	1,311	**-**	-
Provision for:					
- litigation claim	27	**3**	1,600	**-**	-
- retirement benefits	25	**232**	405	**-**	-
- other liabilities	27	**415**	586	**-**	-
- other liabilities no longer required	27	**(364)**	(468)	**-**	-
Reversal of impairment loss on trade receivables		**-**	(72)	**-**	-
Share of profit margin on Islamic term financing		**514**	456	**-**	-
Write back of impairment loss in subsidiary		**-**	-	-	**(7)**
Operating profit before working capital changes		**88,965**	75,249	**2,693**	2,818
Changes in working capital:					
Inventories		**(31,964)**	(26,208)	**-**	-
Trade and other receivables		**(9,658)**	(35,968)	**(17)**	(42)
Trade and other payables		**(8,383)**	43,924	**160**	534
Cash generated from operations		**38,960**	56,997	**2,836**	3,310

	Note	Group 2011 RM'000	Group 2010 (Restated) RM'000	Company 2011 RM'000	Company 2010 RM'000
Tax paid		**(9,242)**	(6,178)	**(870)**	(870)
Tax refunded		**2**	121	**-**	-
Interest paid		**(1,131)**	(1,328)	**(11)**	(12)
Contributions paid for retirement benefits	25	**(267)**	(298)	**-**	-
Net cash from operating activities		**28,322**	49,314	**1,955**	2,428
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		**-**	-	**(1,842)**	(19,479)
Dividend received		**-**	-	**12,950**	14,634
Interest received		**475**	506	**376**	458
Proceeds from disposal of:					
- property, plant and equipment		**121**	387	**1**	-
- non-current assets held for sale		**4,500**	-	**-**	-
- investment properties		**-**	615	**-**	-
- subsidiary		**-**	-	**-**	300
Purchase of property, plant and equipment	7(d)	**(13,260)**	(50,861)	**(17)**	(1)
Placement of additional deposit to an institutional trustee account		**(79)**	(76)	**-**	-
Withdrawal/(Placement) of fixed deposits pledged to licensed banks		**62**	(2)	**-**	-
Net cash (used in)/from investing activities		**(8,181)**	(49,431)	**11,468**	(4,088)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments to hire purchase and lease creditors		**(4,063)**	(4,778)	**-**	-
Repayments of borrowings		**(52,932)**	(11,014)	**-**	-
Drawdowns of borrowings		**84,814**	28,257	**-**	-
Share of profit on Islamic term financing paid		**(514)**	(456)	**-**	-
Dividends paid		**(12,780)**	(9,585)	**(12,780)**	(9,585)
Interest paid		**(4,297)**	(1,376)	**-**	-
Net cash from/(used in) financing activities		**10,228**	1,048	**(12,780)**	(9,585)
Net increase/(decrease) in cash and cash equivalents		**30,369**	931	**643**	(11,245)
Cash and cash equivalents at beginning of financial year		**38,485**	37,554	**11,520**	22,765
Cash and cash equivalents at end of financial year	16	**68,854**	38,485	**12,163**	11,520

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

1. CORPORATE INFORMATION

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

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

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information 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 21 September 2011.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

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.

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.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business combinations

Business combinations from 1 July 2010 onwards

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 the replacements by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 2 *Share-based Payment*; 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.

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 acquire (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquire 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 acquire (if any), and the fair value of the Group's previously held equity interest in the acquire (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 2010

Under the purchase method, 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 leases 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.

Following the adoption of Amendment to FRS 117 *Leases* contained in the *Improvements to FRSs (2009)*, the Group reassessed the classification of land elements of unexpired leases on the basis of information existing at the inception of those leases. Consequently, the Group retrospectively reclassified all its prepaid lease payments for land as finance leases as disclosed in Notes 7 and 44 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 first-in, first-out 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iv) Available-for-sale financial assets (cont'd)

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, 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

(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.

Dividends to shareholders are recognised in equity in the period in which they are declared.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(c) Equity (cont'd)

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.

Following the adoption of FRS 139 during the financial year, the Group reassessed the classification and measurement of financial assets and financial liabilities as at 1 July 2010. Consequently, the Group reclassified and remeasured financial assets and financial liabilities as disclosed in Note 45 to the financial statements.

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.17 Employee benefits (cont'd)

(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.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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:

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

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

4.21 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 Operating segments (cont'd)

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.

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs

5.1 New FRS adopted during the current financial year

(a) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202_{2004} *General Insurance Business* and FRS 203_{2004} *Life Insurance Business*.

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the end of the reporting period, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

Following the adoption of this Standard, the Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as 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.

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

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for the Group's financial position and performance.

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

5.1 New FRS adopted during the current financial year (cont'd)

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

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

There is no impact upon adoption of this Standard during the financial year.

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

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted.

The impact upon adoption of this Standard is disclosed in Note 45 to the financial statements.

(e) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

There is no impact upon adoption of these amendments during the financial year.

(f) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* are mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

There is no impact upon adoption of these amendments during the financial year.

(g) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

There is no impact upon adoption of this Interpretation during the financial year.

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

5.1 New FRS adopted during the current financial year (cont'd)

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

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

There is no impact upon adoption of this Interpretation during the financial year.

(i) IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Company receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Company grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Company to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

If the subsidiaries grant rights to equity instruments of the Company to its employees, this Interpretation requires the Company to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

There is no impact upon adoption of this Interpretation during the financial year.

The Group would like to draw attention to the withdrawal of this Interpretation for annual periods beginning on or after 1 January 2011 as disclosed in Note 5.2(d) to the financial statements.

(j) IC Interpretation 13 *Customer Loyalty Programmes* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the awards itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the Group shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so.

There is no impact upon adoption of this Interpretation during the financial year.

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

5.1 New FRS adopted during the current financial year (cont'd)

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

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

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

There is no impact upon adoption of this Interpretation during the financial year.

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

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

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

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

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

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

Following the adoption of this Standard, the Group has reflected the new format of presentation and additional disclosures warranted in the primary financial statements and relevant notes to the financial statements.

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

5.1 New FRS adopted during the current financial year (cont'd)

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

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

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

There is no impact upon adoption of these amendments during the financial year.

(n) Amendments to FRS 132 *Financial Instruments: Presentation* are mandatory for annual periods beginning on or after 1 January 2010.

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

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

There is no impact upon adoption of these amendments during the financial year.

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

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this Standard specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. There is no impact upon adoption of this amendment during the financial year.

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

5.1 New FRS adopted during the current financial year (cont'd)

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

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting period but before the financial statements are authorised for issue. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 117 *Leases* removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. At the end of reporting period, the Group has carrying amount of prepaid lease payments for land of RM33,119,000 (see Note 7 to the financial statements) that has been reclassified as land held in accordance with FRS 116 upon adoption of this amendment.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 119 *Employee Benefits clarifies* the definitions in this Standard by consistently applying settlement dates within twelve months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. There is no impact upon adoption of this amendment during the financial year.

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

5.1 New FRS adopted during the current financial year (cont'd)

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

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in this Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of "investment property". This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. There is no impact upon adoption of this amendment during the financial year.

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

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

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

There is no impact upon adoption of these amendments during the financial year.

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

5.1 New FRS adopted during the current financial year (cont'd)

(q) Amendments to FRS 139 are mandatory for annual periods beginning on or after 1 January 2010.

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

There is no impact upon adoption of these amendments during the financial year.

(r) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 *Construction Contracts* and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

There is no impact upon adoption of this Interpretation during the financial year.

(s) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

(i) All assets and liabilities shall be recognised in accordance with FRSs;
(ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
(iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
(iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

There is no impact upon adoption of this Standard during the financial year.

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

5.1 New FRS adopted during the current financial year (cont'd)

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

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

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

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date. Any changes in the amount of consideration to be paid will no longer be adjusted against the goodwill but recognised in profit or loss.

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

The revised FRS 3 has been applied prospectively in accordance with its transitional provisions. Assets and liabilities that arose from business combinations whose acquisition dates were before 1 July 2010 are not adjusted.

There is no impact upon adoption of this standard during the financial year.

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

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

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

According to its transitional provisions, the revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 July 2010. These changes would only affect future transactions with non-controlling interest.

As at the end of the reporting period, the Group has reclassified RM1,056,009 as non-controlling interests and remeasured the non-controlling interests prospectively in accordance with the transitional provisions of FRS 127.

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

5.1 New FRS adopted during the current financial year (cont'd)

(v) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010.

Amendments to FRS 2 *Share-based Payments* clarify that transactions in which the Company acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. There is no impact upon adoption of these amendments during the financial year.

Amendments to FRS 5 clarify that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendments also clarify that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. There is no impact upon adoption of these amendments during the financial year.

Amendments to FRS 138 clarify that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Company reflects the expectations of the Company of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. There is no impact upon adoption of these amendments during the financial year.

Amendments to IC Interpretation 9 clarify that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. There is no impact upon adoption of these amendments during the financial year.

