STATEMENT ON CORPORATE GOVERNANCE (cont'd)

1. BOARD OF DIRECTORS (cont'd)

1.5 Supply of Information

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

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

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

1.6 Appointments to the Board

The Nomination Committee scrutinises the sourcing and nomination of suitable candidates for appointment as Director of the Company before recommending to the Board for approval. The candidates must also be able to commit a sufficient amount of time to discharge their duties as a Board member.

The Board appoints its members through a formal and transparent process. The selection criteria for the new candidates for directorship encompasses 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:

- Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
- Encik Nor Hishammuddin Bin Dato' Mohd Nordin

In accordance with the Article 98 of the Articles of Association of the Company, Encik Megat Joha Bin Megat Abdul Rahman, the Director appointed during the year, retires at the forthcoming AGM and being eligible, offers himself for re-election.

1.8 Board Charter

The Board is accountable and responsible for the performance and governance activities of the Group with a view of protecting shareholder value and recognising the interests of all other stakeholders namely customers, suppliers, contractors, employees, regulators, members of the communities and all others with whom the Company interfaces.

This Board Charter is intended to identify the role, structure and processes related to key governance activities of the Board. It serves as a reference point for Board activities. It is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees, the role of the Group Managing Director, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices. A copy of the Board Charter is available at the Group's website http://www.cih.com.my.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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 2013 are set out on pages 30 to 34 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 2013, 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 2013.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2. BOARD COMMITTEES (cont'd)

2.3 Nomination Committee

The Nomination Committee comprised of three (3) members, all of whom are Independent Non-Executive Directors. Details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2013, are as follows:

Directors	Description	No. of Meetings Attended
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Senior Independent Non-Executive Director	3/3
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	3/3
Teh Bee Tein	Independent Non-Executive Director	3/3

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

(i) To recommend to the Board for approval, candidates for all directorships to be filled by the shareholders to the Board indicating the criteria for the recruitment process;

(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.

The Nomination Committee met three (3) times during the course of the financial year ended 30 June 2013 and the main activities undertaken by the Committee were as follows:

(i) to recommend to the Board the new candidate for the position of Executive Director;

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

(iii) to assess the performance of individual Directors; and

(iv) to identify and recommend to the Board the re-election/ re-appointment of the Directors.

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 2013 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 2013 the Nomination Committee concluded that each board member had been competent in discharging his/her duties and responsibilities.

The Nomination Committee also assesses the independence of Independent Directors who have served the Company for a cumulative term of more than nine (9) years and make appropriate recommendations to the Board.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2. BOARD COMMITTEES (cont'd)

2.3 Nomination Committee (cont'd)

Subject to the approval of shareholders at the forthcoming AGM, Nomination Committee recommended the following directors who have served the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Directors of the Company:

- Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
- Encik Nor Hishammuddin Bin Dato' Mohd Nordin

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

3. DIRECTORS' TRAINING

All the Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by Bursatra Sdn Bhd within the stipulated timeframe as required by the MMLR of Bursa Securities.

As an integral process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board members.

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

During the financial year under review, the Directors of the Company had attended and participated in various seminars and forums in areas of finance, tax, accounting and regulatory updates. Some of the seminars or courses attended by the Directors during the financial year ended 30 June 2013 include the following:

- Sustainability Trainings for Directors and Practitioners.
- Innovative Society: Sustaining Business Success.
- Director Duties, Regulatory Updates and Governance Seminar for Directors of PLCs.

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 RM1,000.00 for each Board and Committee meetings attended.

The remuneration package of the Executive Directors was recommended to the Board by the Remuneration Committee. The Group Managing Director 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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

4. DIRECTORS' REMUNERATION (cont'd)

Details of the aggregate remuneration of Directors, including non-executive Directors during the financial year ended 30 June 2013, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000.00 are as follows:

Directors	Salary RM'000	Bonus RM'000	Leave Passage RM'000	Allowance RM'000	Benefit-in-kind RM'000	Directors' Fee RM'000	Total RM'000
Executive							
Datuk Johari Bin Abdul Ghani	552	90	50	120[3]	4	-	816
Megat Joha Bin Megat Abdul Rahman *(Appointed on 18 April 2013)*	102	22	-	9	21	-	154
	654[1]	112[2]	50	129	25	-	970
Non-Executive							
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	-	-	-	8	-	25	33
Datin Mariam Prudence Binti Yusof	-	-	-	5	-	20	25
Nor Hishammuddin Bin Dato' Mohd Nordin	-	-	-	18	-	20	38
Teh Bee Tein	-	-	-	18	-	20	38
Kasinathan A/L Tulasi	-	-	-	8	-	20	28
Maj. Gen. (R) Dato' Mohamed Isa Bin Che Kak *(Vacated office on 31 October 2012)*	-	-	-	4	-	-	4
Dato' Azmeer Bin Rashid *(Vacated office on 31 October 2012)*	-	-	-	2	-	-	2
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee *(Resigned on 17 June 2013)*	-	-	-	5	-	20	25
Sub-Total	-	-	-	68	-	125	193
Total	654	112	50	197	25	125	1,163

[1] Inclusive of Company's contribution to employee provident fund.
[2] Bonus for financial year ended 30 June 2013 inclusive of employee provident fund.
[3] Car allowance in lieu of provision of company car.

All directors' remuneration are paid out of the Company.

RM	Executive Directors	Non-Executive Directors	Total
50,000 and below	-	8	8
150,001 - 160,000	1	-	1
800,001 - 850,000	1	-	1

(The above disclosures include all Directors who held office during the financial year)

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

5. SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS

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 its AGM.

The Company is also an active member of the Malaysian Investor Relations Association. The membership enables the Company to continuously enhance and improve its investor relations 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 2009	18 September 2009	30 October 2009
Annual Report 2010	29 September 2010	30 October 2010
Annual Report 2011	5 October 2011	30 October 2011
Annual Report 2012	3 October 2012	30 October 2012
Annual Report 2013	17 October 2013	30 October 2013

Release of Quarterly Reports	Date of Announcement	Deadline Imposed by Bursa Securities
Q1 Quarterly Report 2013	7 November 2012	30 November 2012
Q2 Quarterly Report 2013	30 January 2013	29 February 2013
Q3 Quarterly Report 2013	8 May 2013	31 May 2013
Q4 Quarterly Report 2013	29 August 2013	31 August 2013

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 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 encouraged to participate in the question and answer sessions. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf without being constrained by the two-proxy rule.

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

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

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

Post : Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.
Fax : 03-2166 7208
Email : info@cih.com.my

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

5. SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS (cont'd)

5.3 Dividend

As the Company has not identified any core business during the financial year under review, the Board has decided to conserve its cash and did not recommend payment of final dividend for the financial year ended 30 June 2013.

5.4 Website

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

6. ACCOUNTABILITY AND AUDIT

6.1 Financial Reporting

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

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

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

6.2 Risk Management and Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control and the need to review its effectiveness regularly via the Company's Internal Audit Department as to safeguard the interests of stakeholders. Additionally, to ensure that the independence of the Internal Audit Department is preserved, the Head of Internal Audit Department reports directly to the Audit Committee.

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

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

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

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

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

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

(vi) Provide internal consultancy services to management.

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

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

6. ACCOUNTABILITY AND AUDIT (cont'd)

6.3 Related Party Transactions

The Group has in place a procedure to ensure that the Company meets its obligations under the MMLR 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.

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 2013 are set out below:

	RM'000	% of Total Fees Paid/Payable
Audit fee payable to Messrs BDO	115	59
Non-audit fee paid/payable to Messrs BDO	79	41

Non-audit fee paid/payable to our External Auditor represents 41%, 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 and/or Executive 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 Secretaries.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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 RECOMMENDATION OF THE CODE

The Board considers that the Group has complied with the Code throughout the financial year ended 30 June 2013.

This Statement was approved by the Board of Directors on 25 September 2013.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee Report and its activities held throughout the financial year ended 30 June 2013 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
Kasinathan A/L Tulasi - Member *Independent Non-Executive Director* *(Appointed on 7 November 2012)*	2/2	100
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak - Member *Independent Non-Executive Director* *(Vacated office on 31 October 2012)*	2/2	100

The Audit Committee held five (5) meetings during the financial year ended 30 June 2013. The Group Managing Director, the Executive Director and the Head of Internal Audit attended the Audit Committee meetings upon invitation. Other senior management personnel of the Group also attended the meetings upon invitation by the Audit Committee, as and when necessary. The Company's external auditors attended three (3) meetings during the financial year where they were invited to discuss matters relating to the statutory audit. They were also given the opportunity to raise areas of concern without the presence of the Management.

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

During the year, the Audit Committee members attended conferences, seminars and training programmes relevant to their roles and responsibilities. Details of the training attended by the Audit Committee member are disclosed on page 24 of the Annual Report.

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

2. TERMS OF REFERENCE

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

2.1 Composition

The Audit Committee shall be appointed by the Board from amongst its directors and shall consist of not less than three (3) in numbers. All members of the Audit Committee must be non-executive directors, a majority of whom shall be independent directors.

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

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

AUDIT COMMITTEE REPORT (cont'd)

2. TERMS OF REFERENCE (cont'd)

2.2 Membership

At least one (1) member of the Audit Committee:

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

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

(i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
(ii) he must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

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

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

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

2.3 Chairman

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

2.4 Quorum

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

2.5 Meeting

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

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

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

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

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

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

2.6 Voting and Proceeding of Meeting

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

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

AUDIT COMMITTEE REPORT (cont'd)

2. TERMS OF REFERENCE (cont'd)

2.7 Minutes

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

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

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

2.8 Authority

The Audit Committee shall 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;

AUDIT COMMITTEE REPORT (cont'd)

2. TERMS OF REFERENCE (cont'd)

2.9 Functions and Responsibilities (cont'd)

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

- (i) compliance with accounting 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 term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

3. ACTIVITIES OF THE AUDIT COMMITTEE

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

Financial and Operations Review

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

(b) Reviewed the application of corporate governance principles and the extent of the Group's compliance with the recommendations set out in the Malaysian Code of Corporate Governance 2012 in conjunction with the preparation of the Corporate Governance and Risk Management 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, independence and considered the remuneration and re-appointment of the external auditors; and

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

AUDIT COMMITTEE REPORT (cont'd)

3. ACTIVITIES OF THE AUDIT COMMITTEE (cont'd)

Internal Audit

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

(b) Reviewed the Audit Committee Report for inclusion in the Annual Report 2013;

(c) Reviewed the Statement of Risk Management and Internal Control for inclusion in the Annual Report 2013;

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

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

Related Party Transactions

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

4. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and acts independently on the activities and operations of other operating units. 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 2013 was RM238,000.00.

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 responses were presented to the Audit Committee and the Board for further deliberation.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made in accordance with the paragraph 15.26 (b) of Bursa Malaysia Securities Berhad Listing Requirements and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, which requires Directors of listed companies to include a statement in their annual reports on the state of their risk management and internal controls.

The Board of Directors (the "Board") of C.I. Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 30 June 2013.

THE BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility to maintain a sound system of internal controls and effective risk management practices in the Group to safeguard shareholders' investment and the Group's assets. The Board continuously ensures the adequacy and integrity of the overall internal control system for the Group.

However, as in any system of internal control, it is designed to manage rather than to eliminate the risk of failure to achieve the Group's business objectives and therefore, it can only provide reasonable assurance but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

The Group established a formal risk management framework in year 2004 which enabled the management and the Board to share a common model for the effective communication and evaluation of all principal risks and controls. The Risk Framework covers a broad variety of risks, including but not limited to business continuity issues, governance issues, financials issues and operational issues.

The Risk Management Committee ("RMC") comprises six (6) members, out of which four (4) are appointed representatives from the Board, two (2) of which are Independent Non-Executive Directors. The Chairman of the RMC is an Independent Non-Executive Director. The others are representatives from the various operating subsidiaries. The roles and responsibilities of RMC 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 that 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 that appropriate reporting and feedback are received from management and reporting to the Board on the Group's risk profile and any major changes to the risk profile.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

RISK MANAGEMENT (cont'd)

In addition, the Group Managing Director and/or Executive Director conduct meetings with senior management of all subsidiaries within the Group on a monthly basis. Amongst others, the key risks facing the respective subsidiary 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 is to assure the Board, through the Audit Committee, that the internal control systems are functioning as intended. In providing this assurance, the Internal Audit Department carries out regular audit activities in accordance with its annual audit plan to review the adequacy and integrity of internal control systems and to identify opportunities for improvement in operational efficiency. The Audit Committee reports to the Board on its activities, significant audit results or findings and necessary recommendations or actions needed to be taken by management to rectify those issues.

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

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

- Integrity
- Objectivity
- Confidentiality
- Competency

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- An organisation structure with key responsibilities clearly defined for the Board, committees of the Board and the executive management of the Group's operating business units.
- Authorisation limits established to provide a functional framework of authority for approving expenditures.
- The requirement for each operating business unit to provide a comprehensive annual budget for the Board's approval.
- Monthly reporting of each operating business unit's performance.
- 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

OTHER KEY ELEMENTS OF INTERNAL CONTROL (cont'd)

The Board has put in place other internal control measures including (cont'd):

- A Whistle Blowing Policy has been put in place to help ensure conformance to the guidelines set out in the Employee Handbook and Code of Conduct by enabling the employees of the Company to raise concerns in a responsible and effective manner. The Whistle Blowing Policy covers concerns such as; financial malpractice or impropriety or fraud, failure to comply with legal obligations or statutes, dangers to health and safety or the environment, criminal activity, improper conduct or unethical behaviour or any attempts to conceal any of the above. In addition the policy outlines safeguards for the whistle blower including protection and confidentiality. Furthermore the process for making a disclosure and the process of investigating an allegation are also outlined in the policy.
- Task force unit had been established for specific activities such as disposal of old stocks and promotion of special range launches.
- Management of individual subsidiaries and business divisions are continuously assessing for risks within their business environment and formulate mitigating strategies and/ or corrective actions to minimise risks.

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 risks and to achieve its business objectives. During the financial year, there was no major breakdown in internal controls that caused any material losses.

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), and the requirements of the Companies Act, 1965 in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

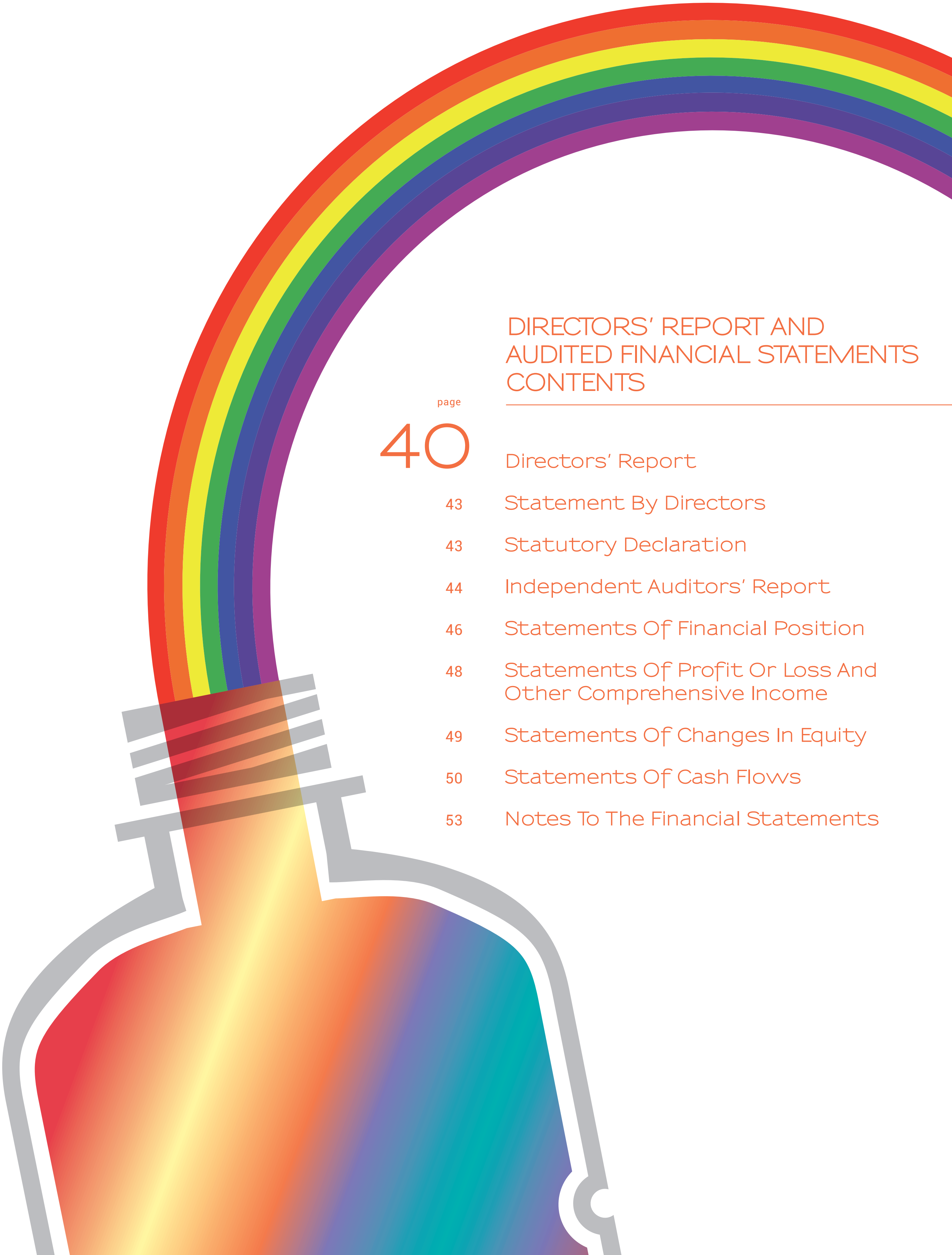
The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared financial statements on a going concern basis as the Directors have reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors acknowledge the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy 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.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.



DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS CONTENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

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.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	533	2,365
Attributable to:		
Owners of the parent	529	2,365
Non-controlling interests	4	-
	533	2,365

DIVIDENDS

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any payment of final dividend for the current financial year.

RESERVES AND PROVISIONS

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

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' REPORT (cont'd)

DIRECTORS

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

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	
Datuk Johari Bin Abdul Ghani	
Datin Mariam Prudence Binti Yusof	
Nor Hishammuddin Bin Dato' Mohd Nordin	
Kasinathan A/L Tulasi	
Teh Bee Tein	
Megat Joha Bin Megat Abdul Rahman	(appointed on 18 April 2013)
Maj Gen (R) Dato' Mohamed Isa Bin Che Kak	(vacated office on 31 October 2012)
Dato' Azmeer Bin Rashid	(vacated office on 31 October 2012)
Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee	(resigned on 17 June 2013)

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 2013 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 RM0.50 each →			
	Balance at 1.7.2012	**Bought**	**Sold**	**Balance at 30.6.2013**
Shares in the Company				
Direct interests:				
Datuk Johari Bin Abdul Ghani	43,350,000	3,150,000	(46,500,000)	-
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	60,000	100,000	-	160,000
Indirect interests:				
Datuk Johari Bin Abdul Ghani	-	46,500,000	-	46,500,000
Datin Mariam Prudence Binti Yusof	21,422,800	12,922,100	-	34,344,900

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefits which may be deemed to have been derived by virtue of those transactions as disclosed in Note 37 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.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other 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 amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
(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 (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(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 DURING THE FINANCIAL YEAR

On 3 April 2013, the Company had entered into a conditional share sale and purchase agreement with Lee Cheang Mei and Fung Heen Choon for the purpose of the proposed acquisition of the entire issued and paid up share capital of Continental Resources Sdn. Bhd. for a purchase consideration of RM42,000,000.

AUDITORS

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

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

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Datuk Johari Bin Abdul Ghani
Director

Kuala Lumpur
25 September 2013

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

In the opinion of the Directors, the financial statements set out on pages 46 to 115 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 43 on page 116 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Datuk Johari Bin Abdul Ghani
Director

Kuala Lumpur
25 September 2013

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

I, Megat Joha bin Megat Abdul Rahman, being the Director primarily responsible for the financial management of C.I. Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 116 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)
25 September 2013)

Megat Joha bin Megat Abdul Rahman

Before me
S.Ideraju (W451)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF C.I. HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of C.I. Holdings Berhad, which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 115.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF C.I. HOLDINGS BERHAD (cont'd)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 43 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

As stated in Note 3 to the financial statements, C.I. Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2012 and 1 July 2011, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended 30 June 2012 and related disclosures. We were not engaged to report on the restated comparative information, if any, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and financial performance and cash flows for the financial year then ended.