(w) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Company wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met. There is no impact upon adoption of this Interpretation during the financial year.

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

5.1 New FRS adopted during the current financial year (cont'd)

(x) IC Interpretation 17 *Distributions of Non-cash Assets to Owners* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. The new accounting policy has been applied prospectively.

There is no impact upon adoption of this Interpretation during the financial year.

5.2 New FRSs that have been issued, but not yet effective and not yet adopted

(a) Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters* is mandatory for annual periods beginning on or after 1 January 2011.

This amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7.

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

(b) Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments permit a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

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

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

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

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

5.2 New FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

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

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

(d) Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

Consequently, IC Interpretation 8 Scope of FRS 2 and IC Interpretation 11 have been superseded and withdrawn.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments. The effects of adopting IC Interpretation 11 have been disclosed in Note 5.1(i) to the financial statements.

(e) IC Interpretation 4 *Determining whether an Arrangement contains a Lease* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation because there are no arrangements dependent on the use of specific assets in the Group.

(f) IC Interpretation 18 *Transfers of Assets from Customers* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation because there are no such arrangements in the Group.

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

5.2 New FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

(g) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2012.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Company may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

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

(h) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 clarify that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 3 clarify that for each business combination, the acquirer shall measure at the acquisition date non-controlling interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 7 clarify that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group expects to improve the disclosures on maximum exposure to credit risk upon adoption of these amendments.

Amendments to FRS 101 clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

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

5.2 New FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

(h) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011 (cont'd).

Amendments to FRS 121 *The Effects of Changes in Foreign Exchange Rates* clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 128 clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 131 clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 132 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 134 clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Group's interim financial report. Although the Group does not expect any impact on the financial statements rising from the adoption of these amendments, it is expected that additional disclosures would be made in the quarterly interim financial statements of the Group.

Amendments to FRS 139 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 13 clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

(i) Amendments to IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* are mandatory for annual periods beginning on or after 1 July 2011.

These amendments clarify that if there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions shall include any amount that reduces future minimum funding requirement contributions for future service because of the prepayment made.

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

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

5.2 New FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

(j) IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* is mandatory for annual periods beginning on or after 1 July 2011.

This Interpretation applies to situations whereby equity instruments are issued to a creditor to extinguish all or part of a recognised financial liability. Such equity instruments shall be measured at fair value, and the difference between the carrying amount of the financial liability extinguished and the consideration paid shall be recognised in profit or loss.

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

(k) FRS 124 *Related Party Disclosures* and the consequential amendments to FRS 124 are mandatory for annual periods beginning on or after 1 January 2012.

This revised Standard simplifies the definition of a related party and eliminates certain inconsistencies within the superseded version. In addition to this, transactions and balances with government-related entities are broadly exempted from the disclosure requirements of the Standard.

The Group expects to reduce related party disclosures in respect of transactions and balances with government-related entities upon adoption of this Standard.

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 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.

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

6.2 Critical judgement made in applying accounting policies (cont'd)

(ii) Contingent liabilities

The determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting both internal and external legal advisors of the Group for matters in the ordinary course of business. The details of the material litigations are disclosed in the Note 30(b) to the financial statements.

(iii) Non-current assets held for sale

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

6.3 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) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment in accordance with accounting policy stated in Note 4.4 on property, plant and equipment and depreciation. These are common life expectancies applied in this industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

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

6.3 Key sources of estimation uncertainty (cont'd)

(iv) Fair value of borrowings

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

(v) 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 actuaries' report.

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

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

(vi) 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.

(vii) 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 sellling 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 investories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(viii) Deferred tax assets

Deferred tax assets are regognised for all unusedd tax losses, unabsorbed capital allowances and other deductable 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.

(ix) Valuation of investment properties

The fair value of investment property is arrived at by reference to market evidence of transaction prices for similar property and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2011 Carrying amount	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	Reclassi-fication RM'000	Balance at 30 June 2011 RM'000
Buildings	6,157	8	-	(163)	-	-	6,002
Freehold land and buildings	1,250	-	-	(44)	-	-	1,206
Leasehold land and buildings	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 and buildings	2,200	(403)	(591)	1,206
Leasehold land and buildings	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

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

Group 2010 Carrying amount	Balance at 1 July 2009, 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	Impairment loss RM'000	Balance at 30 June 2010, as restated RM'000
Buildings	6,320	-	-	(163)	-	-	6,157
Freehold land and buildings	1,855	-	-	(14)	-	(591)	1,250
Leasehold land and buildings	3,080	-	-	(60)	-	-	3,020
Bottles and cases	-	-	-	-	-	-	-
Construction-in-progress	-	35,220	-	-	-	-	35,220
Plant and machinery	74,403	14,770	-	(11,702)	(1,310)	-	76,161
Office furniture and equipment	2,692	2,624	(2)	(1,351)	(1)	-	3,962
Renovations	274	375	-	(78)	-	-	571
Motor vehicles	181	2,093	(14)	(338)	-	-	1,922
	88,805	55,082	(16)	(13,706)	(1,311)	(591)	128,263

	At 30 June 2010			
	Cost (Restated) RM'000	Accumulated depreciation (Restated) RM'000	Accumulated impairment loss (Restated) RM'000	Carrying amount (Restated) RM'000
Buildings	8,193	(2,036)	-	6,157
Freehold land and buildings	2,200	(359)	(591)	1,250
Leasehold land and buildings	3,080	-	(60)	3,020
Bottles and cases	370	(370)	-	-
Construction-in-progress	35,220	-	-	35,220
Plant and machinery	173,598	(97,437)	-	76,161
Office furniture and equipment	14,374	(10,412)	-	3,962
Renovations	735	(164)	-	571
Motor vehicles	3,690	(1,768)	-	1,922
	241,460	(112,546)	(651)	128,263

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

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

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

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

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

	Group 2011 RM'000	2010 RM'000
Long term leasehold land (unexpired period more than 50 years)	**32,470**	2,337
Short term leasehold land (unexpired period less than 50 years)	**649**	683
	33,119	3,020

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	
	2011	**2010**
	RM'000	**RM'000**
Motor vehicles	**2,679**	1,892
Plant and machinery	**13,834**	13,003
Office furniture and equipment	**230**	408
	16,743	15,303

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

	Group	
	2011	**2010**
	RM'000	**RM'000**
Buildings	**4,521**	4,622
Long term leasehold land	**32,165**	2,028
Plant and machinery	**62,180**	22,868
Construction-in-progress	**1,845**	35,220
	100,711	64,738

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Purchase of property, plant and equipment	**68,970**	55,082	**17**	1
Unpaid credit purchases included in other payables (Note 26)	**(2,680)**	(1,298)	**-**	-
Settlement of credit purchases brought forward	**1,298**	1,382	**-**	-
Financed by:				
- hire purchase and lease arrangement	**(6,363)**	(2,091)	**-**	-
- Islamic term financing	**(2,742)**	(2,214)	**-**	-
- term loans	**(45, 223)**	-	**-**	-
Cash payments on purchase of property, plant and equipment	**13,260**	50,861	**17**	1

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

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

(f) During the financial year, the Group reassessed its leases of land in accordance with the Amendment to FRS 117 to be finance leases, where applicable. The classification of prepaid lease payments for land as property, plant and equipment has been accounted for retrospectively. The effects of the reclassifications are shown in Note 44 to the financial statements.

8. INVESTMENT PROPERTIES

	Group	
	2011	**2010**
	RM'000	**RM'000**
Balance at 1 July 2010/2009	**1,280**	1,885
Disposal	**-**	(605)
Balance at 30 June	**1,280**	1,280
Analysed as:		
Freehold land	**180**	180
Long term leasehold land	**1,100**	1,100
	1,280	1,280

(a) Freehold land with a net book value of RM1 (2010: RM1) was registered in the name of a Director of a subsidiary who holds the property in trust for the subsidiary.