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

Francis Cyril A/L S R Singam
3056/04/15 (J)
Chartered Accountant

Kuala Lumpur
25 September 2013

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Group		
		30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	7	9,080	9,148	176,063
Investment properties	8	-	-	1,280
Intangible assets	9	19	-	47,548
Other investments	11	3,085	10	10
Deferred tax assets	12	436	591	1,552
		12,620	9,749	226,453
Current Assets				
Inventories	13	16,746	14,508	76,487
Derivative assets		-	-	8
Trade and other receivables	14	12,428	11,640	122,498
Current tax assets		202	664	1,510
Cash and cash equivalents	16	83,037	88,762	70,820
		112,413	115,574	271,323
Total Assets		125,033	125,323	497,776
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	17	71,000	71,000	142,000
Share premium	18	2,147	2,147	2,147
Retained earnings	18	42,455	42,984	45,238
		115,602	116,131	189,385
Non-controlling interests		985	989	1,056
TOTAL EQUITY		116,587	117,120	190,441
Non-Current Liabilities				
Borrowings	19	332	373	119,643
Retirement benefit obligations	22	624	620	3,404
Deferred tax liabilities	12	134	146	15,145
		1,090	1,139	138,192
Current Liabilities				
Trade and other payables	23	4,516	4,830	106,908
Provisions	24	-	-	4,122
Derivative liabilities		-	-	1,340
Borrowings	19	2,822	2,231	55,818
Current tax liabilities		18	3	955
		7,356	7,064	169,143
Total Liabilities		8,446	8,203	307,335
TOTAL EQUITY AND LIABILITIES		125,033	125,323	497,776

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013 (cont'd)

	Note	Company 30.6.2013 RM'000	30.6.2012 RM'000	1.7.2011 RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	7	1,258	1,123	30
Investments in subsidiaries	10	4,300	4,300	90,614
Other investments	11	3,085	10	10
Deferred tax assets	12	-	155	-
		8,643	5,588	90,654
Current Assets				
Trade and other receivables	14	253	221	72
Amounts owing by subsidiaries	15	4,429	4,789	12,145
Current tax assets		117	470	108
Cash and cash equivalents	16	81,919	86,411	12,163
		86,718	91,891	24,488
Total Assets		95,361	97,479	115,142
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	17	71,000	71,000	142,000
Share premium	18	2,147	2,147	2,147
Retained earnings/(Accumulated losses)	18	21,114	23,479	(44,675)
TOTAL EQUITY		94,261	96,626	99,472
Non-Current Liabilities				
Borrowings	19	288	-	-
Deferred tax liabilities	12	-	-	180
		288	-	180
Current Liabilities				
Trade and other payables	23	777	853	1,245
Amounts owing to subsidiaries		-	-	14,245
Borrowings	19	35	-	-
		812	853	15,490
Total Liabilities		1,100	853	15,670
TOTAL EQUITY AND LIABILITIES		95,361	97,479	115,142

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Continuing operations					
Revenue	27	39,373	40,842	2,592	7,041
Cost of sales	28	(28,387)	(26,777)	-	-
Gross profit		10,986	14,065	2,592	7,041
Gain on disposal of subsidiaries	35	-	710,856	-	748,000
Other income		424	583	-	14,378
Selling and distribution costs		(700)	(1,512)	-	-
Administrative expenses		(9,442)	(9,487)	(3,816)	(3,880)
Other expenses		(1,009)	(22,603)	(1,017)	(36,961)
Finance costs		(188)	(243)	(11)	(10)
Profit/(Loss) before tax	29	71	691,659	(2,252)	728,568
Tax (expense)/income	31	(604)	(599)	(113)	241
(Loss)/Profit for the financial year from continuing operations		(533)	691,060	(2,365)	728,809
Discontinued operations					
Loss for the financial year from discontinued operations, net of tax	32	-	(32,422)	-	-
(Loss)/Profit for the financial year		(533)	658,638	(2,365)	728,809
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income		(533)	658,638	(2,365)	728,809
(Loss)/Profit attributable to:					
Owners of the parent		(529)	658,651	(2,365)	728,809
Non-controlling interests		(4)	(13)	-	-
		(533)	658,638	(2,365)	728,809
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(529)	658,651	(2,365)	728,809
Non-controlling interests		(4)	(13)	-	-
		(533)	658,638	(2,365)	728,809
Gross dividends per ordinary share (sen)					
- Special dividend	34	-	460.00	-	460.00
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic and diluted:					
(Loss)/Profit from continuing operations	33	(0.37)	486.67		
Loss from discontinued operations	33	-	(22.83)		
(Loss)/Profit for the financial year	33	(0.37)	463.84		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

Group	Non-distributable Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-Controlling interest RM'000	Total equity RM'000
Balance as at 1 July 2011	142,000	2,147	45,238	189,385	1,056	190,441
Effect of adoption of MFRS 1	-	-	-	-	-	-
Restated balance as at 1 July 2011	142,000	2,147	45,238	189,385	1,056	190,441
Profit/(Loss) for the financial year	-	-	658,651	658,651	(13)	658,638
Other comprehensive income, net of tax	-	-	-	-	-	-
Total Comprehensive Income/(Loss)	-	-	658,651	658,651	(13)	658,638
Transactions with owners						
Changes in interest in subsidiaries (Note 10)	-	-	(250)	(250)	(54)	(304)
Capital repayment (Note 17)	(71,000)	-	-	(71,000)	-	(71,000)
Dividends paid (Note 34)	-	-	(660,655)	(660,655)	-	(660,655)
Total Transactions with Owners	(71,000)	-	(660,905)	(731,905)	(54)	(731,959)
Balance as at 30 June 2012	71,000	2,147	42,984	116,131	989	117,120
Loss for the financial year	-	-	(529)	(529)	(4)	(533)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total Comprehensive Loss	-	-	(529)	(529)	(4)	(533)
Balance as at 30 June 2013	71,000	2,147	42,455	115,602	985	116,587

Company	Non-distributable Share capital RM'000	Non-distributable Share premium RM'000	Distributable (Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
Balance as at 1 July 2011	142,000	2,147	(44,675)	99,472
Effect of adoption of MFRS 1	-	-	-	-
Restated balance as at 1 July 2011	142,000	2,147	(44,675)	99,472
Profit for the financial year	-	-	728,809	728,809
Other comprehensive income, net of tax	-	-	-	-
Total Comprehensive Income	-	-	728,809	728,809
Transaction with owners				
Capital repayment (Note 17)	(71,000)	-	-	(71,000)
Dividends paid (Note 34)	-	-	(660,655)	(660,655)
Total Transactions with Owners	(71,000)	-	(660,655)	(731,655)
Balance at 30 June 2012	71,000	2,147	23,479	96,626
Loss for the financial year	-	-	(2,365)	(2,365)
Other comprehensive income, net of tax	-	-	-	-
Total Comprehensive Loss	-	-	(2,365)	(2,365)
Balance at 30 June 2013	71,000	2,147	21,114	94,261

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before tax:					
Continuing operations		71	691,659	(2,252)	728,568
Discontinued operations		-	(30,238)	-	-
Adjustments for:					
Bad debts written off		-	7	-	-
Depreciation of property, plant and equipment	7	625	7,612	240	81
Fair value adjustments on:					
- derivative instruments		-	(55)	-	-
- other investments		(75)	-	(75)	-
Gain on disposal of:					
- property, plant and equipment		(1)	(22)	-	-
- investments in subsidiaries	35	-	(710,856)	-	(748,000)
Impairment loss on:					
- amounts owing by subsidiaries		-	-	8	224
- investment in a subsidiary		-	-	-	14,314
- investment property		-	180	-	-
- trade and other receivables		50	230	-	-
Interest expense		113	2,814	11	12
Interest income		(2,544)	(4,236)	(2,517)	(3,768)
Inventories written down		11	75	-	-
Property, plant and equipment written off	7	4	168	4	2
Provision for retirement benefits	22	58	125	-	-
Reversal of impairment loss on trade receivables no longer required		(63)	(197)	-	-
Reversal of provision no longer required	24	-	(173)	-	-
Share of profit margin on Islamic term financing		75	145	-	-
Unrealised gain on foreign exchange		(1)	(30)	-	-
Waiver of amounts owing to subsidiaries		-	-	-	(14,220)
Operating loss before working capital changes		(1,677)	(42,792)	(4,581)	(22,787)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Operating loss before working capital changes		(1,677)	(42,792)	(4,581)	(22,787)
Changes in working capital:					
Inventories		(2,248)	7,503	-	-
Trade and other receivables		(770)	(12,306)	(32)	(148)
Trade and other payables		(317)	20,304	(76)	13,827
Cash used in operations		(5,012)	(27,291)	(4,689)	(9,108)
Tax paid		(551)	(2,635)	(117)	(458)
Tax refunded		566	2	512	2
Interest paid		(18)	(31)	(10)	(12)
Contributions paid for retirement benefits	22	(54)	(67)	-	-
Net cash used in operating activities		(5,069)	(30,022)	(4,304)	(9,576)
Cash Flows From Investing Activities					
Repayments from/ (Advances to) subsidiaries		-	-	352	(7,113)
Interest received		2,544	4,236	2,517	3,768
Proceeds from disposal of:					
- property, plant and equipment		1	1,139	-	-
- investments in subsidiaries	35	-	750,118	-	820,000
Purchase of:					
- property, plant and equipment	7(b)	(231)	(13,741)	(49)	(1,176)
- intangible assets		(19)	-	-	-
- other investments		(3,000)	-	(3,000)	-
Withdrawal of fixed deposits pledged to licensed banks		-	1,966	-	-
Net cash (used in)/ from investing activities		(705)	743,718	(180)	815,479

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash Flows From Financing Activities					
Capital repayment	17	-	(71,000)	-	(71,000)
Dividends paid		-	(660,655)	-	(660,655)
Drawdowns of borrowings		-	50,311	-	-
Interest paid		(95)	(2,783)	(1)	-
Repayments of hire purchase and lease creditors		(48)	(9,516)	(7)	-
Repayments of borrowings		(282)	-	-	-
Share of profit on Islamic term financing paid		(75)	(145)	-	-
Net cash used in financing activities		(500)	(693,788)	(8)	(731,655)
Net (decrease)/increase in cash and cash equivalents		(6,274)	19,908	(4,492)	74,248
Cash and cash equivalents at beginning of financial year		88,762	68,854	86,411	12,163
Cash and cash equivalents at end of financial year	16	82,488	88,762	81,919	86,411

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.

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

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 September 2013.

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. In the previous financial year, the Group had disposed off Permanis Sdn. Bhd. and its subsidiaries (‘Permanis Group’), which were engaged in the selling, bottling and distribution of beverages.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (‘MFRSs’), International Financial Reporting Standards (‘IFRSs’) and the provisions of the Companies Act, 1965 in Malaysia.

These are the Group and the Company’s first financial statements prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards (‘FRSs’) in Malaysia.

The Group and Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 July 2011 and throughout all financial years presented, as if these policies had always been in effect. The transition from FRSs to MFRSs had no material impact on the financial statements of the Group and of the Company.

However, Note 43 to the financial statements, set out on page 116 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 in conformity with MFRSs 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

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

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

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

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 profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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 MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business Combinations

Business combinations from 1 July 2011 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 MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

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

(c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 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.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

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 profit or loss.

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

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

Business combinations before 1 July 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 July 2011.

4.4 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially measured at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 Property, Plant and Equipment and Depreciation (cont'd)

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
Plant and machinery	5% - 15%
Office furniture and equipment	15% - 25%
Renovations	15%
Motor vehicles	20% - 25%

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

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

4.5 Leases and Hire Purchase

(a) Finance leases and hire purchase

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Leases and Hire Purchase (cont'd)

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

4.6 Investment Properties

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

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 MFRS 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 MFRS 5.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Investments in Subsidiaries (cont'd)

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

4.8 Goodwill

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.9 Impairment of Non-financial Assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries), inventories, deferred tax assets and investment properties measured at fair value, 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 MFRS 8 *Operating Segments*.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Impairment of Non-financial Assets (cont'd)

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

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

4.10 Inventories

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

Cost is determined using the weighted average formula. The cost of raw materials comprises the all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

4.11 Financial Instruments

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

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

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

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

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

(a) Financial assets

A financial asset is classified into the following four (4) 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(a) Financial Assets (cont'd)

(ii) Held-to-maturity investments

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

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

(b) Financial Liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

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

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

(ii) Other financial liabilities

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

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

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

Any 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 MFRS 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial Instruments (cont'd)

(c) Equity

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

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

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

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

When the Group repurchases its own shares, the shares repurchased would be accounted for using the share retirement method.

Where the share retirement method is applied, the nominal value of the shares repurchased shall be cancelled by a debit to the share capital account. An amount equivalent to the nominal value of the shares repurchased shall be transferred to a capital redemption reserve.

The consideration, including any acquisition cost and premium or discount arising from the shares repurchased, shall be adjusted directly to the share premium account or any other suitable reserve. In the circumstance where there is no or insufficient share premium, the consideration, or its balance thereof, shall be adjusted to any other suitable reserve.

The shares cancelled and the adjustments made to share premium or reserves shall be shown as a movement in the share capital account and the share premium or reserve account respectively.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.12 Impairment of Financial Assets

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

(a) Loans and receivables

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Impairment of Financial Assets (cont'd)

(b) Available-for-sale financial assets

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

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

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

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

4.13 Borrowing Costs

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

4.14 Income Taxes

Income taxes include all taxes on taxable profits. Income taxes also include other taxes such as withholding taxes and real property gains taxes payable on disposal of properties.

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

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

(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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 Income Taxes (cont'd)

(b) Deferred tax (cont'd)

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

(i) the same taxable entity; or

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting period.

4.15 Provisions

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

If 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.17 Employee Benefits (cont'd)

(a) Short term employee benefits (cont'd)

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

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

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia 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 Group operates a funded defined benefit plan for eligible employees of the Group. 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 minus the fair value at the end of the reporting period of plan assets out of which the obligations are to be settled directly.

If the amount calculated results in asset, the Group measures the resulting asset at lower of the amount calculated and the net total of any cumulative unrecognised actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

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

Actuarial gains and losses may result from changes in the present value of the plan assets. They are recognised as income or expense over the expected average remaining working lives of the employees participating in that plan.

4.18 Foreign Currency Transactions and Translation

(a) Functional and presentation currency

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

(b) Foreign currency translations and balances

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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.

4.20 Discontinued Operations

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

4.21 Operating Segments

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 ten (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 ten (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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 Operating Segments (cont'd)

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

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

Total external revenue reported by operating segments shall constitute at least seventy five (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 Earnings Per Share

(a) Basic

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.

(b) Diluted

Diluted 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 adjusted for the effects of dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs Adopted During The Current Financial Year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2 *Share-based Payment*	1 January 2012
MFRS 3 *Business Combinations*	1 January 2012
MFRS 4 *Insurance Contracts*	1 January 2012
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7 *Financial Instruments: Disclosures*	1 January 2012
MFRS 8 *Operating Segments*	1 January 2012
MFRS 101 *Presentation of Financial Statements*	1 January 2012
MFRS 102 *Inventories*	1 January 2012
MFRS 107 *Statement of Cash Flows*	1 January 2012
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110 *Events After the Reporting Period*	1 January 2012
MFRS 111 *Construction Contracts*	1 January 2012
MFRS 112 *Income Taxes*	1 January 2012
MFRS 116 *Property, Plant and Equipment*	1 January 2012
MFRS 117 *Leases*	1 January 2012
MFRS 118 *Revenue*	1 January 2012
MFRS 119 *Employee Benefits*	1 January 2012
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123 *Borrowing Costs*	1 January 2012
MFRS 124 *Related Party Disclosures*	1 January 2012
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127 *Consolidated and Separate Financial Statements*	1 January 2012
MFRS 128 *Investments in Associates*	1 January 2012
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131 *Interests in Joint Ventures*	1 January 2012
MFRS 132 *Financial Instruments: Presentation*	1 January 2012
MFRS 133 *Earnings Per Share*	1 January 2012
MFRS 134 *Interim Financial Reporting*	1 January 2012
MFRS 136 *Impairment of Assets*	1 January 2012
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138 *Intangible Assets*	1 January 2012
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140 *Investment Property*	1 January 2012
MFRS 141 *Agriculture*	1 January 2012
Improvements to MFRSs (2008)	1 January 2012
Improvements to MFRSs (2009)	1 January 2012
Improvements to MFRSs (2010)	1 January 2012

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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

5.1 New MFRSs Adopted During The Current Financial Year (cont'd)

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year. (cont'd)

Title	Effective Date
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12 *Service Concession Arrangements*	1 January 2012
IC Interpretation 13 *Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 107 *Introduction of the Euro*	1 January 2012
IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112 *Consolidation - Special Purpose Entities*	1 January 2012
IC Interpretation 113 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115 *Operating Leases - Incentives*	1 January 2012
IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	1 January 2012
IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132 *Intangible Assets - Web Site Costs*	1 January 2012
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012

(a) Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* in conjunction with the application of MFRS 101. These Amendments clarify that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 July 2011.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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

5.1 New MFRSs Adopted During The Current Financial Year (cont'd)

(b) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in conjunction with the application of MFRS 1. These Amendments clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

5.2 New MFRSs That Have Been Issued, But Only Effective For Annual Periods Beginning On Or After 1 January 2013

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 11 *Joint Arrangements*	1 January 2013
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 119 *Employee Benefits (revised)*	1 January 2013
MFRS 127 *Separate Financial Statements*	1 January 2013
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 1 *Government Loans*	1 January 2013
Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs *Annual Improvements 2009 - 2012 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
MFRS 9 *Financial Instruments*	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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

6.2 Critical Judgement Made In Applying Accounting Policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Contingent liabilities

The determination of treatment of contingent liabilities is based on the Directors' and management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

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 asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The Directors believe that the estimates of the recoverable amounts are reasonable.

(ii) Income taxes

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

(iii) Provisions

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

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

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

(iv) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. 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 amount of receivables.

(v) Write down for obsolete or slow moving inventories

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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

6.3 Key Sources Of Estimation Uncertainty (cont'd)

(vi) Deferred tax assets

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

7. PROPERTY, PLANT AND EQUIPMENT

Group 2013	Balance at 1 July 2012 RM'000	Additions (Note (b) below) RM'000	Disposals (Note (d) below) RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Balance at 30 June 2013 RM'000
Carrying amount						
Buildings	4,419	-	-	(112)	-	4,307
Leasehold land	2,284	-	-	(27)	-	2,257
Plant and machinery	1,028	54	-	(116)	-	966
Office furniture and equipment	917	149	-	(258)	(4)	804
Renovations	392	-	-	(62)	-	330
Motor vehicles	108	358	-	(50)	-	416
	9,148	561	-	(625)	(4)	9,080

	At 30 June 2013		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	5,701	(1,394)	4,307
Leasehold land	2,607	(350)	2,257
Plant and machinery	12,860	(11,894)	966
Office furniture and equipment	2,521	(1,717)	804
Renovations	413	(83)	330
Motor vehicles	599	(183)	416
	24,701	(15,621)	9,080

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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

Group 2012	Balance at 1 July 2011 RM'000	Additions (Note (b) below) RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Disposals of subsidiaries (Note 35) RM'000	Balance at 30 June 2012 RM'000
Carrying amount							
Buildings	5,993	13	-	(124)	-	(1,463)	4,419
Freehold land	1,206	-	-	-	-	(1,206)	-
Leasehold land	33,124	-	-	(263)	-	(30,577)	2,284
Construction-in-progress	1,845	4,395	-	-	-	(6,240)	-
Plant and machinery	126,295	6,756	(1,117)	(6,224)	-	(124,682)	1,028
Office furniture and equipment	4,125	1,249	-	(652)	(164)	(3,641)	917
Renovations	619	453	-	(65)	(4)	(611)	392
Motor vehicles	2,856	875	-	(284)	-	(3,339)	108
	176,063	13,741	(1,117)	(7,612)	(168)	(171,759)	9,148

	At 30 June 2012		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	5,701	(1,282)	4,419
Leasehold land	2,607	(323)	2,284
Plant and machinery	12,806	(11,778)	1,028
Office furniture and equipment	2,372	(1,455)	917
Renovations	413	(21)	392
Motor vehicles	241	(133)	108
	24,140	(14,992)	9,148

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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

Company 2013	Balance at 1 July 2012 RM'000	Additions (Note (b) below) RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance at 30 June 2013 RM'000
Carrying amount					
Office furniture and equipment	727	21	(4)	(159)	585
Renovations	392	-	-	(62)	330
Motor vehicles	4	358	-	(19)	343
	1,123	379	(4)	(240)	1,258

	At 30 June 2013		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	826	(241)	585
Renovations	413	(83)	330
Motor vehicles	363	(20)	343
	1,602	(344)	1,258

Company 2012	Balance at 1 July 2011 RM'000	Additions (Note (b) below) RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance at 30 June 2012 RM'000
Carrying amount					
Office furniture and equipment	25	763	(2)	(59)	727
Renovations	-	413	-	(21)	392
Motor vehicles	5	-	-	(1)	4
	30	1,176	(2)	(81)	1,123

	At 30 June 2012		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	821	(94)	727
Renovations	413	(21)	392
Motor vehicles	5	(1)	4
	1,239	(116)	1,123

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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

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

	Group	
	2013 RM'000	2012 RM'000
Long term leasehold land (unexpired period more than 50 years)	2,257	2,284

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Purchase of property, plant and equipment	561	13,741	379	1,176
Financed by hire purchase and lease arrangement	(330)	-	(330)	-
Cash payments on purchase of property, plant and equipment	231	13,741	49	1,176

As at 30 June 2013, the carrying amount of property, plant and equipment of the Group and of the Company held under hire purchase and finance lease arrangements are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Motor vehicles	413	108	340	-
Plant and machinery	26	-	-	-
	439	108	340	-

Details of the terms and conditions of the hire purchase and lease arrangements are disclosed in Note 21 to the financial statements respectively.

(c) The carrying amounts of property, plant and equipment pledged to financial institutions for banking facilities granted to certain subsidiaries (Notes 19 and 20 to the financial statements) are as follows:

	Group	
	2013 RM'000	2012 RM'000
Buildings	4,307	4,419
Leasehold land and buildings	2,257	2,284
	6,564	6,703

(d) Property, plant and equipment of the Group with a cost of RM19,325 which have been fully depreciated have been disposed off during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

8. INVESTMENT PROPERTIES

Group	Balance at 1 July 2012 RM'000	Impairment loss RM'000	Balance at 30 June 2013 RM'000
Carrying amount			
Freehold land	-	-	-

Group	Balance at 1 July 2011 RM'000	Impairment loss RM'000	Disposal of subsidiaries (Note 35) RM'000	Balance at 30 June 2012 RM'000
Carrying amount				
Freehold land	180	(180)	-	-
Leasehold land	1,100	-	(1,100)	-
	1,280	(180)	(1,100)	-

9. INTANGIBLE ASSETS

Group	Balance at 1 July 2012 RM'000	Additions RM'000	Balance at 30 June 2013 RM'000
Carrying amount			
Trademark	-	19	19

	At 30 June 2013		
	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Trademark	19	-	19

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

9. INTANGIBLE ASSETS (cont'd)

Group	Balance at 1 July 2011 RM'000	Disposal of subsidiaries (Note 35) RM'000	Balance at 30 June 2012 RM'000
Carrying amount			
Goodwill on consolidation	47,548	(47,548)	-

	At 30 June 2012			
	Cost RM'000	Accumulated impairment loss RM'000	Disposal of subsidiaries (Note 35) RM'000	Carrying amount RM'000
Goodwill on consolidation	68,698	(21,150)	(47,548)	-

The trademark of approximately RM19,000 is in respect of a subsidiary's exclusive rights to distribute products in the Singapore market.