(b) Direct operating expenses

	Group	
	2011	**2010**
	RM'000	**RM'000**
Quit rent and assessment	**167**	18

(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 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**

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

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

The goodwill on consolidation of RM47,548,075 is related to the beverage division of the Group. For the purpose of impairment testing, goodwill is allocated to the subsidiary which represents the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Subsequent to the end of the reporting period, the Company had entered into a conditional share sale agreement for the disposal of its beverage division for a total cash consideration of RM820 million. Based on the Directors' assessment by taking this into account, there is no indication of additional impairment on the goodwill on consolidation.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted investments, at cost	**177,030**	177,030
Less: Accumulated impairment losses	**(86,416)**	(86,416)
	90,614	90,614

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

Name of subsidiaries	Effective equity interest 2011 %	Effective equity interest 2010 %	Principal activities
Permanis Sdn. Bhd.	**100**	100	Selling, bottling and distribution of beverages
Doe Industries Sdn. Bhd.	**100**	100	Manufacture and trading of water taps and other plumbing accessories
C.I. Building Industries Sdn. Bhd.	**100**	100	Investment holding
C.I. Engineering Sdn. Bhd.	**100**	100	Investment holding
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. Development Sdn. Bhd.	**100**	100	Dormant
Subsidiaries of Permanis Sdn. Bhd.			
Permanis Sandilands Sdn. Bhd.	**100**	100	Marketing and distribution of beverages
Champs Water Sdn. Bhd.	**100**	100	Selling, bottling and distribution of beverages
Permanis Mainworks Sdn. Bhd.	**100**	100	Inactive
Subsidiaries of Permanis Sandilands Sdn. Bhd.			
Permanis Distributions Sdn. Bhd.	**100**	100	Marketing and distribution of foods and beverages products
Permanis (Sabah) Sdn. Bhd.	**100**	100	Marketing and distribution of foods and beverages products
Permanis (Singapore) Sdn. Bhd.	**100**	100	Marketing and distribution of foods and beverages products. However, the subsidiary has not commenced any business activities as at the end of the reporting period
Permanis Trading Sdn. Bhd. (now known as Permanis Sarawak Sdn. Bhd.)	**100**	100	Marketing and distribution of foods and beverages products
Permanis Maintenance Sdn. Bhd.	**100**	100	Engaged in maintenance services of vending machines, coolers, postmix and other beverage equipment

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Effective equity interest 2011 %	Effective equity interest 2010 %	Principal activities
Subsidiaries of Permanis Sandilands Sdn. Bhd.			
Permanis Vending Sdn. Bhd.	**100**	100	Engaged in assembling, sales, servicing and carry on the business of operating vending machines, coolers, postmix and other beverage equipment
Subsidiaries of Doe Industries Sdn. Bhd.			
Doe Marketing Sdn. Bhd.	**100**	100	Dealership and distribution of household fittings and appliances
Potex Industries Sdn. Bhd.	**90**	90	Manufacturing of ceramic sanitary wares
Potex Sdn. Bhd.	**90**	90	Inactive
Subsidiary of C.I. Engineering Sdn. Bhd.			
C.I. Auto Services Sdn. Bhd.	**51**	51	Inactive
Subsidiary of C.I. Building Industries Sdn. Bhd.			
C.I. Quarries Sdn. Bhd.	**100**	100	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

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

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

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

11. OTHER INVESTMENT

	Group and Company 2011 RM'000	Group and Company 2010 RM'000
Available-for-sale financial assets		
- Club membership	**15**	-
Less: impairment loss	**(5)**	-
	10	-
Other investment - at cost		
- Club membership	**-**	15

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

(b) The comparative figures have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

(c) Information on the fair value hierarchy is disclosed in Note 41 to the financial statements.

12. DEFERRED TAX

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

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Balance as at 30 June 2010/2009	**5,671**	4,085	**-**	-
Tax effects of adoption of FRS 139	**125**	-	**-**	-
Restated balance as at 1 July 2010/2009	**5,796**	4,085	**-**	-
Recognised in profit or loss (Note 35)	**7,797**	1,586	**180**	-
Balance as at 30 June 2011/2010	**13,593**	5,671	**180**	-
Presented after appropriate offsetting:				
Deferred tax assets, net	**(1,552)**	(1,642)	**-**	-
Deferred tax liabilities, net	**15,145**	7,313	**180**	-

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 2009	565	1,663	169	601	-	311	3,309
Recognised in profit or loss	509	(165)	1	(42)	-	38	341
At 30 June/1 July 2010	1,074	1,498	170	559	-	349	3,650
Recognised in profit or loss	(176)	(76)	350	(559)	368	(348)	(441)
At 30 June 2011	**898**	**1,422**	**520**	**-**	**368**	**1**	**3,209**

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 2009	161	7,233	-	7,394
Recognised in profit or loss	-	1,890	37	1,927
At 30 June/1 July 2010	161	9,123	37	9,321
Recognised in profit or loss	(161)	7,231	411	7,481
At 30 June 2011	**-**	**16,354**	**448**	**16,802**

Company	Others RM'000	Total RM'000
Deferred tax liabilities		
At 1 July 2009	-	-
Recognised in profit or loss	-	-
At 30 June/1 July 2010	-	-
Recognised in profit or loss	180	180
At 30 June 2011	**180**	**180**

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	
	2011 RM'000	2010 RM'000
Unused tax losses	**6,107**	6,304
Unabsorbed capital allowances	**3,396**	3,208
Provision for liabilities	**36**	48
Other deductible temporary differences	**13**	25
	9,552	9,585

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	
	2011 RM'000	2010 RM'000
At cost		
Raw materials	**46,464**	24,538
Work-in-progress	**1,252**	6,745
Finished goods	**28,733**	20,629
	76,449	51,912
At net realisable value		
Finished goods	**38**	-
	76,487	51,912

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables	**114,309**	106,826	**56**	42
Less: impairment loss	**(1,788)**	(1,649)	**-**	-
	112,521	105,177	**56**	42
Other receivables	**2,050**	1,231	**-**	-
Less: impairment loss	**(390)**	(385)	**-**	-
	1,660	846	**-**	-
Deposits	**6,795**	4,266	**9**	9
Prepayments	**1,522**	3,283	**7**	5
	9,977	8,395	**16**	14
	122,498	113,572	**72**	56

14. TRADE AND OTHER RECEIVABLES (cont'd)

(a) The credit terms offered by the Group in respect of trade receivables range from 14 to 90 days (2010: 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Neither past due nor impaired	**73,548**	71,523	**56**	42
Past due, not impaired				
1 to 30 days	**26,579**	23,264	**-**	-
31 to 60 days	**8,705**	7,023	**-**	-
61 to 90 days	**2,253**	2,820	**-**	-
More than 90 days	**1,436**	547	**-**	-
	38,973	33,654	**-**	-
Past due and impaired	**1,788**	1,649	**-**	-
	114,309	106,826	**56**	42

Receivables that are neither past due nor impaired

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.

Receivables that are past due but not impaired

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.

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:

Group	Individually impaired 2011 RM'000	2010 RM'000
Trade receivables, gross	**1,788**	1,649
Less: Impairment loss	**(1,788)**	(1,649)
	-	-

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

	Group 2011 RM'000	2010 RM'000
At 1 July 2010/2009	**(1,649)**	(1,907)
Charge for the financial year	**(712)**	(122)
Provision no longer required	**-**	72
Written off	**573**	308
At 30 June 2011/2010	**(1,788)**	(1,649)

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.

15. AMOUNTS OWING BY/TO SUBSIDIARIES

	Company 2011 RM'000	2010 RM'000
Amounts owing by subsidiaries	**15,730**	13,891
Less: Impairment loss	**(3,585)**	(3,578)
	12,145	10,313
Amounts owing to subsidiaries	**14,245**	14,249

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

Amounts owing by/to subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents except for an amount of RM800,000 (2010: RM800,000), which bears interest at 8% (2010: 8%) per annum.

In the previous financial year, the impairment loss was net of bad debts written off during the financial year of RM100,377,264.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances	**56,204**	24,936	**163**	420
Deposits placed with financial institutions	**14,616**	15,498	**12,000**	11,100
Cash and cash equivalents as reported in the statements of financial position	**70,820**	40,434	**12,163**	11,520
Less: Deposits pledged to licensed banks (Note (a) below)	**-**	(62)	**-**	-
Deposits placed with an institutional trustee (Note (c) below)	**(1,966)**	(1,887)	**-**	-
Cash and cash equivalents as reported in the statements of cash flows	**68,854**	38,485	**12,163**	11,520

(a) In the previous financial year, included in the deposits placed with licensed banks of the Group were deposits of RM62,000, which were pledged for banking facilities granted to certain subsidiaries.

(b) The fixed deposits placed with the licensed banks of the Group at 30 June 2011 have maturity period ranging from 40 days to 90 days (2010: 30 days to 365 days).

(c) In accordance with the lease agreement entered by the Group with Amanah Raya Berhad ("ARB") (Note 6.2 (i) and 29 to the financial statements), the Group is required to pay ARB on the commencement of the lease agreement the sum of RM1,587,000, which is equivalent to one year's lease rental as a deposit and placed into an Institutional Trust Account ("ITA") as security for the lease agreement and shall be kept and maintained in the ITA throughout the lease term. The Group shall top up and/or increase the amount of deposit starting from year six to year ten of the lease term to the amount equivalent to one year's lease rental for the year six to the year ten of the lease term. The deposit earns investment income at 4.2% (2010: 4.2%) per annum.

17. DERIVATIVE FINANCIAL INSTRUMENTS

	Contracts/ Notional amounts RM'000	Assets RM'000	Liabilities RM'000
Group			
2011			
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 two 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 a foreign currency 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.

(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) During the financial year, the Group recognised total losses of RM1,833,822 (2010: Nil) 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 41.