The goodwill on consolidation of RM47,548,075 in the previous financial year was in respect of the beverage division of the Group, Permanis Sdn. Bhd. and its subsidiaries ("Permanis Group"), which was disposed off in the previous financial year.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted investments, at cost	105,030	177,030
Less: Disposal of subsidiaries (Note 35)	-	(72,000)
Less: Accumulated impairment losses	(100,730)	(100,730)
	4,300	4,300

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of subsidiaries	Effective equity interest 2013 %	2012 %	Principal activities
Doe Industries Sdn. Bhd.	100	100	Manufacture and selling of water taps, showers and other plumbing fittings
C.I. Building Industries Sdn. Bhd.	100	100	Investment holding
C.I. Engineering Sdn. Bhd.	100	100	Investment holding
C.I. Management Sdn. Bhd.	100	100	Inactive
C.I. Construction Sdn. Bhd.	100	100	Inactive
C.I. Marketing Sdn. Bhd.	100	100	Inactive
C.I. Halla Environmental Technology Sdn. Bhd	100	100	Dormant
Subsidiaries of Doe Industries Sdn. Bhd.			
Doe Marketing Sdn. Bhd.	100	100	Dealership and distribution of household fittings and appliances
Potex Industries Sdn. Bhd.	100	100	Manufacturing and trading of ceramic sanitary wares and related products
Elegant Flow Sdn. Bhd.	100	100	Trading of sanitary wares and related products
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 Sdn. Bhd., a wholly-owned subsidiary of the Company, for a total cash consideration of RM820 million.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

11. OTHER INVESTMENTS

	Group and Company	
	2013 RM'000	2012 RM'000
Available-for-sale financial assets		
- Club membership	15	15
Less: Impairment loss	(5)	(5)
	10	10
Fair value through profit or loss		
- Malaysian quoted corporate bond fund	3,075	-
	3,085	10

(a) The club membership is held by the Company under a subsidiary Director's name, Foo Loke Yean.

(b) Information on the fair value hierarchy is disclosed in Note 39 to the financial statements.

12. DEFERRED TAX

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Balance as at 1 July 2012/2011	(445)	13,593	(155)	180
Recognised in profit or loss:				
Continuing operations (Note 31)	143	(249)	155	(335)
Discontinued operations (Note 31)	-	505	-	-
Disposal of subsidiaries (Note 35)	-	(14,294)	-	-
Balance as at 30 June 2013/2012	(302)	(445)	-	(155)
Presented after appropriate offsetting:				
Deferred tax assets, net	(436)	(591)	-	(155)
Deferred tax liabilities, net	134	146	-	-
	(302)	(445)	-	(155)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

12. DEFERRED TAX (cont'd)

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

Group	Inventories RM'000	Provision for liabilities RM'000	Retirement benefit obligations RM'000	Unused tax losses and capital allowances RM'000	Fair value adjustments on derivative instruments RM'000	Others RM'000	Total RM'000
Deferred tax assets							
At 1 July 2011	898	1,422	520	-	368	1	3,209
Recognised in profit or loss	-	(440)	-	-	-	-	(440)
Disposal of subsidiaries	(898)	(391)	(520)	-	(368)	(1)	(2,178)
At 30 June/1 July 2012	-	591	-	-	-	-	591
Recognised in profit or loss	-	(158)	-	3	-	-	(155)
At 30 June 2013	-	433	-	3	-	-	436

Group	Property, plant and equipment RM'000	Unrealised gain on foreign exchange RM'000	Total RM'000
Deferred tax liabilities			
At 1 July 2011	16,354	448	16,802
Recognised in profit or loss	-	(184)	(184)
Disposal of subsidiaries	(16,208)	(264)	(16,472)
At 30 June/1 July 2012	146	-	146
Recognised in profit or loss	(12)	-	(12)
At 30 June 2013	134	-	134

Company	Others RM'000	Total RM'000
Deferred tax liabilities/(assets)		
At 1 July 2011	180	180
Recognised in profit or loss	(335)	(335)
At 30 June/1 July 2012	(155)	(155)
Recognised in profit or loss	155	155
At 30 June 2013	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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	
	2013 RM'000	2012 RM'000
Unused tax losses	8,893	6,554
Unabsorbed capital allowances	3,987	3,518
	12,880	10,072

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	
	2013 RM'000	2012 RM'000
At cost		
Raw materials	2,626	2,456
Work-in-progress	887	1,032
Finished goods	13,233	10,907
	16,746	14,395
At net realisable value		
Finished goods	-	113
	16,746	14,508

Inventories recognised in cost of sales amounted to RM22,373,714 (2012: RM20,289,703).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables	11,448	10,324	70	53
Less: Impairment loss	(276)	(397)	-	-
	11,172	9,927	70	53
Other receivables	687	1,310	-	-
Less: Impairment loss	(385)	(384)	-	-
	302	926	-	-
Loans and receivables	11,474	10,853	70	53
Deposits	353	296	148	151
Less: impairment loss	(2)	(2)	-	-
	351	294	148	151
Prepayments	603	493	35	17
	12,428	11,640	253	221

(a) The credit terms offered by the Group in respect of trade receivables ranged from 14 to 90 days (2012: 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Neither past due nor impaired	6,503	3,868	70	53
Past due, not impaired:				
- 1 to 30 days	2,995	2,915	-	-
- 31 to 60 days	1,674	1,923	-	-
- 61 to 90 days	-	1,170	-	-
- More than 90 days	-	51	-	-
	4,669	6,059	-	-
Past due and impaired	276	397	-	-
	11,448	10,324	70	53

(c) The credit quality of trade receivables that are neither past due nor impaired as at the end of the reporting period refers to existing customers with no defaults in the past.

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

14. TRADE AND OTHER RECEIVABLES (cont'd)

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

Group	Individually impaired 2013 RM'000	Individually impaired 2012 RM'000
Trade receivables, gross	276	397
Less: Impairment loss	(276)	(397)
	-	-

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

	Group 2013 RM'000	Group 2012 RM'000
At 1 July 2012/2011	(397)	(1,788)
Charge for the financial year	(50)	(228)
Impairment loss no longer required	63	197
Written off	108	-
Disposal of subsidiaries	-	1,422
At 30 June 2013/2012	(276)	(397)

Trade receivables that are individually determined to be impaired 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.

(g) The currency exposure profile of receivables are as follows:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Receivables				
US Dollar	565	961	-	-
Singapore Dollar	82	36	-	-
Ringgit Malaysia	11,781	10,643	253	221
	12,428	11,640	253	221

(h) Information on financial risks of trade and other receivables is disclosed in Note 40 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

15. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Amounts owing by subsidiaries	8,201	8,553
Less: Impairment loss	(3,772)	(3,764)
	4,429	4,789

(a) Amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and repayable upon demand in cash and cash equivalents except for an amount owing by a subsidiary of RM800,000 (2012: RM800,000), which bears interest at Nil (2012: 8%) per annum.

(b) Information on financial risks of amounts owing by subsidiaries is disclosed in Note 40 to the financial statements.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	1,415	2,639	419	361
Deposits placed with financial institutions	81,622	86,123	81,500	86,050
	83,037	88,762	81,919	86,411

(a) The fixed deposits placed with the licensed banks of the Group and the Company as at 30 June 2013 have maturity periods ranging from 90 days to 365 days (2012: 90 days to 365 days).

(b) Information on financial risk of cash and cash equivalents is disclosed in Note 40.

(c) All cash and cash equivalents are denominated in RM.

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	1,415	2,639	419	361
Deposits placed with financial institutions	81,622	86,123	81,500	86,050
Bank overdraft included in borrowings (Note 19)	(549)	-	-	-
	82,488	88,762	81,919	86,411

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

17. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	500,000	250,000	500,000	250,000
Issued and fully paid:				
Balance as at 1 July 2012/2011	142,000	71,000	142,000	142,000
Capital repayment of RM71,000,000 on the basis of RM0.50 for every one ordinary share of RM1.00 each	-	-	-	(71,000)
Balance as at 30 June 2013/2012	142,000	71,000	142,000	71,000

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

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

18. RESERVES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-distributable:				
Share premium	2,147	2,147	2,147	2,147
Distributable:				
Retained earnings	42,455	42,984	21,114	23,479
	44,602	45,131	23,261	25,626

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 made this election and as a result, there is no additional tax liability to be incurred upon payment of dividends out of its entire retained earnings as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

19. BORROWINGS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current liabilities				
Secured:				
Islamic term financing	-	281	-	-
Hire purchase and lease creditors	332	92	288	-
	332	373	288	-
Current liabilities				
Secured:				
Bank overdraft	549	-	-	-
Bankers' acceptances	541	451	-	-
Islamic term financing	1,658	1,749	-	-
Hire purchase and lease creditors	74	31	35	-
	2,822	2,231	35	-
Total borrowings				
Bank overdraft	549	-	-	-
Bankers' acceptances	541	451	-	-
Islamic term financing (Note 20)	1,658	2,030	-	-
Hire purchase and lease creditors (Note 21)	406	123	323	-
	3,154	2,604	323	-
Maturity of borrowings				
Within one year	2,822	2,231	35	-
More than one year and less than five years	203	373	159	-
Five years or more	129	-	129	-
	3,154	2,604	323	-

	Group	
	2013 Days	2012 Days
Ranges of maturity period of short term bank borrowings (excluding bank overdrafts)		
Bankers' acceptances	60 - 120	104 - 119
Islamic accepted bills	70 - 120	86 - 120

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

(b) Bankers' acceptances of a subsidiary are secured by a first legal charge over leasehold land and building of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

19. BORROWINGS (cont'd)

(c) Bank overdraft of a subsidiary is secured by a first legal charge over leasehold land and building of the subsidiary.

(d) All borrowings are denominated in RM.