18. NON-CURRENT ASSETS HELD FOR SALE

	Group 2011 RM'000	2010 RM'000
Balance at 1 July 2010/2009	**4,500**	4,500
Disposal	**(4,500)**	-
Balance at 30 June 2011/2010	**-**	4,500

In the previous financial year, non-current assets 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.

19. SHARE CAPITAL

	Group and Company 2011 and 2010 Number of shares	RM'000
Ordinary shares of RM1.00 each:		
Authorised	500,000,000	500,000
Issued and fully paid:		
Balance as at 1 July 2010/2009	142,000,000	142,000
Balance as at 30 June	142,000,000	142,000

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable:				
Share premium	**2,147**	2,147	**2,147**	2,147
Distributable:				
Retained earnings/(Accumulated losses)	**45,238**	17,160	**(44,675)**	(46,750)
	47,385	19,307	**(42,528)**	(44,603)

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 decided not to make this election and has sufficient tax credit under Section 108 of Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of dividends out of its entire retained earnings without incurring additional tax liabilities.

21. BORROWINGS

	Group 2011 RM'000	Group 2010 RM'000
Non-current liabilities		
Secured:		
Term loans	107,801	16,188
Islamic term financing	4,775	28,997
Hire purchase and lease creditors	7,067	5,499
	119,643	50,684
Current liabilities		
Secured:		
Bankers' acceptances	362	-
Term loans	4,753	4,500
Islamic term financing	3,048	2,789
Hire purchase and lease creditors	4,064	3,332
	12,227	10,621
Unsecured:		
Bankers' acceptances	38,582	23,028
Revolving credits	5,009	10,321
	55,818	43,970
Total borrowings		
Bankers' acceptances	**38,944**	23,028
Revolving credits	**5,009**	10,321
Term loans (Note 22)	**112,554**	20,688
Islamic term financing (Note 23)	**7,823**	31,786
Hire purchase and lease creditors (Note 24)	**11,131**	8,831
	175,461	94,654
Maturity of borrowings		
Within one year	**55,818**	43,970
More than one year and less than five years	**57,679**	46,593
Five years or more	**61,964**	4,091
	175,461	94,654

21. BORROWINGS (cont'd)

	Group	
	2011	**2010**
	Days	**Days**
Ranges of maturity period of short term bank borrowings (excluding bank overdrafts)		
Bankers' acceptances	**70 - 105**	69 - 95
Revolving credits	**120**	180
Islamic acceptance bills	**56 - 120**	58 - 120

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.

22. TERM LOANS

	Group	
	2011	**2010**
	RM'000	**RM'000**
Secured:		
Term loan I	**-**	20,688
Term loan II	**52,891**	-
Term loan III	**59,663**	-
Term loans	**112,554**	20,688
Repayable as follows:		
Current liabilities		
- not later than one year	**4,753**	4,500
Non-current liabilities		
- later than one year and not later than five years	**107,801**	16,188
	112,554	20,688

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

Term loan II was drawn down to refinance Term loan 1 and Murabahah Islamic term financing (Note 23 to the financial statements) and is repayable quarterly by 26 instalments commencing 30 September 2011. This facility is secured by a charge over the related plant and machinery (Note 7 to the financial statements) financed under term loan I and Murabahah Islamic term financing previously.

Term loan III was drawn down in June 2011 to finance the acquisition of new leasehold land and the purchase of plant and machinery. This facility is 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 is guaranteed by the Company.

22. TERM LOANS (cont'd)

(b) In connection with the term loan agreements, the Group has 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.

23. ISLAMIC TERM FINANCING

	Group	
	2011 RM'000	**2010 RM'000**
Secured		
Bai-Bithaman Ajil ("BBA")	**4,263**	2,214
Murabahah	**-**	25,257
Ijarah	**2,519**	3,502
Islamic acceptance bills	**1,041**	813
	7,823	31,786
Repayable as follows:		
Current liabilities		
- not later than one year	**3,048**	2,789
Non-current liabilities		
- later than one year and not later than five years	**4,775**	24,906
- later than five years	**-**	4,091
	4,775	28,997
	7,823	31,786

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

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

(c) Murabahah acceptance bills was refinanced by Term loan II during the financial year (Note 22 to the financial statements).

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

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

24. HIRE PURCHASE AND LEASE CREDITORS

	Group	
	2011	2010
	RM'000	RM'000
Minimum hire purchase and lease payments:		
- not later than one year	4,636	3,792
- later than one year and not later than five years	7,688	5,881
	12,324	9,673
Less: Future interest charges	(1,193)	(842)
Present value of hire purchase and lease creditors	11,131	8,831
Repayable as follows:		
Current liabilities		
- not later than one year	4,064	3,332
Non-current liabilities		
- later than one year and not later than five years	7,067	5,499
	11,131	8,831

Included in the hire purchase and lease creditors of the Group is an amount of RM483,823 (2010: RM848,327), which is guaranteed by the Company.

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				
	2011	2010	2009	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000
Present value of unfunded defined benefit obligations	**3,065**	3,196	3,146	2,917	2,529
Unrecognised actuarial gain	**339**	243	186	188	203
	3,404	3,439	3,332	3,105	2,732

25. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

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

	Group	
	2011	**2010**
	RM'000	**RM'000**
Current service cost	**151**	183
Past service cost	**(40)**	32
Interest cost	**129**	133
Amortisation of unrecognised gain	**(1)**	-
Actuarial loss	**(7)**	57
Expenses recognised in the statements of comprehensive income included under administrative expenses	**232**	405

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	
	2011	**2010**
	RM'000	**RM'000**
Balance at 1 July 2010/2009	**3,439**	3,332
Recognised in the statements of comprehensive income	**232**	405
Contributions paid	**(267)**	(298)
Balance as at 30 June 2011/2010	**3,404**	3,439

The principal actuarial assumptions used are as follows:

	Group	
	2011	**2010**
	%	**%**
Discount rates	**5.5 and 6.3**	5.0 and 5.6
Expected rates of salary increases	**6.0 and 4.5**	5.0 and 6.0

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables	**38,491**	34,039	**-**	-
Other payables	**27,049**	40,061	**188**	178
Amounts owing to suppliers of property, plant and equipment (Note 7(d))	**2,680**	1,298	**-**	-
Deposit received	**1,947**	1,117	**-**	-
Accruals	**36,741**	37,502	**1,057**	907
	68,417	79,978	**1,245**	1,085
	106,908	114,017	**1,245**	1,085

(a) The credit terms available to the Group in respect of trade payables range from 30 to 120 days (2010: 30 to 120 days) from the date of invoice.

(b) Other payables mainly comprise advances from third parties and amounts owing to service providers, for example transportation, marketing and warehouse. In the previous financial year, included in other payables was an amount of RM842,425 owing to third parties for the acquisition of 90% equity interest in Potex Industries Sdn. Bhd. and Potex Sdn. Bhd.

(c) Included in trade and other payables of the Group is an amount owing of RM760,652 (2010:RM681,398) 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.

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

27. PROVISIONS

Group 2011	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
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**
2010						
Balance as at 1 July 2009	25	-	170	2,155	-	2,350
Provision made during the financial year	-	518	-	68	1,600	2,186
Provision no longer required	-	-	-	(468)	-	(468)
Balance as at 30 June 2010	25	518	170	1,755	1,600	4,068

27. PROVISIONS (cont'd)

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

(b) Provision for pallet loss 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.

28. CAPITAL COMMITMENTS

	Group	
	2011 RM'000	**2010 RM'000**
Capital expenditure in respect of purchase of property, plant and equipment:		
- contracted but not provided for	**44,283**	21,074

29. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Future minimum lease payments				
- not later than one year	**3,851**	3,007	**37**	147
- later than one year and not later than five years	**11,256**	9,710	**-**	37
	15,107	12,717	**37**	184

Included in the non-cancellable operating lease commitments of the Group is an operating lease arising from the leaseback of the Group's disposed properties for a lease period of ten years at a rental rate of RM132,250 per month for the first five years and RM136,084 per month for the remaining lease period of five years.

30. CONTINGENT LIABILITIES - UNSECURED

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

	Company	
	2011	**2010**
	RM'000	**RM'000**
Banking facilities granted to subsidiaries	**161,610**	82,808
Hire purchase and lease facilities granted to subsidiaries	**484**	848
	162,094	83,656

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are not probable.

(b) Material litigation

KKS Trading Sdn. Bhd. ("KKS") had filed a suit against a wholly-owned subsidiary of the Company at the Kuala Lumpur High Court, claiming a sum of RM3.10 million as damages suffered by reason of the subsidiary alleged wrongful termination of a Distribution Partner Agreement.

During the financial year, the case was settled when KKS agreed to accept RM90,000 as full and final settlement and without liberty to file afresh.

31. REVENUE

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	**580,425**	516,006	**-**	-
Management and other fees from subsidiaries	**-**	-	**6,000**	6,000
Dividend income	**-**	-	**12,950**	19,139
Interest income	**312**	395	**376**	458
	580,737	516,401	**19,326**	25,597

32. COST OF SALES

Cost of sales represents cost of inventories sold.

33. PROFIT BEFORE TAX

		Group		Company	
		2011	2010 (Restated)	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- Statutory:					
- current financial year		**276**	247	**55**	48
- (over)/under provision in prior financial years		**(23)**	1	**-**	-
- Non-statutory		**8**	8	**8**	8
Bad debts written off		**12**	383	**-**	-
Depreciation of property, plant and equipment	7	**19,220**	13,706	**9**	9
Directors' remuneration					
- Company	34	**1,509**	1,713	**1,509**	1,713
- subsidiaries		**765**	531	**-**	-
Fair value adjustment on derivative instruments		**1,834**	-	**-**	-
Impairment loss on:					
- other investment	11	5	-	5	-
- property, plant and equipment	7	-	591		
- trade receivables		712	122	-	-
- other receivables		5	3	-	-
- amounts owing by subsidiaries		-	-	7	9
Interest expense on:					
- bank overdrafts		**19**	12	**11**	12
- bankers' acceptances		**867**	724	**-**	-
- bill payables		**48**	40	**-**	-
- term loans		**3,602**	748	**-**	-
- revolving credits		**197**	551	**-**	-
- hire purchase and lease creditors		**694**	628	**-**	-
- others		**389**	1	**-**	-
Inventories written down		**38**	-	**-**	-
Inventories written off		**7,351**	6,920	**-**	-
Islamic term financing costs		**514**	456	**-**	-
Lease rental		**1,893**	1,887	**-**	-
Other investment written off		**-**	6	**-**	-
Property, plant and equipment written off	7	**1,853**	1,311	**-**	-
Provision for:					
- litigation claim	27	**3**	1,600	**-**	-
- retirement benefits	25	**232**	405	**-**	-
- pallet losses	27	**-**	518	**-**	-
- market returns	27	**415**	68	**-**	-
Rental of equipment		**723**	1,081	**-**	-
Rental of motor vehicles		**316**	244	**-**	-
Rental of premises		**8,783**	2,437	**147**	147
Royalty paid and payable		**654**	562	**-**	-
Settlement of legal litigation	30(b)	**90**	-	**-**	-

33. PROFIT BEFORE TAX (cont'd)

		Group		Company	
		2011	2010 (Restated)	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
And crediting:					
Bad debts recovered		**262**	20	**-**	-
Gain on disposal of:					
- property, plant and equipment		**24**	371	**-**	-
- non-current asset held for sale		**-**	-	**-**	-
- investment properties		**-**	10	**-**	-
Gross dividends received from subsidiaries	31	**-**	-	**12,950**	19,139
Interest income from:					
- a subsidiary		**-**	-	**64**	64
- fixed deposits		**475**	329	**312**	217
- short-term investment		**-**	177	**-**	177
Provisions for other liabilities no longer required:					
- market returns	27	**36**	468	**-**	-
- pallet loss	27	**328**	-	**-**	-
Rental income		**1,300**	9	**-**	-
Realised foreign exchange gain		**1,624**	600	**-**	-
Reversal of impairment loss on trade receivables		**-**	72	**-**	-
Sale from inventory previously written off		**688**	611	**-**	-
Unrealised foreign exchange gain		**1,446**	152	**-**	-

34. DIRECTORS' REMUNERATION

	Group and Company	
	2011	2010
	RM'000	RM'000
Directors of the Company		
Executive Director		
- salaries, bonus and allowances	**1,138**	1,346
- defined contribution plan	**137**	162
	1,275	1,508
Non-Executive Directors		
- allowances	**69**	60
- fees	**165**	145
	234	205
	1,509	1,713

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 (2010: RM3,600).

34. DIRECTORS' REMUNERATION (cont'd)

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			
	2011		2010	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
Directors of the Company				
Below RM50,000	**-**	**8**	-	7
RM1,250,001 - RM1,300,000	**1**	**-**	-	-
RM1,500,001 - RM1,550,000	**-**	**-**	1	-

35. TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense				
- Based on profit for the financial year	**6,833**	8,815	**885**	5,360
- (Over)/Under provision in prior years	**(1,397)**	(419)	**67**	(7)
Withholding tax	**(9)**	9	**-**	-
	5,427	8,405	**952**	5,353
Deferred tax (Note 12):				
Relating to origination and reversal of temporary differences	**6,389**	1,535	**5**	-
Under provision in prior years	**1,408**	51	**175**	-
	7,797	1,586	**180**	-
Total tax expense	**13,224**	9,991	**1,132**	5,353

Malaysian income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated taxable profits for the fiscal year.

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax	**53,264**	48,035	**15,987**	22,392
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	**13,316**	12,009	**3,997**	5,598
Tax effects in respect of:				
Withholding tax	**(9)**	9	**-**	-
Income not subject to tax	**(1,352)**	(1,359)	**(3,238)**	(324)
Non-allowable expenses	**2,385**	2,873	**131**	86
Double deductions	**(4)**	(5)	-	-
Utilisation of reinvestment allowances	**(1,115)**	(3,414)	**-**	-
Change in the unrecognised deferred tax assets during the financial year	**(8)**	246	**-**	-
	13,213	10,359	**890**	5,360
Under provision of deferred tax in prior financial years	**1,408**	51	**175**	-
(Over)/Under provision of income tax in prior financial years	**(1,397)**	(419)	**67**	(7)
	13,224	9,991	**1,132**	5,353

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

	Group	
	2011 RM'000	2010 RM'000
Unused tax losses brought forward	**49**	64
Reinvestment allowances	**1,115**	3,414
	1,164	3,478

36. 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	
	2011 RM'000	**2010 RM'000**
Profit attributable to ordinary equity holders of the parent	**40,094**	38,123
	Unit'000	**Unit'000**
Weighted average number of ordinary shares in issue	**142,000**	142,000
	Sen	**Sen**
Basic earnings per share	**28.24**	26.85

37. DIVIDENDS

	Group and Company			
	2011		2010	
	Gross dividend per share Sen	**Amount of dividend, net of tax RM'000**	**Gross dividend per share Sen**	**Amount of dividend, net of tax RM'000**
Interim dividend paid	**5.0**	**5,325**	4.0	4,260
Final dividend proposed	**7.0**	**7,455**	7.0	7,455
	12.0	**12,780**	11.0	11,715

The Directors propose a final dividend of 7 sen per share, less tax of 25%, amounting to RM7,455,000 in respect of the financial year ended 30 June 2011, subject to the approval of members at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2012.

38. EMPLOYEE BENEFITS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries and wages	**43,907**	37,142	**2,099**	2,177
Social security contributions	**304**	262	**5**	5
Contributions to defined contribution plan	**3,810**	3,260	**255**	258
Defined benefits plans	**200**	405	**-**	-
Other benefits	**2,358**	1,695	**140**	47
	50,579	42,764	**2,499**	2,487

39. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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

Related parties of the Group include:

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

39. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Corporations in which a Director of the Company has deemed interest				
- Purchases of raw materials	**3,322**	1,566	**-**	-
- Royalty paid and payable	**654**	562	**-**	-
Subsidiaries				
- Interest income	**-**	-	**64**	64
- Dividend income	**-**	-	**12,950**	19,139
- Management and other fees	**-**	-	**6,000**	6,000

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

Significant balances with subsidiaries as at 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 RM760,652 (2010: RM681,398), 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short term employee benefits	**5,171**	4,998	**1,790**	1,905
Contributions to defined contribution plan	**569**	443	**187**	204
	5,740	5,441	**1,977**	2,109

40. 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:

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

Other operating segments include subsidiaries principally engaged in the provision of engineering services and other operations, where none of which are of a sufficient size to be reported separately. 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.

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.