20. ISLAMIC TERM FINANCING

	Group	
	2013 RM'000	2012 RM'000
Secured		
Ijarah	284	1,437
Islamic accepted bills	1,374	593
	1,658	2,030
Repayable as follows:		
Current liabilities		
- not later than one year	1,658	1,749
Non-current liabilities		
- later than one year and not later than five years	-	281
- later than five years	-	-
	-	281
	1,658	2,030

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

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

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

(d) Information on financial risks of borrowings is disclosed in Note 40 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

21. HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Minimum hire purchase and lease payments:				
- not later than one year	92	37	49	-
- later than one year and not later than five years	241	98	195	-
- later than five years	138	-	138	-
Total minimum hire purchase and lease payments	471	135	382	-
Less: Future interest charges	(65)	(12)	(59)	-
Present value of hire purchase and lease creditors	406	123	323	-
Repayable as follows:				
Current liabilities				
- not later than one year	74	31	35	-
Non-current liabilities				
- later than one year and not later than five years	203	92	159	-
- later than five years	129	-	129	-
	332	92	288	-
	406	123	323	-

Information on financial risks of borrowings is disclosed in Note 40 to the financial statements.

22. RETIREMENT BENEFIT OBLIGATIONS

The Group operates unfunded defined benefit plans for non-executive staff who are entitled to a payment calculated by reference to their length of service and earnings. Provision for retirement 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	
	2013 RM'000	2012 RM'000
Present value of unfunded defined benefit obligations	619	611
Unrecognised actuarial gains	5	9
	624	620

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

22. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

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

	Group 2013 RM'000	Group 2012 RM'000
Current service cost	30	-
Past service cost	(4)	125
Interest cost	32	-
Expenses recognised in the statement of profit or loss and other comprehensive income included under administrative expenses	58	125

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 2013 RM'000	Group 2012 RM'000
Balance at 1 July 2012/2011	620	3,404
Recognised in the statement of profit or loss and other comprehensive income (Note 29)	58	125
Contributions paid	(54)	(67)
Disposal of subsidiaries (Note 35)	-	(2,842)
Balance as at 30 June 2013/2012	624	620

The principal actuarial assumptions used are as follows:

	Group 2013 %	Group 2012 %
Discount rates	4.8	5.5
Expected rates of salary increases	6.0	6.0

23. TRADE AND OTHER PAYABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade payables	1,958	2,224	-	-
Other payables	1,070	970	305	186
Accruals	1,488	1,636	472	667
	2,558	2,606	777	853
	4,516	4,830	777	853

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

23. TRADE AND OTHER PAYABLES (cont'd)

(a) The credit terms available to the Group in respect of trade payables ranged from 30 to 120 days (2012: 30 to 120 days) from the date of invoice.

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

(c) The currency exposure profile of payables are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Euro	130	28	-	-
US Dollar	206	372	-	-
Singapore Dollar	111	-	-	-
Ringgit Malaysia	4,069	4,430	777	853
	4,516	4,830	777	853

(d) Information on financial risks of trade and other payables is disclosed in Note 40 to the financial statements.

24. PROVISIONS

Group	Marketing expenses (Note (a)) RM'000	Pallet losses (Note (b)) RM'000	Employees compensation (Note (c)) RM'000	Market returns (Note (d)) RM'000	Litigation claim (Note (e)) RM'000	Total RM'000
Balance as at 1 July 2011	25	190	173	2,134	1,600	4,122
Provision no longer required	-	-	(173)	-	-	(173)
Disposal of subsidiaries (Note 35)	(25)	(190)	-	(2,134)	(1,600)	(3,949)
Balance as at 30 June 2012/2013	-	-	-	-	-	-

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

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

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

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

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

The above provisions arose from the disposed subsidiary, Permanis Sdn. Bhd., except for the provision for compensation to former employees.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

25. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Future minimum lease payments:				
- not later than one year	535	712	478	478
- later than one year and not later than five years	358	894	358	836
- later than five years	-	-	-	-
	893	1,606	836	1,314

26. CONTINGENT LIABILITIES

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

	Company	
	2013 RM'000	2012 RM'000
Unsecured:		
Banking facilities granted to subsidiaries	2,199	2,481

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

27. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	36,781	35,865	-	-
Management and other fees from:				
- subsidiaries	-	-	-	2,000
- third parties	-	1,273	-	1,273
Interest income from:				
- amount owing by a subsidiary	-	-	-	64
- fixed deposits	510	362	510	362
- short term investment	2,007	3,342	2,007	3,342
- other investment	75	-	75	-
	39,373	40,842	2,592	7,041

28. COST OF SALES

Cost of sales represents cost of inventories sold.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

29. PROFIT/(LOSS) BEFORE TAX

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit/(Loss) before tax is arrived at after charging:					
Auditors' remuneration:					
- Statutory		115	115	50	50
- Non-statutory		13	13	13	13
Bad debts written off		-	7	-	-
Depreciation of property, plant and equipment	7	625	7,612	240	81
Directors' remuneration	30	1,138	1,048	1,138	1,048
Impairment loss on:					
- investment property	8	-	180	-	-
- investment in a subsidiary		-	-	-	14,314
- trade receivables	14 (f)	50	228	-	-
- other receivables		-	2	-	-
- amounts owing by subsidiaries		-	-	8	224
Interest expense on:					
- bank overdrafts		18	31	10	10
- bankers' acceptances		25	20	-	-
- bill payables		62	39	-	-
- hire purchase and lease creditors		7	2,722	1	-
- others		1	2		2
Inventories written down		11	75	-	-
Islamic term financing costs		75	145	-	-
Loss on disposal of property, plant and equipment		-	158	-	-
Property, plant and equipment written off	7	4	168	4	2
Provision for retirement benefits	22	58	125	-	-
Realised foreign exchange loss		5	1	-	-
Rental of equipment		2	10	-	-
Rental of premises		724	652	438	213

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
And crediting:					
Bad debts recovered		-	7	-	-
Fair value adjustment on:					
- derivative instruments		-	55	-	-
- other investments		75	-	75	-
Gain on disposal of:					
- property, plant and equipment		1	22	-	-
- investments in subsidiaries		-	710,856	-	748,000
Interest income from:					
- amount owing by a subsidiary		-	-	-	64
- fixed deposits		513	880	510	362
- short term investments		2,031	3,356	2,007	3,342
Reversal of provision for employee compensation no longer required	24	-	173	-	-
Rental income		-	836	-	-
Realised gain on foreign exchange		116	287	-	-
Reversal of impairment loss on trade receivables no longer required	14 (f)	63	197	-	-
Unrealised gain on foreign exchange		1	30	-	-
Writeback of impairment loss on amount owing by a subsidiary		-	45	-	45
Waiver of amounts owing to subsidiaries		-	-	-	14,220
Writeback of accruals		147	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

30. DIRECTORS' REMUNERATION

	Group and Company	
	2013 RM'000	2012 RM'000
Directors of the Company		
Executive Directors		
- salaries, bonus and allowances	849	730
- defined contribution plan	96	82
	945	812
Non-Executive Directors		
- allowances	68	71
- fees	125	165
	193	236
	1,138	1,048

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 RM24,850 (2012: RM3,600).

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

	Number of Directors			
	2013		2012	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
Directors of the Company				
Below RM200,000	1	8	-	8
RM800,000 - RM850,000	1	-	1	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

31. TAX EXPENSE/(INCOME)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Continuing operations				
Current tax expense based on profit for the financial year	572	865	-	110
Over provision in prior years	(111)	(17)	(42)	(16)
	461	848	(42)	94
Deferred tax (Note 12):				
Relating to origination and reversal of temporary differences	172	90	-	25
(Over)/Under provision in prior years	(29)	(339)	155	(360)
	143	(249)	155	(335)
Total tax expense/(income) from continuing operations	604	599	113	(241)
Discontinued operations				
Current tax expense based on profit for the financial year	-	1,679	-	-
Deferred tax relating to origination and reversal of temporary differences (Note 12)	-	505	-	-
Total tax expense from discontinued operations	-	2,184	-	-

Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profits for the fiscal year.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit/(Loss) before tax	71	691,659	(2,252)	728,568
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	18	172,915	(563)	182,142
Tax effects in respect of:				
Income not subject to tax	(571)	(180,162)	(502)	(185,824)
Non-allowable expenses	411	8,072	346	3,817
Change in the unrecognised deferred tax assets during the financial year	702	130	719	-
	560	955	-	135
Under/(Over) provision of deferred tax in prior financial years	155	(339)	155	(360)
Over provision of income tax in prior financial years	(111)	(17)	(42)	(16)
	604	599	113	(241)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

32. DISCONTINUED OPERATIONS

On 21 July 2011, the Company disposed off its entire equity interests in Permanis Sdn. Bhd. and its subsidiaries ("Permanis Group") which were engaged in selling, bottling and distribution of beverages, for a cash consideration of RM820 million. The disposal was completed on 11 November 2011 (see Note 35 to the financial statements).

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

	Group	
	2013 RM'000	2012 RM'000
Revenue	-	199,268
Cost of sales	-	(122,454)
Gross profit	-	76,814
Other operating income	-	1,723
Selling and distribution costs	-	(50,740)
Administrative expenses	-	(13,721)
Other expenses	-	(41,600)
Finance costs	-	(2,714)
Loss before tax	-	(30,238)
Tax expense (Note 31)	-	(2,184)
Loss for the financial period	-	(32,422)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	-	(32,422)

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

	Group	
	2013 RM'000	2012 RM'000
Realised gain on foreign exchange	-	(142)
Gain on disposal of property, plant and equipment	-	(13)
Interest income	-	(516)
Rental income	-	(836)
Impairment loss on trade and other receivables	-	203
Marketing expenses	-	41,000
Depreciation of property, plant and equipment	-	7,110

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

	Group	
	2013 RM'000	2012 RM'000
Operating activities	-	(7,712)
Investing activities	-	(20,159)
Financing activities	-	42,422
	-	14,551

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

33. EARNINGS PER SHARE

(a) Basic

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	
	2013 RM'000	2012 RM'000
(Loss)/Profit from continuing operations attributable to equity holders of the parent	(529)	691,073
Loss from discontinued operations attributable to equity holders of the parent	-	(32,422)
(Loss)/Profit attributable to equity holders of the parent	(529)	658,651

	Unit'000 RM'000	Unit'000 RM'000
Weighted average number of ordinary shares in issue	142,000	142,000

	Sen	Sen
Basic earnings per share for:		
(Loss)/Profit from continuing operations	(0.37)	486.67
Loss from discontinued operations	-	(22.83)
Basic earnings per share	(0.37)	463.84

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no potential dilutive equity instruments.

34. DIVIDENDS

	Group and Company			
	2013		2012	
	Gross dividend per share Sen	Amount of dividend RM'000	Gross dividend per share Sen	Amount of dividend RM'000
Final dividend paid, less tax of 25%	-	-	7.0	7,455
Special dividend paid, single tier	-	-	460.0	653,200
	-	-	467.0	660,655

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

35. DISPOSAL OF SUBSIDIARIES

On 11 November 2011, the Company completed the disposal of its entire equity interests in Permanis Sdn. Bhd. and its subsidiaries ("Permanis Group"), which were engaged in selling, bottling and distribution of beverages for a cash consideration of RM820 million (Note 32). The gain on disposal of the subsidiaries during the previous financial year was as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

36. EMPLOYEE BENEFITS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Salaries and wages	7,239	6,662	2,065	1,869
Social security contributions	65	66	7	6
Contributions to defined contribution plan	735	751	231	223
Defined benefits plans	59	47	-	-
Other benefits	707	1,301	138	191
	8,805	8,827	2,441	2,289

37. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in the Note 10 to the financial statements;
(ii) Datuk Johari Bin Abdul Ghani and Datin Mariam Prudence Binti Yusof, the major shareholders of the Company;
(iii) Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
(iv) Corporations in which Directors of the Company have substantial financial interests.