2011	**Beverage RM'000**	**Tap-ware and sanitary ware RM'000**	**Investment holdings RM'000**	**Others RM'000**	**Total RM'000**
Revenue					
Total revenue	**536,937**	**43,487**	**19,327**	**-**	**599,751**
Inter-segment revenue	**-**	**-**	**(19,014)**	**-**	**(19,014)**
Revenue from external customers	**536,937**	**43,487**	**313**	**-**	**580,737**
Interest income	**144**	**19**	**312**	**-**	**475**
Finance costs	**(5,991)**	**(328)**	**(11)**	**-**	**(6,330)**
Net finance expenses	**(5,847)**	**(309)**	**301**	**-**	**(5,855)**
Depreciation	**(18,697)**	**(514)**	**(9)**	**-**	**(19,920)**

40. OPERATING SEGMENTS (cont'd)

2011	Beverage RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Total RM'000
Segment profit/(loss) before income tax	**41,823**	**8,487**	**2,973**	**(19)**	**53,264**
Income tax expenses	**(9,949)**	**(2,143)**	**(1,132)**	**-**	**(13,224)**
Other material non-cash items:					
- Fair value adjustments on derivative instruments	**1,834**	**-**	**-**	**-**	**1,834**
- Impairment losses on trade and other receivables	**662**	**55**	**-**	**-**	**717**
- Inventories written off	**7,351**	**-**	**-**	**-**	**7,351**
- Property, plant and equipment written off	**1,853**	**-**	**-**	**-**	**1,853**
- Provisions	**326**	**(40)**	**-**	**-**	**286**
Additions to non-current assets other than financial instruments and deferred tax assets	**68,376**	**577**	**17**	**-**	**68,970**
Segment assets	**443,699**	**38,501**	**12,278**	**236**	**494,714**
Segment liabilities	**279,438**	**10,183**	**1,252**	**362**	**291,235**

2010 **Beverage**	**ware RM'000**	**Tap-ware and sanitary holdings RM'000**	**Investment Others RM'000**	**Total RM'000**	**RM'000**
Revenue					
Total revenue	479,930	36,077	25,597	-	541,604
Inter-segment revenue	-	-	(25,203)	-	(25,203)
Revenue from external customers	479,930	36,077	394	-	516,401
Interest income	80	30	396	-	506
Finance costs	(2,772)	(376)	(12)	-	(3,160)
Net finance expenses	(2,692)	(346)	384	-	(2,654)
Depreciation	(13,048)	(649)	(9)	-	(13,706)

40. OPERATING SEGMENTS (cont'd)

2010 Beverage	ware RM'000	Tap-ware and sanitary holdings RM'000	Investment Others RM'000	Total RM'000	RM'000
Segment profit/(loss) before income tax	**41,317**	**3,546**	**3,252**	**(80)**	**48,035**
Income tax expenses	(8,038)	(1,105)	(848)	-	(9,991)
Other material non-cash items:					
- Impairment loss on trade and other receivables	102	23	-	-	125
- Impairment loss on property, plant and equipment	591	-	-	-	591
- Inventories written off	6,920	-	-	-	6,920
- Property, plant and equipment written off	1,311	-	-	-	1,311
- Provisions	2,055	68	-	-	2,123
Additions to non-current assets other than financial instruments and deferred tax assets	54,821	260	1	-	55,082
Segment assets	340,824	34,835	11,617	248	387,524
Segment liabilities	201,872	12,854	1,091	361	216,178

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

	2011 RM'000	2010 RM'000
Profit for the financial year		
Total profit for reportable segments	**53,264**	48,035
Income tax expense	**(13,224)**	(9,991)
Profit after tax	**40,040**	38,044
Assets		
Total assets for reportable segments	**494,714**	387,524
Tax assets	**3.062**	1,861
Group's assets	**497,776**	389,385

40. OPERATING SEGMENTS (cont'd)

	2011 RM'000	2010 RM'000
Liabilities		
Total liabilities for reportable segments	**291,235**	216,178
Tax liabilities	**16,100**	10,790
Group's liabilities	**307,335**	226,968

41. FINANCIAL INSTRUMENTS

(a) Capital management

The objective of the Group's capital management is to ensure that it maintains healthy ratios in order to support its business operations and to provide fair returns for shareholders and benefits for other stakeholders.

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 2011 and 30 June 2010.

The Directors monitor and determine the optimal debt to equity ratio that complies with debt covenants.

The Group regards net debt to include all loans and borrowings less cash and cash equivalents (including fixed deposits) and capital to include all equities attributable to the equity holders of the Company.

	Group	
	2011 RM'000	2010 RM'000
Borrowings	**175,461**	94,654
Less: Cash and cash equivalents	**(68,854)**	(38,485)
Net debt	**106,607**	56,169
Equity attributable to owners of the parent	**189,385**	161,307
Gearing ratio (%)	**56.3%**	34.8%

The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

41. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments

Certain comparative figures have not been presented for 30 June 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

Categories of financial instruments

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	122,498	-	-	-	122,498
Cash and cash equivalents	70,820	-	-	-	70,820
Other investment	-	-	10	-	10
Derivative assets	-	8	-	-	8
	193,318	8	10	-	193,336

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

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	72	-	-	-	72
Amounts owing by subsidiaries	12,145	-	-		12,145
Cash and cash equivalents	12,163	-	-	-	12,163
Other investment	-	-	10	-	10
	24,380	-	10	-	24,390

41. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Categories of financial instruments (cont'd)

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	
2011	**Carrying amount RM'000**	**Fair value RM'000**
Recognised		
Financial liabilities:		
Hire purchase and lease creditors	11,131	10,481
2010		
Financial liabilities:		
Hire purchase and lease creditors	8,831	8,238

(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.

41. FINANCIAL INSTRUMENTS (cont'd)

(d) Determination of fair values (cont'd)

(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).

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

Assets measured at fair values

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				
- Forward currency contracts	8	-	8	-
Available-for-sale financial asset				
- Club membership	10	-	10	-

41. FINANCIAL INSTRUMENTS (cont'd)

(e) Fair value hierarchy (cont'd)

Liabilities measured at fair values

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 financial year, there were no transfers between Level 1 and Level 2 fair value measurements.

42. 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.

<u>Credit risk concentration profile</u>

At the end of the reporting period, approximately:

- 28% (2010: 28%) of the Group's trade receivables were due from five major customers who are multi-industry conglomerates located in Malaysia.
- RM12,145,332 (2010:RM10,313,578) are amounts owing by subsidiaries.

<u>Financial assets that are neither past due nor impaired</u>

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

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

(i) Credit risk (cont'd)

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.

	2011			
Group	**On demand or within one year RM RM'000**	**One to five years RM RM'000**	**Over five years RM RM'000**	**Total RM 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**

(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.

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

(iii) Foreign currency risk (cont'd)

During the financial year, the Group entered into foreign currency forward contracts and currency swap contracts to manage exposures to currency risk for payables and borrowings, which are denominated in a currency other than the functional currencies of the Group.

Group	Foreign currency	Expiry dates	Contract amounts in foreign currency	RM'000 equivalent
2011				
Forward contracts used to hedge trade payables	**USD**	**July 2011**	**200,000**	**607**
	USD	**August 2011**	**350,000**	**1,052**
2010				
Forward contracts used to hedge trade payables	EURO	July 2010	967,177	4,364
	EURO	August 2010	300,000	1,198
	USD	July 2010	500,000	1,599
	USD	August 2010	300,000	959

The unrecognised gain as at 30 June 2010 on the open contracts that hedged anticipated future foreign currency sales amounting to RM501,097 was deferred and recognised during the current financial year upon adoption of FRS 139 as disclosed in Note 45 to the financial statements.

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

	Group 2011 RM'000	2010 RM'000
<u>Trade receivables</u>		
US Dollar	**174**	101
<u>Trade payables</u>		
Euro	**155**	6,017
US Dollar	**3,557**	6,345
Singapore Dollar	**73**	-
<u>Other payables</u>		
Euro	**1,500**	-
US Dollar	**139**	1,884
Singapore Dollar	**40**	-

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

(iii) Foreign currency risk (cont'd)

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 Dollar 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.

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 30.06.2011 RM'000 Profit after tax
USD/RM	**79**
EUR/RM	**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 its risk.

Sensitivity analysis for interest rate risk

As at 30 June 2011, 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 RM938,729 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 RM950,014 lower, arising mainly as a result of higher interest expense on variable borrowings.

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

(iv) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective 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:

Group	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
At 30 June 2011									
Fixed rate instruments									
Deposits placed with financial institutions	16	3.11	12,650	-	-	-	-	-	12,650
Deposit placed with an institutional trustee	16	4.2	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

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

(iv) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective 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):

Group	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
At 30 June 2010									
Fixed rate instruments									
Deposits placed with financial institutions	16	2.07	13,611	-	-	-	-	-	13,611
Deposit placed with an institutional trustee	16	4.20	1,887	-	-	-	-	-	1,887
Hire purchase and lease creditors	24	6.49	3,332	2,937	1,604	813	145	-	8,831
Floating rate instruments									
Bankers' acceptances	21	3.02	23,028	-	-	-	-	-	23,028
Revolving credits	21	4.00	10,321	-	-	-	-	-	10,321
Term loans	22	3.91	4,500	5,750	10,438	-	-	-	20,688
Islamic acceptance bills	23	5.22	813	-	-	-	-	-	813
Islamic term financing	23	5.73	1,976	2,966	5,525	7,079	9,336	4,091	30,973
Company									
At 30 June 2010									
Fixed rate instruments									
Amount owing by a subsidiary	15	8.00	800	-	-	-	-	-	800
Deposits placed with financial institutions	16	2.15	11,100	-	-	-	-	-	11,100

43. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 21 July 2011, the Company entered into a conditional share sale agreement with Asahi Group Holdings Ltd. ("Asahi") for the disposal of the entire equity interest in Permanis Sdn. Bhd. to Asahi for a total cash consideration of RM820 million.