(b) Related party transactions

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Corporations in which a Director of the Company has deemed interest:				
- Purchases of raw materials	-	47	-	-
- Royalty paid and payable	-	168	-	-
Subsidiaries:				
- Interest income	-	-	-	64
- Management and other fees	-	-	-	2,000

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 the financial year are disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

37. RELATED PARTY DISCLOSURES (cont'd)

(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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short term employee benefits	1,457	1,455	979	966
Contributions to defined contribution plan	145	140	93	82
	1,602	1,595	1,072	1,048

38. 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:

1. Tap-ware and sanitary ware	Manufacture and trading of household fittings and appliances such as water taps, plumbing accessories and sanitary wares.
2. Investment holdings	Investment activities.
3. Beverage	Selling, bottling and distribution of beverage products. This segment had been disposed during the previous financial year.
4. Others	Subsidiaries that have ceased operations and remained inactive.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

38. OPERATING SEGMENTS (cont'd)

Segment assets exclude tax assets.

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

2013	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Total RM'000
Revenue				
Total revenue	37,245	2,592	-	39,837
Inter-segment revenue	(464)	-	-	(464)
Revenue from external customers	36,781	2,592	-	39,373
Interest income	27	2,517	-	2,544
Finance costs	(176)	(12)	-	(188)
Net finance expenses	(149)	2,505	-	2,356
Depreciation of property, plant and equipment	(385)	(240)	-	(625)
Segment profit/(loss) before income tax	2,193	(2,248)	126	71
Income tax expense	(477)	(111)	(16)	(604)
Other material non-cash items:				
- Reversal of impairment loss on trade receivable no longer available	(63)	-	-	(63)
- Impairment losses on trade and other receivables	50	-	-	50
- Property, plant and equipment written off	-	4	-	4
- Fair value adjustments on other investments	-	(75)	-	(75)
Additions to non-current assets other than financial instruments and deferred tax assets	182	379	-	561
Segment assets	37,835	86,527	33	124,395
Segment liabilities	6,548	1,084	38	7,670

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

38. OPERATING SEGMENTS (cont'd)

2012	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Beverage RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	35,910	7,041	199,268	-	242,219
Inter-segment revenue	(45)	(2,064)	-	-	(2,109)
Revenue from external customers	35,865	4,977	199,268	-	240,110
Interest income	16	3,704	516	-	4,236
Finance costs	(233)	(12)	(2,714)	-	(2,959)
Net finance expenses	(217)	3,692	(2,198)	-	1,277
Depreciation of property, plant and equipment	(421)	(81)	(7,110)	-	(7,612)
Segment profit/(loss) before income tax	2,212	692,776	(30,238)	(3,329)	661,421
Income tax expense	(840)	241	(2,184)	-	(2,783)
Other material non-cash items:					
- Fair value adjustments on derivative liabilities	-	-	(55)	-	(55)
- Gain on disposal of:					
- Property, plant and equipment	(9)	-	(13)	-	(22)
- Investment in a subsidiary	-	(710,856)	-	-	(710,856)
- Impairment loss on investment property	-	-	-	180	180
- Impairment losses on trade and other receivables	25	-	203	2	230
- Inventories written off	75	-	-	-	75
- Property, plant and equipment written off	-	168	-	-	168
- Reversal of impairment loss on trade receivables no longer required	(197)	-	-	-	(197)
- Reversal of position no longer required	-	(173)	-	-	(173)
Additions to non-current assets other than financial instruments and deferred tax assets	215	1,176	12,350	-	13,741
Segment assets	36,236	87,780	-	52	124,068
Segment liabilities	6,386	859	-	189	7,434

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

38. OPERATING SEGMENTS (cont'd)

(a) Reconciliations

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

	2013 RM'000	2012 RM'000
Revenue		
Total revenue for reportable segments	39,837	242,219
Elimination of inter-segmental revenues	(464)	(2,109)
Discontinued operations (Note 32)	-	(199,268)
Group's revenue per consolidated statement of profit or loss and other comprehensive income	39,373	40,842
Depreciation		
Total depreciation for reportable segments	(625)	(7,612)
Discontinued operations (Note 32)	-	7,110
Group's depreciation for continuing operations	(625)	(502)
Profit for the financial year		
Total profit for reportable segments	71	661,421
Discontinued operations (Note 32)	-	32,422
Income tax expense	(604)	(2,783)
(Loss)/Profit for the financial year from continuing operations	(533)	691,060
Assets		
Total assets for reportable segments	124,395	124,068
Tax assets	638	1,255
Group's assets	125,033	125,323
Liabilities		
Total liabilities for reportable segments	7,670	7,434
Tax liabilities	152	149
Retirement benefit obligations	624	620
Group's liabilities	8,446	8,203

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

38. OPERATING SEGMENTS (cont'd)

(b) Geographical information

The manufacturing facilities and sales offices of the Group are based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

	2013 RM'000	2012 RM'000
Revenue from external customers:		
Malaysia	36,175	38,639
Brunei	1,063	484
Fiji	894	489
Hong Kong	174	127
New Zealand	302	393
Papua New Guinea	27	59
Philippines	30	38
Singapore	663	613
Vietnam	45	-
	39,373	40,842

(c) Major customers

There is no single customer with revenue equal to or more than ten (10) percent of Group revenue.

39. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2012.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. 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 2013 and 30 June 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group has a target gearing ratio of 10% to 30% determined as the proportion of net debt to equity. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital represents equity attributable to the owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(a) Capital management (cont'd)

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Loans and borrowings	3,154	2,604	323	-
Trade and other payables	4,516	4,830	777	853
Other liabilities	776	769	-	-
Total liabilities	8,446	8,203	1,100	853
Less: Cash and cash equivalents	(83,037)	(88,762)	(81,919)	(86,411)
Net debt	(74,591)	(80,559)	(80,819)	(85,558)
Total equity	116,587	117,120	94,261	96,626

(b) Financial instruments

Categories of financial instruments

Group 2013	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Held to maturity RM'000	Total RM'000
Financial assets					
Trade and other receivables, net of prepayments	11,825	-	-	-	11,825
Cash and cash equivalents	83,037	-	-	-	83,037
Other investments	-	3,075	10	-	3,085
	94,862	3,075	10	-	97,947

Group 2013	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities			
Borrowings	-	3,154	3,154
Trade and other payables	-	4,516	4,516
	-	7,670	7,670

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Categories of financial instruments (cont'd)

Company 2013	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Held to maturity RM'000	Total RM'000
Financial assets					
Trade and other receivables, net of prepayments	218	-	-	-	218
Amounts owing by subsidiaries	4,429	-	-	-	4,429
Cash and cash equivalents	81,919	-	-	-	81,919
Other investments	-	3,075	10	-	3,085
	86,566	3,075	10	-	89,651

Company 2013	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities			
Borrowings	-	323	323
Trade and other payables	-	777	777
	-	1,100	1,100

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Categories of financial instruments (cont'd)

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

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

(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:

Recognised 2013	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
Financial liabilities				
Hire purchase and lease creditors	406	400	323	319

Recognised 2012	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
Financial liabilities				
Hire purchase and lease creditors	123	109	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(d) Determination of fair values

Methods and assumptions used to estimate fair values

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

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

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

(ii) Hire purchase and lease creditors

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

(iii) Other investments

The fair value of club membership is determined by an indirect quote from a counter party by reference to comparable market value of similar investments.

The fair value of Malaysian quoted corporate bond fund is determined by reference to comparable market value of similar investments.

(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 2013, the Group held the following financial instruments carried at fair values on the statement of financial position:

Assets measured at fair values

2013 **Group**	**Total** **RM** **RM'000**	**Level 1** **RM** **RM'000**	**Level 2** **RM** **RM'000**	**Level 3** **RM** **RM'000**
Available-for-sale financial asset:				
- Club membership	10	-	-	10
Fair value through profit or loss:				
- Malaysian quoted corporate bond fund	3,075	3,075	-	-

During the financial year ended 30 June 2013, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(e) Fair value hierarchy (cont'd)

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

Assets measured at fair values

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

During the financial year ended 30 June 2012, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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

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

Credit risk concentration profile

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

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than the amounts owing by subsidiaries of approximately RM4,429,000 (2012: RM4,789,000).

Financial assets that are neither past due nor impaired

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

40. 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.

	2013			
	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
GROUP				
Financial liabilities				
Trade and other payables	4,516	-	-	4,516
Borrowings	2,844	241	138	3,223
Total undiscounted financial liabilities	7,360	241	138	7,739
COMPANY				
Financial liabilities				
Trade and other payables	777	-	-	777
Borrowings	49	195	138	382
Total undiscounted financial liabilities	826	195	138	1,159

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

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

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

	2012			
	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
GROUP				
Financial liabilities				
Trade and other payables	4,830	-	-	4,830
Borrowings	2,309	383	-	2,692
Total undiscounted financial liabilities	7,139	383	-	7,522
COMPANY				
Financial liabilities				
Trade and other payables	853	-	-	853
Total undiscounted financial liabilities	853	-	-	853

(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 monitors the movement in foreign currency exchange rates closely to ensure its foreign currency risk is minimised.

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

	Group	
	2013 RM'000	2012 RM'000
Trade receivables		
US Dollar	283	62
Singapore Dollar	78	36
Great Britain Pound	4	-
Other receivables		
US Dollar	282	899
Trade payables		
Euro	130	28
US Dollar	206	372
Singapore Dollar	111	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

40. 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, Singapore Dollar and Great Britain Pound 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 net outstanding balances denominated in foreign currencies.

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

	Group	
	30.6.2013	30.6.2012
	RM'000	RM'000
	Profit after tax	Profit after tax
USD/RM	8	13
EUR/RM	3	1
SGD/RM	1	*-
GBP/RM	*-	*-

** Amount less than RM1,000*

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

(iv) Interest rate risk

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

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

Sensitivity analysis for interest rate risk

As at 30 June 2013, 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 approximately RM16,000 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 approximately RM16,000 lower, arising mainly as a result of higher interest expense on variable borrowings.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

40. 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:

	Note	WAEAIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
GROUP									
At 30 June 2013									
Fixed rate instruments									
Deposits placed with financial institutions	16	3.07	81,622	-	-	-	-	-	81,622
Hire purchase and lease creditors	21	2.41	74	81	39	40	43	129	406
Floating rate instruments									
Bankers' acceptances	19	4.35	541	-	-	-	-	-	541
Islamic acceptance bills	20	1.48	1,374	-	-	-	-	-	1,374
Islamic term financing	20	7.85	284	-	-	-	-	-	284
COMPANY									
At 30 June 2013									
Fixed rate instruments									
Amount owing by a subsidiary	15	8.00	4,429	-	-	-	-	-	4,429
Deposits placed with financial institutions	16	3.09	81,500	-	-	-	-	-	81,500
Hire purchase and lease creditors	24	2.30	35	37	39	40	43	129	323

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

40. 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 ("WAEIR") as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk (cont'd):

	Note	WAEAIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
GROUP									
At 30 June 2012									
Fixed rate instruments									
Deposits placed with financial institutions	16	3.60	86,123	-	-	-	-	-	86,123
Hire purchase and lease creditors	21	4.55	31	31	61	-	-	-	123
Floating rate instruments									
Bankers' acceptances	19	3.43	451	-	-	-	-	-	451
Islamic acceptance bills	20	4.40	593	-	-	-	-	-	593
Islamic term financing	20	7.85	1,156	281	-	-	-	-	1,437
COMPANY									
At 30 June 2012									
Fixed rate instruments									
Amount owing by a subsidiary	15	8.00	4,789	-	-	-	-	-	4,789
Deposits placed with financial institutions	16	3.06	86,050	-	-	-	-	-	86,050

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

41. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 3 April 2013, the Company had entered into a conditional share sale and purchase agreement with Lee Cheang Mei and Fung Heen Choon for the purpose of the proposed acquisition of the entire issued and paid up share capital of Continental Resources Sdn. Bhd. for a purchase consideration of RM42,000,000.

As at the date of this report, the proposed acquisition is pending the approval of the relevant authorities and as such, the potential effects of the proposed acquisition is yet to be determined.

42. EXPLANATION OF TRANSITION TO MFRSs

The Group and the Company are non-transitioning entities as defined by the MASB, and have adopted the MFRS Framework during the financial year ended 30 June 2013. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2013, as well as comparative information presented in these financial statements for the financial year ended 30 June 2012 and in the preparation of the opening MFRS statements of financial position at 1 July 2011 (the date of transition of the Group to MFRSs).

(a) Property, plant and equipment - use of fair value as deemed cost

One of the buildings of the Group amounting to RM579,000 (2012: RM579,000) was previously revalued in 1980 by the Directors based on a valuation exercise carried out by independent professional valuers on an open market value basis. The Group adopted the optional exemption of MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, which allows the Group to retain the carrying amount on the basis of the previous revaluation as deemed cost.

(b) Retirement benefits obligation

The Group did not elect to apply the optional exemption to recognise all cumulative actuarial gains and losses at the date of transition to MFRSs.

There were no material effects on the adoption of MFRS 1 by the Group.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2013 (cont'd)

43. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the respective financial years may be analysed as follows:

	2013	
	Group RM'000	**Company RM'000**
Total (accumulated losses)/retained earnings of C.I. Holdings Berhad and its subsidiaries:		
- Realised	(120,534)	21,039
- Unrealised	376	75
	(120,158)	21,114
Less: Consolidation adjustments	162,613	-
Total retained earnings	42,455	21,114

	2012	
	Group RM'000	**Company RM'000**
Total (accumulated losses)/retained earnings of C.I. Holdings Berhad and its subsidiaries:		
- Realised	(121,427)	23,324
- Unrealised	1,843	155
	(119,584)	23,479
Less: Consolidation adjustments	162,568	-
Total retained earnings	42,984	23,479

LIST OF PROPERTIES
HELD BY THE GROUP AS AT 30 JUNE 2013

Tenure	Location	Approximate Land Area (sq ft)	Approximate Age of Buildings (Year)	Description	Date of Acquisition	Net Book Value RM'000
NEGERI SEMBILAN DARUL KHUSUS						
Leasehold 99 years expiring 2077	Land with building at HS(D) 658, PT 1342 Senawang Industrial Estate Seremban, Negeri Sembilan	130,680 (Built-up Area)	34	Factory for Manufacturing Tap wares	10/06/1978	953
Freehold (2 individual Lots)	Land at HS (D) 14031, PT 3272 HS (D) 14036, PT 3277 Mukim Si Rusa Daerah Sungei Baru Tengah Negeri Sembilan Darul Khusus	91,168	-	BungalowLand for Future Development of Orchard and Building	03/11/1999	-
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)	18	Factory for Manufacturing Sanitary wares	03/11/1995	5,611
						6,564

ANALYSIS OF SHAREHOLDINGS

AS AT 19 SEPTEMBER 2013

Authorised share capital	:	RM250,000,000.00
Issued and fully paid-up share capital	:	RM71,000,000.00
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights by show of hand	:	One vote for every member
Voting rights by poll	:	One vote for every share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	52	1.73	1,223	0.00
100 - 1,000	947	31.55	824,580	0.58
1,001 - 10,000	1,594	53.10	6,759,292	4.76
10,001 - 100,000	351	11.69	9,810,305	6.91
100,001 to less than 5% of issued shares	56	1.87	65,182,500	45.90
5% and above of issued shares	2	0.07	59,422,100	41.85
Total	3,002	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.	JAG Capital Holdings Sdn Bhd	46,500,000	32.75	-	-
2.	Continental Theme Sdn Bhd	12,922,100	9.10	-	-
3.	Datuk Johari Bin Abdul Ghani	-	-	46,500,000[1]	32.75[1]
4.	Datin Mariam Prudence Binti Yusof	-	-	34,344,900[2]	24.19[2]

Notes:

[1] Deemed interest by virtue of his substantial shareholding in JAG Capitals Holdings Sdn Bhd.

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

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name	Direct No. Of Shares Held	%	Indirect No. Of Shares Held	%
1.	Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	160,000	0.11	-	-
2.	Datuk Johari Bin Abdul Ghani	-	-	46,500,000[1]	32.75[1]
3.	Datin Mariam Prudence Binti Yusof	-	-	34,344,900[2]	24.19[2]
4.	Teh Bee Tein	-	-	126,900[3]	0.09[3]

Notes:

[1] Deemed interest through JAG Capitals Holdings Sdn Bhd.

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

[3] Indirect interest through shareholding held by spouse.

ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 19 SEPTEMBER 2013

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for JAG Capital Holdings Sdn Bhd*	46,500,000	32.75
2	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for Continental Theme Sdn Bhd*	12,922,100	9.10
3	Potensi Berkat Sdn Bhd	5,500,000	3.87
4	Izzat Bin Othman	5,401,200	3.80
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	Pameran Istimewa Sdn Bhd	4,500,000	3.17
9	Octave Interest Sdn Bhd	3,550,000	2.50
10	Sisma Water Technology Sdn Bhd	3,507,400	2.47
11	Du Ain Sdn Bhd	3,329,000	2.34
12	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Erwin Selvarajah A/L Peter Selvarajah*	2,220,000	1.56
13	Tiger Vest Sdn Bhd	2,014,300	1.42
14	HDM Nominees (Tempatan) Sdn Bhd *UOB Kay Hian Pte Ltd for Susanna Lam Quay Mui @ Lim Kwi Mui*	1,880,000	1.32
15	Erwin Selvarajah A/L Peter Selvarajah	1,795,000	1.26
16	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt an for EFG Bank AG*	1,652,000	1.16
17	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Mohd Nazasli Bin Abdul Aziz*	1,400,000	0.99
18	HSBC Nominees (Asing) Sdn Bhd *Exempt an for KAS Bank Effectenbewaarbedrijf N.V.*	1,264,800	0.89
19	RDS Network Sdn Bhd	1,221,800	0.86
20	HSBC Nominees (Asing) Sdn Bhd *Exempt an for BSI SA*	1,140,000	0.80
21	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Erwin Selvarajah A/L Peter Selvarajah*	1,000,000	0.70
22	HSBC Nominees (Asing) Sdn Bhd *CS Zurich for Mohamed Salaheldin Mohamed Sami Abdelkader*	1,000,000	0.70
23	M & S Food Industries Sdn Bhd	674,800	0.48
24	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Joo Theam*	512,300	0.36
25	Azri Bin Abdul Ghani	476,000	0.34
26	UOB Kay Hian Nominees (Asing) Sdn Bhd *Pledged Securities Account for Jimmy Phua Swee Pah*	440,000	0.31
27	Amsec Nominees (Asing) Sdn Bhd *Pledged Securities Account for Jimmy Phua Swee Pah*	400,000	0.28
28	Chaw Joon Shyan	396,100	0.28
29	HSBC Nominees (Asing) Sdn Bhd *Exempt an for UBS AG*	357,500	0.25
30	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Syarifah Anita Ibrahim*	323,200	0.23
		119,963,900	**84.48**

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

SHARE BUY-BACK

The Company did not carry out any share buy-back during the financial year ended 30 June 2013.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants nor convertible securities issued by the Company during the financial year ended 30 June 2013.

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 2013.

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 2013.

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 2013 was RM78,790.00.

VARIATION IN RESULTS

There was no material variances between the audited financial statements for the financial year ended 30 June 2013 and the unaudited results announced to Bursa Malaysia Securities Berhad on 29 August 2013.

PROFIT GUARANTEE

The Company did not give nor receive any profit guarantee during the financial year ended 30 June 2013.

MATERIAL CONTRACTS

There was no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 30 June 2013 or entered into since the end of the previous financial year.

Form of Proxy

CDS Account No.	
Number of Shares Held	

C.I. HOLDINGS BERHAD 37918-A (Incorporated in Malaysia)

Thirty-Fifth Annual General Meeting

I/We ____

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

of ____

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

____________________________ (NRIC No./ Passport No.) ____________________

of ____

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

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Thirty-Fifth Annual General Meeting of the Company to be held at Banquet Hall, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur on Friday, 15 November 2013 at 9:30 a.m. and at any adjournment thereof.

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

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' Fees		
Ordinary Resolution 2	To re-elect Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz as Director		
Ordinary Resolution 3	To re-elect Encik Nor Hishammuddin Bin Dato' Mohd Nordin as Director		
Ordinary Resolution 4	To re-elect Encik Megat Joha Bin Megat Abdul Rahman as Director		
Ordinary Resolution 5	To re-appoint Messrs BDO as Auditors of the Company		
	SPECIAL BUSINESS		
Ordinary Resolution 6	To retain Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz as an Independent Non-Executive Director		
Ordinary Resolution 7	To retain Encik Nor Hishammuddin Bin Dato' Mohd Nordin as an Independent Non-Executive Director		

(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 ____________________ 2013

____

(Signature/Common Seal of Shareholder)

Notes:

1. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 11 November 2013. Only a member whose name appears in the Record of Depositors as at 11 November 2013 shall be entitled to attend the Meeting and to speak and vote thereat.

2. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his(her) stead. Where a member appoints two or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.

3. A proxy need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

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

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

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

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

Fold this flap for sealing

Then fold here

STAMP

The Company Secretary

C.I. HOLDINGS BERHAD

(Company no. 37918-A)

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

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C.I. HOLDINGS
BERHAD 37918-A

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No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur, Malaysia.

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