44. COMPARATIVES

Certain figures as at 1 July 2009 have been restated due to the effects arising from the adoption of Amendment to FRS 117 *Leases*, which have resulted in retrospective adjustments. Leasehold land held by the Group for own use were reclassified from prepaid lease payments for land as previously reported, to property, plant and equipment - leasehold land.

Group As at 1 July 2009	As previously reported RM RM'000	Effects on adoption of Amendment to FRS 117 RM RM'000	As restated RM RM'000
<u>Statement of Financial Position</u>			
Assets			
Non-current assets			
Property, plant and equipment	85,725	3,080	88,805
Investment properties	1,885	-	1,885
Prepaid lease payments for land	3,080	(3,080)	-
Intangible assets	47,548	-	47,548
Other investments	21	-	21
Deferred tax assets	1,079	-	1,079
	139,338	-	139,338
Current assets			
Inventories	32,624	-	32,624
Trade and other receivables	78,040	-	78,040
Current tax assets	524	-	524
Cash and cash equivalents	39,898	-	39,898
	151,086	-	151,086
Non-current assets held for sale	4,500	-	4,500
	155,586	-	155,586
Total assets	294,924	-	294,924

44. COMPARATIVES (cont'd)

Certain figures as at 1 July 2009 have been restated due to the effects arising from the adoption of Amendment to FRS 117 *Leases*, which have resulted in retrospective adjustments. Leasehold land held by the Group for own use were reclassified from prepaid lease payments for land as previously reported, to property, plant and equipment - leasehold land (cont'd).

Group **As at 1 July 2009**	**As previously reported** **RM** **RM'000**	**Effects on adoption of Amendment to FRS 117** **RM** **RM'000**	**As restated** **RM** **RM'000**
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	142,000	-	142,000
Share premium	2,147	-	2,14
Retained earnings	(11,378)	-	(11,378)
	132,769	-	132,769
Non-controlling interests	1,189	-	1,189
Total equity	133,958	-	133,958
Liabilities			
Non-current liabilities			
Borrowings	31,560	-	31,56
Retirement benefit obligations	3,332	-	3,332
Deferred tax liabilities	5,164	-	5,16
	40,056	-	40,056
Current liabilities			
Trade and other payables	70,329	-	70,329
Provisions	2,350	-	2,350
Borrowings	46,797	-	46,797
Current tax liabilities	1,434	-	1,434
	120,910	-	120,910
Total liabilities	160,966	-	160,966
Total equity and liabilities	294,924	-	294,924

For the financial year ended 30 June 2010

<u>Statement of comprehensive income</u>			
Depreciation of property, plant and equipment - leasehold land	-	60	60
Amortisation of prepaid lease payments for land	60	(60)	-
<u>Statement of financial position</u>			
Property, plant and equipment			
- leasehold land	-	3,020	3,020
Prepaid lease payments for land	3,020	(3,020)	-

45. OPENING STATEMENT OF FINANCIAL POSITION

The opening statement of financial position as at 1 July 2010 primarily reflects the effects arising from the adoption of FRS 139, as follows:

Group	As previously reported RM	Effects on adoption of FRS 139 RM	As restated RM
Statement of Financial Position			
Assets			
Non-current assets			
Property, plant and equipment	128,263	-	128,263
Investment properties	1,280	-	1,280
Intangible assets	47,548	-	47,548
Other investments	15	-	15
Deferred tax assets	1,642	-	1,642
	178,748	-	178,748
Current assets			
Inventories	51,912	-	51,912
Trade and other receivables	113,572	-	113,572
Amounts owing by subsidiaries	-	-	-
Current tax assets	219	-	219
Cash and cash equivalents	40,434	-	40,434
Derivative assets	-	501	501
	206,137	501	206,638
Non-current assets held for sale	4,500	-	4,500
	210,637	501	211,138
Total assets	389,385	501	389,886
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	142,000	-	142,000
Share premium	2,147	-	2,147
Retained earnings	17,160	764	17,924
	161,307	764	162,071
Non-controlling interests	1,110	-	1,110
Total equity	162,417	764	163,181

45. OPENING STATEMENT OF FINANCIAL POSITION (cont'd)

The opening statement of financial position as at 1 July 2010 primarily reflects the effects arising from the adoption of FRS 139, as follows (cont'd):

Group	As previously reported RM	Effects on adoption of FRS 139 RM	As restated RM
Liabilities			
Non-current liabilities			
Borrowings	50,684	-	50,684
Retirement benefit obligations	3,439	-	3,439
Deferred tax liabilities	7,313	125	7,438
	61,436	125	61,561
Current liabilities			
Trade and other payables	114,017	-	114,017
Provisions	4,068	-	4,068
Borrowings	43,970	(388)	43,582
Current tax liabilities	3,477	-	3,477
	165,532	(388)	165,144
Total liabilities	226,968	(263)	226,705
Total equity and liabilities	389,385	501	389,886

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:

	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)

Tenure	Location	Approximately Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	2011 Net Book Value RM'000
SELANGOR DARUL EHSAN						
Freehold	Agriculture Land at Lot 6659 Jalan Kampung Bukit Cerakah, Meru 41050 Klang Geran 28082 Mukim Kapar Daerah Klang, Selangor	265,716	16	Factory	24/06/2001	1,206
Leasehold 99 years expiring 2086	Land with Warehouse at HS(D) 14685, PT 11441 Seksyen 13, Mukim Kajang Daerah Ulu Langat, Selangor	679,052	24	Warehouse	20/12/2010	30,159
NEGERI SEMBILAN DARUL KHUSUS						
Leasehold 99 years expiring 2077	Land with building at HS(D) 658 PT 1342 Senawang Industrial Estate Seremban, Negeri Sembilan	130,680 (Built-up Area)	32	Factory for Manufacturing Tap wares	10/06/1978	1,023
Freehold (2 individual Lots)	Land at HS(D) 14031 PT 3272 HS(D) 14036 PT 3277 Mukim Si Rusa, Daerah Port Dickson Negeri Sembilan	91,168	-	Bungalow Land for Future Development of Orchard and Building	03/11/1999	180
MELAKA						
Leasehold 99 years expiring 2101	Land with building at Lot No. 6672 - 6674 PM No. 567 - 569 Lot No. 6667 - 6669 PM No. 571 - 573 Mukim Sungei Baru Tengah Daerah Alor Gajah, Melaka	93,099 (Built-up Area)	16	Factory for Manufacturing Sanitary wares	03/11/1995	5,809
JOHOR DARUL TAKZIM						
Leasehold 60 years expiring 2028	Industrial Land with building at No. 12, Jalan Padu Larkin Industrial Estate 80350 Johor Bahru Johor Darul Takzim	111,350	33	Single Storey Factory with an Annexed Single Storey Office, Warehouse, Open-side Workshop, Canteen, Pump House and Guard House	30/03/1978	2,130
PULAU PINANG						
Leasehold 999 years expiring 2876	Agriculture Land at Lot No. 682 Geran No. 47673 Lot No. 683 Geran No. 47674 Mukim 12, Dearah Seberang Perai Selatan, Negeri Pulau Pinang	60,461 125,845	-	Vacant	07/03/1994	1,100
KEDAH DARUL AMAN						
Freehold	Agriculture Land at HS (M) 15-80 PT No. 661 (Lot 2760) Mukim Ulu Melaka Daerah Langkawi Negeri Kedah	117,067	-	Vacant	31/05/1998	-

Analysis Of Shareholdings

As At 15 September 2011

Authorised share capital	:	RM500,000,000.00
Issued and fully paid-up share capital	:	RM142,000,000.00
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights by show of hand	:	One vote for every member
Voting rights by poll	:	One vote for every share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	44	1.46	928	0.00
100 - 1,000	1,135	37.60	1,027,080	0.72
1,001 - 10,000	1,516	50.21	5,760,092	4.06
10,001 - 100,000	258	8.54	7,289,400	5.13
100,001 to less than 5% of issued shares	63	2.09	60,040,600	42.28
5% and above of issued shares	3	0.10	67,881,900	47.81
Total	3,019	100.00	142,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

NO.	NAME	DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1.	Datuk Johari Bin Abdul Ghani	42,600,000	30.00	-	-
2.	Continental Theme Sdn Bhd	13,822,100	9.73	-	-
3.	Permodalan Nasional Berhad	11,459,800	8.07	-	-
4.	Datin Mariam Prudence Binti Yusof	-	-	28,477,400[1]	20.05[1]
5.	Syed Khalil Bin Syed Ibrahim	-	-	14,822,100[2]	10.44[2]
6.	Yayasan Pelaburan Bumiputra	-	-	11,459,800[3]	8.07[3]

Notes:

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

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

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

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

NO.	NAME	DIRECT NO. OF SHARES HELD	%	INDIRECT NO. OF SHARES HELD	%
1.	Dato' Seri Abdul Ghani Bin Abdul Aziz	60,000	0.04	-	-
2.	Datuk Johari Bin Abdul Ghani	42,600,000	30.00	-	-
3.	Datin Mariam Prudence Binti Yusof	-	-	28,477,400[1]	20.05[1]

Note:

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

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	Johari Bin Abdul Ghani	42,600,000	30.00
2.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for Continental Theme Sdn Bhd*	13,822,100	9.73
3	Permodalan Nasional Berhad	11,459,800	8.07
4	HSBC Nominees (Asing) Sdn Bhd *Exempt an for Credit Suisse*	6,160,500	4.34
5	Duclos Sdn Bhd	5,360,000	3.77
6	Leasing Corporation Sdn Bhd	4,686,400	3.30
7	Syed Ibrahim Sdn Bhd	4,540,000	3.20
8	CIMB Group Nominees (Tempatan) Sdn Bhd *Exempt an for BHLB Trustee Berhad*	3,942,500	2.78
9	Sisma Vest Sdn Bhd	3,900,000	2.75
10	Sisma Water Technology Sdn Bhd	3,662,000	2.58
11	Du Ain Sdn Bhd	3,329,000	2.34
12	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Sisma Water Technology Sdn Bhd*	3,000,000	2.11
13	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Erwin Selvarajah A/L Peter Selvarajah*	1,880,000	1.32
14	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt an for EFG Bank AG*	1,840,800	1.30
15	Erwin Selvarajah A/L Peter Selvarajah	1,770,000	1.25
16	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Continental Theme Sdn Bhd*	1,000,000	0.70
17	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan)*	1,000,000	0.70
18	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust*	920,000	0.65
19	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Joo Theam*	807,000	0.57
20	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for OSK-UOB Growth and Income Focus Trust*	800,000	0.56
21	Astaman Bin Abdul Aziz	750,100	0.53
22	Bank Kerjasama Rakyat Malaysia Berhad	657,000	0.46
23	Neoh Choo Ee & Company, Sdn. Berhad	640,000	0.45
24	M & S Food Industries Sdn Bhd	574,800	0.40
25	HSBC Nominees (Asing) Sdn Bhd *Exempt an for KAS Bank Effectenbewaarbedrijf N.V.*	566,000	0.40
26	Syarifah Anita Ibrahim	562,500	0.40
27	Citigroup Nominees (Asing) Sdn Bhd *UBS AG for New Harbour Asia Fund (Master) Limited*	503,000	0.35
28	Dagang Setia Sdn Bhd	427,000	0.30
29	HSBC Nominees (Asing) Sdn Bhd *Exempt an for UBS AG*	357,500	0.25
30.	Cartaban Nominees (Asing) Sdn Bhd *SSBT Fund S9JG for Polaris Emerging Asia Leader Securities Investment Trust Fund*	327,000	0.23
		121,845,000	85.80

Corporate Proposals and Utilisation of Proceeds

The Company did not carry out any corporate exercise to raise funds during the financial year ended 30 June 2011. However, the Company had on 21 July 2011, 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 ("Proposed Disposal"), for total cash consideration of RM820.0 million. The Proposed Disposal is subject to regulatory, PepsiCo and other third party approvals, as well as approval of the shareholders of the Company.

Share Buy-Back

The Company did not carry out any share buy-back during the financial year ended 30 June 2011.

Options, Warrants or Convertible Securities

There were no options, warrants nor convertible securities issued by the Company during the financial year ended 30 June 2011.

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 2011 was RM62,900.00.

Variation in Results

There were no material variances between the results of the financial statements for the year ended 30 June 2011 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 2011.

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 2011.

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 2011 pursuant to the shareholders' mandate obtained on 27 October 2010 are as follows :-

Related Party	Transacting Party	Nature of Transaction	Actual (RM'000)
SV Beverages Holdings Sdn Bhd (661536-U) ("SVB")	Permanis Sdn Bhd ("Permanis")	Purchase of raw materials by Permanis from SVB	3,322
		Royalty payable by Permanis to SVB	654

Disclosure of the Restrictive Covenant Clause in the Exclusive Bottling Agreements

Permanis is the licensed bottler manufacturer and distributor with exclusive rights to bottle, market, sell and/or distribute beverages under the trademarks of "Pepsi", "Pepsi Twist", "Pepsi Max", "Gatorade", "Sting", "Mirinda", "Evervess", "Tropicana", "Tropicana Twister", "Tropicana Essentials", "Mountain Dew" and "Seven-Up" in Malaysia pursuant to the Exclusive Bottling Agreement ("EBA") which was renewed on 1 July 2010.

The details of the EBA are as follows:

Date	EBA and Licensors	Particulars
1 July 2010	PepsiCo, Inc. and Seven-Up International, a division of The Concentrate Manufacturing Company of Ireland ("PepsiCo EBA")	To bottle, market, sell and/or distribute beverages under the trademarks of "Pepsi", "Pepsi Twist", "Pepsi Max", "Gatorade", "Sting", "Mirinda", "Evervess", "Tropicana", "Tropicana Twister", "Tropicana Essentials", "Mountain Dew" and "Seven-Up" in Malaysia.

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

However, despite such restrictions which have been imposed consistently in the past to prevent any unauthorised transfer of controlling shares in Permanis, it has thus far been able to renew the respective EBAs since the time it was first granted the licence by the Licensors over thirty-seven (37) years ago.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 30 June 2011.

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 2011.

Revaluation Policy on Landed Properties

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

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C.I. Holdings Berhad 37918-A
[Incorporated in Malaysia]

Form of Proxy

CDS Account No.	
Number of Shares Held	

Thirty-Third Annual General Meeting

I/We ____

of ____

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

of ____

or failing him/her, ____

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held at Tun Rahah Grand Hall, Level 1, Menara Yayasan Tun Razak, No. 200, Jalan Bukit Bintang, 55100 Kuala Lumpur on Thursday, 27 October 2011 at 9.30 a.m. and at any adjournment thereof.

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

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
Ordinary Resolution 1	To receive the Audited Financial Statements and Directors' and Auditors' Reports		
Ordinary Resolution 2	To approve a final dividend of 7.0 sen per share less tax at 25%		
Ordinary Resolution 3	To approve the payment of Directors' Fees		
Ordinary Resolution 4	To re-elect Datuk Johari Bin Abdul Ghani as Director		
Ordinary Resolution 5	To re-elect Datin Mariam Prudence Binti Yusof as Director		
Ordinary Resolution 6	To re-elect Mr. Kasinathan A/L Tulasi as Director		
Ordinary Resolution 7	To re-appoint Maj Gen (R) Dato' Mohamed Isa Bin Che Kak as Director		
Ordinary Resolution 8	To re-appoint Dato' Azmeer Bin Rashid as Director		
Ordinary Resolution 9	To re-appoint Messrs BDO as Auditors of the Company		
	SPECIAL BUSINESS		
Ordinary Resolution 10	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with SV Beverages Holdings Sdn Bhd		

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

Dated this ______________ day of __________________ 2011

____
(Signature/Common Seal of Shareholder)

Notes:

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

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

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

4. To be valid, the Form of Proxy must be completed, signed and deposited at the Company's registered office at Level 10, Menara Yayasan Tun Razak, No. 200, Jalan Bukit Bintang, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

Fold this flap for sealing

Then Fold here

STAMP

The Company Secretary
C.I. HOLDINGS BERHAD
(Company No. 37918-A)
Level 10
Menara Yayasan Tun Razak
No. 200, Jalan Bukit Bintang
55100 Kuala Lumpur

1st fold here

DOFF SERIES

BASIN MIXERS

DF 1586
Luxury single lever
basin mixer

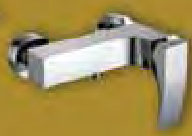
DF 1587
Luxury single lever
tall basin mixer

EXPOSED BATH AND SHOWER MIXERS

DF 2596
Luxury single lever
rain shower mixer set

BATH AND SHOWER MIXERS

DF 2586
Luxury single lever
shower and bath mixer



DF 2587
Luxury single lever
shower mixer

DF 2597
Luxury single lever
rain shower / bath mixer set

DOFF SERIES

BATH AND SHOWER MIXERS

DF 2584
Luxury double handle
5-hole 3-way shower and bath mixer
(including overhead shower)

DF 2594
Luxury double handle
5-hole shower and bath mixer

SINK MIXER

DF 1648
Luxury double lever
kitchen sink mixer

BATH AND SHOWER MIXERS

DF 5901
Luxury concealed shower mixer
(shower is sold separately)

DF 5801
Luxury concealed shower and bath mixer
(shower and spout are sold separately)

DF 8301
Bathtub spout

DOE INDUSTRIES SDN BHD (36788-T)
(A Subsidiary of C.I. Holdings Berhad)

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8, Jalan SS21/39, Damansara Utama,
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70450 Seremban, N. Sembilan, Malaysia.
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